(Convenience translation of the independent auditors' report and condensed consolidated financial statements originally issued in Turkish)

Akfen Holding Anonim Şirketi and its Subsidiaries

Consolidated financial statements as of and for the year ended December 31, 2022 with the independent auditor's report

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CONVENIENCE TRANSLATION OF THE INDEPENDENT AUDITOR'S REPORT ORIGINALLY PREPARED AND ISSUED IN TURKISH TO ENGLISH

To the Shareholders of Akfen Holding Anonim Şirketi

A) Audit of the Consolidated Financial Statements

Opinion

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

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

Basis for Opinion

We conducted our audit in accordance with standards on auditing issued by Capital Markets Board of Turkey ("CMB") and Standards on Auditing which is a component of the Turkish Auditing Standards published by the Public Oversight Accounting and Auditing Standards Authority ("POA") ("Standards on Auditing issued by POA"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We declare that we are independent of the Group in accordance with the Code of Ethics for Auditors issued by POA *(including Independence Standards)* ("POA's Code of Ethics") and the ethical requirements in the regulations issued by POA that are relevant to audit of consolidated financial statements, and we have fulfilled our other ethical responsibilities in accordance with the POA's Code of Ethics and regulations. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

The key audit matter

Key audit matters are those that, to our professional knowledge, are of the most importance in an independent audit of the current period's consolidated financial statements. Key audit matters have been addressed in the context of our audit of the consolidated financial statements as a whole and in forming our opinion on the consolidated financial statements, on which we do not express a separate opinion.

TFRS Comment 12- Service Concession Agreements

For details of accounting policies and significant accounting estimates and assumptions related to service concession agreements, see Note 2.2 and 10.

The key audit matter	**How the matter was addressed in our audit**
The Group has applied the TFRS Interpretation 12 financial asset model and defined a financial asset in its financial statements, taking into account the terms of the service concession agreement with the government. Financial assets related to concession agreements are accounted in the consolidated financial statements over their fair value. The contractual cash flows used in the determination of fair value vary due to the inflation rate and changes in foreign exchange rates. As of 31 December 2022, the total value of these financial assets is 15,603,931 thousand TRY, corresponding to 39% of the total assets. As of 31 December 2022, gains from changes in the fair value amounting to TRY 4,857,584 are recognized in financial statements as disclosed in Note 10. As of 31 December 2022, TFRS Interpretation 12 financial asset constitute a significant part of the Group's financial statements, and some of the inputs and calculations used in valuation methods are complex and the important estimates and assumptions included are sensitive to economic changes that may occur. For this reason, determining the "TFRS Interpretation 12 financial asset" has been considered as a key audit matter.	Our audit procedures for testing the matter included below: - The Service Concession Agreement was procured, and the terms of the said agreement were examined. - We evaluated of the appropriateness of the relevant calculation model in terms of contract terms and TFRS Interpretation 12. - We verified the mathematical accuracy of the calculation the TFRS Interpretation 12 financial asset model that defined a financial asset in its financial statements. - We evaluated the assumptions in TFRS Interpretation 12 financial asset model and verified (discount rate, inflation forecasts, exchange rate forecasts) with our external valuation specialist. - We assessed the adequacy of the disclosures according to "TFRS Interpretation 29 financial asset disclosures" in the notes to consolidated financial statements.

Financial Asset Valuation

For the details of accounting policies related to financial asset valuation of shares of Mersin Uluslararası Liman İşletmeciliği Anonim Şirketi's and the significant accounting estimates and assumptions used, see Note 22.

The key audit matter	How the matter was addressed in our audit
The Group has classified the shares of Mersin Uluslararası Liman İşletmeciliği Anonim Şirketi ("MIP"), which is included in the accompanying consolidated financial statements, as financial investments and recorded at fair value (Note 22). As a result of the fair value calculation made as of 31 December 2022, the Group has reflected the MIP shares under the financial investments item to the accompanying consolidated financial statements with their fair value of TRY 5,560,452 thousand. In our audit work, we focus on this issue for the following reasons: MIP financial investment carried at fair value is important for the accompanying consolidated financial statements and the valuation requires expertise, In the valuation studies, the market approach method was used and similar companies Company Value, Interest, Depreciation and Profit Before Tax multipliers used in the valuation of MIP were used. The fair value was calculated by applying similar company multipliers to the 12-month EBITDA of MIP as of 31 December 2022. It has been considered as a key audit matter by us due to its materiality for the financial statements and the importance of the judgments used in calculating fair value.	Our audit procedures for testing the matter included below: -Our corporate finance experts were included to check the compatibility of the estimates and assumptions used in the valuation studies with the market data, to evaluate the acceptability of the applied methods and their compliance with the valuation methodology. - The compatibility of the valuation studies with the financial statements and the mathematical compatibility of the calculations used were checked. - Data obtained from external sources such as similar company multipliers and up-to-date transaction data used in the market approach method have been checked with the relevant independent data sources. In addition, the operational profitability and EBITDA trend analysis of the company in recent years has been made and the multiplier used has been evaluated. - In addition, the appropriateness and adequacy of the explanations in the financial notes of the consolidated financial statements, including the explanations on the basic estimates and assumptions regarding the valuation studies, within the scope of TFRS have been evaluated.

Other Matter

The consolidated financial statements of the Group for the year ended 31 December 2021 were audited by another auditor who expressed an unmodified opinion on those consolidated financial statements on 11 March 2022.

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

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

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

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

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

Responsibilities of auditors in an audit are as follows:

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with standards on auditing issued by the CMB and Standards on Auditing issued by POA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the standards on auditing issued by the CMB and Standards on Auditing issued by POA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

KPMG

B) Other Legal and Regulatory Requirements

1) Pursuant to the fourth paragraph of Article 402 of the TCC; no significant matter has come to our attention that causes us to believe that for the period between 1 January 2022 and 31 December 2022, the Company's bookkeeping activities and consolidated financial statements are not in compliance with TCC and provisions of the Company's articles of association in relation to financial reporting.

2) Pursuant to the fourth paragraph of Article 402 of the TCC; the Board of Directors provided us the necessary explanations and required documents in connection with the audit.

KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi

Hatice Nesrin Tuncer, SMMM

Partner

10 March 2023

İstanbul, Türkiye

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Akfen Holding Anonim Şirketi

Consolidated Statement of Financial Position as of December 31, 2022

(All amounts are expressed in thousand Turkish Liras ("TRY") unless otherwise specified.)

ASSETS	*Footnote references*	*Audited December 31, 2022*	*Audited December 31, 2021*
Current Assets			
Cash and cash equivalents	5	3,190,698	1,979,924
Short term financial investments	22	722,989	1,023,720
Trade receivables		218,074	102,743
-Trade receivables from related parties	*7-32*	*26,813*	*19,996*
-Trade receivables from third parties	*7*	*191,261*	*82,747*
Inventories	16	28,782	14,989
Other receivables		60,067	85,047
-Other receivables from related parties	*8*	*27*	*9*
-Other receivables from third parties	*8*	*60,040*	*85,038*
Financial assets related to concession agreements	10	1,819,555	1,368,338
Prepaid expenses	9	36,898	38,173
Current income tax assets	31	900	10,382
Other current assets	23	23,940	69,293
TOTAL CURRENT ASSETS		**6,101,903**	**4,692,609**
Non-Current Assets			
Financial investments	22	7,462,429	4,882,153
Trade receivables		16,254	9,061
-Trade receivables from third parties	*7*	*16,254*	*9,061*
Other receivables		456,056	847,511
-Other receivables from related parties	*8-32*	*440,197*	*835,155*
-Other receivables from third parties	*8*	*15,859*	*12,356*
Financial assets related to concession agreements	10	13,784,376	11,076,971
Assets arising from customer contracts	9	73,612	41,760
Investments accounted using the equity method	20	6,658,204	5,110,706
Derivative instruments	12	522,564	-
Investment property	11	2,216,786	1,303,814
Right of use assets	13	7,492	7,792
Property, plant and equipment	14	153,463	90,492
Intangible assets	15	95,915	101,391
Prepaid expenses	9	7,555	6,197
Deferred tax assets	31	2,105,602	991,463
Other non current assets	23	86,162	26,505
TOTAL NON-CURRENT ASSETS		**33,646,470**	**24,495,816**
TOTAL ASSETS		**39,748,373**	**29,188,425**

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

Akfen Holding Anonim Şirketi

Consolidated Statement of Financial Position as of December 31, 2022

(All amounts are expressed in thousand Turkish Liras ("TRY") unless otherwise specified.)

