KONTROLMATİK TEKNOLOJİ ENERJİ VE MÜHENDİSLİK ANONİM ŞİRKETİ

CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY - 31 MARCH 2023

(CONVENIENCE TRANSLATION INTO ENGLISH OF THE CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH)

CONTENTS **INDEX**

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

	Notes	**Unreviewed Current Period 31.03.2023**	**Audited Prior Period 31.12.2022**
ASSETS			
Current Assets		**2.797.944.365**	**3.108.474.488**
Cash and Cash Equivalents	6	700.914.258	1.182.097.226
Financial Investments	7	297.805.907	134.898.212
Trade Receivables	10	730.880.562	835.359.403
Third Parties	*10*	*720.059.252*	*822.445.455*
Related Parties	*10-38*	*10.821.310*	*12.913.948*
Contract Assets		74.860.286	33.228.406
Other Receivables	11	73.489.572	80.668.631
Third Parties	*11*	73.370.428	51.041.129
Related Parties	*11-38*	119.144	29.627.502
Inventories	13	469.709.825	408.767.348
Prepaid Expenses	24	401.926.671	406.968.657
Third Parties	*24*	*390.928.234*	*402.467.078*
Related Parties	*24-38*	*10.998.437*	*4.501.579*
Current Income Tax Assets	25	8.902.280	7.149.520
Other Current Assets	26	39.455.004	19.337.085
Total		**2.797.944.365**	**3.108.474.488**
			-
Non-Current Assets		**1.850.516.333**	**1.268.388.097**
Financial Investments	7	87.645.063	7.113.162
Other Receivables	11	39.608.570	-
Related Parties	*11-38*	*39.608.570*	-
Investments Accounted for Using the Equity Method	16	40.458.217	45.029.843
Right of Use Assets	9	1.188.669	1.188.669
Investment Properties	17	89.123.000	89.123.000
Property, Plant and Equipment	18	1.022.585.848	627.574.369
Intangible Assets	19	58.953.025	38.270.168
Other intangible assets	*19*	52.998.684	32.315.827
Goodwill	*19*	5.954.341	5.954.341
Prepaid Expenses	24	248.376.454	292.324.509
Deferred Tax Assets	36	221.549.813	167.764.377
Other Non-Current Assets	26	41.027.674	-
TOTAL ASSETS		**4.648.460.698**	**4.376.862.585**

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

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

	Notes	Unreviewed Current Period 31.03.2023	Audited Prior Period 31.12.2022
LIABILITIES			-
Current Liabilities		**1.432.506.730**	**1.152.679.443**
Short-Term Borrowings	8	261.936.938	389.504.408
Short-Term Portion of Long-term Borrowings	8	479.347.961	100.948.567
Lease Liabilities	9	564.333	564.333
Trade Payables	10	445.703.014	473.489.379
Third Parties	*10*	*442.653.321*	*467.458.287*
Related Parties	*10-38*	*3.049.693*	*6.031.092*
Employee Benefits	22	19.255.202	13.797.327
Other Payables	11	5.995.894	5.411.456
Third Parties	*11*	*5.995.894*	*5.411.456*
Contract Liabilities		28.534.040	38.234.757
Deferred Income	24	130.937.662	82.336.729
Third Parties	*24*	*121.187.675*	*72.586.742*
Related Parties	*24*	*9.749.987*	*9.749.987*
Current Income Tax Liabilities	36	13.247.567	36.361.640
Short-Term Provisions	21-22	4.888.387	2.678.165
Provisions for Employee Benefits	*22*	*4.888.387*	*2.678.165*
Other Current Liabilities	26	42.095.732	9.352.682
Total		**1.432.506.730**	**1.152.679.443**
			-
Non-Current Liabilities		**1.846.212.499**	**1.925.302.695**
Long-Term Borrowings	8	683.169.633	688.028.518
Lease Liabilities	9	853.370	853.370
Trade Payables	10	1.474.566	-
Third Parties	*10*	*1.474.566*	-
Other Payables		1.153.019.215	1.201.854.561
Related Parties	*11-38*	*1.153.019.215*	*1.201.854.561*
Long-Term Provisions	21-22	1.952.303	2.700.297
Other Long-Term Provisions	*21*	*27.400*	*27.400*
Provisions for Employee Benefits	*22*	*1.924.903*	*2.672.897*
Deferred Tax Liabilities	36	5.743.412	31.865.949
EQUITY		**1.369.741.469**	**1.298.880.447**
Equity Holders of the Parent		**1.344.306.384**	**1.278.733.930**
Paid-in share capital	27	200.000.000	200.000.000
Share premium		438.587.602	438.587.602
Treasury shares		(83.566.394)	(14.150.000)
Other Comprehensive Income or Expenses not to be Reclassified to Profit or Loss	27	151.458.396	151.647.319
Property, plant and equipment revaluation surplus	*27*	*152.190.469*	*152.190.469*
Gains/losses on remeasurements of defined benefit plans	*27*	*(732.073)*	*(543.150)*
Other Comprehensive Income or Expenses to be Reclassified to Profit or Loss	27	4.723.197	3.542.197
Currency translation differences	*27*	*4.723.197*	*3.542.197*
Restricted Reserves	27	11.332.527	11.129.389
Retained Earnings	27	487.774.285	18.916.769
Profit for the Period	37	133.996.771	469.060.654
Non-Controlling Interests	27	**25.435.085**	**20.146.517**
TOTAL LIABILITIES AND EQUITY		**4.648.460.698**	**4.376.862.585**

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

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE PERIODS ENDED 31 MARCH 2023 AND 2022
(Amounts on tables expressed in Turkish Lira ("TL") unless otherwise indicated.)

	Notes	Unreviewed Current Period 01.01.2023 31.03.2023	Unreviewed Prior Period 01.01.2022 31.03.2022
Revenue	28	551.032.805	213.197.320
Cost of Sales (-)	28	(512.543.791)	(158.529.522)
Gross profit from operating activities		**38.489.014**	**54.667.798**
Gross Profit		**38.489.014**	**54.667.798**
General Administrative Expenses (-)	29-30	(25.734.605)	(13.270.254)
Marketing, Sales and Distribution Expenses (-)	29-30	(9.196.970)	(8.261.703)
Research and Development Expenses (-)	29-30	(11.371.916)	(1.264.513)
Other Operating Income	31	56.227.562	90.198.283
Other Operating Expenses (-)	31	(34.228.076)	(40.299.124)
OPERATING PROFIT		**14.185.009**	**81.770.487**
Share of profit/loss of investments accounted for using the equity method		(4.571.627)	(106.193)
Gains from Investment Activities	32	179.156.354	12.968.908
Losses from Investment Activities (-)	32	(119.595.307)	(1.940.000)
OPERATING PROFIT BEFORE FINANCIAL INCOME/EXPENSE		**69.174.429**	**92.693.202**
Financial Income	34	31.212.870	1.620.092
Financial Expenses (-)	33	(27.862.379)	(40.363.020)
PROFIT BEFORE TAX FROM CONTINUING OPERATIONS		**72.524.920**	**53.950.274**
Tax income/(expense)		**66.758.742**	**(10.718.566)**
- Current period tax expense	36	(13.347.016)	(8.872.054)
- Deferred tax income/expense	36	80.105.758	(1.846.512)
PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS	**37**	**139.283.662**	**43.231.708**
DISCONTINUED OPERATIONS			
PROFIT FOR THE PERIOD	**37**	**139.283.662**	**43.231.708**
Non-Controlling Interests		5.286.891	1.126
Equity Holders of the Parent		133.996.771	43.230.582
Earnings Per Share	**37**	**0,70**	**1,14**
Earnings per share from continuing operations	37	0,70	1,14

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

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

	Notes	Unreviewed Current Period 01.01.2023 31.03.2023	Unreviewed Prior Period 01.01.2022 31.03.2022
PROFIT FOR THE PERIOD	**37**	**139.283.662**	**43.231.708**
OTHER COMPREHENSIVE INCOME			
Items not to be reclassified to profit/loss		**(187.246)**	**302.496**
Gains/(losses) on remeasurements of defined benefit plans	22, 27	(233.639)	1.189.061
Property, plant and equipment revaluation surplus	18, 27	-	(798.000)
Taxes relating to other comprehensive income not to be reclassified to profit/loss	27, 36	46.393	(88.565)
- Deferred tax income/expense	27, 36	*46.393*	*(88.565)*
Items to be reclassified to profit/loss		**1.181.000**	**142.345**
Currency translation differences		1.181.000	142.345
OTHER COMPREHENSIVE INCOME		**993.754**	**444.841**
TOTAL COMPREHENSIVE INCOME		**140.277.416**	**43.676.549**
Equity Holders of the Parent	27-36	134.988.848	43.675.423
Non-Controlling Interests	27-36	5.288.568	1.126

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

					Items not to be reclassified to profit or loss		Items to be reclassified to profit or loss		Retained earnings				
Unreviewed Current Period	**Notes**	**Paid-in share capital**	**Share premium**	**Treasury shares**	**Property, plant and equipment revaluation surplus**	**Gains/(losses) on remeasurements of defined benefit plans**	**Currency translation differences**	**Restricted reserves**	**Prior years' income**	**Profit for the period**	**Equity holders of the parent**	**Non-controlling interests**	**Total equity**
Balances at 1 January 2023 (Beginning of the period)	**27**	**200.000.000**	**438.587.602**	**(14.150.000)**	**152.190.469**	**(543.150)**	**3.542.197**	**11.129.389**	**18.916.769**	**469.060.654**	**1.278.733.930**	**20.146.517**	**1.298.880.447**
Transfers	27	-	-	-	-	-	-	203.138	399.441.122	(469.060.654)	(69.416.394)	-	(69.416.394)
Increase/decrease through treasury share transactions		-	-	(69.416.394)	-	-	-	-	69.416.394	-	-	-	-
Increase/decrease through other changes		-	-	-	-	-	-	-	-	-	-	-	-
Total Comprehensive Income		-	-	-	-	(188.923)	1.181.000	-	-	133.996.771	134.988.848	5.288.568	140.277.416
- Profit for the Period	*27*	-	-	-	-	-	-	-	-	*133.996.771*	*133.996.771*	5.286.891	*139.283.662*
- Other Comprehensive Income/(Expense)		-	-	-	-	(188.923)	1.181.000	-	-	-	*992.077*	1.677	993.754
Balances at 31 March 2023 (End of the period)	**27**	**200.000.000**	**438.587.602**	**(83.566.394)**	**152.190.469**	**(732.073)**	**4.723.197**	**11.332.527**	**487.774.285**	**133.996.771**	**1.344.306.384**	**25.435.085**	**1.369.741.469**

					Items not to be reclassified to profit or loss		Items to be reclassified to profit or loss		Retained earnings				
Unreviewed Prior Period	**Notes**	**Paid-in share capital**	**Share premium**	**Adjustments due to cross-ownership**	**Property, plant and equipment revaluation surplus**	**Gains/(losses) on remeasurements of defined benefit plans**	**Currency translation differences**	**Restricted reserves**	**Prior years' income**	**Profit for the period**	**Equity holders of the parent**	**Non-controlling interests**	**Total equity**
Balances at 1 January 2022 (Beginning of the period)	**27**	**38.062.500**	**59.331.875**	**-**	**33.135.234**	**(280.003)**	**469.174**	**1.617.443**	**23.573.794**	**130.667.738**	**286.577.755**	**(177.946)**	**286.399.809**
		-	-	-	-	-	-	-	-	-	-	-	-
Transfers	27	-	-	-	-	-	-	153.583	130.267.341	(130.667.738)	(246.814)	246.814	-
Total Comprehensive Income		-	-	-	(758.100)	1.060.596	142.345	-	-	43.230.582	43.675.423	1.126	43.676.549
- Profit for the Period	*27*	-	-	-	-	-	-	-	-	*43.230.582*	*43.230.582*	1.126	*43.231.708*
- Other Comprehensive Income/(Expense)		-	-	-	*(758.100)*	*1.060.596*	*142.345*	-	-	-	*444.841*	-	*444.841*
		-	-	-	-	-	-	-	-	-	-	-	-
Balances at 31 March 2022 (End of the period)	**27**	**38.062.500**	**59.331.875**	**-**	**32.377.134**	**780.593**	**611.519**	**1.771.026**	**153.841.135**	**43.230.582**	**330.006.364**	**69.994**	**330.076.358**

(Amounts are expressed in Turkish Lira unless otherwise indicated.)

	Notes	Unreviewed Current Period 01.01.2023 31.03.2023	Unreviewed Prior Period 01.01.2022 31.03.2022
A) CASH FLOWS FROM OPERATING ACTIVITIES		**(304.481.896)**	**(205.038.370)**
PROFIT FOR THE PERIOD		139.283.662	43.231.708
Profit for the Period from Continuing Operations		*139.283.662*	*43.231.708*
Adjustments to reconcile profit for the period to cash generated from operating activities:		**(55.528.945)**	**19.267.764**
Depreciation and amortisation		7.050.875	2.317.330
Adjustments for impairment loss/(reversal of impairment loss)		260.160	-
Adjustments for receivables impairment (Reversal)		*260.160*	-
Adjustments for provisions		1.462.228	1.495.130
Adjustments for provisions for employee benefits (reversal)		*1.462.228*	*1.312.667*
Adjustments for provisions for lawsuits and penalties		-	*199.420*
Adjustments for other provisions (reversal)		-	*(16.957)*
Adjustments for interest income/expense		(556.530)	4.630.545
Adjustments for interest income		*(6.691.790)*	*(1.564.681)*
Adjustments for interest expenses		*22.878.145*	*6.195.226*
Adjustments for Deferred Financial Expense from Term Purchases		*(28.928.063)*	-
Adjustments for Unearned Financial Income from Term Sales		*12.185.178*	-
Adjustments for undistributed profits of investments accounted for using the equity method		4.571.627	106.193
Adjustments for undistributed profits of joint ventures		-	-
Adjustments for tax income/expense	36	(66.758.741)	10.718.566
Adjustments for losses/(gains) on disposal of non-current assets		(1.558.564)	-
Adjustments for losses/(gains) on disposal of property, plant and equipment		*(1.558.564)*	-
Changes in Working Capital		**(418.101.678)**	**(251.693.497)**
Adjustments for losses/(gains) on Financial Investments		(243.439.596)	(44.821.322)
Adjustments for losses/(gains) on Trade Receivables		92.033.504	(131.026.319)
Adjustments for Gains/Losses on Other Receivables Related to Operations		(32.429.510)	(31.180.081)
Adjustments for Gains/Losses on Inventories		(60.942.477)	(28.414.474)
Adjustments for losses/(gains) on Trade Payables		2.616.264	17.458.999
Adjustments for Gains/Losses on Other Payables Related to Operations		(48.250.908)	27.120.560
Changes in Prepaid Expenses		48.990.041	(95.847.999)
Changes in Deferred Income		48.600.933	31.504.817
Adjustments for gains (losses) on payables due to employee benefits		5.457.875	1.199.727
Changes in other assets		(116.683.788)	(2.339.426)
Changes in other liabilities		(62.721.419)	1.380.370
Adjustments for gains (losses) on contract assets		(41.631.880)	3.271.651
Adjustments for gains (losses) on contract liabilities		(9.700.717)	
Cash Flows from Operating Activities		**(334.346.961)**	**(189.194.025)**
Income tax refund/paid		30.397.101	(11.199.177)
Payments within provisions related to employee benefits		(532.037)	(14.623)
B) CASH FLOWS FROM INVESTING ACTIVITIES		**(406.487.756)**	**(8.538.383)**
Cash outflows from purchase of property, plant and equipment and intangible assets		(407.566.253)	(9.605.747)
Cash inflows from sale of property, plant and equipment and intangible asset		1.078.498	1.067.364
C) CASH FLOWS FROM FINANCING ACTIVITES		**229.786.684**	**324.268.305**
Cash inflows from borrowings		245.973.039	328.898.850
Cash inflows from loans		*245.973.039*	*328.898.850*
Interest received		-	1.564.681
Interest paid		(16.186.355)	(6.195.226)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS BEFORE EFFECT OF EXCHANGE RATE CHANGES		**(481.182.969)**	**115.322.097**
D) EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS			
Net Increase/(Decrease) in Cash and Cash Equivalents		**(481.182.969)**	**115.322.097**
E) CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	6	**1.182.097.226**	**77.148.996**
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	6	**700.914.258**	**192.471.093**

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

NOTE 1 - GROUP'S ORGANISATION AND NATURE OF OPERATIONS

Kontrolmatik Teknoloji Enerji ve Mühendislik Anonim Şirketi (the "Company" or "Kontrolmatik") was established in 2008 with the title of "Kontrolmatik Bina Yönetim Sistemleri Sanayi ve Dış Ticaret Limited Şirketi". The title of Kontrolmatik Bina Yönetim Sistemleri was changed to "Kontrolmatik Enerji Yönetim Sistemleri Sanayi ve Dış Ticaret Limited Şirketi" on 30 May 2012. Accordingly, the Company was changed its nature of business and the title of Kontrolmatik Enerji Yönetim Sistemleri was changed to "Kontrolmatik Enerji ve Mühendislik Anonim Şirketi" on 9 September 2014.

In addition, the Company was changed its nature of business and the title of Kontrolmatik Enerji ve Mühendislik Anonim Şirketi was changed to "Kontrolmatik Teknoloji Enerji ve Mühendislik Anonim Şirketi" on 24 February 2020.

Kontrolmatik's initial public offering was approved by the Capital Markets Board on 24 September 2020. The Group started to be quoted on Borsa Istanbul on 19 October 2020.

For the purpose of the consolidated financial statements and notes to the consolidated financial statements, Kontrolmatik and its consolidated subsidiaries are hereinafter together referred to as the "Group". Kontrolmatik's nature of businesses are mainly as follows:

Kontrolmatik provides and establishes electronic, communication, computer and computer hardware and systems in order to meet the needs of all private and public legal person institutions and organizations. Kontrolmatik realises services with all kinds of software and hardware activities and to develop and integrate software, hardware and systems for all kinds of engineering solutions, creation of data processing systems, data transfer, data security, data analysis and data mining operations, production of information technology business intelligence solutions , establishment, purchase, sale, maintenance, service, warranty and repair services and produces all kinds of electronic information system tools and equipment. In addition, Kontrolmatik trades aforementioned products, services and devices and participating in domestic and international tenders, making commitments, being a partner in entities established or to be established for this purpose, acquiring, transferring or taking over these entities.

Kontrolmatik provides research and development activities both in its nature of business and in the production of other goods and services. In this context, Kontrolmatik provides engineering and consultancy services, conducts research and development activities in its nature of business, works on increasing the quality and efficiency in production and carries out studies that will help to solve the problems that may arise in its nature of business by carrying out educational activities, working in both technical and technological fields.

Kontrolmatik is responsible for all kinds of conventional and renewable energy production facilities, energy and electricity transmission and distribution facilities, oil refineries, natural gas terminals, mining facilities, all kinds of industrial facilities, underground and surface rail and transportation facilities in the public or private sector in Turkey and abroad. Kontrolmatik carries out the electrical, electromechanical, mechanical, constructional and construction works of the highway transportation system, air and sea ports, land and railway tunnels, canals, bridges, hospitals, factories and shipyards on a turnkey or piece basis. Kontrolmatik ensuring the activities of designing projects, to make architectural design, to manage projects administratively, professionally and technically, to establish facilities, to provide engineering and consultancy services, to commission the facilities, to maintain, to design and design all kinds of electronic measurement, test, monitoring, protection, control systems of the facilities. manufacturing, installation and maintenance, ensuring the integration of systems with each other and making them ready for operation.

Kontrolmatik develops energy and industrial management systems software in Turkey and abroad, installs these systems end-to-end turnkey, operates, provides maintenance and repair services, manufactures, trades, imports and exports software and systems.

Kontrolmatik develops new generation rechargeable flow batteries, fuel cells, thermal energy storage systems, innovative energy storage and transmission systems to store electrical and thermal energy. Kontrolmatik performs and provides domestic and foreign trade, service and maintenance of all products, systems, materials, mechanical and chemical components, electronic cards, software and systems resulting from research and development activities related to all kinds of electrical, electronic, mechanical, chemical products.

Kontrolmatik provides the acquisition, issuance, leasing, transfer and takeover of assets and all kinds of licenses related to power plants, refineries and all kinds of industrial facilities.

Kontrolmatik designs, manufactures, installs, maintains and operates turnkey mobile power plants, mobile energy and electricity distribution centers, mobile substations, mobile industrial facilities, mobile health centres, and conducts domestic and international trade.

(Amounts are expressed in Turkish Lira unless otherwise indicated.)

Kontrolmatik manufactures, trades, imports and exports all kinds of electrical and electronic automation panels, distribution panels, medium voltage and weak current systems and panels.

Kontrolmatik performs tests of all kinds of electrical (high and low voltage), instruments, mechanical materials or systems in accordance with standards, manufactures, sells, rents or leases the test equipment.

Kontrolmatik enters into a subsidiary relationship with distribution companies and energy generation companies that have been or will be established without establishing a control.

Kontrolmatik is headquartered and based in Istanbul and offers different projects and services to its domestic and international customers to use energy resources efficiently.

The Group obtained ISO 9001:2000 - Quality management systems certificate on 10 November 2008.

In accordance with the authorisation of the Capital Markets Board on 3 April 2020 and numbered 29833736-110.03.03-E.3913 and the Directorate General for Domestic Trade of Ministry of Trade on 21 April 2020 and numbered 50035491-431.02, the Group adopted share capital system. The registered capital ceiling of the Group has been determined as amounting to TL 150.000.000. Accordingly, the Group has extraordinary general assembly meeting for the decision of the necessary amendments to the Articles of Association in order to amend the Articles of Association into compliance with the Capital Markets Board regulations and the purposes and principles of the Capital Market Law. The registered capital ceiling was completed on 29 May 2020 and published in Official Gazette on 3 June 2020 numbered 10089 at the page numbered 196.

Total end of period and average number of personnel employed by Kontrolmatik is 654 (31 December 2022: 496).

The registered address of Kontrolmatik is as follows:

Oruçreis Mahallesi, Tekstilkent Cad. No: 12-B/154 Esenler / İstanbul

In addition, the Group has 3 (“three”) branches in Kahramankazan / Ankara , Esenyurt / İstanbul, Melikgazi / Kayseri.

As of 31 March 2023 and 31 December 2022, the principal shareholders and their respective shareholding rates in Kontrolmatik are as follows:

		31.03.2023		**31.12.2022**
Shareholders	**Share%**	**Amount (TL)**	**Share%**	**Amount (TL)**
Sami Aslanhan	29	58.181.444	29	58.181.444
Ömer Ünsalan	29	58.181.444	29	58.181.444
Other (*)	42	83.637.112	42	83.637.112
Total paid-in share capital	**100**	**200.000.000**	**100**	**200.000.000**

(*) Represents 578,000 number of outstanding shares in the listed shares which are quoted on stock exchange include treasury shares whose exchange transactions has been completed as of the balance sheet date.

The Group has no preferred shares at the end of the reporting periods.

As of 31 March 2023, the Group has paid-in share capital amounting to TL 200.000.000 (31 December 2022: TL 200.000.000). Kontrolmatik adopted the registered share capital system at the general assembly meeting on 21 May 2020.

The Group has 200,000,000 number of outstanding shares each with a value of TL 1 (31 December 2022: 200,000,000).

The Group increased its current share capital from its own internal funds and resources on 24 February 2020. Accordingly, the Group has current share capital amounting to TL 30 million. In accordance with the decision of the General Assembly on 21 May 2020, the Group adopted share capital system and its share capital comprise of 30.000.000 number of outstanding shares each with a nominal value of TL 1.

Kontrolmatik’s initial public offering was approved by the Capital Markets Board on 24 September 2020. The Group started to be quoted on Borsa Istanbul on 19 October 2020. Accordingly, after initial public offering, Kontrolmatik has increased its share capital to TL 36.250.000. Afterwards, the shares with a nominal value of TL 1.812.500, which were considered as ready for sale sales, were sold on the stock exchange, and the share capital of Kontrolmatik is amounting to TL 38.062.500 after the relevant sales realised. In addition, the Group increased its current share capital from TL 38.062.500 to TL 200.000.000 from its own funds and resources on 8 June 2022. The Group realised a share capital increase from its funds and internal resources on 25 August 2022 following the approval of the Capital Markets Board.

(Amounts are expressed in Turkish Lira unless otherwise indicated.)

The Group's share capital increased to TL 200.000.000 in accordance with the decision of the Board of Directors on 18 July 2022. Therefore, the current issued share capital registered as amounting to TL 200.000.000 on 6 September 2022.

Subsidiaries

As of 31 March 2023, the subsidiaries ("Subsidiaries"), included in the consolidation scope of Kontrolmatik, their nature of business and their effetive interests are as follows:

31.03.2023 Subsidiaries	**Direct ownership interest held by Kontrolmatik (%)**	**Effective ownership interest (%)**	**Non-controlling interests (%)**
Pomega Enerji Depolama Teknolojileri A.Ş. (Pomega)	89	89	11
Progresiva Enerji Yatırımları Ticaret A.Ş. (Progresiva)	95	95	5
Enwair Enerji Teknolojileri Anonim Şirketi	50.1	50.1	49.9
Mcfly Robot Teknolojileri A.Ş. (Mcfly)	75	75	25
Kontrolmatik Toshkent LLC(Kontr Taşkent)	100	100	-
Nextopia Enerji Üretim A.Ş.(Nextopia)	-	95	5
Prolectric Enerji Üretim A.Ş.(Prolectric)	-	95	5

Pomega Enerji Depolama Teknolojileri A.Ş. (Pomega): Pomega Enerji was established on 8 December 2021. Pomega Enerji's business activities include ensuring operatings in the field of battery technologies, and engaged in operating electrochemical energy storage cell production facility, energy storage cell production, battery pack production, energy storage system design and turnkey solution activities using lithium ion and other advanced technologies.

Total end of period, personnel employed by Pomega Enerji is 61.

The subsidiary of the Group with 100% effective ownership interest, Pomega Enerji Depolama Teknolojileri Anonim Şirketi (Pomega) has increased its current share capital amounting to USD 210.000.000 following the relevant decisions are as follows:

- İş Portföy Yönetimi A.Ş. - Renewable Energy Technologies Venture Capital Fund ("İş Portföy") has an effective ownership interest at the rate of 10% through paid-in share capital increase amounting to USD 21.000.000 which is considered as transfer of fund under "emmission premium",

- Rubellius Nucleus Investments SARL ("Rubellius") has an effective ownership interest at the rate of 1% through paid-in share capital increase amounting to USD 2.100.000 which is considered as transfer of fund under "emmission premium". Accordingly, the relevant capital increase was made in accordance with the signed the "Shareholders Agreement".

After the registration of the aforementioned paid-in share capital increase on 9 December 2022, Kontrolmatik's effective ownership interest rate has increase to 89% following the capital increase in Pomega Enerji.

Progresiva Enerji Yatırımları Ticaret A.Ş. (Progresiva): Progresiva was established on 17 December 2021. Progresiva's business activities include ensuring the purpose of wholesale and retail sales activities and the establishment and operation of a separate electricity storage facility in Turkey and abroad; establishing related facilities, operating and leasing the established facilities, and engaging in the trade of electrical energy. In addition, Progresiva is operating in wholesale, retail sales, import and export activities within the framework of the legislation related to trading electrical energy and/or capacity in accordance with the relevant legislation regarding the electricity market. Progresiva operates in accordance with the provisions of other legislation related to the electricity market, including the "Electricity Market Licensing Regulation".

Total end of period, personnel employed by Progresiva is 3.

Enwair Enerji Teknolojileri Anonim Şirketi (**Enwair**): The Group acquired the shares of Enwair constituting 50.1% ownreship interest amounting to TL 6.164.718 on 1 July 2022. Enwair is an research and development company that develops anode and cathode material for battery technologies. The team of Enwair consists of materials engineers and chemists who have master's and doctorate degrees on battery technologies. Enwair works on flexible silicon anodes, self-healing anodes, lithium-rich cathodes, and various polymer binder solutions. Enwair completed 1 "Kosgeb", 1 "Tubitak 1501" and 1 " Era-Net project of European Union and Works on 1 "Tubitak 1501" and 1 " Era-Net project of European Union. Furthermore, 1 PCT and 1 TR patents have been registered, and there exists 3 ongoing studies in the patent process.

Total end of period, personnel employed by Enwair is 8.

Prolectric Enerji Üretim A.Ş (Prolectric): Prolectric was established on 9 December 2022. Progresiva is the ultimate controlling party of Prolectric with 100% effective ownership interest and its business activities include operating in the development of solar and wind power plant projects.

Prolectric has no personnel employed at the end of the reporting period.

Nextopia Enerji Üretim A.Ş.(Nextopia): Nextopia was established on 1 December 2022. Progresiva is the ultimate controlling party of Nextopia with 100% effective ownership interest and Nextopia's business activities include operating in the development of solar and wind power plant projects.

Nextopia has no personnel employed at the end of the reporting period.

Mcfly Robot Teknolojiileri A.Ş. (Mcfly): Mcfly was established on 17 October 2022. The Group has 75% effective ownership interest in Mcfly and the current issued share capital of Mcfly is amounting to TL 10.000.000. Mcfly's business activities include operating in the production and integration of all kinds of robots, robot grippers, robot end elements.

Total end of period, personnel employed by Mcfly is 27.

Fc Kontrolmatik Toshkent Llc(Kontr. Taşkent): Fc Kontrolmatik Toshkent was established in Uzbekistan, in 2021. Kontrolmatik is the ultimate controlling party of Fc Kontrolmatik Toshkent with 100% effective ownership interest. Fc Kontrolmatik Toshkent's business activities include providing engineering activities and services of all kinds of electrical and mechanical systems, equipment and automation systems for industrial facilities, mining facilities, oil and gas facilities, transportation systems, smart buildings, power plants, gas insulated transformer centers required for electricity transmission and distribution, open switchgear substations. In addition, Fc Kontrolmatik Toshkent provides project design, technological designs, research and development activities, installation and relevant services.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

A. Basis of presentation

Financial reporting standards

The consolidated financial statements of the Group have been prepared in accordance with Turkish Financial Reporting Standards ("TFRS") promulgated by the Public Oversight Accounting and Auditing Standards Authority ("POA") that are set out in the 5th article of the communiqué numbered II-14.1 "Communiqué on the Principles of Financial Reporting In Capital Markets" ("the Communiqué") announced by the Capital Markets Board ("CMB") on 13 June 2013 and published in Official Gazette numbered 28676. The accompanying consolidated financial statements for the period ended 31 March 2023 have been prepared in accordance with Turkish Financial Reporting Standards ("TFRS/TAS") with additions and interpretations as issued by POA.

The accompanying consolidated financial statements are presented in accordance with the "Announcement regarding to TAS Taxonomy" which was published on 15 April 2019 by POA including the format and mandatory information.

Group accounting and basis of consolidation

The accompanying consolidated financial statements include financial statements of 3 subsidiaries with 95% effective ownership interest, a subsidiary with 100% effective ownership interest, a subsidiary with 89% effective ownership interest, a subsidiary with 50.1% effective ownership interest and a subsidiary with 75.1% effective ownership interest including the financial statements of parent company "Kontrolmatik Teknoloji Enerji ve Mühendislik A.Ş.". The financial statements of the companies included in the scope of consolidation have been prepared as of the date of the consolidated financial statements with adjustments and reclassifications for the purpose of fair presentation in accordance with "TFRS" and the application of uniform accounting policies and presentation.

The operating results of the subsidiaries are included or excluded on the effective dates of the relevant transactions in accordance with the acquisition or disposal.

(Amounts are expressed in Turkish Lira unless otherwise indicated.)

Consolidated statement of financial position and consolidated statement of profit or loss and other comprehensive income are prepared in accordance with the following principles:

Entities that have control over the Group are subsidiaries of the Group. The Group controls the entity if it is exposed to variable interest due to its relationship with the entity or if it has the right to influence the entity at the same time. Subsidiaries are consolidated from the date on which the control is transferred to the Group and are no longer consolidated from the date that the control ceases.

The balance sheets and income statements of the Subsidiaries are consolidated on a line-by-line basis and the carrying value of the investment held by Kontrolmatik and its Subsidiaries is eliminated against the related equity. Intercompany transactions and balances between Kontrolmatik and its Subsidiaries are eliminated during the consolidation. The nominal amount of the shares held by Kontrolmatik in its Subsidiaries and the associated dividends are eliminated from equity and income for the period, respectively.

Subsidiaries

Non-controlling shares in the net assets, other comprehensive income and expense items, consolidated statement of other comprehensive income and changes in equity and operating results of Subsidiaries are separately classified in the consolidated financial statements as “non-controlling interests”.

If the Group loses control of a subsidiary, it recognizes any investment retained in the former subsidiary at its fair value when control is lost and any difference between the fair value and net book value of investment is accounted for as gain or loss. That fair value shall be regarded as the fair value on initial recognition of a financial asset, when appropriate, the cost on initial recognition of an investment in an associate or joint venture. Additionally, assets and liabilities that were previously recognized as other comprehensive income attributable to that subsidiary are accounted for as if those were disposed the Group. This may result in a fact that these amounts previously recognized as other comprehensive income may be classified to profit or loss.

As of 31 March 2023 and 31 December 2022, subsidiaries included in the scope of the consolidation, their effective interests, direct and indirect ownership interests are as follows:

31.03.2023 **Subsidiaries**	**Direct ownership interest held by Kontrolmatik (%)**	**Effective ownership interest (%)**	**Non-controlling interests (%)**
Pomega Enerji Depolama Teknolojileri A.Ş. (Pomega)	89	89	11
Progresiva Enerji Yatırımları Ticaret A.Ş. (Progresiva)	95	95	5
Enwair Enerji Teknolojileri Anonim Şirketi	50.1	50.1	49.9
Mcfly Robot Teknolojileri A.Ş. (Mcfly)	75	75	25
Kontrolmatik Toshkent LLC(Kontr Taşkent)	100	100	-
Nextopia Enerji Üretim A.Ş.(Nextopia)	-	95	5
Prolectric Enerji Üretim A.Ş.(Prolectrik)	-	95	5

31.12.2022 **Subsidiaries**	**Direct ownership interest held by Kontrolmatik (%)**	**Effective ownership interest (%)**	**Non-controlling interests (%)**
Pomega Enerji Depolama Teknolojileri A.Ş. (Pomega)	89	89	11
Progresiva Enerji Yatırımları Ticaret A.Ş. (Progresiva)	95	95	5
Enwair Enerji Teknolojileri Anonim Şirketi	50,1	50,1	49,9
Mcfly Robot Teknolojileri A.Ş. (Mcfly)	75	75	25
Kontrolmatik Toshkent LLC(Kontr Taşkent)	100	100	-
Nextopia Enerji Üretim A.Ş.(Nextopia)	-	95	5
Prolectric Enerji Üretim A.Ş.(Prolectrik)	-	95	5

Equity method

Associates are companies in which the Group has voting power between 20% and 50% or the Group has power to participate in the financial and operating policy decisions but not control them. Unrealised gains or losses arising from transactions between the Group and its associates are eliminated to the extent of the Group’s interest in the associates.

(Amounts are expressed in Turkish Lira unless otherwise indicated.)

Associates are accounted for using the equity method. Under the equity method, on initial recognition the investment in an associate is recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. On acquisition, any difference between the cost of the investment and the entity's share of the net fair value of the investee's identifiable assets and liabilities in case of goodwill is included in the carrying amount of the investment and any excess of the entity's share of the net fair value of the investee's identifiable assets and liabilities over the cost of the investment is included as income in the determination of the entity's share of the associate's profit or loss in the period in which the investment is acquired.

As of 31 March 2023 and 31 December 2022, associates and joint ventures accounted for using the equity method and their effective interests are as follows:

Associates and joint ventures	31.03.2023 Effective ownership interest held by Kontrolmatik %	31.12.2022 Effective ownership interest held by Kontrolmatik %
Kontrolmatik Enerji ve Müh. A.Ş. ve Skysens Tek. A.Ş. Joint venture (IOT)	50	50
Kontrolmatik Enerji ve Müh. A.Ş. ve Skysens Tek. A.Ş. Joint venture (SAY)	50	50
Plan S Uydu ve Uzay Teknolojileri A.Ş. (Plan S)	25	25
Mint Elektrikli Araç Teknolojileri A.Ş.	40	40
Kontrolmatik Tek.Ene. ve Müh. A.Ş. Ve Siterm Isı San. A.Ş. Joint venture (Siterm)	50	50
Teknovus Şarj Teknolojileri A.Ş.	40	40

Plan S Uydu ve Uzay Teknolojileri A.Ş.: Plan S was established on 6 July 2021. Plan S's business activities include ensuring the manufacturing of spacecraft, spacecraft launch vehicles and mechanisms, satellites, space rockets, orbital stations and space shuttles.

Kontrolmatik Enerji ve Müh. A.Ş. ve Skysens Tek. A.Ş. Joint venture (IOT): Kontrolmatik and Skysens (IOT) joint venture was established on 4 September 2018. Kontrolmatik and Skysens joint venture's ("IOT") business activities include to carry out the "Wireless Meter Reading System" and "IOT Infrastructure" with the contract signed with İGA Airports Construction Partnership.

Kontrolmatik Enerji ve Müh. A.Ş. ve Skysens Tek. A.Ş. Joint venture (SAY): Kontrolmatik and Skysens ("SAY") joint venture was established on 10 October 2018. Kontrolmatik and Skysens joint venture's ("SAY") business activities include ensuring the service of reading the information in the meters, storing the data and transferring the relevant data to the relevant units of İGA within the scope of the "Wireless Meter Reading System", with the contract signed with İGA Airports Construction Partnership.

MİNT Elektrikli Araç Teknolojileri A.Ş.(MİNT): MİNT was established on 22 June 2022. MİNT's business activities include operating in the field of electric vehicle rental and sharing technologies together with the cooperation of Escar Turizm Taşımacılık. In order to operate all kinds of activities related to the technologies of providing electrical energy to electric vehicles, Teknovus Şarj Teknolojileri A.Ş has been established, as a subsidiary of MİNT with 100% effective ownership interest. Teknovus has current share capital amounting to TL 10.000.000. The establishment of Teknovus was published in Official Gazette 12 December 2022. Teknovus is included in the scope of consolidation of MİNT.

Kontrolmatik Teknoloji Enerji ve Müh. A.Ş. ve Siterm Isı Sanayi A.Ş. Joint venture: Kontrolmatik Teknoloji and Siterm joint venture was established for ensuring the production service of 100 t/h Capacity High Pressure Water Tube Steam Boiler, which was tendered by "Eti Maden Operations General Directorate".

Financial investments not included in the scope of consolidation

Kontrolmatik Cameroun: The Company was established in 2021. Kontrolmatik is the ultimate controlling party of the company with 100% effective ownership interest. The Company's business activities include ensuring energy generation, distribution, transmission, consultancy and electromechanical works, instrumentation, assembly, system engineering and commissioning, construction of all kinds of power plants and industrial facilities, IoT and IT systems.

As of 31 March 2023, the Company is not included in the scope of consolidation since the Company has no operations and does not generate significant amount of cash flows. The Group has no liability other than the share capital invested in the company.

Llc Controlmaticrus: The Company was established in 2021 in Russia. Kontrolmatik is the ultimate controlling party of the company with 100% effective ownership interest. The Company's business activities include ensuring business development activities in the Russian Federation.

As of 31 March 2023, the Company is not included in the scope of consolidation since the Company has no operations and does not generate significant amount of cash flows. The Group has no liability other than the share capital invested in the company.

Kontrolmatik Libya branch: The branch was established in 2021 in Libya.

As of 31 March 2023, the branch is not included in the scope of consolidation since the branch has no operations and does not generate significant amount of cash flows. The Group has no liability other than the share capital invested in the branch.

Kontrolmatik Technologies Inc: The branch was established in 2021 in the United States.

As of 31 March 2023, the branch is not included in the scope of consolidation since the branch has no operations and does not generate significant amount of cash flows. The Group has no liability other than the share capital invested in the branch.

Pomega Energy Storage Technologıes Inc.: Pomega Energy was establised in February 2023 in the United States. Pomega Energy's business activities include ensuring the establishment of a 3GWh/Year capacity battery cell, battery pack and energy storage systems production facility in the United States. Pomega Energy has current share capital amounting to USD 40.000.000. Kontrolmatik Teknoloji, Pomega Enerji and Kontrolmatik Technologies Inc. have 50%, 10% and 7.5% effective ownership interest, respectively in Pomega Energy.

Related parties

In accordance with the TAS 24 "Related Party Disclosures", a related party is a person or an entity that is related to the reporting entity: A person or a close member of that person's family is related to a reporting entity if that person has control, joint control, or significant influence over the entity or is a member of its key management personnel including shareholders and Group management. A related party transaction is a transfer of resources, services, or obligations between related parties, regardless of whether a price is charged.

For the purpose of these consolidated financial statements, shareholders, parents of Kontrolmatik Anonim Şirketi, key management personnel and Board of Directors members, their close family members and the legal entities over which these related parties exercise control and significant influence, are considered and expressed as "related parties". Key management personnel are those persons having authority and responsibility for planning, directing, and controlling the activities of the entity, directly or indirectly, including any directors (whether executive or otherwise) of the entity (Note 38).

The detailed analysis of related parties including balances and transactions have been disclosed under Note 38.

Comparatives and adjustment of prior period's financial statements

The current period consolidated financial statements of the Group include comparative financial information to enable the determination of the trends in financial position and performance. Comparative figures are reclassified, where necessary, to conform to the changes in the presentation of the current period consolidated financial statements.

If the Group retrospectively applies an accounting policy or retrospectively restates an entity's financial statements or reclassifies items in its financial statements; the notes related to the 2-period table are presented for each of the following three tables of the consolidated statement of financial position (balance sheet), the other statements (profit or loss and other comprehensive income statement, consolidated statements of cash flows, consolidated statement of changes in equity)

The Group makes its statement of financial position as of the following periods:

- as of the end of the current period
- as of the end of the current period, and
- by the beginning of the earliest comparative period

Reporting currency

The consolidated financial statements are presented in TL, which is Kontrolmatik's functional and presentation currency. As of 31 March 2023, the accompanying consolidated financial statements, including the consolidated financial statements and prior period financial information for ensuring comparability, are presented in Turkish Lira TL.

The functional currency of "Kontrolmatik Taşkent" is Uzbekistani sum ("UZS"). Regarding the translation of the financial statements of Kontrolmatik Taşkent into functional and presentation currency, current and non-current assets and liabilities are translated using the exchange rate as of the balance sheet date, share capital at historical cost and statement of profit or loss are translated using the average exchange rate. Differences arising from relevant translations are recognise in "currency translation differences". As of 31 March 2023, TL 0.00168 considered as the exchange rate as of the balance sheet date, and TL 0.00166 was considered as the average exchange rate for the year 2023.