LIABILITIES	*Footnote references*	*Audited December 31, 2022*	*Audited December 31, 2021*
Current Liabilities			
Short term borrowings	6	152,722	352,068
Short term portion of long-term borrowings	6	2,316,364	1,809,952
Trade payables		259,115	150,502
- Trade payables to related parties	*7-32*	*11,367*	*9,230*
- Trade payables to third parties	*7*	*247,748*	*141,272*
Employee benefit obligations		3,000	2,232
Other payables		73,928	73,085
- Other payables to related parties	*8-32*	*36,592*	*40,495*
- Other payables to third parties	*8*	*37,336*	*32,590*
Deferred revenue		49,957	16,559
-Deferred revenue from related parties	*17-32*	*17,313*	-
- Deferred revenue from third parties	*17*	*32,644*	*16,559*
Income tax payable	31	1,178	812
Current provisions		51,693	28,842
- Provision for employee benefits	*18*	*18,819*	*9,655*
- Other short-term provisions	*18*	*32,874*	*19,187*
Other current liabilities	23	40,702	62,386
TOTAL CURRENT LIABILITIES		**2,948,659**	**2,496,438**
Non-Current Liabilities			
Long term borrowings	6	14,565,326	11,536,810
Trade payables		191	-
- Trade payables to related parties	*7,32*	*191*	-
Other payables		1,767,040	1,395,771
- Other payables to related parties	*8-32*	*1,758,274*	*1,387,002*
- Other payables to third parties	*8*	*8,766*	*8,769*
Derivative financial liabilities	*12*	-	280,559
Obligations arising from customer contracts	*17*	134,441	93,310
Non-current provisions		18,865	8,419
- Provision for employee benefits	*18*	*18,865*	*8,419*
Deferred tax liabilities	31	359,609	208,593
TOTAL NON-CURRENT LIABILITIES		**16,845,472**	**13,523,462**
TOTAL LIABILITIES		**19,794,131**	**16,019,900**
EQUITY		**19,954,242**	**13,168,525**
Equity attributable to equity holders of the parent		**19,945,913**	**13,202,434**
Issued capital	24	910,000	700,000
Additional capital contributions of shareholders		23,224	-
Treasuary shares (-)		(243,119)	(237,859)
Share premiums		50,231	50,231
Effect of business combinations under common control		(1,639,614)	(1,639,614)
Other accumulated comprehensive income that will not be reclassified to profit or (loss)		10,647,261	7,209,800
- Increases on revaluation of property, plant and equipment	*24*	*6,036,935*	*4,461,126*
- Losses on remeasurement of defined benefit plans		*(7,269)*	*(6,018)*
- Other gains on revaluation and remeasurement	*24*	*4,617,595*	*2,754,692*
Other accumulated comprehensive income that will be reclassified to (loss) or profit		(2,150,005)	(1,385,525)
- Currency translation difference	*24*	*964,273*	*590,699*
- Hedge reserve fund	*24*	*(3,114,278)*	*(1,976,224)*
Restricted reserves appropriated from profits	24	2,571,933	2,493,382
Retained earnings		6,040,800	3,244,658
Net profit for the period		3,735,202	2,767,361
Non-controlling interests	**24**	**8,329**	**(33,909)**
TOTAL LIABILITIES AND EQUITY		**39,748,373**	**29,188,425**

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

Akfen Holding Anonim Şirketi

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For The Year ended December 31, 2022

(All amounts are in thousand Turkish Liras ("TRY") unless otherwise specified.)

PROFIT OR LOSS FROM CONTINUING OPERATIONS	*Footnote references*	*Audited January 1- December 31, 2022*	*Audited January 1- December 31, 2021*
Revenue	25	967,750	600,556
Cost of sales (-)	25	(941,805)	(535,964)
GROSS PROFIT		**25,945**	**64,592**
General administrative expenses (-)	26	(197,562)	(117,322)
Marketing, selling and distribution expenses (-)	27	(6,603)	(6,249)
Other income from operating activities	28	5,873,843	6,552,729
Other expenses from operating activities (-)	28	(50,727)	(113,368)
Share of profit/(loss) from investments accounted using the equity method	20	1,116,198	895,364
OPERATING PROFIT FROM OPERATING ACTIVITIES		**6,761,094**	**7,275,746**
Income from investment activities	30	203,509	326,578
Expense from investment activities (-)	30	(864,348)	(162,928)
PROFIT BEFORE FINANCE INCOME/(LOSS)		**6,100,255**	**7,439,396**
Finance income	29	1,909,268	1,159,231
Finance expenses (-)	29	(5,339,319)	(5,947,878)
PROFIT BEFORE TAX FROM CONTINUING OPERATIONS		**2,670,204**	**2,650,749**
Tax income		**1,063,110**	**109,393**
Current period tax expense (-)	31	(6,002)	(32,059)
Deferred tax income	31	1,069,112	141,452
PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS		**3,733,314**	**2,760,142**
PROFIT FOR THE PERIOD		**3,733,314**	**2,760,142**
Attributable to			
Non-controlling interests	35	(1,888)	(7,219)
Equity holders of the parent		3,735,202	2,767,361
Net profit for the period		**3,733,314**	**2,760,142**
Earnings per share			
Earnings per share (TRY in full)	33	5.33	4.12
Diluted earnings per share (TRY in full)	33	5.33	4.12

Akfen Holding Anonim Şirketi

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For The Year ended December 31, 2022

(All amounts are in thousand Turkish Liras ("TRY") unless otherwise specified.)

STATEMENT OF OTHER COMPREHENSIVE INCOME/(EXPENSE)	*Footnote references*	*Audited* *December 31, 2022*	*Audited* *December 31, 2021*
PROFIT FOR THE YEAR		**3,733,314**	**2,760,142**
Other comprehensive income that will not be reclassified to profit or loss		**3,588,919**	**4,851,733**
Losses on remeasurements of defined benefit plans		(1,251)	(788)
Other comprehensive income items that will not be reclassified as other profit or loss	24	1,862,903	1,516,643
Gains on revaluation of property, plant and equipment	24	1,727,267	3,335,878
Other comprehensive income/loss that will be reclassified to profit or loss		**(764,480)**	**(1,485,214)**
Exchange differences on translation	24	373,574	309,296
Other comprehensive loss related with cash flow hedges	24	(1,138,054)	(1,794,510)
OTHER COMPREHENSIVE INCOME		**2,824,439**	**3,366,519**
TOTAL COMPREHENSIVE INCOME		**6,557,753**	**6,126,661**
Total comprehensive income attributable to			
Non-controlling interests		(1,888)	(7,219)
Equity holders of the parent		6,559,641	6,133,880
Total comprehensive income		**6,557,753**	**6,126,661**

Akfen Holding Anonim Şirketi

Consolidated Statement of Changes in Equity for the Year ended December 31, 2022

(All amounts are in thousand Turkish Liras ("TRY") unless otherwise specified.)