As of 31 March 2023 and 31 December 2022, spot exchange buying and selling rates published by the Central Bank of Turkey ("CBRT") are as follows:

	Foreign exchange rate -buying (TL/Foreign currency)	
Currency	**31.03.2023**	**31.12.2022**
USD	18.7876	18.6983
EUR	20.4525	19.9349
CHF	20.3570	20.2019
AED	5.0864	5.0943

	Foreign exchange rate -buying (TL/Foreign currency)	
Currency	**31.03.2023**	**31.12.2022**
USD	18.8215	18.7320
EUR	20.4894	19.9708
CHF	20.4877	20.3316
AED	5.1529	5.1029

Going concern

As of 31 March 2023, the Group has prepared its consolidated financial statements with the assumption on the Group's ability to continue its operations in the foreseeable future as a going concern basis of accounting.

Offsetting

Financial assets, financial liabilities and income expenses are not offset unless the standard or interpretations require or allow for offsetting. Financial assets and liabilities are offset and the net amount is reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. Offsetting does not pertain to showing assets after deducting regulatory accounts, such as inventory impairment provisions and provision for doubtful receivables.

New and revised standards and interpretations

The accounting policies adopted in preparation of the consolidated financial statements as at 31 March 2023 are consistent with those of the previous financial year, except for the adoption of new and amended Turkish Accounting Standards ("TAS")/TFRS and ("TAS")/TFRS interpretations effective as of 31 March 2023. The effects of these standards and interpretations on the Group's financial position and performance have been disclosed in the related paragraphs.

The new standards, amendments and interpretations and interpretations to the existing previous standards which are effective from 31 March 2023 are as follows:

Amendments to TFRS 7, TFRS 4 and TFRS 16 Interest Rate Benchmark Reform Phase 2 (effective from 1 January 2021); The Phase 2 amendments address issues that arise from the implementation of the reforms, including the replacement of one benchmark with an alternative one. The Phase 2 amendments provide additional temporary reliefs from applying specific TAS 39 and TFRS 9 hedge accounting requirements to hedging relationships directly affected by IBOR reform

Amendments to TFRS 4 Insurance Contracts – deferral of TFRS 9 (effective from 1 January 2021); These amendments defer the date of application of TFRS 17 by two years to 1 January 2023 and change the fixed date of the temporary exemption in TFRS 4 from applying TFRS 9, Financial instrument until 1 January 2023.

Amendment to TFRS 16, "Leases" – Covid-19 related rent concessions Extension of the practical expedient (effective from 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".

Standards and amendments issued but not yet effective and not early yet adopted as of 31 March 2023:

Amendments to TAS 1, "Presentation of financial statements" on classification of liabilities; effective date deferred until accounting periods starting not earlier than 1 January 2024. These narrow-scope amendments to TAS 1, 'Presentation of financial statements', clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant). The amendment also clarifies what TAS 1 means when it refers to the 'settlement' of a liability.

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; 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.

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.

B. Changes in accounting policies, estimates and errors

Any change in accounting policies resulting from the first-time adoption of a new TFRS is made either retrospectively or prospectively in accordance with the transition requirements of TFRS. Changes without any transition requirement, material changes in accounting policies or material errors are corrected, retrospectively by restating the prior period consolidated financial statements. If changes in accounting estimates are related to only one period, they are recognised in the period when the changes are applied; if changes in estimates are related to future periods, they are recognised both in the period where the change is applied and in future periods prospectively

C. Summary of significant accounting policies

Financial instruments

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

“Financial assets measured at amortised cost”, are non-derivative assets that are held within a business model whose objective is to hold assets in order to collect contractual cash flows and the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Group’s financial assets measured at amortised cost comprise “cash and cash equivalents”, “trade receivables” and “other receivables”. Financial assets carried at amortised 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 amortised cost are accounted for under the consolidated statement of income.

“Financial assets measured at fair value through profit or loss”, are assets that are not measured at amortised 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.

Changes regarding the classification of financial assets and liabilities in terms of TFRS 9 are summarised below. Related changes in classification do not result in changes in measurement of the financial assets and liabilities except for financial investments.

Financial assets	**Classification under TAS 39**	**Classification under TFRS 9**
Cash and cash equivalents	Loans and receivables	Amortised cost
Trade receivables	Loans and receivables	Amortised cost
Derivative instruments	Fair value through profit or loss	Fair value through profit or loss
Financial investments	Financial asset available for sale	Fair value through other comprehensive income

Financial liabilities	**Classification under TAS 39**	**Classification under TFRS 9**
Derivative instruments	Fair value through profit or loss	Fair value through profit or loss
Borrowings	Amortised cost	Amortised cost
Finance lease liabilities	Amortised cost	Amortised cost
Factoring payables	Amortised cost	Amortised cost
Trade payables	Amortised cost	Amortised cost

Cash and cash equivalents

Cash and cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Bank deposits include time and demand deposits and accrued interests. Deposits denominated in Turkish Lira are carried at cost, and foreign currency denominated deposits are translated into Turkish Lira using the CBRT’s foreign exchange buying rate at the balance sheet date. As of the balance sheet date, time deposits include accrued interests.

Trade receivables

Trade receivables that are created by way of providing goods or services directly to a debtor are carried at amortised cost. Trade receivables, net of unearned financial income, are measured at amortised cost, using the effective interest rate method, less the unearned financial income. Short-term receivables with no stated interest rate are measured at the original invoice amount unless the effect of imputing interest is significant.

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 amount of the provision is the difference between the carrying amount and the recoverable amount.

The recoverable amount is the present value of all cash flows, including amounts recoverable from guarantees and collateral, discounted based on the original effective interest rate of the originated receivables at inception.

The cheques with maturity exceed the balance sheet date are included in trade receivables and are discounted using Libor rates.

If it is probable that the trade receivables will not be collected, a provision for trade receivables is recognised in the consolidated financial statements. Provision is the amount estimated by the Group management, considering the guarantees received from the customer, and estimated to cover the possible losses arising from the economic conditions or the risk inherent in the account. Receivables that cannot be collected are written-off from the records when they are determined. The provision for doubtful receivables is recognised as an expense in the period in which they are determined.

In case of collection of all or part of the doubtful receivable amount following the provision for the doubtful receivable amount, the collected amount is deducted from the provision for doubtful receivables and recognised as and income in the statement of comprehensive income. Group has preferred to apply "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.

The Group uses a provision matrix for the calculation of the expected credit losses on trade receivables. The provision matrix calculates fixed provision rates depending on the number of days that a trade receivable is past due and those provision rates are reviewed and, revised if necessary, in every reporting period.

Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. The Group does not have any financial liabilities at FVTPL.

Other financial liabilities

Other financial liabilities are subsequently measured at amortized cost using the effective interest method.

The effective interest method is the calculation of the amortized costs of the financial liabilities and the distribution of the related interest expenses to related periods. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period to the net present value of the financial liability.

Trade payables

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

Revenue recognition

In accordance with "TFRS 15 Revenue from Contracts with Customers" standard is that the entity reflects the proceeds to the consolidated financial statements from an amount that reflects the cost that the Group expects to qualify for the transfer of the goods or services it commits to its customers effective from 1 January 2018. Revenue is accounted for in the consolidated financial statements within the scope of the five-stage model below in accordance with the TFRS 15 standard.

- 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 when the performance obligations are satisfied.

In accordance with TFRS 15, when the entity fulfils its operating obligations, in other words, the control of the goods or services specified in a performance obligation is transferred to the customer; the revenue is recognized in the consolidated financial statements. TFRS 15 provides more guidance on more specific scenarios.

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.

Group determines at contract inception 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 satisfies a performance obligation over time, then the revenue is recognized over time by measuring the progress towards complete satisfaction of that performance obligation.

When a performance obligation is satisfied by transferring promised goods or services to a customer, the Group recognises the revenue as the amount of the transaction price that is allocated to 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.

Revenue and expenses from contracts with customers are recognized as income and expense when the return of the contract with the customer can be estimated reliably. Revenue is reflected in the consolidated financial statements in accordance with the percentage of completion of the contract. As of the reporting period, the ratio of the total expenses incurred to the total estimated cost of the contract indicates the completion percentage of the contract, and the ratio is used in the consolidated financial statements of the part of the total revenue corresponding to the current period.

Contract costs include all raw materials and supplies, direct and indirect labor costs related to contract performance, materials, repairs and depreciation costs. Sales and general administrative expenses recognized in the period which they incurred. Provisions for estimated losses on incomplete contracts are separated in the periods in which these losses are determined. Changes in estimated profitability due to business performance, business conditions, provisions for compensation for delays or cancellations and final agreements may cause cost and revenue adjustments. The aforementioned adjustments reflected to the consolidated financial statements in the period which they have determined. Customer incentives for revenues are included in the revenue when the occurence is reasonably estimated.

Contractual assets arising from ongoing contractual commitment indicated how much the revenue reflected in the consolidated financial statements exceeds the invoice amount and contractual liabilities arising from ongoing contractual commitment show how much the invoice amount has exceeded the revenue reflected in the consolidated financial statements.

The Group management has recognized the additional receivables within the scope of compensation that may be subject to litigation, which are not within the scope of the contract, as income when negotiations with the employer regarding the relevant additional receivables are at the stage of approval of the collection and the collections to be made can be measured reliably.

The Group recognises the gross receivables from customers regarding the ongoing contractual commitments as a liability if the progress payment amount exceeds the amount obtained as a result of adding the profit reflected to the results accounts to the costs incurred (less the loss).

Inventories

Inventories are evaluated at either the lower of acquisition cost or net realizable value. The cost of inventories includes all procurement costs, conversion costs and other costs incurred to bring the inventories to their present state and position. The unit cost of inventories is determined by the weighted average method.

Inventories should be allocated the fixed production overheads to the cost of inventories based on normal capacity of the production facilities. Normal capacity as the production expected to be achieved on average over a number of periods or seasons under normal circumstances, taking into account the loss of capacity resulting from planned maintenance.

If the actual production level is close to normal capacity, this capacity can be considered normal capacity.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. The replacement costs of raw materials and supplies may be the best measure of net realizable value.

The acquisition costs of inventories are reduced to their net realizable values for each item. Relevant reduction is made by allocating a provision for an inventory impairment in the consolidated financial statements. If the cost of the inventories is greater than the net realizable value, the cost value is reduced to the net realizable value by allocating a provision for impairment. If inventories are acquired on a deferred payment basis, if the difference between the purchase price and the prepaid price includes the significant finance component, these components are recognized as interest expense in the period in which they are financed.

Investment properties

Investment properties are real estate held (held by the lessee according to ownership or lease contract) (some or both of land or building or building) in order to obtain rent income or value increase gain or both.

a) capital appreciation or both rather than held in the production or supply of goods or services or for administrative purposes; or

b) sale in the ordinary course of business.

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”.

An investment property is recognized as an asset if the following conditions are met:

a) Investment property should be recognised as an asset when it is probable that the future economic benefits that are associated with the property will flow to the entity,

b) the cost of the property can be reliably measured.

Investment property is initially measured at cost. Transaction costs are also included in the initial measurement. Investment property acquired through finance leases are accounted for at fair value less the present value of the minimum lease payments

In subsequent periods, the investment property is valued using either the fair value method or the cost method.

Fair value of an investment property is determined as the price to be paid between market participants in an ordinary transaction at the measurement date, on the sale of an asset, or on a payback period. The fair value is determined based on the best estimate even if the property does not have a active market. From this point of view, fair value can change depending on the forecast and changes in market conditions. Factors such as the inherent risks of the asset, market conditions, and depreciation are taken into account in determining the fair value

Gains or losses arising from changes in the fair value of the investment property are included in profit or loss in the period in which they are incurred and are recognized in the “Gains/losses from investment activities”.

The Group has a prepared an appraisal report at the end of the period to be used in the consolidated financial statements for the land and buildings included in the investment properties and relevant land and buildings are included in the consolidated financial statements over these amounts.

Property, plant, equipment and intangible assets

An item of property, plant, equipment and intangible asset that meets the criteria for recognition as an asset is measured at cost at initial recognition. In subsequent periods, they are valued using either cost or revaluation method.

a) it is probable that future economic benefits will flow to the entity; and

b) relevant item measured reliably.

The initial costs of property, plant, equipment and intangible assets are comprised of the purchase price including the customs taxes, non-refundable purchase taxes, direct costs incurred until the asset becomes operational and the asset is returned to its use. In the cost model, presentations are made less accumulated depreciation and impairment losses from the cost of property, plant, equipment and intangible assets.

In the revaluation model, the fair value is the depreciation based on the revalued amount of a property, plant, equipment and intangible asset that can be measured reliably, after the asset is accounted for as an asset. The revaluation gross or net value method is used. Revaluations are made at the balance sheet date in such a way that the amount to be obtained by using the fair value is not significantly different from the carrying amount. Appreciation of the resulting value is attributable to the property, plant and equipment revaluation surplus under equity, while the value decreases are deducted from the pre-existing value increases if any, otherwise they are recognised in “Losses from investment activities”.

The Group has a prepared an appraisal report at the end of the period to be used in the consolidated financial statements for the properties in the property, plant, equipment and relevant properties are included in the consolidated financial statements over these amounts.

When an item of property, plant and equipment is subject to revaluation, the accumulated depreciation at the revaluation date is adjusted in proportion to the change in the gross carrying amount of the asset, so that the carrying amount of the asset after revaluation equals its revalued amount.

Provisions of TAS 2 “Inventories” and TAS 16 “Property, Plant and Equipment” are applied in the transfers of the Group to property, plant, equipment assets for use in operating activities. Accordingly, the fair value at the date of transfer is based on fair value.

Depreciation is measured by the straight-line method basis on a pro-rata basis according to the economic useful lives and methods are as follows:

	Economic useful lives (year)
Buildings	50
Plant, machinery and equipment	5, 15
Motor vehicles	4, 5
Furniture and fixtures	2, 20
Leasehold improvements	5
Rights	3, 15
Other property, plant and equipment	1, 3

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. Property, plant and equipment are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of the asset's net selling price or value in use. Recoverable amount of the property, plant and equipment is the higher of future net cash flows from the utilisation of this property, plant and equipment or its fair value less cost to sell.

If there are any events or changes in the existing conditions that the carrying values of the property, plant and equipment cannot be recovered, the value of the property, plant and equipment is examined. In the event that such indications exist or the carrying amount exceeds the recoverable amount, the related assets are reduced to their recoverable amount. Realizable value is the higher of net selling price and value in use. When carrying value is determined, the estimated future cash flows are discounted to their present value using the pre-tax discount rate that reflects the risks specific to that asset. For assets that do not independently generate cash inflows in large amounts, the recoverable amount is calculated for the cash-generating unit to which that asset belongs. The related tangible asset is depreciated over the remaining estimated useful life. Depreciation amounts of property, plant and equipment are associated with operating expenses and cost of sales in the statement of comprehensive income.

The Group tests for impairment of assets and determines net selling prices by taking into consideration "second hand market values" of some assets and "amortized replacement costs" for non-second-hand assets. Since the net selling prices for these assets are equal to or greater than the net carrying amount of the assets, the calculation of the value in use is not required and no provision for impairment is made. For certain assets (i.e., goodwill), if it is not possible to determine the net selling prices, the impairment test is performed based on the carrying values.

Intangible assets represent rights and computer software. Intangible assets are reflected to the purchases before January 1, 2005 by deducting the accumulated amortization and impairment losses from the purchase cost values for items purchased after December 31, 2004 and the cost values adjusted for the effect of inflation as of 31 December 2004.

Intangible assets are initially recognised at acquisition cost and amortised on a straight-line basis over their estimated useful lives. Depreciation is provided for intangible assets are recognised in operating expenses in statement of profit or loss and cost of sales.

Gains or losses on disposals of property, plant and equipment and intangible assets are determined by comparing proceeds with their net carrying amounts and are classified under "gains/losses from investing activities" in the current period under consolidated statement of profit or loss.

Non-current assets held for sale and discontinued operations

Non-current assets held for sale (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction, not through continuing use. These assets may be a component of an entity, a disposal group or an individual non-current asset. The sale of assets held for sale is expected to be occur within the following 12 months from the balance sheet date. Events or circumstances may extend the period to complete the sale beyond one year. An extension of the period required to complete a sale does not preclude an asset (or disposal group) from being classified as held for sale if the delay is caused by events or circumstances beyond the entity's control and there is sufficient evidence that the entity remains committed to its plan to sell the asset (or disposal group).

A discontinued operation is a component of an entity that either has been disposed of or is classified as held for sale, and:

a) represents either a separate major line of business or a geographical area of operations

b) is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations, or

c) is a subsidiary acquired exclusively with a view to resale and the disposal involves loss of control.

Non-current assets or disposal groups that are classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell and measured at the lower of carrying amount and fair value less costs to sell, and are presented separately in the statement of financial position.

Impairment of assets

If there are events or situations which the book value of assets subject to amortization may not be recoverable, the impairment test is applied. Assets with an indefinite useful life, such as goodwill, are not subject to amortization. An impairment test is applied to these assets each year. For assets subject to amortization, impairment test is applied if the book value cannot be recovered. An impairment loss is recognized if the carrying amount of the asset exceeds the recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows. Non-financial assets except goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

Taxation and deferred taxes

Income tax expense (or income) is the sum of the current tax expense and the deferred tax expense (or income).

Current year tax liability is calculated over the taxable profit for the period. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it excludes items that cannot be taxed or deducted. The Group’s liability for current tax is calculated using legal statutory tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax assets and liabilities are determined by calculating the temporary differences between the amounts shown in the consolidated financial statements and the amounts considered in the statutory tax base in accordance with the balance sheet method. Deferred tax liabilities are recognized for all taxable temporary differences, whereas deferred tax assets resulting from deductible temporary differences are recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary difference can be utilized. Deferred tax liability or asset is not calculated in respect of temporary timing differences arising from the initial recognition of assets or liabilities other than goodwill or business combinations and which do not affect both commercial and financial profit /loss.

Deferred tax liabilities are calculated for all taxable temporary differences related to the investments in subsidiaries and associates and shares in joint ventures, except in cases where the Group is able to control the discontinuation of temporary differences and in the near future it is unlikely that such difference will be eliminated. Deferred tax assets resulting from taxable temporary differences related to such investments and shares are calculated on the condition that it is highly probable that future taxable profit will be available and that it is probable that future differences will be eliminated.

The carrying amount of the deferred tax asset is reviewed at each balance sheet date. The carrying amount of a deferred tax asset is reduced to the extent that it is no longer probable that financial profit will be available to allow the benefit of some or that entire amount.

Deferred tax assets and liabilities are calculated over the tax rates that are expected to be valid in the period when the assets are realized or the liabilities are fulfilled and legalized or substantially legalized as of the balance sheet date (tax regulations). During the calculation of deferred tax assets and liabilities, the tax consequences of the methods that the Group expects to recover or settle the carrying amount of the assets as of the balance sheet date are taken into consideration

Deferred tax assets and liabilities are recognized when there is a legal right to offset current tax assets and current tax liabilities, or if such assets and liabilities are associated with the income tax collected by the same tax authority, or if the Group intends to pay off the current tax assets and liabilities.

Deferred tax liabilities are recognized for all taxable temporary differences, while deferred tax assets resulting from deductible temporary differences are recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary difference can be utilized (Note 36).

Deferred tax assets and deferred tax liabilities are offset against each other if the same entity is subject to taxation and there is a legally enforceable right to offset current tax assets against current tax liabilities.

50% of the profits arising from the sale of shares of associates, real estates, pre-emption rights, founder share and usufruct shares in the assets of the institutions for at least two full years are exempt from corporate tax. In order to benefit exclusion, the earning must be recognised in liabilities in a fund account and not withdrawn for 5 years from the entity. The sales price must be collected until the end of the second calendar year following the year in which the sale is realised.

Goodwill

TFRS 3 establishes the accounting and reporting requirements (the “acquisition method’) for the acquirer in a business combination. The key steps in applying the acquisition method are summarised below:

a) Identification of the 'acquirer'
b) Determination of the 'acquisition date'
c) Recognition and measurement of the identifiable assets acquired, the liabilities assumed and any non-controlling interest (NCI, formerly called minority interest) in the acquiree

Over the fair value of net assets acquired with purchase price, the difference is reflected in the statement of financial position as goodwill. If the purchase price is less than the fair value of the acquired net assets, the difference is reflected in the statement of comprehensive income as a bargain purchase gain (negative goodwill).

In accordance with the TFRS 3 “Business Combinations”, at each balance sheet date, the Group assesses goodwill for any indication that there is an impairment loss related to the cash-generating units that related to the goodwill. If such an indicator exists, the recorded value of that asset is compared with the net realizable value that is higher than the amounts that would be obtained through use or sale. If the value of the asset or any unit generating cash that the asset belongs to is higher than the net realizable value, the value has become impaired. Impairment losses are recognized in the statement of comprehensive income. There are significant changes in the activities of the acquired entity, there are significant differences incur between the forward-looking estimates made at the date of acquisition and the actual results, the product, service or technology of the acquired entity is out of use, and there are other similar matters indicating that the carrying value of the asset is not recoverable considered as an indication of impairment.