					Other comprehensive income and expenses accumulated that will be reclassified in profit or loss		Other accumulated comprehensive income and expenses that will not be reclassified in profit or loss				Retained earnings				
	Issued capital	*Treasury shares*	*Share premiums*	*Effects of combinations of entities or businesses under common control*	*Currency translation differences*	*Losses on hedge*	*Other gains on revaluation and remeasurement*	*Increases on revaluation fund*	*(Losses)/Gains on remeasurements of defined benefit plans*	*Restricted reserves appropriated from profits*	*Retained earnings profits*	*Net profit for the period*	*Total*	*Non-controlling interests*	*Total Equity*
Balances as of January 1, 2021	**667,181**	**(569,966)**	**2,376**	**(1,848,968)**	**281,403**	**(181,714)**	**1,238,049**	**1,279,681**	**(5,230)**	**2,812,069**	**2,946,212**	**44,365**	**6,665,458**	**(21,542)**	**6,643,916**
Transfers	-	-	-	97,236	-	-	-	(50,616)	-	(2,014)	(241)	(44,365)	-	-	-
Total comprehensive income/(expense)	**-**	**-**	**-**	**-**	**309,296**	**(1,794,510)**	**1,516,643**	**3,335,878**	**(788)**	**-**	**-**	**2,767,361**	**6,133,880**	**(7,219)**	**6,126,661**
Profit for the period	-	-	-	-	-	-	-	-	-	-	-	*2,767,361*	*2,767,361*	*(7,219)*	*2,760,142*
Other comprehensive income/(expense)	-	-	-	-	*309,296*	*(1,794,510)*	*1,516,643*	*3,335,878*	*(788)*	-	-	-	*3,366,519*	-	*3,366,519*
Capital increase	32,819	-	-	17,057	-	-	-	-	-	-	(49,876)	-	-	-	-
Other contributions of shareholders	-	-	-	-	-	-	-	-	-	15,434	-	-	15,434	-	15,434
Increase due to share repurchase transactions [(*)]	-	332,107	47,855	-	-	-	-	-	-	(332,107)	335,142	-	382,997	-	382,997
Increase/(decrease) through share-based payment transactions [(**)]	-	-	-	130,853	-	-	-	(103,817)	-	-	(25,744)	-	1,292	-	1,292
Merger effect [(***)]	-	-	-	(35,792)	-	-	-	-	-	-	39,165	-	3,373	(5,148)	(1,775)
Balances as of December 31, 2021	**700,000**	**(237,859)**	**50,231**	**(1,639,614)**	**590,699**	**(1,976,224)**	**2,754,692**	**4,461,126**	**(6,018)**	**2,493,382**	**3,244,658**	**2,767,361**	**13,202,434**	**(33,909)**	**13,168,525**

[(*)] It is related to the sale of the Group's treasury shares amounting to TRY 332,107, the details of which are given in Note 24.
[(**)] It is the effect of the share sales of Masanda Turizm Yatırımları A.Ş. ("Masanda Tourism") on January 9, 2021, and IBS Sigorta ve Reasürans Sigorta Brokerliği A.Ş. ("IBS Insurance") on January 29, 2021.
[(***)] It is the effect of the merger of Akfen Enerji Üretim ve Ticaret A.Ş. ("Akfen Energy Generation") on March 5, 2021 and Akfen Infrastructure Holding on November 10, 2021 under Akfen Holding.

Akfen Holding Anonim Şirketi

Consolidated Statement of Changes in Equity for the Year ended December 31, 2022

(All amounts are in thousand Turkish Liras ("TRY") unless otherwise specified.)

						Other comprehensive income and expenses accumulated that will be reclassified in profit or loss		**Other accumulated comprehensive income and expenses that will not be reclassified in profit or loss**				**Retained earnings**				
	Issued capital	***Additional capital contributions of shareholders***	***Treasury shares***	***Share premiums***	***Effects of combinations of entities or businesses under common control***	***Currency translation differences***	***Losses on hedge***	***Other gains on revaluation and remeasurement***	***Increases on revaluation fund***	***(Losses)/Gains on remeasurements of defined benefit plans***	***Restricted reserves appropriated from profits***	***Retained earnings profits***	***Net profit for the period***	***Total***	***Non-controlling interests***	***Total Equity***
Balances as of January 1, 2022	**700,000**	**-**	**(237,859)**	**50,231**	**(1,639,614)**	**590,699**	**(1,976,224)**	**2,754,692**	**4,461,126**	**(6,018)**	**2,493,382**	**3,244,658**	**2,767,361**	**13,202,434**	**(33,909)**	**13,168,525**
Transfers	-	-	-	-	-	-	-	-	(151,458)	-	78,551	2,840,268	(2,767,361)	-	-	-
Total comprehensive income/(expense)	**-**	**-**	**-**	**-**	**-**	**373,574**	**(1,138,054)**	**1,862,903**	**1,727,267**	**(1,251)**	**-**	**-**	**3,735,202**	**6,559,641**	**(1,888)**	**6,557,753**
Profit for the period	-	-	-	-	-	-	-	-	-	-	-	-	*3,735,202*	*3,735,202*	*(1,888)*	*3,733,314*
Other comprehensive income/(expense)	-	-	-	-	-	*373,574*	*(1,138,054)*	*1,862,903*	*1,727,267*	*(1,251)*	-	-	-	*2,824,439*	-	*2,824,439*
Capital increase (Note 24)	*210,000*	*23,224*	*(5,260)*	-	-	-	-	-	-	-	-	-	-	*227,964*	-	*227,964*
Decrease due to other changes (*)	-	-	-	-	-	-	-	-	-	-	-	(44,126)	-	(44,126)	44,126	-
Balances as of December 31, 2022	**910,000**	**23,224**	**(243,119)**	**50,231**	**(1,639,614)**	**964,273**	**(3,114,278)**	**4,617,595**	**6,036,935**	**(7,269)**	**2,571,933**	**6,040,800**	**3,735,202**	**19,945,913**	**8,329**	**19,954,242**

(*) It is the effect caused by the capital increase of amounting to TRY 62,600 made pursuant to the general assembly decision of Hacettepe Teknokent Eği. ve Kli. Ar. Mer. Sağ.Ar-Ge Dan. Pro. San. Tic. A.Ş.("Hacettepe Teknokent") registered on August 2, 2022. The entire amount of the increased capital is paid by Akfen İnşaat Turizm ve Ticaret A.Ş. ("Akfen Construction") and after the aforementioned capital increase, Akfen Construction's share in Hacettepe Teknokent became 99.76%.

Akfen Holding Anonim Şirketi

Consolidated Cash Flow Statement For the Year ended December 31, 2022

(All amounts are in thousand Turkish Liras ("TRY") unless otherwise specified.)

	Footnote references	*Audited December 31, 2022*	*Audited December 31, 2021*
A. Cash Flows from Operating Activities		**3,048,965**	**2,303,129**
Profit for the period		**3,733,314**	**2,760,142**
Adjustments to reconcile profit		**(2,757,394)**	**(1,471,959)**
Adjustments for depreciation and amortization	25-26	26,364	19,289
Adjustments for (gains)/losses on non-current assets		(415)	6,785
Adjustments for losses on disposal of property, plant and equipment	*28*	-	*6,785*
Adjustments for gains on disposal of investment properties	*28*	*(415)*	-
Adjustments for dividend income	30	(135,340)	(151,963)
Adjustments for fair value gains		(6,151,414)	(6,644,925)
Adjustment for fair value gains of financial assets	*28-30*	*(4,363,137)*	*(6,207,952)*
Adjustment for fair value gains of investment properties	*28*	*(985,154)*	*(451,342)*
Adjustments for the fair value (gains)/losses of derivative financial instruments	*29*	*(803,123)*	*14,369*
Adjustments for impairment		(9,739)	5,063
Adjustment for (reversal of impairment)/impairment on receivables	*28*	*(9,739)*	*5,063*
Adjustments for provisions		55,118	35,771
Adjustments for provisions related with employee benefits		*12,565*	*2,859*
Adjustments for other provisions	28	*42,553*	*32,912*
Adjustments for the undistributed incomes of investments accounted using the equity method	20	(1,116,198)	(895,364)
Adjustments for unrealized foreign exchange		4,361,241	5,630,998
Adjustments for losses/(gains) arising from the disposal or change in shares of affiliates, joint ventures and financial investments	30	266,234	(34,491)
Adjustments for interest income and expenses	28-29	892,292	507,728
Adjustments for tax incomes	31	(1,063,110)	(109,393)
Adjustments for other items that cause cash flows from investing or financing activities	30	103,667	150,428
Other adjustment for profit/loss reconciliation	29	13,906	8,115
Changes in working capital		**454,885**	**126,253**
Adjustments for increase in trade receivables		(119,574)	(33,597)
Adjustments for decrease in other receivables related with operations		659,213	152,951
Adjustments for increases in inventories	16	4,700	7,889
Other adjustments for other decrease in working capital		(14,305)	(15,443)
Adjustments for increases in obligations arising from customer contracts		41,131	26,186
Adjustments for increases in assets arising from customer contracts		(31,852)	(16,034)
Adjustments for increase/(decrease) in trade payables		108,804	(54,721)
Adjustments for (decrease)/increase in other payables from operations		(193,232)	59,022
Cash flows from operations		**1,430,805**	**1,414,436**
Tax payments		(3,050)	(45,860)
Payments for other provisions		(75,934)	(75,702)
Payments related with provisions for employee benefits		(1,818)	(334)
Other cash inflows	10	1,698,962	1,010,589

Akfen Holding Anonim Şirketi

Consolidated Cash Flow Statement For the Year ended December 31, 2022

(All amounts are in thousand Turkish Liras ("TRY") unless otherwise specified.)

	Footnote references	*Audited December 31, 2022*	*Audited December 31, 2021*
B. Cash Flows Used in Investment Operations		**(413,708)**	**(1,321,517)**
Interest received		69,065	7,872
Dividends received	30	135,340	151,963
Cash outflows from the purchase of tangible and intangible assets	14-15	(44,155)	(35,588)
Cash inflows from sales of tangible and intangible assets	14-15	569	398
Cash inflows from the sale of investment property		54,104	9,294
Cash inflows caused by share sales or capital decrease of associates and/or joint ventures	3	480,963	558,696
Cash outflows due to share purchase or capital increase of associates and/or joint ventures		(296,550)	(1,170,587)
Cash outflow from participation fee and other financial instruments		(813,044)	(843,565)
C. Cash Flows used in Financing Activities		**(1,730,609)**	**(1,072,667)**
Cash inflows from capital advances		227,964	-
Proceeds from borrowings	6	1,050,249	3,046,489
Repayments of borrowings	6	(2,146,073)	(3,853,608)
Interest paid	6	(851,054)	(643,654)
Cash inflows from the sale of the entity's own shares and other equity instruments	24	-	379,962
Other cash outflows		(11,695)	(1,856)
Net increase/(decrease) in cash and cash equivalents before the effect of currency translation differences		**904,648**	**(91,055)**
Effect of foreign currency translation differences on cash and cash equivalents		308,329	447,534
Net increase in cash and cash equivalents		**1,212,977**	**356,479**
Cash and cash equivalents at the beginning of the period	**5**	**1,976,765**	**1,620,286**
Cash and cash equivalents at the end of the period	**5**	**3,189,742**	**1,976,765**

1. ORGANIZATION AND NATURE OF OPERATIONS OF THE COMPANY

Akfen Holding A,Ş, ("Akfen Holding" or the "Company") was established in Turkey in 1999, Having established its first company in 1976, Akfen Holding operates to invest in, administer and coordinate its subsidiaries and affiliates operating in industries such as airport management and operations, construction, seaport management and operations, marine transportation, water distribution and wastewater services, energy and real estate, Akfen Holding, together with its subsidiaries and joint ventures, will be hereinafter referred to as the "Group".

Akfen Holding transferred its contracting operations in infrastructure construction projects that it had been performing since its establishment to a new sphere outside contracting when it was awarded the Build-Operate-Transfer ("BOT") model for Istanbul Atatürk Airport in 1997, transposing the investment planning models it applied for airports to many infrastructure projects in Turkey as an investor and thus transforming into one of Turkey's infrastructure investment holdings.

Consolidated financial statements of the Group as of December 31, 2022 and 2021 includes the share of Akfen Holding and subsidiaries, the equity accounted joint ventures and financial investments.

With the decision of Akfen Holding Board of Directors dated September 21, 2021, it was decided that Akfen Altyapı Holding ("Akfen Altyapı"), which owns the majority shares of the Company (89.49%), joins the Company as a whole, without liquidation. At the Akfen Holding Extraordinary General Assembly meeting held on November 2, 2021, the merger was unanimously approved. As of November 10, 2021, the merger of Akfen Holding and Akfen Altyapı was completed and Akfen Altyapı was dissolved without liquidation. As a result of this merger, Akınısı Makina Sanayi ve Ticaret A.Ş. ("Akınısı"), Akfen Danışmanlık ve Proje Geliştirme A.Ş. ("Akfen Danışmanlık"), Akfen Turizm Yatırım ve İşletme A.Ş. ("Akfen Tourism"), Akfen Gayrimenkul Portföy Yönetimi A.Ş. ("Akfen GPYŞ"), BİZ Madencilik A.Ş. (formerly BISS Savunma Sanayi A.Ş. "BİZ Mining") has been taken over and also Akfen İnşaat Turizm ve Ticaret A.Ş., which was previously considered as a associate, ("Akfen Construction") has become a subsidiary. In addition, Travelex Döviz Ticaret A.Ş. ("Travelex") and Tepe Akfen Reformer ("TAR") were taken over as financial investments.

However, as of December 31, 2022, there are 12 subsidiaries directly owned by Akfen Holding (December 31, 2021: 10). The Company's direct subsidiaries are Akfen Construction, Akfen Danışmanlık, Akfen Tourism, Akfen GPYŞ, BİZ Mining, Adana İpekyolu Enerji Üretim Tic. San. A.Ş. ("Adana İpekyolu"), Akfen Enerji Gaz Santrali Yatırımları ve Ticaret A.Ş. ("Akfen Energy Gas"), Akfen Güneş Enerjisi Yatırım ve İşletme A.Ş. ("Akfen Solar Energy"), Temmuz Yatırım İnşaat A.Ş. ("Temmuz Investment"), Ağustos Yatırım İnşaat A.Ş. ("Ağustos Investment"), Ayrı Gayrimenkul Yatırım A.Ş. ("Ayrı Gayrimenkul") and Zeki Grup İnşaat ve Ticaret A.Ş. ("Zeki İnşaat"). All of Akfen Hastane Hizmetleri ve İşletmecilik A.Ş. ("Akfen Hospital")'s (formerly Akfen Rüzgar Enerjisi ve Ticaret A.Ş. ("Akfen Wind")) shares in Akfen Holding were transferred to Akfen Tourism on June 22, 2022, and as of this date, Akfen Tourism became the sole shareholder of Akfen Hospital, and Akfen Hospital became an indirect subsidiary of Akfen Holding. With the decision of Akfen Tourism and Akınısı Board of Directors dated August 12, 2022, it has been decided that Akınısı, which owns the majority shares of the Company (99.99%), joins Akfen Tourism as a whole, without liquidation. As of August 22, 2022, the merger of Akfen Tourism and Akınısı was completed and Akınısı was dissolved without liquidation. On July 29, 2022, Temmuz Investment and Ağustos Investment, whose capital is wholly owned by Akfen Holding, were established. With the partial demerger transaction registered on July 4, 2022, the Koparan land owned by Akfen Construction was transferred to Ayrı Gayrimenkul, which was the indirect subsidiary of Akfen Holding at that time, and the Tuluntaş land was transferred to Zeki İnşaat. Akfen Construction has put the aforementioned lands registered in its assets as capital in kind through partial demerger. The shares issued due to the lands taken over from Akfen Construction were given to Akfen Holding. As a result, Akfen Holding's share in Ayrı Gayrimenkul is 99.97%, Akfen Construction's share is 0.03%, Akfen Holding's share in Zeki İnşaat is 89.14%, and Akfen Construction's share is 10.86% and Ayrı Gayrimenkul and Zeki İnşaat became a direct subsidiary of Akfen Holding.