Leases

Group - as a lessee

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group considers following indicators for the assessment of whether a contract conveys the right to control the use of an identified asset for a period of time or not:

• The contract includes an identified asset (contract includes a definition of a specified asset explicitly or implicitly),

• A capacity portion of an asset is physically distinct or represents substantially all of the capacity of an asset (if the supplier has a substantive right to substitute the asset and obtain economic benefits from use of the asset, then the asset is not an identified asset),

• Group has the right to obtain substantially all of the economic benefits from use of the identified asset,

• Group has the right to direct the use of an identified asset. Group has the right to direct the use of the asset throughout the period of use only if either:

a) Group has the right to direct how and for what purpose the asset is used throughout the period of use or

b) Relevant decisions about how and for what purpose the asset is used are predetermined:

i. Group has the right to operate the asset (or to direct others to operate the asset in a manner that it determines) throughout the period of use, without the supplier having the right to change those operating instructions; or

ii. Group designed the asset (or specific aspects of the asset) in a way that predetermines how and for what purpose the asset will be used throughout the period of use.

The Group recognises a right-of-use asset and a lease liability at the commencement date of the lease following the consideration of the above-mentioned factors.

Right of use asset

At the commencement date, the Group measures the right-of-use asset at cost. The cost of the right-of-use asset comprises:

a) The amount of the initial measurement of the lease liability,

b) Any lease payments made at or before the commencement date, less any lease incentives received,

c) Any initial direct costs incurred by the Group, and

d) An estimate of costs to be incurred by the Group in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease (unless those costs are incurred to produce inventories).

When applying the cost model, Group measures the right of use asset at cost:
a) Less any accumulated depreciation and any accumulated impairment losses; and

b) Adjusted for any remeasurement of the lease liability

Lease liability

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

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

a) Fixed payments, less any lease incentives receivable,

b) Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date,

c) Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

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

a) Increasing the carrying amount to reflect interest on the lease liability,
b) Reducing the carrying amount to reflect the lease payments made, and
c) Remeasuring the carrying amount to reflect any reassessment or lease modifications. The Group recognises the amount of the remeasurement of the lease liability as an adjustment to the right of use asset in the consolidated financial statements.

Options to extend and terminate

Group assesses the contractual options to extend or to terminate the lease when determining the lease liability. The majority of the options to extend and terminate are exercisable both by the Group and the respective lessor. Group determines the lease term of a lease considering the periods covered by options to extend and terminate the lease if the options are exercisable by the Group and the Group is reasonably certain to exercise those options. If a significant change in circumstances takes place, related lease term assessment is revisited by the Group.

Variable lease payments

Some lease contracts of the Group contain variable payment terms. Variable lease payments are not in the scope of TFRS 16 Standard and recognised in the statement of income in the related period.

Practical expedients

The short-term lease agreements with a lease term of 12 months or less have been evaluated within the scope of practical expedients introduced by the TFRS 16 Leases Standard and related lease payments are recognised as an expense in the period in which they are incurred.

Group - as a lessor

All the leases that Group is the lessor are operating leases. Assets leased out under operating leases are classified under investment properties, property, plant and equipment or other current assets in the consolidated statement of financial position. Rent income is recognised in the consolidated statement of income on a straight-line basis over the lease term.

Provisions for employee benefits

In accordance with Turkish Labor Law, the provision for employment termination benefits shall be made in accordance with the completion of at least one year of service, calling for military service, represents the discounted value of the estimated total liability of future liabilities at the balance sheet date. The actuarial valuation method has been used to reduce the retirement pay liability. Actuarial assumptions have been made for this accordingly. The most important of these is the discount rate used in discounts.

The rate to be used to discount defined benefit plans (provisions for employee benefits) after leaving the office is determined by looking at the market returns for high quality corporate bonds at the balance sheet date. Because of the lack of a deep market for such securities, the real interest rate has been used, taking into account the market returns (compound interest rates) of government bonds (on the balance sheet date). In other words, inflation-adjusted interest rate (real interest rate) is used (Note 22)

In this context, financial institutions subject to labor law have accounted for the provision for employment termination benefits at the actuarial method in the financial statements for the retirement of retirement benefits for all personnel or for the termination of the business relationship by calling for military service or for the future probable obligations amounts in case of death and the provision for employment termination benefits was calculated using the actuarial method in accordance with the Employee Benefits ("TAS 19") and accounted for in the accompanying consolidated financial statements.

The assumptions used in calculating the provision for employment termination benefits are disclosed in Note 22.

Provisions, contingent liabilities and contingent assets

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. Contingent liabilities are consistently reviewed prior to the probability of any cash out-flow. In case of the cash outflow is probable, provision is set forth in the consolidated financial statements of the year the probability of contingent liability accounts is changed. A provision is recognized when the Group has a present obligation (legal or constructive) as a result of a past event; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and reliable estimate can be made for the obligation. The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the statement of financial position date, taking into account the risks and uncertainties surrounding the obligation.

One of three methods is used according to the situation which is subject to compensation in the case of provisioning. This method is applied when the time value of money is important. When the value of money is significant over time, the provisions are reflected by the reduced value of the possible future costs incurred on the balance sheet date. When discounted value is used, increases due to the passage of time are recorded as interest payments. Where the effect of the time value of money is material, the amount of provision shall be the present value of the expenditures expected to be required to settle the obligation. The discount rate reflects current market assessments of the time value of money and the risks specific to the liability. The discount rate shall be a pre-tax rate and shall not reflect risks for which future cash flow estimates have been adjusted.

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 the consolidated financial statements and treated as contingent assets or liabilities (Note 21).

Deferred financial income/expenses

Deferred financial income / expenses represent imputed financial income/expenses on credit sales and purchases. Such income / expenses are calculated over the period of credit sales and purchases by the effective interest rate method and included under other operating income and expenses.

Earnings per share

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

Financial risk management

Collection risk

Collection risk of the Group mainly arising from trade receivables. The Group evaluates the trade receivables and the payment performance of customers and determines the provision for doubtful receivables in the accompanying consolidated financial statements. Provision for doubtful receivables is an accounting estimate based on past payment performances and financial position of customers allocated in the consolidated financial statements as of the reporting date (Note 39).

Foreign currency risk

Foreign currency risk arises when the value of any financial instrument changes depending on the change in the exchange rate. The balances of foreign currency denominated transactions arising from the Group's operating, investment and financial activities are disclosed in Note 39 as of the reporting date.

Liquidity risk

Liquidity risk is the risk that an entity will be unable to meet its net funding requirements and fulfil its requirements regarding financial instruments. Liquidity risk is managed by matching the cash in and out flow volume supported by committed lending limits from qualified credit institutions (Note 39).

Foreign currency translation

The consolidated financial statements are presented in TL, which is Kontrolmatik’s functional and presentation currency. The Group records foreign currency (currencies other than the functional currency of the related company) transactions using exchange rates of the date the transaction is completed. Foreign currency monetary items are evaluated with exchange rates as of reporting date and arising foreign exchange income/expenses are recorded in statement of income. All monetary assets and liabilities are evaluated with exchange rates of the reporting date and related foreign currency translation differences are transferred to statement of income. Non-monetary foreign currency items that are recognized at cost are evaluated with historic exchange rates. Non-monetary foreign currency items that are recognized at fair value are evaluated with exchange rates of the dates their fair values are determined.

Dividends

Dividend receivables are recognised as an income in the period which they declared. Dividend payables are recognised as an appropriation of profit in the period in which they approved and declared.

Paid-in share capital

Common shares are classified as equity. Dividends on common shares are recognized in equity less retained earnings in the period in which they are approved and declared.

Events after the reporting period

Events after the reporting period are those events, which occur between the balance sheet date and the date when the financial statements are authorized for issue. In accordance with the TAS 10, the Group adjusts the amounts recognised in its consolidated 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 consolidated financial statements, they are disclosed in the notes to the consolidated financial statements (Note 41).

Government grants

Government grants are recognized at fair value when there is assurance that these grants and incentives will be received and the Group has met all conditions required. Government grants related to costs are recognized as revenue during the periods they are matched with the costs they will cover.

Segment reporting

Operating segments are identified on the same basis as financial information is reported internally to the Group’s chief operating decision maker. The Board of Directors has been identified as the Group’s chief operating decision maker who is responsible for allocating resources between segments and assessing their performances. The Group management determines operating segments by reference to the reports reviewed by the Board of Directors to make strategic decisions.

In accordance with the provisions of TFRS 8 “Operating Segments”, considering that the legislation and laws affecting the Group's activities, the Group has single reportable operating segment, and accordingly, financial information is not reported according to operating segments.

Statement of cash flows

The statement of cash flows analyses changes in cash and cash equivalents during a period. Cash and cash equivalents comprise cash on hand and demand deposits, together with short-term, highly liquid investments that are readily convertible to a known amount of cash, and that are subject to an insignificant risk of changes in value. Guidance notes indicate that an investment normally meets the definition of a cash equivalent when it has a maturity of three months or less from the date of acquisition. Equity investments are normally excluded, unless they are in substance a cash equivalent.

Accordingly, investments with a duration of 3 months or less are considered cash equivalent investments. Investments made in respect of securities representing equity are not considered cash equivalents unless they are essentially cash equivalents

The Group prepares statement of cash flows to inform users of the ability to direct changes in the amount and timing of their changes in net assets, financial structure and cash flows according to changing circumstances.

In the statement of cash flows, the cash flows related to the turnover are reported in a form that is based on operations, investment and financing activities. Cash flows from operating activities represent cash flows arising from the entries in the Group’s operating area. Cash flows from investing activities represent the cash flows from investment activities the Group uses in its investment activities (fixed investments and financial investments). Cash flows related to financing activities represent the resources used by the Group in its financing activities and repayments of those resources.

D. Significant accounting judgements, estimates and assumptions and key sources of estimation uncertainty

Preparation of consolidated financial statements requires the usage of estimations and assumptions which may affect the reported amounts of assets and liabilities as of the balance sheet date, disclosure of contingent assets and liabilities and reported amounts of income and expenses during the financial period. The accounting assessments, forecasts and assumptions are reviewed continuously considering the past experiences, other factors and the reasonable expectations about the future events under current conditions. Although the estimations and assumptions are based on the best estimates of the management’s existing incidents and operations, they may differ from the actual results. The key assumptions concerning the future and other key resources of estimation at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year and the significant judgments (apart from those involving estimations) with the most significant effect on amounts recognized in the consolidated financial statements are as follows:

(Amounts are expressed in Turkish Lira unless otherwise indicated.)

The key assumptions concerning the future and other key resources of estimation at the consolidated balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year and the significant judgments (apart from those involving estimations) with the most significant effect on amounts recognized in the consolidated financial statements are as follows:

Note t2/D	Determination of fair value
Note 36/B	Deferred tax assets and liabilities
Note 22	Provision for employment termination benefits
Note 2/D,17,18,19	Economic useful lives of investment properties, property, plant and equipment and intangible assets
Note 10 and 39/E	Provision for impairment on trade receivables
Note 13	Provision for impairment on inventories
Note 7	Financial investments revaluation surplus / provision for impairment

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below:

a) Deferred tax are recognized to the extent that it is probable that future taxable profit will be available. If it is probable that future taxable profit will be available, deferred tax assets are accounted for over the deductible temporary differences, financial losses and tax advantages resulted from investment incentives that enables the Group pay lower corporate tax (Note 36).

b) The Group management utilises same estimates and assumptions for the determination of the economic useful lives of provision for doubtful trade receivables (Note 10 and 39) and provision for employment termination benefits (Note 22).

NOTE 3 – BUSINESS COMBINATIONS

As of 31 March 2023 and 31 December 2022, the Group has no business combinations.

NOTE 4 – DISCLOSURE OF INTERESTS IN OTHER ENTITIES

The Group was acquired effective ownership interest of 50% belonging to shares of Kontrolmatik Enerji ve Müh. A.Ş. and Skysens Tek. A.Ş. joint venture ("IOT") on 4 September 2018 (during its establishment.)

In addition, the Group was acquired effective ownership interest of 50% belonging to shares of Kontrolmatik Enerji ve Müh. A.Ş. and Skysens Tek. A.Ş. joint venture ("SAY") on 10 October 2018 (during its establishment.)

Furthermore, the Group was acquired effective ownership interest of 25% belonging to shares of Plan S Uydu ve Uzay Teknolojileri A.Ş. on 6 July 2021 (during its establishment.)

The Group was acquired effective ownership interest of 40% belonging to shares of MİNT Elektrikli Araç Teknolojileri A.Ş. on 22 June 2022 (during its establishment.)

The Group has acquired indirect ownership interest of 40% belonging to shares of Teknovus Şarj Teknolojileri A.Ş, the subsidiary of MİNT Elektrikli Araç Teknolojileri A.Ş with 100% effective ownership interest.

The Group has acquired effective ownership interest of 50% belonging to shares of Kontrolmatik Enerji ve Müh. A.Ş. and Siterm Isı Sanayi A.Ş joint venture.

NOTE 5 – SEGMENT REPORTING

The Group has single reportable operating segment. Accordingly, financial information is not reported in accordance with the operating segments in the accompanying consolidated financial statements. The Group discloses its information in single geographical area in which they operate. Therefore, reportable segments by geographical areas with an expanded requirement are not included in the consolidated financial statements.

NOTE 6 – CASH AND CASH EQUIVALENTS

	31.03.2023	**31.12.2022**
Cash in hand	**804.474**	**716.537**
Banks	**530.383.042**	**860.385.155**
Demand deposits	132.509.638	659.153.050
- Unblocked deposits	131.931.852	658.835.847
- Blocked deposits	577.786	317.203
Demand deposits	397.873.404	201.232.105
- Unblocked deposits	281.118.958	189.473.105
- Blocked deposits	116.754.446	11.759.000
Short-term bonds, treasury bills and liquid funds	**169.726.742**	**320.995.534**
Cash and cash equivalents, net	**700.914.258**	**1.182.097.226**

The Group has blocked deposits under time deposits arising from its borrowings and letter of guarantee obtained. As of 31 March 2023, annual interest rates of time deposits denominated in TL is between 5.75%-25%, denominated in USD is between 1%-1.5% and denominated in EUR is 1.50% (31 December 2022: 5.75%-22% for time deposits denominated in TL. The Group has no time deposits denominated in USD and EUR).

NOTE 7 – FINANCIAL INVESTMENTS

	31.03.2023	**31.12.2022**
Financial assets at fair value through other comprehensive income	**297.805.907**	**134.898.212**
- Equity securities **(*)**	156.020.606	25.900.195
- Equity securities appreciation / depreciation **(*)**	82.893.476	44.314.397
- Foreign currency/Gold/Currency-protected TL time deposit accounts	-	43.880.298
- Blocked foreign currency/Gold/Currency-protected TL time deposit accounts	58.891.825	20.803.322
Total short-term financial investments, net	**297.805.907**	**134.898.212**
Financial assets available for sale	**87.645.063**	**7.113.162**
- Kontrolmatik Libya branch	1.002.050	968.950
- Llc Controlmaticrus	1.308.006	1.167.660
- Kontrolmatik Cameroun	309.207	301.977
- Kontrolmatik Technologies Inc.	9.573.000	4.674.575
-Pomega Energy Storage Technologıes	75.452.800	-
Total long-term financial investments, net	**87.645.063**	**7.113.162**

(*) The investments regarding equity securities include securities quoted on Borsa Istanbul, except for the Group's own shares. Financial assets at fair value through other comprehensive income quoted on Borsa İstanbul are the financial assets and their fair value was determined by valuing the BIST with the best pending purchase price on the balance sheet date.

NOTE 8 – BORROWINGS

	31.03.2023	**31.12.2022**
Short-term borrowings	**261.936.938**	**389.504.408**
Bank borrowings	261.759.430	389.504.408
Other	177.508	-
Short-term portion of long-term borrowings	**479.347.961**	**100.948.567**
Bank borrowings	474.738.566	99.201.975
Finance lease liabilities	4.609.395	1.746.592
Long-term borrowings	**683.169.633**	**688.028.518**
Bank borrowings	679.885.614	686.530.490
Finance lease liabilities	3.284.019	1.498.028

(Amounts are expressed in Turkish Lira unless otherwise indicated.)

The breakdown and detailed analysis of bank borrowings are as follows:

31.03.2023	**Currency**	**Weighted average interest rate (%)**		**Maturity**	**TL equivalent**
		Minimum (%)	**Maximum (%)**		
				Revolving credits	35.435.873
Short-term borrowings	TL	13.00%	18.00%	Up to 3 months	19.000.425
	TL	13.00%	18.00%	3-12 months	84.602.580
	EUR	4.00%	9.00%	Up to 3 months	72.230.488
	EUR	4.00%	9.00%	3-12 months	20.971.095
	USD	8.00%	9.00%	Up to 3 months	12.446.289
	USD	8.00%	9.00%	3-12 months	17.072.680
					261.759.430
Short-term portion of long-term borrowings	TL	6.00%	36.00%	Up to 3 months	103.774.540
	TL	6.00%	36.00%	3-12 months	207.947.773
	EUR	3.00%	12.00%	Up to 3 months	46.885.712
	EUR	3.00%	12.00%	3-12 months	109.521.141
	USD	9.00%	11.00%	Up to 3 months	3.793.505
	USD	9.00%	11.00%	3-12 months	2.815.895
					474.738.566
Long-term borrowings	TL	17.00%	36.00%	1-10 years	522.714.778
	EUR	6.00%	9.00%	1-10 years	151.597.019
	USD	9.00%	11.00%	1-10 years	5.573.817
					679.885.614

31.12.2022	**Currency**	**Weighted average interest rate (%)**		**Maturity**	**TL equivalent**
		Minimum (%)	**Maximum (%)**		
				Revolving credits	173.712.806
Short-term borrowings	TL	18.43%	21.95%	Up to 3 months	14.838.220
	TL	18.43%	21.95%	3-12 months	41.718.400
	EUR	2.82%	8.66%	Up to 3 months	53.255.155
	EUR	2.82%	8.66%	3-12 months	92.320.140
	USD	3.18%	8.71%	Up to 3 months	7.468.144
	USD	3.18%	8.71%	3-12 months	6.191.543
					389.504.408
Short-term portion of long-term borrowings	TL	7.61%	29.82%	Up to 3 months	6.342.300
	TL	7.61%	29.82%	3-12 months	23.441.709
	EUR	2.57%	8.58%	Up to 3 months	20.280.929
	EUR	2.57%	8.58%	3-12 months	49.056.051
	USD	6.66%	6.66%	Up to 3 months	80.986
	USD	6.66%	6.66%	3-12 months	-
					99.201.975
Long-term borrowings	TL	7.61%	29.82%	1-10 years	597.524.291
	EUR	2.57%	8.58%	1-10 years	83.011.959
	USD	6.66%	6.66%	1-10 years	5.994.240
					686.530.490

Interest rates of revolving credits denominated in TL, USD and EUR are 12%-29%, 8%-9% and 4%-9%, respectively (31 December 2022: Interest rates of revolving credits denominated in TL, USD and EUR are 13.42%-21.95%, 3.18%-8.66% and 2.82%-8.66%, respectively).

As of 31 March 2023, revolving credits are amounting to TL 29.170.000 and EUR 300.000. As of 31 March 2023, total TL equivalent of revolving credits is amounting to TL 35.435.873.

(Amounts are expressed in Turkish Lira unless otherwise indicated.)

As of 31 March 2023 and 31 December 2022, redemption schedule and maturity analysis of bank borrowings are as follows:

	31.03.2023	**31.12.2022**
Revolving credits	35.435.873	173.712.806
Up to 3 months	258.130.959	102.265.734
3-12 months	442.931.164	212.727.843
1-10 years	679.885.614	686.530.490
	1.416.383.610	**1.175.236.873**

As of 31 March 2023 and 31 December 2022, repayment schedule of long-term bank borrowings is as follows:

Year	**31.03.2023**	**31.12.2022**
2024	156.154.418	162.156.731
2025	151.286.871	84.060.438
2026	109.015.905	81.252.800
2027	77.809.422	76.495.697
2028	57.621.509	60.835.935
2029 and subsequent years	127.997.489	221.728.889
TOTAL	**679.885.614**	**686.530.490**

The breakdown and detailed analysis of finance lease liabilities are as follows:

31.03.2023	**Currency**	**Maturity**	**TL equivalent**
Short-term portion of long-term finance lease liabilities	TL	Up to 3 months	862.237
	TL	3-12 months	2.013.766
	EUR	Up to 3 months	449.599
	EUR	3-12 months	1.283.794
			4.609.396
Long-term finance lease liabilities	TL	1-5 years	2.677.938
	EUR	1-5 years	606.081
			3.284.019

31.12.2022	**Currency**	**Maturity**	**TL equivalent**
Short-term portion of long-term finance lease liabilities	TL	Up to 3 months	31.756
	TL	3-12 months	115.960
	EUR	Up to 3 months	391.132
	EUR	3-12 months	1.207.744
	USD	Up to 3 months	-
	USD	3-12 months	-
			1.746.592
Long-term finance lease liabilities	TL	1-5 years	537.731
	EUR	1-5 years	960.297
	USD	1-5 years	-
			1.498.028

As of 31 March 2023 and 31 December 2022, redemption schedule and maturity analysis of finance lease liabilities are as follows:

	31.03.2023	**31.12.2022**
Up to 3 months	1.311.836	422.888
3-12 months	3.297.560	1.323.704
1-5 years	3.284.019	1.498.028
TOTAL	**7.893.415**	**3.244.620**

(Amounts are expressed in Turkish Lira unless otherwise indicated.)