In addition, as of December 31, 2022, there are 5 joint ventures and 4 financial investments owned by Akfen Holding (December 31, 2021: 5 joint ventures and 4 financial investments).

The Company has joint management rights in Akfen Gayrimenkul Yatırım Ortaklığı A.Ş. ("Akfen REIT"), Akfen Yenilenebilir Enerji A.Ş. ("Akfen Renewable Energy"), Acacia Maden İşletmeleri A.Ş. ("Acacia Mine"), Akfen Çevre ve Su Yatırım Yapım İşletme A.Ş. ("Akfen Water"), and Marmara Deniz Otobüsleri Yatırım ve İşletme A.Ş. ("MDO"). Mersin Uluslararası Liman İşletmeciliği A.Ş. ("MIP"), TAV Yatırım Holding A.Ş. ("TAV Investment"), Travelex Doviz Ticaret A.S. ("Travelex") and Tepe Akfen Reformer are classified as financial investment.

(All amounts are in thousand Turkish Liras ("TRY") unless otherwise specified.)

1. ORGANIZATION AND NATURE OF OPERATIONS OF THE COMPANY *(cont'd)*

In addition, as of December 31, 2022 there are 7 (December 31, 2021: 7) indirect subsidiaries owned by Akfen Holding. The Company's indirect subsidiaries are Isparta Şehir Hastanesi Yatırım İşletme A.Ş. ("Isparta City Hospital"), Eskişehir Şehir Hastanesi Yatırım İşletme A.Ş. ("Eskişehir City Hospital"), Tekirdağ Şehir Hastanesi Yatırım İşletme A.Ş. ("Tekirdağ City Hospital"), Hacettepe Teknokent Eği. ve Kli. Ar. Mer. Sağ. Ar-Ge Dan. Pro. San. Tic. A.Ş. ("Hacettepe Teknokent"), Akfen Merter Gayrimenkul Turizm ve Inşaat A.Ş. ("Akfen Merter"), Haziran Yatırım İnşaat A.Ş. ("Haziran Investment") and Akfen Hospital.

Ayrı Gayrimenkul and Zeki İnşaat, which were an indirect subsidiary on December 31, 2021, became a direct subsidiary as of December 31, 2022. On July 29, 2022, Haziran Investment, whose capital is fully owned by Akfen Construction, was established and thus became an indirect subsidiary of Akfen Holding. Akfen Enerji Üretim ve Ticaret A.Ş. ("Akfen Energy Generation"), which is among Akfen Holding's subsidiaries was merged under Akfen Holding on March 5, 2021 and Isparta Yurt Yatırımları A.Ş., ("Isparta Dormitory") which is an indirect subsidiary of Akfen Holding and Masanda Turizm Yatırımları A.Ş. ("Masanda Tourism") which is an direct subsidiary were sold to Akfen Gayrimenkul Yatırım Ortaklığı A.Ş., which is also a subsidiary of the Company, on February 9, 2021.

As of December 31, 2022, the Group manages partnerships with nationally and internationally reputed partners such as, Tepe İnşaat Sanayi A,Ş, ("Tepe Construction"), İlbak Holding A.Ş., Kardan N.V., PSA International ("PSA"), Travelex Group, European Bank for Reconstruction and Development ("EBRD"), Global InfraCo SP NEUM SLU ("Global InfraCo") and International Finance Corporation ("IFC"). The Group also has a framework agreement with ACCOR S,A, ("Accor"), one of the world's leading hotel chains, for hotel brands Novotel and Ibis, which will have additional hotels constructed in Turkey.

Akfen Holding shares had been traded in Borsa Istanbul A,Ş, ("BİAŞ") under the code "AKFEN" since May 14, 2010 but were de-listed as of May 12, 2016.

The merger transaction on November 10, 2021, was evaluated as a "Business Combination Under Common Control" and was accounted for using the "Pooling of Interest" method. When the pooling of interest method is applied, the financial statements have been adjusted as if the merger had been realized at the beginning of the reporting period in which under common control occurred and they have been presented comparatively since the beginning of the reporting period in which the under common control occurred.

As of December 31, 2022 and 2021, the shareholders of Akfen Holding are as follows:

	December 31, 2022		December 31, 2021	
	Share Amount	Share Ratio %	Share Amount	Share Ratio %
Pelin Akın Özalp	428,652	47.10	329,732	47.10
Selim Akın	428,652	47.10	329,732	47.10
Akfen Holding (*)	20,648	2.27	15,883	2.27
Hamdi Akın (**)	29,902	3.29	23,002	3.29
Akfen Turizm	2,146	0.24	-	-
Akınısı	-	-	1,651	0.24
Paid-in capital (nominal)	**910,000**	**100**	**700,000**	**100**

(*) It consists of Akfen Holding's Treasury shares.

(**) There is 1 B Broup registered share of Hamdi Akın.

Akfen Holding's legal residence address is as follows:
Koza Sokak No:22 Gaziosmanpaşa
06700 / Ankara-Türkiye
Tel: 90 312 408 10 00 - Fax: 90 312 441 07 82

Web: http://www.akfen.com.tr

As of December 31, 2022, the number of employees of the Company and Company's joint ventures/financial investments is 60 (December 31, 2021: 54) and 4,484 (December 31, 2021: 5,137) respectively.

1. ORGANIZATION AND NATURE OF OPERATIONS OF THE COMPANY *(cont'd)*

The main subsidiaries and joint ventures/financial investments of Akfen Holding are listed as follows:

i) Subsidiaries

Akfen Construction

Akfen Construction, one of the oldest companies in the group, was originally set up to realize the feasibility and engineering services of industrial facilities and has expanded its range of services with the manufacturing, installation and erection services of industrial plants.

So far, Akfen Construction has built a number of infrastructure, including airport terminals and associated infrastructure constructions, natural gas pipelines/distribution systems, hospitals, schools, student residences, residential housing projects, industrial power plants, hydroelectric power plants, water distribution, sewage systems and wastewater treatment plants project.

Currently, Akfen Construction's field of activity are hospital Public Private Partnership projects via its subsidiaries Isparta Şehir Hastanesi Yatırım İşletme A.Ş., Eskişehir Şehir Hastanesi Yatırım İşletme A.Ş., Tekirdağ Şehir Hastanesi Yatırım İşletme A.Ş. (currently, three hospitals built with a Public Private Partnership model with a total bed capacity of 2,316), the dormitory via Hacettepe Teknokent Eği. Kli. Ar. Mer. Sağ. Ar-Ge Dan. Pro San. Tic. A.Ş. (2,264 bed capacity Hacettepe Student Residence) and construction/commitment projects with Haziran Investment.

Akfen Energy Generation

Akfen Holding took over the remaining 0.75% shares of Akfen Energy Generation, of which it has a 99.25% share from and Akfen Tourism, Akfen Construction and Akınısı equally, on January 18, 2021, thus becoming the 100% owner of the Company. Subsequently, merger transactions were initiated with Akfen Energy Generation, a 100% subsidiary of Akfen Holding. With the registration process that took place on March 5, 2021, Akfen Holding's merger with Akfen Energy Generation was completed.

Akfen Tourism

Akfen Tourism coordinates the Group's potential tourism investments. In this context; It operates Bodrum Loft holiday village, Big Chefs and Timboo Restaurants in Ankara Bulvar Loft, İncek Loft Ters Köşe Restaurant and Catering, the canteens of Isparta, Eskişehir and Tekirdağ City Hospitals and rental income is also obtained from the hotel in Uludağ. It also provides catering services in Ankara. With the decision of Akfen Tourism and Akınısı Board of Directors dated August 12, 2022, it has been decided that Akınısı, which owns the majority shares of the Company (99.99%), joins Akfen Tourism as a whole, without liquidation. As of August 22, 2022, the merger of Akfen Tourism and Akınısı was completed and Akınısı was dissolved without liquidation. However, all of Akfen Hospital's shares in Akfen Holding were transferred to Akfen Tourism on June 22, 2022, and as of this date, Akfen Tourism has become the sole shareholder of Akfen Hospital.

Akfen GPYŞ

Akfen Real Estate Portfolio Management was established in 2017. The main field of activity of the company is the establishment and management of real estate investment funds within the framework of the Capital Market Law and relevant legislation.

Among the subsidiaries of Akfen Holding, it was also established to develop an imported coal power plant in Adana-Yumurtalık with an electric power generation capacity of 615 MWm-600 MWe. Inactive Adana İpekyolu Enerji Üretim Tic. A.S, the inactive Akfen Enerji Gaz Santrali Yatırımları ve Ticaret A.Ş. and Akfen Güneş Enerjisi Yatırım ve İşletme A.Ş. companies.

In addition, as of December 31 2022, Akfen Danışmanlık and BİZ Mining companies are also included in the Group as subsidiaries.

1. ORGANIZATION AND NATURE OF OPERATIONS OF THE COMPANY *(cont'd)*

ii) Joint Ventures and financial investments

Akfen REIT

Akfen REIT was first incorporated on June 25, 1997 as a partnership of Hamdi Akın and Yüksel İnşaat A,Ş, to make domestic tourism investments, Akfen Holding then purchased Yüksel İnşaat A,Ş, shares in Aksel in 2006 and Akfen REIT became a subsidiary of Akfen Holding, The restructuring was registered on August 25, 2006 through the resolution of the CMB No, 31/894 of July 14, 2006 following the board resolution of April 25, 2006, thus transforming Akfen REIT into a "Real Estate Investment Trust", The acquisition of the trade name of Real Estate Investment Trust and the change in field of business were published on the Trade Registry Gazette of August 31, 2006.

The main field of business for Akfen REIT is to invest in real estate-based capital market instruments, establish and develop a real estate portfolio and engage in business for the purposes and subjects stated in Articles 23 and 25 of the CMB Communique on Principles Governing Real Estate Investment Trusts (Serial VI, No: 11), Akfen Holding, the controlling shareholder in Akfen REIT, signed a framework agreement with Accor, one of the world's leading hotel chains, to develop hotel projects in Turkey under the brand names Novotel and Ibis Hotel, Akfen REIT mainly develops hotel projects under brand names Novotel and Ibis Hotel and leases this out to Tamaris Turizm A,Ş, ("Tamaris"), a 100% affiliate of Accor operating in Turkey, Akfen REIT shares have been traded on BİAŞ under the share code "AKFGY" since May 11, 2011.

On February 21, 2007, the shares of Akfen Gayrimenkul Ticareti ve İnşaat A,Ş, ("Akfen Trade"), an associate of Akfen Holding, were transferred to Akfen REIT over their nominal value, The main field of business for Akfen Trade is to make real estate-based investments, and establish and develop a real estate portfolio, On May 31, 2011, Akfen REIT incorporated a subsidiary called Akfen Karaköy Gayrimenkul Yatırımları ve İnşaat A,Ş, in order to develop a hotel project in Karaköy,Istanbul, After the capital increase on May 18, 2018, the Group's direct and indirect ownership interest in Akfen Karaköy increased from 69.99% to 91.47%.

Akfen GT has 97.8% share of YaroslavlInvest Limited Company("YaroslavlInvest"), Samstroykom Limited Company ("Samstroykom") and KaliningradInvest Limited Company ("KaliningradInvest"), which has hotel investments in Russia and 96.17% of Volgastroykom Limited Company ("Volgastroykom"), where the office investment in Russia is located, and 100% of Severnyi Avtovokzal Limited Company ("Severnyi"), which has a hotel investment in Moscow. The main fields of activity of these companies are to realize hotel and office projects in Russia.

As of December 31, 2022, the total number of rooms in the 21 hotels (December 31, 2021: 20 hotels) owned by Akfen REIT is 3,720 (December 31, 2021: 3,720) while the total number of beds corresponding to such number of rooms is 7,298 (December 31, 2021: 7,298). As of February 9, 2021, the acquisition of Akfen REIT's shares of Masanda Tourism (Bodrum Loft) and Isparta Dormitory (Kütahya and Isparta dormitories) has been completed. Thus, the company added a holiday village with a capacity of 92 rooms and two dormitories with a bed capacity of 7,840 to its portfolio. On June 30, 2021, with the registration of the merger, Isparta Yurt Yatırımları A.Ş. and Masanda Turizm Yatırımları A.Ş. was taken over by Akfen REIT, along with all its assets and liabilities.

Akfen GYO has purchased 51% shares of Fıratcan İnş. Turz. Tic. A.Ş. ("Fıratcan Tourism") on March 31, 2021 for a consideration of TRY 58,375,000 (EUR 6,200,000). With this purchase, the Company, with reference to the Lease Agreement for Areas Containing Buildings signed between Fıratcan Tourism and TCDD on 5 July 2018; Söğütlüçeşme train station located in Kadıköy, Istanbul, has the right to carry out the work within the scope of the High Speed Train Station project, 2 years permit-license, 2 years construction period and 28 years operating lease. In this context, the Company has undertaken the Söğütlüçeşme High Speed Train Station Project to TCDD, and viaduct, train station, commercial area and parking lot will be built within the scope of the project. Within the scope of the project change on September 6, 2022, the contract was renewed and its term was extended until 2051.

Akfen GYO purchased a 22,197 square meter land in Bodrum Yalıkavak on September 15, 2022, with all licenses and permits ready. It is planned to develop and build a villa project on the relevant land and to sell the completed villas.

Akfen GYO has purchased 100% shares of Gökliman Yatırım İnşaat Turizm ve Jeotermal Tic. A.Ş. ("Gökliman") from Akfen Gayrimenkul Portföy Yönetim A. Ş. 1. Gayrimenkul Yatırım Fonu'ndan ("Akfen GPYŞ 1. GMY Fonu") on December 29, 2022 for a consideration of TRY 477,000,000. Gökliman's main field of activity is to make and operate tourism investments, and there is a total of 83,624.59 m2 of land in Muğla province, Milas district, Kıyıkışlacık Neighborhood/Village, Gökliman Locality.

Akfen Holding's share became 30.37% after Akfen REIT's dedicated, paid-in capital increase completed as of February 9, 2021. After the paid capital increase on August 20, 2021, Akfen Holding's share became 23.94%. On November 14, 2022, Akfen REIT shares (10% of the capital) owned by Akfen Holding with a nominal value of TRY 129,990,000 were sold at a price of TRY 3.70, within the scope of wholesale transactions. After the sale, Akfen Holding's share became 13.94%.