As of 31 March 2023 and 31 December 2022, repayment schedule of finance lease liabilities is as follows:

Year	31.03.2023	31.12.2022
2023	-	-
2024	1.987.363	1.498.028
2025	1.206.667	-
2026	89.989	-
TOTAL	**3.284.019**	**1.498.028**

NOTE 9 – RIGHT OF USE ASSETS AND LEASE LIABILITIES

Right of use assets

	31.03.2023	31.12.2022
Beginning of the period – 1 January	**1.188.669**	**788.294**
Additions / disposals, net	-	1.076.810
Current period depreciation (Note 30)	-	(676.435)
End of the period	**1.188.669**	**1.188.669**

	31.03.2023	31.12.2022
Lease liabilities	**1.417.703**	**1.417.703**
Short-term	564.333	564.333
Long-term	853.370	853.370

	31.03.2023	31.12.2022
Beginning of the period – 1 January	**1.417.703**	**720.467**
Increases / decreases, net	-	873.434
Payments during the period	-	(503.664)
Interest expenses during the period (Note 33)	-	327.466
End of the period	**1.417.703**	**1.417.703**

NOTE 10 – TRADE RECEIVABLES AND PAYABLES

	31.03.2023	31.12.2022
Trade receivables due from related parties (*)	**10.821.310**	**12.913.948**
- Customers	10.821.310	12.913.948
Trade receivables due from third parties	**720.059.252**	**822.445.455**
- Customers	711.477.997	830.531.098
- Post-dated cheques and notes receivables	8.835.925	12.426.170
- Doubtful trade receivables	31.488.738	31.228.578
- Discount on notes receivables (-)	(294.318)	(20.511.813)
- Provision for doubtful trade receivables (-)	(31.488.738)	(31.228.578)
Other	39.648	-
Total short-term trade receivables, net	**730.880.562**	**835.359.403**
Total long-term trade receivables, net	**-**	**-**

(*) The detailed analysis is disclosed in Note 38.

As of 31 March 2023, average turnover period in days for trade receivables is between 120-150 days (31 December 2022: 120-150 days).

The aging analysis and provision for doubtful receivables for past due but not impaired trade receivables and past due but impaired trade receivables are disclosed in Note 39-E.

As of 31 March 2023 and 31 December 2022, net maturity analysis of not past due and past due trade receivables is disclosed in Note 39-E.

(Amounts are expressed in Turkish Lira unless otherwise indicated.)

The movement for provision for doubtful trade receivables is as follows:

	31.03.2023	**31.12.2022**
Beginning of the period – 1 January	**(31.228.578)**	**(11.991.983)**
Additions during the period (Note 31)	(260.160)	(19.236.595)
End of the period	**(31.488.738)**	**(31.228.578)**

	31.03.2023	**31.12.2022**
Trade payables due to related parties (*)	**3.049.693**	**6.031.092**
- Suppliers	3.377.318	6.358.717
- Discount on notes payable (-)	(327.625)	(327.625)
Trade payables due to third parties	**442.653.321**	**467.458.287**
- Suppliers	218.079.411	282.273.561
- Post-dated cheques and notes payable	139.600.490	196.747.961
- Discount on notes payable (-)	(7.871.956)	(11.563.235)
Other	92.845.376	-
Total short-term trade payables, net	**445.703.014**	**473.489.379**
- Post-dated cheques and notes payable	2.018.859	-
- Discount on notes payable (-)	(544.293)	-
Total long-term trade payables, net	**1.474.566**	**-**

(*) The detailed analysis is disclosed in Note 38.

As of 31 March 2023, average turnover period in days for trade payables is between 60-90 days (31 December 2022: 60-90 days).

NOTE 11 – OTHER RECEIVABLES AND PAYABLES

	31.03.2023	**31.12.2022**
Other receivables due from related parties (*)	**119.144**	**29.627.502**
- Related parties	119.144	29.627.502

Short-term other receivables due from third parties	**73.370.428**	**51.041.129**
- Deposits and guarantees given	62.338.597	40.282.180
- Receivables from tax office	8.097.822	9.559.758
- Due from employees	8.086	14.715
- Other	2.925.923	1.184.476
Total short-term other receivables, net	**73.489.572**	**80.668.631**
Long-term other receivables due from related parties (*)	**39.608.570**	**-**
- Related parties	39.608.570	-

(*) The detailed analysis is disclosed in Note 38.

	31.03.2023	**31.12.2022**
Short-term other payables due to related parties (*)	**-**	**-**
Short-term other payables due to third parties	**5.995.894**	**5.411.456**
- Deposits and guarantees received	5.694.819	5.181.609
- Other	301.076	229.847
Total short-term other payables, net	**5.995.894**	**5.411.456**
Long-term other payables due to related parties (*)	**1.153.019.215**	**1.201.854.561**
- Due to shareholders	1.153.019.215	1.201.854.561
Total long-term other payables, net	**1.153.019.215**	**1.201.854.561**

(*) The detailed analysis is disclosed in Note 38. Due to shareholders is arising from payables to the shareholders of the Group, Sami Aslanhan and Ömer Ünsalan.

NOTE 12 – FINANCE SECTOR OPERATIONS

As of 31 March 2023 and 31 December 2022, the Group has no payables and receivables from finance sector operations.

(Amounts are expressed in Turkish Lira unless otherwise indicated.)

NOTE 13 – INVENTORIES

	31.03.2023	**31.12.2022**
Raw materials and supplies	18.060.127	8.382.846
Semi-finished goods	21.888.211	21.472.891
Finished goods	848.531	-
Merchandise	434.812.926	386.939.923
Less: Provision for inventory impairment (-)	(8.487.635)	(8.487.635)
Other inventories	2.587.665	459.323
TOTAL	**469.709.825**	**408.767.348**

Movement of provision for impairment on inventories is as follows:

	31.03.2023	**31.12.2022**
Beginning of the period – 1 January	**(8.487.635)**	**(2.263.441)**
Additions/reversals, net	-	(6.224.194)
End of the period	**(8.487.635)**	**(8.487.635)**

NOTE 14 – BIOLOGICAL ASSETS

As of 31 March 2023 and 31 December 2022, the Group has no biological assets.

NOTE 15 – CUSTOMER CONTRACTS

	31.03.2023	**31.12.2022**
Contract assets	74.860.286	33.228.406
Contract liabilities	(28.534.040)	(38.234.757)
Total assets/liabilities	**46.326.246**	**(5.006.351)**

	31.03.2023	**31.12.2022**
Realised		
Cost	177.593.981	110.952.328
Progress payment	166.210.697	137.586.941
Estimated revenue recognition, net		
Cost	1.069.987.158	410.518.786
Progress payment	1.283.712.602	492.364.186

	31.03.2023	**31.12.2022**
Revenue under TFRS (A)	212.536.943	132.580.590
Contract cost (B)	(177.593.981)	(110.952.328)
Profit/loss in accordance with TFRS 15 (C=A+B)	34.942.962	21.628.262
Progress payment received (D)	166.210.697	137.586.941
Total contract assets / liabilities, net (E=A-D)	**46.326.246**	**(5.006.351)**

NOTE 16 – INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

The Group was acquired effective ownership interest of 50% belonging to shares of Kontrolmatik Enerji ve Müh. A.Ş. and Skysens Tek. A.Ş. joint venture ("IOT") on 4 September 2018 (during its establishment.)

In addition, the Group was acquired effective ownership interest of 50% belonging to shares of Kontrolmatik Enerji ve Müh. A.Ş. and Skysens Tek. A.Ş. joint venture ("SAY") on 10 October 2018 (during its establishment.)

Furthermore, the Group was acquired effective ownership interest of 25% belonging to shares of Plan S Uydu ve Uzay Teknolojileri A.Ş. on 6 July 2021 (during its establishment.)

The Group was acquired effective ownership interest of 40% belonging to shares of MİNT Elektrikli Araç Teknolojileri A.Ş. on 22 June 2022 (during its establishment.)

The Group has acquired indirect ownership interest of 40% belonging to shares of Teknovus Şarj Teknolojileri A.Ş, the subsidiary of MİNT Elektrikli Araç Teknolojileri A.Ş with 100% effective ownership interest.

(Amounts are expressed in Turkish Lira unless otherwise indicated.)

The Group has acquired effective ownership interest of 50% belonging to shares of Kontrolmatik Enerji ve Müh. A.Ş. and Siterm Isı Sanayi A.Ş joint venture.

			31.03.2023
Associates and joint ventures (Accounted for using the equity method)	**Effective ownership interest %**	**Amount**	**Net carrying value**
Kontrolmatik Enerji ve Müh. A.Ş. ve Skysens Tek. A.Ş. Joint venture (IOT)	50	5.000	-
Kontrolmatik Enerji ve Müh. A.Ş. ve Skysens Tek. A.Ş. Joint venture (SAY)	50	5.000	34.317
Plan S Uydu ve Uzay Teknolojileri A.Ş.	25	37.500.000	31.886.938
Mint Elektrikli Araç Teknolojileri A.Ş.	40	8.000.000	8.536.962
Kontrolmatık Tek. Ene. Ve Müh. A.S. Ve Siterm Isı San. A.Ş. Joint venture	50	-	-
TOTAL		**45.510.000**	**40.458.217**

			31.12.2022
Associates and joint ventures (Accounted for using the equity method)	**Effective ownership interest %**	**Amount**	**Net carrying value**
Kontrolmatik Enerji ve Müh. A.Ş. ve Skysens Tek. A.Ş. Joint venture (IOT)	50	5.000	-
Kontrolmatik Enerji ve Müh. A.Ş. ve Skysens Tek. A.Ş. Joint venture (SAY)	50	5.000	-
Plan S Uydu ve Uzay Teknolojileri A.Ş.	25	37.500.000	36.656.700
MİNT Elektrikli Araç Teknolojileri A.Ş.	40	8.000.000	8.373.143
Kontrolmatık Tek. Ene. Ve Müh. A.S. Ve Siterm Isı San. A.Ş. Joint venture (*)	50	-	-
TOTAL		**45.510.000**	**45.029.843**

Associates and joint ventures	**31.03.2023**	**31.12.2022**
Beginning of the period – 1 January	**45.029.843**	**4.788.649**
Additions/Disposals	-	40.500.000
Share of profit for the period	(4.571.627)	(258.806)
End of the period	**40.458.217**	**45.029.843**

(Amounts are expressed in Turkish Lira unless otherwise indicated.)

NOTE 17 – INVESTMENT PROPERTIES

01.01.2023-31.03.2023

	Opening balance – 1 January 2023	Additions	Revaluation surplus	Disposals	Closing balance – 31 March 2023
Cost					
Land	80.628.752	-	-	-	80.628.752
Buildings	8.525.042	-	-	-	8.525.042
Total	**89.153.794**	**-**	**-**	**-**	**89.153.794**
Less: Accumulated depreciation					
Buildings	(30.794)	-	-	-	(30.794)
Total	**(30.794)**	**-**	**-**	**-**	**(30.794)**
Investment properties, net	**89.123.000**	**-**	**-**	**-**	**89.123.000**

01.01.2022 -31.12.2022

	Opening balance – 1 January 2022	Additions	Revaluation surplus	Disposals	Closing balance – 31 December 2022
Cost					
Land	41.723.880	6.969.600	32.407.952	(472.680)	80.628.752
Buildings	4.680.914	-	4.307.448	(463.320)	8.525.042
Total	**46.404.794**	**6.969.600**	**36.715.400**	**(936.000)**	**89.153.794**
Less: Accumulated depreciation					
Buildings	(30.794)	-	-		(30.794)
Total	**(30.794)**	**-**	**-**	**-**	**(30.794)**
Investment properties, net	**46.374.000**	**6.969.600**	**36.715.400**	**(936.000)**	**89.123.000**

The fair value of investment properties has been determined by independent appraisal firm Emek Taşınmaz Değerleme ve Danışmanlık A.Ş. and the detailed list of investment properties is as follows. The independent appraisal firm determined the fair value of investment properties in the appraisal reports on 31 December 2022 in accordance with the "Peer comparison" and "Income approach".

		31.03.2023			31.12.2022				
		Net book value			Net book value			2023	
Investment properties	**Date of acquisition**	**Land**	**Building**	**TOTAL**	**Land**	**Building**	**TOTAL**	**DAF**	**DDK**
Kırklareli ili Kofçaz ilçesi - Tarla	28.12.2016	116.000	-	116.000	116.000	-	116.000	-	-
Kırklareli ili Kofçaz ilçesi - Tarla	28.12.2016	57.000	-	57.000	57.000	-	57.000	-	-
Kırklareli ili Kofçaz ilçesi - Tarla	28.12.2016	68.000	-	68.000	68.000	-	68.000	-	-
Kırklareli ili Kofçaz ilçesi - Tarla	28.12.2016	206.000	-	206.000	206.000	-	206.000	-	-
Kırklareli ili Kofçaz ilçesi - Tarla	28.12.2016	428.000	-	428.000	428.000	-	428.000	-	-
Kırklareli ili Kofçaz ilçesi - Tarla	28.12.2016	10.000	-	10.000	10.000	-	10.000	-	-
Kırklareli ili Kofçaz ilçesi - Tarla	28.12.2016	43.000	-	43.000	43.000	-	43.000	-	-
İstanbul ili Arnavutköy ilçesi - Tarla	11.09.2017	1.083.000	-	1.083.000	1.083.000	-	1.083.000	-	-
İstanbul ili Arnavutköy ilçesi - Tarla	11.09.2017	276.000	-	276.000	276.000	-	276.000	-	-
İstanbul ili Arnavutköy ilçesi - Tarla (*)	29.01.2018	4.164.000	-	4.164.000	4.164.000	-	4.164.000	-	-
Kocaeli ili Çayırova ilçesi - Arsa	17.01.2019	37.800.000	-	37.800.000	37.800.000	-	37.800.000	-	-
İstanbul ili Gaziosmanpaşa ilçesi - Daire	10.05.2013	-	-	-	-	-	-	-	-
İstanbul İli Silivri İlçesi- Arsa	15.06.2022	2.581.000	-	2.581.000	2.581.000	-	2.581.000	-	
İstanbul İli Silivri İlçesi- Arsa	15.06.2022	3.640.000	-	3.640.000	3.640.000	-	3.640.000	-	
İstanbul İli Silivri İlçesi- Arsa	15.06.2022	7.505.000	-	7.505.000	7.505.000	-	7.505.000	-	
İstanbul ili Beşiktaş ilçesi - Daire	17.07.2019	3.187.500	562.500	3.750.000	3.187.500	562.500	3.750.000	-	-
İstanbul ili Beşiktaş ilçesi - Daire	17.07.2019	3.187.500	562.500	3.750.000	3.187.500	562.500	3.750.000	-	-
Sakarya ili Serdivan ilçesi - Dükkan	16.08.2019	3.117.354	1.382.646	4.500.000	3.117.354	1.382.646	4.500.000	-	-
Sakarya ili Serdivan ilçesi - Dükkan	2.08.2019	3.705.291	1.644.709	5.350.000	3.705.291	1.644.709	5.350.000	-	-
Sakarya ili Serdivan ilçesi - Dükkan	16.08.2019	3.199.380	1.365.620	4.565.000	3.199.380	1.365.620	4.565.000	-	-
Sakarya ili Serdivan ilçesi - Dükkan	17.09.2019	3.998.727	1.707.273	5.706.000	3.998.727	1.707.273	5.706.000	-	-
Ankara ili Etimeskut ilçesi - Arsa	26.09.2019	2.256.000	1.269.000	3.525.000	2.256.000	1.269.000	3.525.000	-	-
TOTAL		**80.628.752**	**8.494.248**	**89.123.000**	**80.628.752**	**8.494.248**	**89.123.000**	**-**	**-**

(*) In accordance with the appraisal report in the current period regarding the aforementioned land, the statement that it is the "defendant" in the land registry creates a risk of loss of ownership for the potential buyers of the land.

As of 31 March 2023, the Group has mortgage risk on its investment properties amounting to TL 63.895.139 (31 December 2022: TL 63.895.139). The relevant mortgages are also on the properties and classified under property, plant and equipment.

(Amounts are expressed in Turkish Lira unless otherwise indicated.)

NOTE 18 – PROPERTY, PLANT AND EQUIPMENT

	Opening balance – 1 January 2023	Additions	Disposals	Transfers	Closing balance – 31 March 2023
Cost	-	-	-	-	-
Land	63.426.051	-	-	-	63.426.051
Land improvements	-	2.861.978	-	-	2.861.978
Buildings	506.692.951	253.890.299	-	-	760.583.250
Plant, machinery and equipment	16.184.689	110.425.886	-	-	126.610.575
Motor vehicles	31.566.793	17.137.980	(1.000.000)	-	47.704.773
Furniture and fixtures	21.819.696	4.986.164	(78.497)	-	26.727.363
Leasehold improvements	370.937	-	-	-	370.937
Constructions in progress	-	11.213.072	-	-	11.213.072
Total	**640.061.117**	**400.515.379**	**(1.078.497)**	**-**	**1.039.497.999**
Less: Accumulated depreciation					
Buildings	-	(554.555)	-	-	(554.555)
Plant, machinery and equipment	(4.850.249)	(655.432)	-	-	(5.505.681)
Motor vehicles	(3.524.558)	(2.562.133)	269.019	-	(5.817.672)
Furniture and fixtures	(3.882.736)	(921.873)	9.530	-	(4.795.079)
Leasehold improvements	(229.205)	(9.959)	-	-	(239.164)
Total	**(12.486.748)**	**(4.703.952)**	**278.549**	**-**	**(16.912.151)**
Property, plant and equipment, net	**627.574.369**			**-**	**1.022.585.848**

(Amounts are expressed in Turkish Lira unless otherwise indicated.)

01.01.2022 -31.12.2022

	Opening balance – 1 January 2022	Additions	Disposals	Transfers	Revaluation surplus	Closing balance – 31 December 2022
Cost						
Land	17.839.180	16.084.740	(478.740)	-	29.980.871	63.426.051
Buildings	37.081.511	115.993.077	(469.260)	249.847.167	104.240.456	506.692.951
Plant, machinery and equipment	7.146.349	9.038.340	-	-	-	16.184.689
Motor vehicles	4.569.786	28.454.401	(2.068.531)	611.137	-	31.566.793
Furniture and fixtures	6.064.017	16.307.458	(614.209)	62.430	-	21.819.696
Leasehold improvements	238.417	132.520	-	-	-	370.937
Constructions in progress (*)	-	250.520.734	-	(250.520.734)	-	-
Total	**72.939.260**	**436.531.270**	**(3.630.740)**		**134.221.327**	**640.061.117**
Less: Accumulated depreciation						
Buildings	(215.691)	-	215.691	-	-	-
Plant, machinery and equipment	(3.214.919)	(1.635.330)	-	-	-	(4.850.249)
Motor vehicles	(1.384.830)	(2.924.744)	785.016	-	-	(3.524.558)
Furniture and fixtures	(2.101.275)	(2.319.180)	537.719	-	-	(3.882.736)
Leasehold improvements	(193.710)	(35.495)	-	-	-	(229.205)
Total	**(7.110.425)**	**(6.914.749)**	**1.538.426**		**-**	**(12.486.748)**
Property, plant and equipment, net	**65.828.835**	**429.616.521**	**(2.092.314)**		**134.221.327**	**627.574.369**

(*) Although most of the constructions in progress are classified in buildings, construction of the factory was not completed. The aforementioned constructions in progress includes investments and constructions made by Pomega to the factory in Polatlı.

The fair value of property, plant and equipment has been determined as at 31 December 2022 by independent appraisal firm Emek Taşınmaz Değerleme ve Danışmanlık A.Ş. and the detailed list of property, plant and equipment which include an office in Sarıyer, İstanbul, two offices in Esenler, İstanbul and a factory in Polatlı Ankara, are as follows. The independent appraisal firm determined the fair value of property, plant and equipment in the appraisal reports on 31 December 2022 in accordance with the "Peer comparison" and "Income approach".

		31.12.2022 Net book value		
Property, plant and equipment	**Date of acquisition**	**Land**	**Building**	**TOTAL**
İstanbul ili Sarıyer İlçesi - Office	8.04.2022	25.029.725	206.548.277	231.578.002
İstanbul ili Esenler ilçesi - Office	9.09.2013	11.395.163	2.119.837	13.515.000
İstanbul ili Esenler ilçesi - Office	27.09.2016	11.395.163	2.119.837	13.515.000
Ankara ili Polatlı ilçesi - Factory	18.08.2021	15.606.000	295.905.000	311.511.000
TOTAL		**63.426.051**	**506.692.951**	**570.119.002**

As of 31 March 2023, the Group has mortgage risk on its buildings classified under property, plant and equipment amounting to TL 1.203.740.347 (31 December 2022: 757.498.000). In addition, the Group has risk of pledge on its motor vehicles amounting to TL 2.021.275 (31 December 2022: TL 2.072.477).

(Amounts are expressed in Turkish Lira unless otherwise indicated.)

Property, plant and equipment is not within the scope of "qualifying assets" defined in TAS 23 "Borrowing Costs", financial expenses related to property, plant and equipment are associated with the statement of profit or loss and are not capitalised in the accompanying consolidated financial statements.

The Group has no property, plant and equipment that are temporarily idle.

NOTE 19 – INTANGIBLE ASSETS

A-) Goodwill

	Opening balance – 1 January 2023	Additions	Disposals	Impairment	Closing balance – 31 March 2023
Cost					
Goodwill	5.954.341	-	-	-	5.954.341
Total	**5.954.341**	**-**	**-**	**-**	**5.954.341**

	Opening balance – 1 January 2022	Additions	Disposals	Impairment	Closing balance – 31 December 2022
Cost					
Goodwill	-	5.954.341	-	-	5.954.341
Total	**-**	**5.954.341**	**-**	**-**	**5.954.341**

The impairment test of goodwill

Goodwill recognised is tested for impairment annually. The recoverable amount of a cash generating unit is determined by calculating the value in use or fair value less costs to sell. Goodwill arising during the acquisition of "ENWAIR" on 1 July 2022 was not tested for impairment due to the acquisition date and the reporting date are close to each other for the consideration transferred. Value in use is the present value of the future cash flows expected to be derived from an asset or cash-generating unit

The following assumptions will be used when calculating value in use for the subsequent years: Net selling price is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal. It is defined as fair value less costs to sell.