1. ORGANIZATION AND NATURE OF OPERATIONS OF THE COMPANY *(cont'd)*

ii) Joint Ventures and financial investments *(cont'd)*

MIP

MIP was incorporated on May 4, 2007 by PSA-Akfen Holding Joint Venture Group, which submitted the highest bid and was awarded the contract on the transfer of operating rights for Mersin Port, which is owned by the Republic of Turkey State Railways ("TCDD"), for a period of 36 years during the tender held by the Republic of Turkey Presidency of Privatization Administration ("ÖİB"). Through the concession agreement signed with ÖİB and TCDD on May 11, 2007, MIP took over Mersin Port from TCDD to operate the port for a period of 36 years.

As at July 28, 2017, Akfen Holding signed an agreement with Global InfraCo SP NEUM SLU in order to sell its 40% stake in MIP, for a total consideration of USD 869 million. The sale has been completed as of October 27, 2017, after that date, the value of the MIP's retained stake has been recognized under financial investments with its fair value on the consolidated financial statements.

Akfen Renewable Energy

Under restructuring efforts for the renewable energy portfolio, the process of absorption merger for Akfenres Rüzgar Enerjisi Yatırımları A.Ş. ("Akfen WPP"), a subsidiary of the Company, into AkfenHES Yatırımları ve Enerji Üretim A.Ş. ("Akfen HEPP") completely (universally) and without liquidation and of changing the trade name of Akfen HEPP to Akfen Yenilenebilir Enerji A.Ş. were completed and registered as of January 19, 2016.

On December 15, 2015, Akfen Holding signed a shareholders' agreement with the EBRD worth USD 100 million for a total of 20 percent stake in the renewable energy company which will be incorporated through restructuring by a merger of renewable energy subsidiaries, namely Akfen HEPP, Akfen WPP, Akfen Electricity Wholesale and Karine SPP, following the transfer of the latter to the Holding, under the same roof. On June 23, 2016, the previous agreement signed with the EBRD was amended, and a new agreement was signed with the EBRD and the IFC in order for them to become shareholders in Akfen Renewable Energy, each subscribing for 16.667% of shares on a fee of USD 100 million, Following the fulfillment of closing requirements, the capital of Akfen Renewable Energy was increased, on premium, to TRY 705,000 from TRY 634,500 with the EBRD and the IFC transferring USD 44,444,444 for 5% of shares each to Akfen Renewable Energy. The capital increase was registered on July 12, 2016. The share transfer agreement stipulates that Akfen Renewable Energy be managed jointly by Akfen Holding, EBRD and IFC, and unanimous decisions of the parties be sought in relation to operations which significantly impact on Akfen Renewable Energy's returns. Therefore, Akfen Holding considered this transaction to be a sale of shares in a subsidiary, which gives rise to a loss of control, and the equity accounting of the Company's shares in Akfen Renewable Energy started.

On December 5, 2019, the capital of Akfen Renewable Energy was increased to 959,410 TL with a premium, within this scope, a total of USD 12,078,804 was transferred to Akfen Renewable Energy by the EBRD and IFC, thus EBRD and IFC's shares were from 15,982% to 16.993%. While the share of Akfen Holding decreased from 68,036% to 66,134%. On February 17, 2020, Akfen Renewable Energy's capital was increased to TL 1,016,032 at a premium, within this scope, US $ 5,100,000 was transferred from the EBRD to Akfen Renewable Energy, thus Akfen Holding's share was 66.91%, EBRD's share was 17.10%, and IFC's share was 15.99%. As of December 31, 2022 and 2021, Akfen Holding's share in Akfen Renewable is 66.91%.

HEPP Companies

As of December 31, 2022, the HEPP Companies have a total installed capacity of 228,7 MW and an annual power generation capacity of 894,9 GWh, with generation operations going on in 12 power plants.

As of December 31, 2022; Akfen Renewable Energy has 4 subsidiaries it owns directly and via companies within the same controlling structure under HEPP Companies, namely Bt Bordo Elektrik Üretim Dağıtım Pazarlama Sanayi ve Ticaret A.Ş. ("Bt Bordo"), Elen Enerji Üretimi Sanayi ve Ticaret A.Ş. ("Elen"), HHK Enerji Elektrik Üretim A.Ş. ("HHK") and Yeni Doruk Enerji Elektrik Üretim A.Ş. ("Yeni Doruk"). Kurtal Elektrik Üretim A.Ş., a subsidiary of Akfen Renewables. (7 MW Çiçekli HEPP) shares were transferred on December 28, 2022.

WPP Companies

As of December 31, 2022; Akfen Renewable Energy has 7 subsidiaries it owns directly and via companies within the same controlling structure under WPP Companies, namely, İmbat Enerji A.Ş., Kanat Enerji A.Ş., Pruva Enerji A.Ş., Derbent Enerji Üretim Paz.İth.ve İhr.A.Ş., Isıder Enerji Üretim Paz.İth.ve İhr.A.Ş., Korda Enerji Üretim Paz.İth.ve İhr.A.Ş. and Kovancı Enerji Üretim Paz.İth.ve İhr.A.Ş.

As of December 31, 2022, a WPP project with a total installed power of 348.9 MW is in operation.

1. ORGANIZATION AND NATURE OF OPERATIONS OF THE COMPANY *(cont'd)*

ii) Joint Ventures and financial investments *(cont'd)*

Akfen Renewable Energy *(cont'd)*

SPP Companies

As of December 31, 2022, SPP Companies continue to work on a portfolio of projects with a total installed power of 121.4 MW, consisting of 26 MW unlicensed and 95.4 MW licensed projects. In this context, there are 33 project companies, Akfen Renewable, excluding two of these companies (Me-Se Elektrik Üretim A.Ş. ("Me-Se") 80%, Solentegre Enerji Yatırımları Tic. A.Ş. (Solentegre)% 90) has 100% of the rest.

All of the HEPP Companies projects in Akfen Renewable's portfolio, with the exception of Sırma HEPP, are within the scope of The Law On The Utilization Of Renewable Energy Resources For The Purpose of Generating Electrical Energy. Projects included in this scope have the right to benefit from the government's guarantee of purchasing a minimum of 7,3 USD cents/kWh from generation for 10 years from the date commissioning, if they obtain a Renewable Energy Resources Certificate and complete their investments by 30 June 2021. Within the scope of the aforementioned support mechanism, WPP portfolio can benefit a purchasing guarantee over 7,3 USD cents/kWh while the SPP portfolio can benefit a purchasing guarantee of 13,3 USD cents/kWh. It is regulated that the holders of WPP certified generation licenses subject to the Renewable Energy Resources ("YEK") support mechanism ("YEKDEM") that will be put into operation from January 1, 2021 to June 30, 2021, can benefit from the incentives regulated in Article 6 and Article 6/B of the Law on the Use of Renewable Energy Resources for the Purpose of Electricity Generation ("Law") until December 31, 2030 with the President's decision dated September 17, 2020 and numbered 2949 ("Decision"), published in the Official Gazette numbered 31248 on September 18, 2020 and entered into force on the same day. In the situation before the decision came into force, the incentives for the WPP support mechanism would only be applied to the WPP certified generation license holders that would go into operation before December 31, 2020. Within the scope of the relevant regulation, if the investments are completed by June 30, 2021, WPP companies can benefit from a minimum purchase guarantee of 7,3 USD cent/kWh, and SES companies a minimum of 13,3 USD cent/kWh. Within the scope of the same law, there are various domestic contribution additions in case of domestic equipment being used in the production facility. As of October 19, 2017, the application for Solentegre SPP project under Solentegre within the "Regulation on Supporting Domestic Parts Used in Facilities Producing Electric Energy from Renewable Energy Sources" has been evaluated positively and it was entitled a domestic contribution of 0,44 USD cent/kWh starting from 1 January 2018. However, the other licensed SPP in the Akfen Renewable portfolio are Me-Se, MT, Engil 208, Erciş and Yaysun, as of 1 January 2019, Engil 207 as of 1 January 2020, with 0,44 USD cent / kWs and licensed WPP projects, as of 1 January 2020, Kocalar, Hasanoba, Üçpınar and Denizli have been entitled to receive a domestic contribution of 0,60 USD cent/kWh.