The recoverable amount is considered as the higher of the market values calculated according to the net asset value method or the Discounted Cash Flow ("DNA") method. If the recoverable amount is below the book value, the impairment of goodwill incurred. The Group has no impairment of goodwill at the end of the reporting periods.

B-) Other intangible assets

01.01.2023-31.03.2023

	Opening balance – 1 January 2023	Additions	Disposals	Closing balance – 31 March 2023
Cost				
Rights	1.853.284	6.502.560	(1.500)	8.354.344
Research and development costs	19.639.712	5.206.719	-	24.846.431
Other intangible assets	23.846.548	11.646.801	(46.248)	35.447.101
Total	**45.339.544**	**23.356.080**	**(47.748)**	**68.647.876**
Less: Accumulated depreciation				
Rights	(12.089.166)	(218.579)	396	(12.307.349)
Research and development costs	(934.551)	(21.821)	-	(956.372)
Other intangible assets	-	(2.395.026)	9.555	(2.385.471)
Total	**(13.023.717)**	**(2.635.426)**	**9.951**	**(15.649.192)**
Intangible assets, net	**32.315.827**			**52.998.684**

(Amounts are expressed in Turkish Lira unless otherwise indicated.)

01.01-31.12.2022

	Opening balance – 1 January 2022	Additions	Disposals	Closing balance – 31 December 2022
Cost				
Rights	21.453.514	4.246.318	-	25.699.832
Research and development costs (*)	6.007.026	13.665.780	(33.094)	19.639.712
Total	**27.460.540**	**17.912.098**	**(33.094)**	**45.339.544**
Less: Accumulated depreciation				
Rights	(4.853.396)	(7.235.770)	-	(12.089.166)
Research and development costs (*)	-	(934.551)	-	(934.551)
Total	**(4.853.396)**	**(8.170.321)**	**-**	**(13.023.717)**
Intangible assets, net	**22.607.144**	**9.741.777**	**(33.094)**	**32.315.827**

(*) Represents research and development costs incurred by the Group. Research and development projects completed are subject to amortisation and development costs are not capitalised only after technical and commercial feasibility of the asset for sale or use have been established and not subject to amortisation.

NOTE 20 – GOVERNMENT GRANTS

As of 31 March 2023 and 31 December 2022, the Group has no government grants.

NOTE 21 – PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Commitments, collaterals, pledges and mortgages given by the Group

As of 31 March 2023 and 31 December 2022, the Group's collaterals / pledge / mortgage ("C&P&M") position is as follows:

31.03.2023

Collaterals, pledges and mortgages given by the Group	**USD**	**EUR**	**TL**	**TOTAL (TL Equivalent)**
A. Total amount of CPM's given in the name of its own legal personality	11.147.995	26.934.255	860.367.400	1.634.095.982
B. i. Total amount of CPM's given on behalf of the fully consolidated subsidiaries	-	-	698.890.000	698.890.000
B. ii. Total amount of CPM's given on behalf of the fully consolidated subsidiaries in favor of each other	-	-	700.397.225	700.397.225
B. iii. Total amount of CPM's given on behalf of the fully consolidated subsidiaries in favor of parent company	-	-	-	-
C. Total amount of CPM's given on behalf of third parties for ordinary course of business	-	-	-	-
D. Total amount of other CPM's given	-	-	-	-
i. Total amount of CPM's given on behalf of the majority shareholder	-	-	-	-
ii. Total amount of CPM's given to on behalf of other group companies which are not in scope of B and C	-	-	-	-
iii. Total amount of CPM's given on behalf of third parties which are not in scope of C	-	-	-	-
Total	**11.147.995**	**26.934.255**	**2.259.654.625**	**3.033.383.207**
Total equity	-	-	-	**1.369.741.469**
The ratio of other CPM's to equity given by the Group				

(Amounts are expressed in Turkish Lira unless otherwise indicated.)

31.12.2022

Collaterals, pledges and mortgages given by the Group	USD	EUR	TL	TOTAL (TL Equivalent)
A. Total amount of CPM's given in the name of its own legal personality	9.282.719	25.055.040	577.668.718	1.250.709.488
B. i. Total amount of CPM's given on behalf of the fully consolidated subsidiaries	-	-	498.890.000	498.890.000
B. ii. Total amount of CPM's given on behalf of the fully consolidated subsidiaries in favor of each other	-	100.000	499.197.225	501.190.715
B. iii. Total amount of CPM's given on behalf of the fully consolidated subsidiaries in favor of parent company	-	-	-	-
C. Total amount of CPM's given on behalf of third parties for ordinary course of business	-	-	-	-
D. Total amount of other CPM's given	-	-	-	-
i. Total amount of CPM's given on behalf of the majority shareholder	-	-	-	-
ii. Total amount of CPM's given to on behalf of other group companies which are not in scope of B and C	-	-	-	-
iii. Total amount of CPM's given on behalf of third parties which are not in scope of C	-	-	-	-
Total	**9.282.719**	**25.155.040**	**1.575.755.943**	**2.250.790.203**
Total equity				**1.298.880.447**
The ratio of other CPM's to equity given by the Group				-

As of 31 March 2023 and 31 December 2022, the details of contingent liabilities, contingent assets and commitments' ("CPM") risk presented in the abovementioned statements are as follows:

31.03.2023

Type	TL	USD	EUR
Mortgages	1.021.393.139	-	-
Letter of guarantee	422.697.299	11.007.995	26.934.255
Blocked deposits	114.652.911	-	-
Bill of guarantees, letter of credit and vehicle pledges	700.911.275	140.000	-
Total CPM's, net	**2.259.654.624**	**11.147.995**	**26.934.255**

31.12.2022

Type	TL	USD	EUR
Mortgages	821.393.139	-	-
Letter of guarantee	220.520.801	9.142.719	25.155.040
Letter of credit	-	140.000	-
Bill of guarantees	498.890.000	-	-
Blocked deposits	32.879.526	-	-
Vehicle pledges	2.072.477	-	-
Total CPM's, net	**1.575.755.943**	**9.282.719**	**25.155.040**

Provisions

The movement of provision for lawsuits is as follows:

	31.03.2023	31.12.2022
Beginning of the period – 1 January	**27.400**	**46.018**
Additions (Note 31)	-	-
Provisions no longer required (Note 31)	-	(18.618)
End of the period	**27.400**	**27.400**

Contingent events (Lawsuits and execution proceedings in favor/against the Group)

As of 31 March 2023, the Group has allocated provision for lawsuits amounting to TL 27.400 in the accompanying consolidated financial statements for the lawsuits and execution proceedings filed against the Group for the possible cash outflow (31 December 2022: TL 27.400).

(Amounts are expressed in Turkish Lira unless otherwise indicated.)

As of 31 March 2023 and 31 December 2022, the breakdown of lawsuits, litigations and ongoing execution proceedings filed in favor/against the Group is as follows:

	31.03.2023		31.12.2022	
Lawsuits, litigations and ongoing execution proceedings	**Number of cases**	**Amount**	**Number of cases**	**Amount**
Litigations and lawsuits filed by the Group	8	675.198	8	675.198
Ongoing execution proceedings in favor of the Group	6	357.252	6	357.252
Litigations and lawsuits against the Group	3	27.400	3	27.400

NOTE 22 – EMPLOYEE BENEFITS

	31.03.2023	31.12.2022
Due to employee	13.460.310	7.862.453
Social security premiums payable	5.794.892	5.934.874
Employee benefits, net	**19.255.202**	**13.797.327**

	31.03.2023	31.12.2022
Provision for employment termination benefits	1.924.903	2.672.897
Provision for unused vacation	4.888.387	2.678.165

Under Turkish Labour Law, Kontrolmatik and its subsidiaries, associates and joint ventures incorporated in Turkey are required to pay termination benefits to each employee who has completed one year of service and whose employment is terminated without due cause, who is called up for military service, dies or retires after completing 25 years of service (20 years for women) and reaches the retirement age (58 for women and 60 for men).

As of 31 March 2023, the amount payable consists of one month's salary limited to a maximum of TL 19.983 (31 December 2022: TL 15.371) for each year of service. The provision has been calculated by estimating the present value of the future probable obligation of Kontrolmatik and its subsidiaries registered in Turkey arising from the retirement of employees.

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 Kontrolmatik and its Subsidiaries registered in Turkey arising from the retirement of employees.

TAS 19 "Employee Benefits" requires actuarial valuation methods to be developed to estimate the entity's obligation under defined benefit plans. Accordingly, the following actuarial assumptions have been used in the calculation of the total liability. Related rates have been presented by considering the weighted average of actuarial assumptions of the Subsidiaries within the scope of consolidation.

	31.03.2023	31.12.2022
Net discount rate	3.39%	2.55%
Employment termination benefit non-payment rate	5%	5%

Movements in the provision for employment termination benefits are as follows:

	31.03.2023	31.12.2022
Beginning of the Period – 1 January	**2.672.897**	**1.248.281**
Additions during the period	1.087.608	1.526.021
Payments during the period and provisions no longer required	(2.057.692)	(416.700)
Losses on remeasurements of defined benefit plans	222.090	315.295
End of the period	**1.924.903**	**2.672.897**

(Amounts are expressed in Turkish Lira unless otherwise indicated.)

The movement of provision for unused vacation is as follows:

	31.03.2023	**31.12.2022**
Beginning of the Period – 1 January	**2.678.165**	**1.224.037**
Additions during the period	2.210.222	1.454.128
End of the period	**4.888.387**	**2.678.165**

NOTE 23 – RETIREMENT BENEFIT PLANS

Except for the legal regulations and legislations disclosed in Note 22, there is no regulation for retirement benefit plans.

NOTE 24 – PREPAID EXPENSES AND DEFERRED INCOME

	31.03.2023	**31.12.2022**
Prepaid expenses due to related parties (*)	**10.998.437**	**4.501.579**
- Advances given	10.970.442	4.389.224
- Business cash advances	27.995	112.355
Prepaid expenses due to third parties	**390.928.234**	**402.467.078**
- Advances given	379.688.657	400.197.041
- Short-term prepaid expenses	7.120.925	578.830
- Business cash advances	4.118.652	1.691.207
Prepaid expenses, net (Classified under non-current assets)	**401.926.671**	**406.968.657**

(*) The detailed analysis is disclosed in Note 38.

	31.03.2023	**31.12.2022**
Prepaid expenses due to third parties	**248.376.454**	**292.324.509**
- Long-term prepaid expenses	5.150.912	5.484.822
- Advances given	243.225.542	286.839.687
Prepaid expenses, net (Classified under non-current assets)	**248.376.454**	**292.324.509**

	31.03.2023	**31.12.2022**
Deferred income due from related parties	**9.749.987**	**9.749.987**
- Advances received (*)	9.749.987	9.749.987
Deferred income due from third parties	**121.187.675**	**72.586.742**
- Advances received	121.187.675	72.586.742
Deferred income except for contract liabilities (Short-term)	**130.937.662**	**82.336.729**
Deferred income except for contract liabilities (Long-term)	**-**	**-**

(*) The detailed analysis is disclosed in Note 38.

NOTE 25 – CURRENT INCOME TAX ASSETS

Short-term current income tax assets

Account Name	**31.03.2023**	**31.12.2022**
Prepaid taxes (Short-term)	358.783	7.423
Prepaid taxes (Long-term)	8.543.497	7.142.097
Total	**8.902.280**	**7.149.520**

(Amounts are expressed in Turkish Lira unless otherwise indicated.)

NOTE 26 – OTHER ASSETS AND LIABILITIES

	31.03.2023	**31.12.2022**
Deferred VAT	39.443.255	19.337.085
Advances given to employees	7.143	-
Inventory shortages and deficit	106	-
Other	4.500	-
Other current assets, net	**39.455.004**	**19.337.085**
Other non-current assets	**41.027.674**	**-**

	31.03.2023	**31.12.2022**
Taxes payable	42.095.624	9.346.301
Inventory surplus	108	-
Deferred liabilities	-	6.381
Other current liabilities, net	**42.095.732**	**9.352.682**

NOTE 27 – EQUITY

As of 31 March 2023 and 31 December 2022, the principal shareholders and their respective shareholding rates in Kontrolmatik are as follows:

		31.03.2023		**31.12.2022**
Shareholders	**Share%**	**Amount (TL)**	**Share%**	**Amount (TL)**
Sami Aslanhan	29	58.181.444	29	58.181.444
Ömer Ünsalan	29	58.181.444	29	58.181.444
Other (*)	42	83.637.112	42	83.637.112
Total paid-in share capital	**100**	**200.000.000**	**100**	**200.000.000**

(*) Represents 578,000 number of outstanding shares in the listed shares which are quoted on stock exchange include treasury shares whose exchange transactions has been completed as of the balance sheet date.

The Group has no preferred shares at the end of the reporting periods.

As of 31 March 2023, the Group has paid-in share capital amounting to TL 200.000.000 (31 December 2022: TL 200.000.000). Kontrolmatik adopted the registered share capital system at the general assembly meeting on 21 May 2020.

The Group has 200,000,000 number of outstanding shares each with a value of TL 1 (31 December 2022: 200,000,000).

The Group was increased its current share capital through bonus issues amounting to TL 200.000.000 from its internal funds and resources on 25 July 2022.

B. Share premium

As a result of the initial public offering of Kontrolmatik in 2020, the Group increased its current share capital of TL 8.062.500 through selling 8,062,500 number of shares with a nominal value of TL 1. In addition, the Group has additional cash inflow amounting to TL 59.331.875 arising from the sale was realized above the nominal amount considered. The relevant amount classified as "share premium" in the accompanying consolidated financial statements. The capital increase amounting to TL 49.000.000 paid from its internal funds and resources from "share premium" on 8 June 2022. As a result of the acquisition of ENWAIR's shares in the current period, which is also included in the scope of consolidation, equity holders of the parent amounting to TL 329.107 was included in "share premium" account. Share premium is arising from the disposal of Pomega's shares with 11% effective ownership interest, the subsidiary of the Group, in the current period.

Share premium	**31.03.2023**	**31.12.2022**
Beginning of the period - 1 January	**438.587.602**	**59.331.875**
Capital increase	-	(49.000.000)
Share premium from gain on bargain purchase	-	427.926.620
Acquisition of a subsidiary	-	329.107
End of the Period	**438.587.602**	**438.587.602**

(Amounts are expressed in Turkish Lira unless otherwise indicated.)

C. Other comprehensive income or expenses not to be reclassified to profit or loss

Other comprehensive income or expenses not to be reclassified to profit or loss comprise of property, plant and equipment revaluation surplus and gains/(losses) on remeasurements of defined benefit plans and the movement for other comprehensive income or expenses not to be reclassified to profit or loss is as follows:

Property, plant and equipment revaluation surplus	**31.03.2023**	**31.12.2022**
Beginning of the period - 1 January	**152.190.469**	**33.135.234**
Revaluation surplus during the period	-	134.221.327
Taxes relating to other comprehensive income or expenses not to be reclassified to profit or loss during the period	-	(15.166.092)
End of the Period	**152.190.469**	**152.190.469**

Gains/(losses) on remeasurements of defined benefit plans	**31.03.2023**	**31.12.2022**
Beginning of the period - 1 January	**(543.150)**	**(280.003)**
Gains/(losses) on remeasurements of defined benefit plans during the period	(235.735)	(315.297)
Taxes relating to other comprehensive income or expenses not to be reclassified to profit or loss during the period	46.812	52.150
End of the Period	**(732.073)**	**(543.150)**

D. Other comprehensive income or expenses to be reclassified to profit or loss

Other comprehensive income or expenses to be reclassified to profit or loss comprise of currency translation differences and the movement for other comprehensive income or expenses to be reclassified to profit or loss is as follows:

Currency translation differences	**31.03.2023**	**31.12.2022**
Beginning of the period - 1 January	**3.542.197**	**469.174**
Total comprehensive income	1.181.000	3.073.023
End of the Period	**4.723.197**	**3.542.197**

E. Restricted reserves

The legal reserves consist of first and second reserves, appropriated in accordance with the Turkish Commercial Code ("TCC"). The TCC stipulates that the first legal reserve is appropriated out of statutory profits at the rate of 5% per annum, until the total reserve reaches 20% of the Group's paid-in share capital. The second legal reserve is appropriated at the rate of 10% per annum of all cash distributions in excess of 5% of the paid-in share capital. From the remaining amount, in other words distributable net income for the period, first dividend shall be allocated after addition of donations made within the year if any, in accordance with Turkish Commercial Code and Capital Markets Legislation. First dividend amount of the Group cannot be less than 20% of the remaining distributable profit after deducting previous years' losses, if any, and legal reserves, taxes, funds and financial payments that are necessary to be allocated from net period profit in accordance with related legislation. Under the TCC, the legal reserves can only be used to offset losses and are not available for any other usage unless they exceed 50% of paid-in share capital.

	31.03.2023	**31.12.2022**
Beginning of the period - 1 January	**11.129.389**	**1.617.443**
Restricted reserves during the period	-	7.548.622
Acquisition or disposal of a subsidiary	-	1.809.740
Research and development fund during the period	203.138	153.584
End of the Period	**11.332.527**	**11.129.389**

F. Retained earnings

In accordance with the Communiqué No:XI-29 and related announcements of CMB, effective from January 1, 2008, "Share Capital", "Restricted Reserves" and "Share Premiums" shall be carried at their statutory amount. The valuation differences shall be classified as follows:

- The difference arising from the "Paid-in Share Capital" and not been transferred to capital yet, shall be classified under the "Adjustment to Share Capital";

(Amounts are expressed in Turkish Lira unless otherwise indicated.)

- The difference due to the adjustment of "Restricted reserves" and "Share premium" and the amount has not been utilized in dividend distribution or capital increase yet, shall be classified under "Retained earnings".

As of 31 March 2023 and 31 December 2022, retained earnings include following items:

	31.03.2023	31.12.2022
Beginning of the period - 1 January	**18.916.769**	**23.573.794**
Share of profit/loss from prior period	399.644.260	130.667.738
Dividends paid	-	(12.429.627)
Transfer to restricted reserves	-	(7.548.622)
Capital increases	-	(112.937.500)
Research and development fund during the period	(203.138)	(153.584)
Acquisition or disposal of a subsidiary (3)	-	(2.080.670)
Gains/losses changes in ownership interest in a subsidiary without resulting in a loss of control (1)	-	3.186
Business combination/Demerger/Liquidation, net (2)	-	(177.946)
Gains/losses on share buyback transactions	69.416.394	-
End of the Period	**487.774.285**	**18.916.769**

(1) Represents the effect on the retained earnings of the parent company resulting from the disposal of 5% of Progresiva's shares

(2) Represents the effect of the Group on retained earnings of the parent company due to the liquidation of 6 joint ventures, which were included in the scope of consolidation in prior periods, between 1 January – 31 December 2022

(3) Represents as a result of the acquisition of ENWAIR as a subsidiary

G. Non-controlling interests

The details and movement of non-controlling interests are as follows:

	31.03.2023	31.12.2022
Beginning of the period - 1 January	**20.146.517**	**-177.946**
Changes in ownership interests of non-controlling interests, net	-	3.062.249
Acquisition of a subsidiary	-	2.352.474
Subsidiaries not included in the scope of consolidation	-	177.946
Share of profit/loss of non-controlling interests	5.286.891	14.731.794
Other comprehensive income or expenses not to be reclassified to profit or loss	1.677	-
End of the Period	**25.435.085**	**20.146.517**

H. Treasury shares

	31.03.2023	31.12.2022
Beginning of the period - 1 January	**(14.150.000)**	**-**
Gains/losses on share buyback transactions	(69.416.394)	(14.150.000)
End of the Period	**(83.566.394)**	**(14.150.000)**

In accordance with the share buy-back program for a period of one year shall be initiated pursuant to the Capital Markets Board's Communiqué on Share Buy-Back No. II-22.1 and the related announcements dated July 21, 2016 and July 25, 2016, eliminating the negative effects that may be caused by the price movements in the shares of the Group traded in Borsa Istanbul A.Ş. ("Borsa Istanbul"), which was initiated with the decision taken by the Group management on 06 December 2022, on investors in the short term, and in order to protect the value of all shareholders' investments and to support price stability in the share value of the Group, and also to use them within the framework of the share acquisition plans of the employees when deemed appropriate and necessary by the Group management, based on the transactions as of 31 March 2023, shares with a nominal value of TL 578.000, corresponding to 0.289% of the Group's share capital, were subject to buyback for a total of TL 83.566.394, including transaction costs.

(Amounts are expressed in Turkish Lira unless otherwise indicated.)

NOTE 28 – REVENUE AND COST OF SALES

Gross profit from operating activities

	01.01.2023 31.03.2023	01.01.2022 31.03.2022
Domestic sales (*)	451.245.370	47.100.441
Foreign sales	101.199.992	167.011.794
Other sales	-	437.941
Gross revenue, net	**552.445.362**	**214.550.176**
Sales discounts (-)	(1.412.557)	(1.352.856)
Net sales	**551.032.805**	**213.197.320**
Cost of sales (-)	(512.543.791)	(158.529.522)
Gross profit	**38.489.014**	**54.667.798**

(*) The Group has foreign currency denominated domestic sales amounting to USD 4.039.910 and EUR 2.555.877, total of TL 130.259.967.

Gross profit from finance sector operations.

As of 31 March 2023 and 2022, the Group has no gross profit from finance sector operations.

NOTE 29 – OPERATING EXPENSES

	01.01.2023 31.03.2023	01.01.2022 31.03.2022
General administrative expenses	(25.734.605)	(13.270.254)
Marketing expenses	(9.196.970)	(8.261.703)
Research and development expenses	(11.371.916)	(1.264.513)
Total operating expenses, net	**(46.303.491)**	**(22.796.470)**

NOTE 30 – EXPENSES BY NATURE

As of 31 March 2023 and 2022, the breakdown of expenses by nature is as follows:

	01.01.2023 31.03.2023	01.01.2022 31.03.2022
Personnel expenses	(9.616.965)	(546.196)
Depreciation and amortisation charges	(841.482)	(406.834)
Other	(913.469)	(121.707)
Provision for unused vacation	-	(107.589)
Provision for employment termination benefits	-	(82.187)
Research and development expenses, net	**(11.371.916)**	**(1.264.513)**

	01.01.2023 31.03.2023	01.01.2022 31.03.2022
Advertisement and promotion expenses	(3.459.848)	(860.460)
Personnel expenses	(2.611.578)	(970.074)
Travel and accommodation expenses	(987.243)	(1.115.813)
Freight costs, fees and charges	(141.356)	(4.304.224)
Outsourcing expenses	(504.124)	(106.583)
Rent expenses	(199.365)	-
Motor vehicle expenses	(151.987)	(196.001)
Maintenance and repair expenses	(26.979)	-
Information systems and communication expenses	(2.043)	-
Transportation, distribution and storage expenses	(1.377)	-
Representation and hospitality expenses	(63.142)	-
Consultancy expenses	-	(306.592)
Customs clearance costs, fees and charges	-	(339.657)
Provision for unused vacation	-	(62.299)
Other	(1.047.928)	-
Marketing expenses, net	**(9.196.970)**	**(8.261.703)**

(Amounts are expressed in Turkish Lira unless otherwise indicated.)

	01.01.2023 31.03.2023	**01.01.2022 31.03.2022**
Outsourcing expenses	(2.344.126)	(5.576.589)
Personnel expenses	(8.239.074)	(2.445.046)
Depreciation and amortisation charges	(4.519.039)	(1.424.974)
Rent and subscription expenses	(1.338.166)	(839.632)
Representation and hospitality expenses	(1.038.597)	-
Utility expenses	(734.828)	-
Taxes, duties and charges	(1.135.304)	(1.345.657)
Bank fees and charges	(38.600)	(791.957)
Insurance expenses	(800.880)	-
Provision for employment termination benefits	(197.230)	(111.899)
Maintenance and repair expenses	(282.652)	-
Motor vehicle expenses	(575.752)	-
Depreciation and amortisation charges on right of use assets	-	(30.319)
Provision for unused vacation	-	(133.065)
Car, van and travel expenses	-	(558.298)
Furniture and fixtures costs	-	(38)
Other	(4.490.357)	(12.780)
General administrative expenses, net	**(25.734.605)**	**(13.270.254)**

The functional breakdown of depreciation and amortisation charges in the consolidated statement of profit or loss is as follows:

	01.01.2023 31.03.2023	**01.01.2022 31.03.2022**
General administrative expenses	(4.519.039)	(1.455.293)
Cost of sales	(1.978.857)	(455.203)
Research and development expenses	(841.482)	(406.834)
Depreciation and amortisation charges, net	**(7.339.378)**	**(2.317.330)**

NOTE 31 – OTHER OPERATING INCOME/(EXPENSES)

As of 31 March 2023 and 2022, the breakdown and details of other operating income/expenses are as follows:

	01.01.2023 31.03.2023	**01.01.2022 31.03.2022**
Reversal of discount	20.511.813	-
Foreign exchange gains	17.052.625	80.467.720
Income arising from delay interest fees and charges	8.416.250	7.638.097
Provisions no longer required (Employment termination benefits)	2.057.692	-
Rent income	389.389	32.386
Income from social security premiums	-	450.238
Other	7.799.793	1.609.842
Other operating income, net	**56.227.562**	**90.198.283**

	01.01.2023 31.03.2023	**01.01.2022 31.03.2022**
Expenses arising from delay interest fees and charges	(11.890.860)	(3.442.997)
Foreign exchange losses	(9.142.930)	(34.898.102)
Non-deductible expenses	(6.689.123)	-
Grants and donations	(4.791.362)	-
Provision for doubtful trade receivables	(260.160)	-
Expenses arising from non-deductible motor vehicle expenses	-	(560.698)
Discount expenses	(294.318)	-
Provision for lawsuits	-	(199.420)
Commission expenses	(63.200)	-
Other	(1.096.123)	(1.197.907)
Other operating expenses, net	**(34.228.076)**	**(40.299.124)**

(Amounts are expressed in Turkish Lira unless otherwise indicated.)

NOTE 32 – GAINS/(LOSSES) FROM INVESTMENT ACTIVITIES

As of 31 March 2023 and 2022, the breakdown and details of gains/losses from investment activities are as follows:

	01.01.2023 31.03.2023	**01.01.2022 31.03.2022**
Gain on sale of equity securities and appreciation	170.522.218	10.295.010
Gain on sale of marketable securities and appreciation	4.711.674	48.878
Gain on foreign currency/gold/currency-protected TL time deposit accounts	2.363.898	2.625.020
Gain on disposal of property, plant and equipment and intangible assets	1.558.564	-
Gains from investment activities, net	**179.156.354**	**12.968.908**

	01.01.2023 31.03.2023	**01.01.2022 31.03.2022**
Loss on sale of equity securities and impairment	(77.419.563)	(1.940.000)
Loss on sale of marketable securities	(42.175.744)	-
Losses from investment activities, net	**(119.595.307)**	**(1.940.000)**

NOTE 33 – FINANCIAL EXPENSES

As of 31 March 2023 and 2022, the breakdown and details of financial expenses are as follows:

	01.01.2023 31.03.2023	**01.01.2022 31.03.2022**
Foreign exchange losses	(4.984.234)	(31.090.957)
Interest expenses	(22.878.145)	(6.195.226)
Letter of guarantee commissions, fees and charges	-	(3.025.426)
Interest expenses arising from operating leases	-	(51.411)
Financial expenses, net	**(27.862.379)**	**(40.363.020)**

NOTE 34 – FINANCIAL INCOME

As of 31 March 2023 and 2022, the breakdown and details of financial income are as follows:

	01.01.2023 31.03.2023	**01.01.2022 31.03.2022**
Interest income	6.691.790	1.564.681
Foreign exchange gains	24.521.080	55.411
Financial income, net	**31.212.870**	**1.620.092**

NOTE 35 – NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

None.

NOTE 36 – INCOME TAXES

Current income tax assets and liabilities

As of 31 March 2023, the corporate tax rate in Turkey is 20%.

50% of the profits arising from the sale of shares of associates, real estates, pre-emption rights, founder share and usufruct shares in the assets of the institutions for at least two full years are exempt from corporate tax. In order to benefit exclusion, the earning must be recognised in liabilities in a fund account and not withdrawn for 5 years from the entity. The sales price must be collected until the end of the second calendar year following the year in which the sale is realised.

According to "Turkish Corporate Tax Law", losses can be carried forward to offset the future taxable income for a maximum period of 5 years. On the other hand, such losses cannot be carried back to offset prior years profits. Tax authorities and tax office may, however, examine such returns and the underlying accounting records and may revise assessments within five years.

(Amounts are expressed in Turkish Lira unless otherwise indicated.)

As of 31 March 2023 and 31 December 2022, the breakdown of current income tax liabilities is as follows:

	31.03.2023	**31.12.2022**
Provision for taxes	13.347.015	87.049.217
Prepaid taxes (-)	(99.449)	(50.687.577)
Current income tax liabilities, net	**13.247.567**	**36.361.640**

As of 31 March 2023 and 31 December 2022, the breakdown and detailed analysis of income taxes are as follows:

	01.01.2023 31.03.2023	**01.01.2022 31.03.2022**
Current period tax expense (-)	(13.347.016)	(8.872.054)
Deferred income tax / (expense)	80.105.758	(1.846.512)
Total tax income/(expense)	**66.758.742**	**(10.718.566)**

Deferred tax assets and liabilities

Kontrolmatik, its Subsidiaries and Joint Ventures, recognise deferred tax assets and liabilities based upon temporary differences arising between their financial statements prepared in accordance with TFRS and the Turkish tax legislations. These differences usually result in the recognition of revenue and expenses in different reporting periods for tax purposes and for the purposes of the Turkish Financial Reporting Standards and disclosed below.

As of 31 March 2023, the corporate tax rate in Turkey is 20%.

As of 31 March 2023 and 31 December 2022, deferred tax assets and liabilities are calculated by considering the 20% tax rate.

The accounting policies used by the Group in calculating deferred tax are in consistent with the those used in the audited financial statements prepared as of 31 December 2022, except for the use of the new rates enacted in the accounting period ending as of 31 March 2023.

(Amounts are expressed in Turkish Lira unless otherwise indicated.)

As of 31 March 2023 and 31 December 2022, the breakdown of cumulative temporary differences and deferred tax assets and liabilities provided using principal tax rates are as follows:

		31.03.2023		**31.12.2022**
Deferred tax assets and liabilities under statement of profit or loss	**Cumulative temporary differences**	**Deferred tax assets/liabilities**	**Cumulative temporary differences**	**Deferred tax assets/liabilities**
Provision for doubtful trade receivables	29.869.328	5.973.866	30.687.351	6.083.561
Discount on trade receivable	-	-	20.511.813	4.102.362
Provision for advances given	4.663.502	932.700	4.663.502	932.700
Provision for impairment on inventories	8.487.635	1.697.527	8.487.635	1.697.527
Intangible assets	-	-	713.011	142.602
Provision for employment termination benefits	1.924.903	384.980	2.048.799	409.760
Provision for unused vacation	4.888.387	977.678	2.711.100	540.573
Expenses arising from interest accruals	-	-	22.639.813	4.527.962
Discount on notes receivable	294.318	58.864	-	-
Non-deductible losses	-	-	3.207.519	641.555
Provision for lawsuits	-	-	27.400	5.480
Property, plant and equipment	-	-	45.551	9.110
Lease liabilities	1.417.703	283.541	500.237	100.047
Annual effective interest rate of borrowings	18.673.670	3.734.734	-	-
Investments accounted for using the equity method	-	-	480.156	96.031
Investment incentives (*)	685.368.433	219.317.898	463.109.567	148.195.062
Income arising from interest accruals	-	-	875.600	131.340
Gains/losses on remeasurements of defined benefit plans	-	-	743.529	148.705
Cumulative temporary differences on intangible assets	-	-	(293.863)	(58.773)
Annual effective interest rate of time deposits	(3.546.907)	(709.381)	-	-
Discount on notes payable	(8.243.172)	(1.648.635)	-	-
Interest income from currency-protected TL time deposits	-	-	(3.278.310)	(655.662)
Investment properties revaluation surplus (**)	(67.510.978)	(6.751.098)	(67.510.978)	(6.751.098)
Discount on trade payables	-	-	(11.890.860)	(2.378.172)
Application of percentage of completion method in projects	(34.942.962)	(6.988.592)	(21.628.262)	(4.325.652)
Cumulative temporary differences on property, plant and equipment	(5.553.874)	(1.110.775)	(2.750.670)	(550.134)
Right of use assets	(1.188.669)	(237.734)	-	-
Annual effective interest rate of leasing	(545.864)	(109.173)	-	-
Adjustments for income arising from interest accruals	-	-	(1.117.437)	(223.487)
Adjustments for gains/losses on remeasurements of defined benefit plans	-	-	(64.593)	(12.919)
Property, plant and equipment revaluation surplus	(169.100.521)	(16.910.052)	(169.100.521)	(16.910.052)
Other	84.550.265	16.910.053	-	-
Deferred tax assets, net		**215.806.401**		**135.898.428**

As of 31 March 2023 and 31 December 2022, movements in deferred tax assets/(liabilities) are as follows:

	31 March 2023	**31 December 2022**
Beginning of the Period – 1 January	**135.898.428**	**4.211.139**
Deferred income tax / (expense)	80.105.758	148.461.555
Charge to equity	(197.785)	(16.774.266)
End of the Period	**215.806.401**	**135.898.428**

(*) Pomega Enerji Depolama Sistemleri A.Ş. has investment incentive with the upper ceiling limit of TL 1.200.000.000 in accordance with the “Priority Investments” under New Investment Incentive Program as regional incentive package for Region 5. Pomega Enerji has 80% corporate tax exemption up to 40% of the total investment amount under aforementioned incentive. Accordingly, the amount of TL 685.368.433 was considered as an expense and the amount of TL 219.317.898 was included and allocated in the consolidated financial statements as a deferred tax assets in proportion to the investment incentive certificate.

(**) In accordance with Article 5 of the “Corporate Tax Law, 50% of the property, plant and equipment revaluation surplus was not subject to deferred tax, and the remaining 50% was subject to deferred tax.

(Amounts are expressed in Turkish Lira unless otherwise indicated.)

NOTE 37 – EARNINGS PER SHARE

As of 31 March 2023 and 2022, the calculation of basic earnings per share is based on the weighted average number of ordinary shares outstanding during the period and the relevant calculation of EPS of Kontrolmatik is as follows:

	01.01.2023 31.03.2023	**01.01.2022 31.03.2022**
Earnings per share from continuing operations		
Profit or loss from continuing operations	139.283.662	43.231.708
Weighted average number of shares with nominal value of TL 1	200.000.000	38.062.500
Earnings per share from continuing operations, net (TL)	**0.70**	**1.14**
Earnings per share from discontinued operations		**-**
Earnings per share		
Profit or loss from discontinued operations	139.283.662	43.231.708
Profit or loss attributable to non-controlling interests	5.286.891	1.126
Profit or loss attributable to equity holders of the parent	133.996.771	43.230.582
Weighted average number of shares with nominal value of TL 1	200.000.000	38.062.500
Earnings per share, net (TL)	**0.70**	**1.14**

In accordance with the provisions of the Capital Markets Law No. 6362, the Group registered share capital system and adopted registered share capital system with the authorisation of the Capital Markets Board 2 April 2020 and numbered 19/456. The registered capital ceiling of the Group is amounting to TL 750.000.000 (Seven hundred and fifty million) and it is divided into 750.000.000 number of outstanding shares each with a nominal value of TL 1.

The Group increased its current share capital from its own internal funds and resources on 24 February 2020. Accordingly, the Group has current share capital amounting to TL 30 million. In accordance with the decision of the General Assembly on 21 May 2020, the Group adopted share capital system and its share capital comprise of 30.000.000 number of outstanding shares each with a nominal value of TL 1.

Kontrolmatik's initial public offering was approved by the Capital Markets Board on 24 September 2020. The Group started to be quoted on Borsa Istanbul on 19 October 2020. Accordingly, after initial public offering, Kontrolmatik has increased its share capital to TL 36.250.000. Afterwards, the shares with a nominal value of TL 1.812.500, which were considered as ready for sale sales, were sold on the stock exchange, and the share capital of Kontrolmatik is amounting to TL 38.062.500 after the relevant sales realised.

The Group realised a share capital increase from its funds and internal resources on 25 August 2022 and the Group's share capital increased to TL 200.000.000. The breakdown of share capital increase is as follows:

	31.03.2023	**31.12.2022**
Beginning of the Period – 1 January	**200.000.000**	**38.062.500**
Weighted average number of shares issued during the period	-	161.937.500
End of the Period	**200.000.000**	**200.000.000**

Diluted earnings per share have not been calculated due to the Group has no dilutive potential ordinary shares (31 December 2022: None).

As of 31 March 2023, the Group has no dividends paid (31 December 2022: TL 12.429.627).

As of 31 March 2023, the Group has no share-based payments (31 December 2022: None).

(Amounts are expressed in Turkish Lira unless otherwise indicated.)

NOTE 38 – RELATED PARTY DISCLOSURES

The current account balances (net book values) of the Group as of the end of the period with its shareholders, having authority and responsibility for planning, directing, and controlling the activities of the entity, directly or indirectly, including any directors are as follows:

	31.03.2023	31.12.2022
Trade receivables due from related parties		
Kmt Internatıonal Projects Dmcc.	7.702.303	7.522.077
Kontrolmatik Libya branch	2.418.746	4.476.513
Kontrolmatik Enerji ve Müh. A.Ş. ve Skysens Tek. A.Ş. Joint venture (Say)	658.896	898.642
Kontrolmatik Enerji ve Müh. A.Ş. ve Skysens Tek. A.Ş. Joint venture (Iot)	17.825	16.716
Kontrolmatik Ene. Ve Mük. A.Ş. ve Siterm Isı San. A.Ş. Joint venture	23.540	-
Total	**10.821.310**	**12.913.948**

Other receivables due from related parties		
Kontrolmatik Tech INC.	14.359.959	13.488.391
Kontrolmatik Cameroon	11.579.583	10.129.360
Kontrolmatik Libya branch	13.625.818	5.885.043
Kontrolmatik Enerji ve Müh. A.Ş. ve Skysens Tek. A.Ş. Joint venture (Say)	64.324	59.860
Llc Controlmaticrus	43.209	45.408
Kontrolmatik Enerji ve Müh. A.Ş. ve Skysens Tek. A.Ş. Joint venture (Iot)	19.440	19.440
Kontrolmatik Ene. Ve Mük. A.Ş. ve Siterm Isı San. A.Ş. Joint venture	17.000	-
Other	18.380	-
Total	**39.727.714**	**29.627.502**

	31.03.2023	31.12.2022
Prepaid expenses (classified under non-current assets)		
Panel Smart Elektromekanik ve Otomasyon Tic. A.Ş.	2.773.644	2.712.686
Cosmos Mühendislik	5.258.696	1.000.000
Mekatronik Yapı Taahhüt Sanayi A.Ş.	2.568.702	515.677
Rektus Dış Tic. Ltd. Şti.	131.899	131.659
Osman Şahin Köşker	-	112.355
Biserwis Ulaşım ve Mobil Teknolojileri A.Ş.	28.667	28.267
İnfinia Mühendislik Ltd. Şti.	957	935
Nennkraft Energie Gmbh	207.877	-
Other	27.995	-
Total	**10.998.437**	**4.501.579**

	31.03.2023	31.12.2022
Trade payables due to related parties		
Panel Smart Elektromekanik	2.399.050	5.449.747
Cosmos Mühendislik A.Ş.	650.643	-
Nennkraft Energie Gmbh	-	447.823
Mekatronik Yapı Taahhüt Sanayi A.Ş.	-	133.522
Total	**3.049.693**	**6.031.092**

	31.03.2023	31.12.2022
Other payables due to related parties (Long-term)		
Sami Aslanhan	603.016.990	631.613.898
Ömer Ünsalan	550.002.225	570.240.663
Total	**1.153.019.216**	**1.201.854.561**

	31.03.2023	31.12.2022
Deferred income from related parties		
Kontrolmatik ve SITERM Joint venture	9.749.987	9.749.987
Total	**9.749.987**	**9.749.987**

(Amounts are expressed in Turkish Lira unless otherwise indicated.)

As of 31 March 2023 and 2022, the Group's sales and purchases (including delay interest and charges) with its shareholders and related parties with which it has indirect shares, management and business relations are as follows:

Sales of goods and services	**01.01.2023 31.03.2023**	**01.01.2022 31.03.2022**
Kontrolmatik Enerji Ve Müh. A.Ş. Ve Skysens Teknoloji A.Ş. İş Ortaklığı (Say)	582.010	196.109
Cosmos Mühendislik A.Ş.	198.608	-
Total	**780.618**	**196.109**

Purchases of goods and services	**01.01.2023 31.03.2023**	**01.01.2022 31.03.2022**
Panel Smart Elektromekanik Ve Otomasyon Ticaret Anonim Şirketi	7.683.864	-
Mekatronik Yapı Taah. San.A.Ş.	4.507.993	-
Cosmos Mühendislik A.Ş.	750.000	-
Nennkraft Energie Gmbh	605.687	173.741
Total	**13.547.544**	**173.741**

As of 31 March 2023 and 2022, the Group's interest, rent and other income and expenses with its shareholders and related parties with which it has indirect shares, management and business relations are as follows:

Rent income	**01.01.2023 31.03.2023**	**01.01.2022 31.03.2022**
Kontrolmatik Enerji ve Müh. A.Ş. ve SİTERM Isı Sanayi A.Ş. Joint venture	3.000	-
Kontrolmatik Enerji ve Müh. A.Ş. ve Skysens Tek. A.Ş. Joint venture (Iot)	600	600
Kontrolmatik Enerji ve Müh. A.Ş. ve Skysens Tek. A.Ş. Joint venture (Say)	600	600
Total	**4.200**	**1.200**

Interest income	**01.01.2023 31.03.2023**	**01.01.2022 31.03.2022**
Kontrolmatik Technologıes Inc.	548.612	-
Kontrolmatık Cameroon	323.767	-
Kontrolmatik Technologıes (Libya)	209.511	-
Ömer Ünsalan	-	294.128
Sami Aslanhan	-	22.120
Total	**1.081.890**	**316.248**

Total key management compensation incurred by Kontrolmatik including short-term employee benefits is as follows:

1 January – 31 March 2023: TL 655.541 (1 January – 31 March 2022 : TL 387.560).

As of 31 March 2023 and 2022, the Group has no long-term employee benefits provided to the key management personnel.

As of 31 March 2023 and 2022, the Group has no share-based payment provided to the key management personnel.

NOTE 39 – NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS

Capital risk management

The Group’s main objectives for capital management are to keep the Group’s ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The capital structure of the Group consists of borrowings including loans disclosed in Note 8, cash and cash equivalents and equity items containing respectively issued share capital, capital reserves, profit reserves and profits of previous years disclosed in Note 27.

The Group monitors capital by using the debt to total capital ratio. This ratio is calculated by dividing net debt by total capital. Net debt is calculated by deducting cash and cash equivalents from the total debt amount (includes borrowings as disclosed in the consolidated statement of financial position). Total capital is calculated by summing the equity and net debt as shown in the balance sheet.

(Amounts are expressed in Turkish Lira unless otherwise indicated.)

Net financial debt/invested capital ratio as of 31 March 2023 and 31 December 2022 are as follows:

	31.03.2023	**31.12.2022**
Total borrowings (Note 8)	1.424.454.532	1.178.481.493
Less: Cash and cash equivalents (Note 6-7)	(759.806.083)	(1.246.780.846)
Net financial debt	**664.648.449**	**(68.299.353)**
Equity	**1.369.741.469**	**1.298.880.447**
Net financial debt/total equity ratio	**48.52%**	**(5.26%)**

Significant accounting policies

The Group's significant accounting policies relating to financial instruments are presented in the Note 2 "Summary of significant account policies" under financial instruments section.

Financial instruments and financial risk management

Financial risk management

The Group has no defined and specific risk management model. The Group's overall risk management strategy focuses on the unpredictability of financial markets and targets to minimise potential adverse effects on the Group's financial performance. The Group management is aimed to create an corporate risk management model and continues its activities in this manner.

Risk management

The Group is exposed to variety of financial risks due to its operations. These risks include credit risk, market risk (foreign currency risk, interest rate risk and price risk) and liquidity risk. The distribution of income and expense itemts according to foreign currency denominated receivables and payables and the distribution of payables according to foreign currency types and with variable and fixed interest rates are monitored by the Group management.

Changes in market conditions that increase the market risk include changes in the benchmark interest rate, the price of another entity's financial instrument, commodity price, exchange rate, or price or rate index.

Management of changes in inventory prices (price risk)

The Group is exposed to price risk as the selling prices are affected by the price changes of the inventories. The Group has no derivative instrument that can be used in order to avoid negative price movements on sales margins and potential adverse effects. The Group monitors the placing-production-purchasing orders, considering the forward-looking inventory price movements.

Interest rate risk management:

The Group is exposed to interest rate risk arising from the rate changes on interest-bearing liabilities and assets. The Group manages this risk by balancing the repricing terms of interest-bearing assets and liabilities with fixed and floating interest rate financial instruments and short-long term nature of borrowings (Note 6 and 8).

Interest position table

		31.03.2023	**31.12.2022**
Fixed-interest rate financial instruments			
Financial assets	Financial assets not measured at fair value through profit or loss	-	-
	Financial assets held-to-maturity	567.600.140	522.227.639
Financial liabilities		1.388.841.151	1.004.768.687
Floating-interest rate financial instruments			
Financial assets		58.891.826	64.683.620
Financial liabilities		35.435.873	173.712.806

(Amounts are expressed in Turkish Lira unless otherwise indicated.)

As of 31 March 2023, in the case of 100 (1%) bps rise in the annual interests, with all other variables held constant, net interest expense arising from interest changes in fixed and floating interest rate would have been TL 8.566.769 higher (2022: TL 5.915.702) and profit before tax would have been TL 7.977.851 lower (2022: TL 5.915.702).

As of 31 March 2023 and 31 December 2022, the interest sensitivity analysis is as follows:

	31.03.2023	
	Profit/Loss	
	Rise in the annual interests	Decrease in the annual interests
In the case of 100 (1%) change in the annual interests		
TL	(6.899.971)	6.899.971
USD	2.094.637	(2.094.637)
EUR	(2.818.158)	2.818.158
Total effect of fixed-interest rate financial instruments	**(7.623.492)**	**7.623.492**
In the case of 100 (1%) change in the annual interests		
TL	(59.169)	59.169
USD	(295.190)	295.190
EUR	-	-
Total effect of floating-interest rate financial instruments	**(354.359)**	**354.359**
TOTAL	**(7.977.851)**	**7.977.851**

	31.12.2022	
	Profit/Loss	
	Rise in the annual interests	Decrease in the annual interests
In the case of 100 (1%) change in the annual interests		
TL	(1.648.819)	1.648.819
USD	(197.349)	197.349
EUR	(2.979.242)	2.979.242
Total effect of fixed-interest rate financial instruments	**(4.825.410)**	**4.825.410**
In the case of 100 (1%) change in the annual interests		
TL	(88.318)	88.318
USD	(469.752)	469.752
EUR	(532.222)	532.222
Total effect of floating-interest rate financial instruments	**(1.090.292)**	**1.090.292**
TOTAL	**(5.915.702)**	**5.915.702**

(Amounts are expressed in Turkish Lira unless otherwise indicated.)

Foreign currency risk management

As of 31 March 2023 and 31 December 2022, net carrying value of assets and liabilities denominated in foreign currency are as follows:

	31.03.2023	31.12.2022
A. Assets	1.672.331.650	1.794.394.663
B. Liabilities	743.088.022	746.604.405
Net balance sheet position (A-B)	**929.243.628**	**1.047.790.258**

31.03.2023	TL equivalent	USD	EUR	Other
1. Trade Receivables	573.914.761	17.325.407	11.272.911	1.485.784
2a. Monetary Financial Assets (including cash and banks)	253.706.355	6.492.447	6.212.249	8.252
2b. Non- Monetary Financial Assets	-	-	-	-
3. Other	80.960.733	1.460.290	2.536.411	225.510
4. Total Current Assets (1+2+3)	**908.581.849**	**25.278.144**	**20.021.571**	**1.719.546**
5. Trade Receivables	-	-	-	-
6a. Monetary Financial Assets	539.240.639	14.661.290	12.416.797	972.500
6b. Non-Monetary financial assets	217.143.747	305.520	10.043.895	643.844.400
7. Other	7.365.415	-	354.071	-
8. Total Non-Current Assets(5+6+7)	**763.749.801**	**14.966.810**	**22.814.763**	**644.816.900**
9. Total Assets (4+8)	**1.672.331.650**	**40.244.954**	**42.836.334**	**646.536.446**
10. Trade Payables	245.229.248	9.339.423	3.190.786	1.995
11. Financial Liabilities	250.076.421	1.969.237	10.209.229	-
12a. Other Monetary Liabilities	90.611.517	3.450.386	1.180.190	-
12b. Other Non- Monetary Liabilities	-	-	-	-
13. Total Current Liabilities (10+11+12)	**585.917.186**	**14.759.046**	**14.580.205**	**1.995**
14. Trade Payables	-	-	-	-
15. Financial Liabilities	157.170.836	291.122	7.287.582	-
16a. Other Monetary Liabilities	-	-	-	-
16b. Other Non- Monetary Liabilities	-	-	-	-
17. Total Non-Current Liabilities (14+15+16)	**157.170.836**	**291.122**	**7.287.582**	**-**
18. Total Liabilities (13+17)	**743.088.022**	**15.050.168**	**21.867.787**	**1.995**
19. Off-Balance Sheet Derivative Instruments Net Asset / (Liability) Position (19a-19b)	-	-	-	-
19a. Total Asset Amount of Hedged	-	-	-	-
19b. Total Liabilities Amount of Hedged	-	-	-	-
20. Net Foreign Exchange Asset / (Liability) Position (9-18+19)	**929.243.628**	**25.194.786**	**20.968.547**	**646.534.451**
21. Monetary Items Net Foreign Exchange Asset / (Liabilities) Position (1+2a+3+5+6a-10-11-12a-14-15-16a)	**623.773.733**	**23.428.976**	**8.034.170**	**2.464.541**
22. Total Fair Value of Financial Instruments Used for Foreign Exchange Hedge	-	-	-	-
23. Foreign Exchange Hedged Portion Amount of Assets	-	-	-	-
24. Foreign Exchange Hedged Portion Amount of Liabilities	-	-	-	-
25. Export (except for delay interest discount)	**100.738.081**	**70.822.743**	**29.915.338**	**-**
26. Import	**19.885.846**	**777.585**	**291.760**	**-**

(Amounts are expressed in Turkish Lira unless otherwise indicated.)

31.12.2022	**TL equivalent**	**USD**	**EUR**	**Other**
1. Trade Receivables	654.421.269	22.304.054	11.099.540	1.485.784
2a. Monetary Financial Assets (including cash and banks)	632.833.957	27.674.534	5.538.490	2.249.226.000
2b. Non- Monetary Financial Assets	-	-	-	-
3. Other	227.588.565	7.645.405	4.235.025	182.500
4. Total Current Assets (1+2+3)	**1.514.843.791**	**57.623.993**	**20.873.055**	**2.250.894.284**
5. Trade Receivables	-	-	-	-
6a. Monetary Financial Assets	-	-	-	-
6b. Non-Monetary financial assets	-	-	-	-
7. Other	279.550.872	12.799.114	2.010.696	6.500
8. Total Non-Current Assets(5+6+7)	**279.550.872**	**12.799.114**	**2.010.696**	**6.500**
9. Total Assets (4+8)	**1.794.394.663**	**70.423.107**	**22.883.751**	**2.250.900.784**
10. Trade Payables	213.423.387	8.226.957	3.343.466	1.995
11. Financial Liabilities	335.900.113	3.543.769	13.525.910	-
12a. Other Monetary Liabilities	107.314.408	4.475.113	1.336.749	-
12b. Other Non- Monetary Liabilities	-	-	-	-
13. Total Current Liabilities (10+11+12)	**656.637.909**	**16.245.839**	**18.206.125**	**1.995**
14. Trade Payables	-	-	-	-
15. Financial Liabilities	89.966.496	320.577	4.212.324	-
16a. Other Monetary Liabilities	-	-	-	-
16b. Other Non- Monetary Liabilities	-	-	-	-
17. Total Non-Current Liabilities (14+15+16)	**89.966.496**	**320.577**	**4.212.324**	**-**
18. Total Liabilities (13+17)	**746.604.405**	**16.566.416**	**22.418.449**	**1.995**
19. Off-Balance Sheet Derivative Instruments Net Asset / (Liability) Position (19a-19b)	-	-	-	-
19a. Total Asset Amount of Hedged	-	-	-	-
19b. Total Liabilities Amount of Hedged	-	-	-	-
20. Net Foreign Exchange Asset / (Liability) Position (9-18+19)	**1.047.790.258**	**53.856.691**	**465.302**	**2.250.898.789**
21. Monetary Items Net Foreign Exchange Asset / (Liabilities) Position (1+2a+3+5+6a-10-11-12a-14-15-16a)	**540.650.822**	**33.412.172**	**(5.780.419)**	**2.250.709.789**
22. Total Fair Value of Financial Instruments Used for Foreign Exchange Hedge	**-**	**-**	**-**	**-**
23. Foreign Exchange Hedged Portion Amount of Assets	**-**	**-**	**-**	**-**
24. Foreign Exchange Hedged Portion Amount of Liabilities	**-**	**-**	**-**	**-**
25. Export (except for delay interest discount)	**893.979.982**	**38.506.612**	**12.646.185**	**-**
26. Import	**69.559.448**	**2.707.719**	**720.253**	**-**

The rate of hedge of the total liabilities denominated in foreign currency arising from the total imports as of the end of the period is the ratio of the exchange rate risk of the total liabilities denominated in foreign currency to be covered by a derivative instrument. Since the Group has no forward contract and relevant transactions, there is no hedge ratio for the total liabilities denominated in foreign currency.

As of 31 March 2023, if TL, EUR and USD had appreciated by 10% against TL with all other variables held constant, profit before tax would have been TL 92.924.363 higher/lower (31 December 2022: TL 104.779.026 higher/lower) mainly as a result of foreign exchange gains/losses on the translation of the foreign exchange position.

(Amounts are expressed in Turkish Lira unless otherwise indicated.)

Credit risk management

As of 31 March 2023 and 31 December 2022, the exposure of consolidated financial assets to credit risk is as follows:

31.03.2023	**Receivables**					
	Trade Receivables		**Other Receivables**			
	Related Party	**Other**	**Related Party**	**Other**	**Bank deposits (*)**	**Cash and cash equivalents and other**
(Maximum exposure to credit risk as of reporting date (A+B+C+D) (1)	**10.821.310**	**720.059.252**	**39.727.714**	**73.370.428**	**530.383.040**	**804.474**
- Maximum risk, secured with guarantees	-	-	-	-	-	-
A. Net book value of neither past due nor impaired financial assets (2)	10.821.310	720.059.252	39.727.714	73.370.428	530.383.040	804.474
B. Net book value of past due but not impaired financial assets (5)	-	-	-	-	-	-
C. Net book value of impaired assets (3)	-	-	-	-	-	-
- Past due (gross amount)	-	31.488.738	-	-	-	-
- Impairment (-)	-	(31.488.738)	-	-	-	-
- Secured with guarantees	-	-	-	-	-	-
- Not past due (gross amount)	-	-	-	-	-	-
- Impairment (-)	-	-	-	-	-	-
- Secured with guarantees	-	-	-	-	-	-
D. Off-balance sheet expected credit losses (4)	-	-	-	-	-	-

(*) Foreign currency/gold/currency-protected TL time deposit accounts in banks and mutual funds are included in the aforementioned table.

The Group's credit risk arises from trade receivables. Trade receivables of the Group is trying to be managed as the credit risk by limiting the transactions with certain parties and continuously evaluating the reliability of the related parties in accordance with the Group's policies and procedures. Total credit risk and trade receivables of the Group is presented in the consolidated statement of financial position less provisions for doubtful receivables.

Credit risk details in respect of financial instrument types

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Group attempts to control credit risk by monitoring credit exposures, limiting transactions with specific counterparties, and continually assessing the creditworthiness of counterparties. Total credit risk is presented in the consolidated statement of financial position. The credit risk is diversified as a result of large number of entities comprising the customer bases and the penetration to different business segments.

Concentrations of credit risk arise when a number of counterparties are engaged in similar business activities or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. The Group seeks to manage its credit risk exposure through diversification of sales activities to avoid undue concentrations of risks with individuals or groups of customers in specific locations or businesses. It also obtains security when appropriate. It is the Group's policy to enter into financial instruments with a diversity of creditworthy counterparties.

There exist different indicators for a receivable to be considered as a doubtful receivable and these indicators are as follows:

a) Data on uncollectible receivables in prior periods, b) payment performance of debtor, c) extraordinary developments in the market and current economic environment, d) Lead to the execution stage arising from difficulties in the collection of the relevant receivable.

(Amounts are expressed in Turkish Lira unless otherwise indicated.)

(1) There has been no guarantees or irrevocable loan commitments obtained from companies that have a credit risk.
(2) There have been no past due but not impaired financial assets.

31.12.2022	**Receivables**					
	Trade Receivables		**Other Receivables**			
	Related Party	**Other**	**Related Party**	**Other**	**Bank deposits (*)**	**Cash and cash equivalents and other**
(Maximum exposure to credit risk as of reporting date (A+B+C+D) (1)	**12.913.948**	**822.445.455**	**29.627.502**	**51.041.129**	**1.246.064.309**	**716.537**
- Maximum risk, secured with guarantees	-	-	-	-	-	-
A. Net book value of neither past due nor impaired financial assets (2)	12.913.948	822.445.455	29.627.502	51.041.129	1.246.064.309	716.537
B. Net book value of past due but not impaired financial assets (5)	-	-	-	-	-	-
C. Net book value of impaired assets (3)	-	-	-	-	-	-
- Past due (gross amount)	-	31.228.578	-	-	-	-
- Impairment (-)	-	(31.228.578)	-	-	-	-
- Secured with guarantees	-	-	-	-	-	-
- Not past due (gross amount)	-	-	-	-	-	-
- Impairment (-)	-	-	-	-	-	-
- Secured with guarantees	-	-	-	-	-	-
D. Off-balance sheet expected credit losses (4)	-	-	-	-	-	-

(*) Foreign currency/gold/currency-protected TL time deposit accounts in banks and mutual funds are included in the aforementioned table.

The Group's credit risk arises from trade receivables. Trade receivables of the Group is trying to be managed as the credit risk by limiting the transactions with certain parties and continuously evaluating the reliability of the related parties in accordance with the Group's policies and procedures. Total credit risk and trade receivables of the Group is presented in the consolidated statement of financial position less provisions for doubtful receivables. The credit risk is diversified as a result of large number of entities comprising the customer bases and the penetration to different business segments.

Liquidity risk management

Liquidity risk is the risk that an entity will be unable to meet its net funding requirements. The prudent liquidity risk is mitigated by matching the cash in and out flow volume supported by committed lending limits from qualified credit institutions. The Group provides funding by balancing cash inflows and outflows through the provision of credit lines in the business environment. The table below summarizes the maturity profile of the Group's financial liabilities based on undiscounted payments.

31.03.2023

Contractual maturities	**Carrying value**	**Total contractual cash outflows**	**Demand or up to 3 months**	**3-12 months**	**1-5 years**	**5 years and over**
Non-derivative financial liabilities	**3.068.227.967**	**3.669.883.687**	**770.077.692**	**514.847.009**	**2.076.016.444**	**318.289.065**
Bank borrowings	1.416.383.610	2.001.092.003	258.617.921	510.690.642	913.494.374	318.289.065
Finance lease liabilities	5.030.611	13.561.688	1.377.034	4.156.367	8.028.287	-
Trade payables	445.703.014	454.119.264	461.991.220	-	1.474.566	-
Other payables	1.201.110.732	1.201.110.732	48.091.516	-	1.153.019.216	-

(Amounts are expressed in Turkish Lira unless otherwise indicated.)

31.12.2022

Contractual maturities	Carrying value	Total contractual cash outflows	Demand or up to 3 months	3-12 months	1-5 years
Non-derivative financial liabilities	**2.859.236.889**	**2.871.127.749**	**532.914.438**	**431.603.662**	**1.906.609.649**
Bank borrowings	1.175.236.873	1.175.236.873	102.265.734	386.440.649	686.530.490
Finance lease liabilities	3.244.620	3.244.620	422.888	1.323.704	1.498.028
Trade payables	473.489.379	485.380.239	430.225.816	38.427.853	16.726.570
Other payables	1.207.266.017	1.207.266.017	-	5.411.456	1.201.854.561

Hedge accounting

The Group has derivative contracts such as swaps, options and forwards are also used as instruments for interest rate (fixed and floating interests) risk management for hedging purposes.

NOTE 40 – FINANCIAL INSTRUMENTS (FAIR VALUE DISCLOSURES AND HEDGE ACCOUNTING)

In accordance with the TAS 39 "Financial Instruments: Classification and Measurement", financial assets classified as four and financial liabilities classified as two classes. Financial assets include at fair value ("FV") through profit or loss, held-to-maturity, loans and receivables and available for sale. Financial liabilities include at fair value ("FV") through profit or loss and other financial liabilities

Fair value measurements are disclosed in the accounting policies for each financial asset and liability, and there are no other events that require any valuation. Carrying values of cash in hand and banks are considered to approximate to their fair values.

The Group classifies the fair value measurements of financial instruments at fair value in the consolidated financial statements according to the market inputs of each financial instrument, using a three-level hierarchy.

The classification of the Group's consolidated financial assets and liabilities at fair value is as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities: The fair value of financial assets and financial liabilities are determined with reference to quoted market prices.

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices):

Level 3: Inputs for the asset or liability that are not based on observable market data.

As of 31 March 2023 and 31 December 2022, inputs to fair value measurement and hierarchy is as follows:

31.03.2023

Financial assets at fair value through profit or loss in balance sheet	Level 1	Level 2	Level 3
Cash and cash equivalents	-	-	700.914.258
Financial investments	238.914.081	-	-
Foreign currency/Gold/Currency-protected TL time deposit accounts	58.891.826	-	-

31.12.2022

Financial assets at fair value through profit or loss in balance sheet	Level 1	Level 2	Level 3
Cash and cash equivalents	-	-	1.182.097.226
Financial investments	70.214.592	-	-
Foreign currency/Gold/Currency-protected TL time deposit accounts	64.683.620	-	-

NOTE 41 – EVENTS AFTER THE REPORTING PERIOD

Approval of the Consolidated Financial Statements

These consolidated financial statements for the period ended 31 March 2023 have been approved for issue by the Board of Directors ("BOD") on 10 May 2023. These consolidated financial statements will be finalised following the approval by the General Assembly.

Disclosures regarding recognition of treasury shares

In accordance with the share buyback program and transactions initiated with the decision of the Kontrolmatik's Board of Directors on 6 December 2022, "KONTR" shares with a nominal value of TL 220.000 (220.000 number of shares), representing 0.11% of the Group's share capital until the report date, and share buybacks are realised for a total amount of TL 30.255.320 after 31 March 2023.

NOTE 42 – THE OTHER MATTERS WHICH SUBSTANTIALLY AFFECT THE CONSOLIDATED FINANCIAL STATEMENTS OR ARE REQUIRED TO BE DESCRIBED IN TERMS OF MAKING THE CONSOLIDATED FINANCIAL STATEMENTS CLEAR, INTERPRETABLE AND UNDERSTANDABLE

None.