TAV Investment

TAV Investment was incorporated on July 1, 2005 to make investments in aviation and construction sectors. The main fields of business for TAV Investment are construction and car park operations, TAV Investment's subsidiary is TAV Tepe Akfen Yatırım İnşaat ve İşletme A.Ş. ("TAV Construction").

Akfen Holding acquired its 21.68% share in TAV Investment Holding, Gazelle Yatçılık Gayrimenkul Turizm Otomotiv İç ve Dış Ticaret A.Ş. on May 29, 2019 for USD 500,000, based on the contract dated May 10, 2019. ("Gazelle Yatçılık") and the share transfer was notified to the company on June 12, 2019 for the transfer to be recorded in the share register. As of December 31, 2022 and 2021, since the transfer transaction has not been recorded in TAV Investment's share ledger, TAV Investment is accounted in the financial investments.

1. ORGANIZATION AND NATURE OF OPERATIONS OF THE COMPANY *(cont'd)*

ii) Joint Ventures and financial investments *(cont'd)*

Akfen Water

Akfen Water Güllük started operations on August 24, 2006. All the shares of Akfen Su Güllük which is a wholly owned subsidiary of Akfen Su, were transferred to Hzr Environment and Water Investments Inc. with all its rights and obligations on April 19, 2021.

In addition, Akfen Water employs new technologies in line with the needs of its customers to develop and manage sustainable and environmentally-friendly Solid Waste Management systems. Concluding its first contract on Solid Waste Services with İDO, Akfen Water also started to provide waste management services for City Hospitals projects run by the Republic of Turkey Ministry of Health within a Public-Private Partnership model. To this end, Akfen Water signed its first contract with Isparta Şehir Hastanesi Yapım ve İşletme A.Ş. and provides the services of managing waste management processes. Subsequently, Akfen Water also started to provide waste management services to Mersin Integrated Health Campus and Yozgat City Hospital projects. Furthermore, it began to provide hazardous and non-hazardous waste disposal and recycling services to MIP during 2016.

İDO and MDO

The tender held by Istanbul Metropolitan Municipality ("IBB"), the former controlling shareholder of İDO, for the block selling of İDO on June 16, 2011 was awarded to Tepe Construction, Akfen Holding, Souter and Sera Gayrimenkul Yatırım ve İşletme A.Ş. Joint Venture Group, İDO carries passengers and vehicles under the name "Sea Bus and Fast Ferry Lines" on intracity and intercity sea routes. Having a modern fleet of 50 vessels (24 sea buses, 21 ferryboats, 7 fast ferries and 1 service ships), İDO carries passengers and vehicles in Marmara Sea on a total of 16 lines. As of December 31, 2022, sea buses, fast ferries and ferryboats have a total capacity of 32,644 passengers in summer season and 26,598 passengers in winter season while presenting a vehicle capacity of 2,124 in both seasons.

Akfen Holding's share became 50% (other partner Tepe İnşaat with 50% share) after the share transfers made as of October 14, 2020, within the scope of the restructuring of the project financing completed in 2021 at the stage of completion of İDO. In this context, MDO, which will also operate in the field of marine transportation, was established on May 5, 2021, with 50%/50% equal shares, in partnership with Akfen Holding and Tepe İnşaat. With the restructuring completed on July 8, 2021, Akfen Holding and Tepe İnşaat transferred their shares in İDO to MDO and MDO became the 100% owner of İDO.

Acacia Mine

Asya Maden İşletmeleri A.Ş. was founded in 2007. In 2011, Akfen Group became a shareholder with a share of 30% in 2016. The Company still carries out its activities under the name of Acacia Maden İşletmeleri A.Ş. as a partnership of Akfen Holding, Ilbak Holding and İzbir Madencilik A.Ş. The Company is constructing the Gökirmak copper mine project in the Hanönü district of Kastamonu province. As of March 15, 2019, Acacia Maden produced the first salable copper.

On July 22, 2022, Akfen Holding's shares in Acacia, constituting 4.5% of Acacia's total capital, were transferred to Bacacı Uluslararası Ticaret Yatırımları ve Yönetim A.Ş.

Travelex

Travelex, which opened its first store in London in 1976, is the world's leading independent foreign exchange trading company. It operates in 12 locations in Turkey.

IBS Insurance

Akfen Holding signed a sales agreement on December 28, 2020 to sell the remaining 20% of its shares in IBS, and the mentioned sale transaction was completed on January 28, 2021.

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

2.1 Basis of Presentation of Financial Statements

Declaration of conformity

The accompanying consolidated financial statements are prepared in accordance with Turkish Financial Reporting Standards ("TFRS") published by Public Oversight Accounting and Auditing Standards Authority ("POA") as set out in the Communiqué numbered II-14.1 "Communiqué on Principles of Financial Reporting in Capital Markets" published in the Official Gazette numbered 28676 on 13 June 2013. TFRSs consist of standards and interpretations which are published as Turkish Accounting Standards ("TAS"), Turkish Financial Reporting Standards, interpretations of TAS and interpretations of TFRS.

The consolidated financial statements are presented in accordance with "Announcement regarding with TFRS Taxonomy" which was published on 15 April 2019 by POA and templates defined in the Illustrative Financial Statements and User Guide published by Capital Markets Board of Turkey ("CMB").

The consolidated financial statements are approved by the Company's Board of Directors on March 10, 2023. The General Assembly of the Company has the right to amend and relevant regulatory bodies have the right to request the amendment of these consolidated financial statements.

Going concern

The Group has prepared its financial statements in accordance with the going concern principle.

Principles of measurement

The consolidated financial statements are issued over historical costs except for financial assets whose fair value differences are recognized in profit or loss and whose fair value differences are classified in other comprehensive income.

- Financial assets related to concession service agreements
- Derivative financial instruments at fair value through profit or loss,

The determination of historical cost is generally based on the fair value of the amount paid for the assets at the acquisition date. The financial statements have been prepared on the historical cost basis, adjusted for the effects of inflation, which ended on 31 December 2004.

Fair value measurement principles are explained in Notes 10, 12 and 34.

In the announcement published by the Public Oversight Accounting and Auditing Standards Authority on January 20, 2022, it is stated that TAS 29 Financial Reporting in Hyperinflationary Economies does not apply to the TFRS financial statements as of December 31, 2021. No new announcement has been made by the POA regarding the application of inflation accounting, and in this respect, financial statements as of December 31, 2022 are not adjusted for inflation in accordance with TAS 29.

Applicable currency and reporting currency

Akfen Holding, its subsidiaries operating in Turkey and its affiliates under joint control keep their accounting records and financial statements in TRY in accordance with the Turkish Commercial Code and the Tax Procedure Code. The attached consolidated financial statements are presented in TRY, the Company's reporting currency, and are issued in accordance with the TAS by taking legal accounting records as basis and creating the required adjustment and classification records.

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS *(cont'd)*

2.1 Basis of Presentation of Financial Statements *(cont'd)*

Applicable currency and reporting currency *(cont'd)*

As of December 31, 2022 and 2021 the functional currencies of subsidiaries, joint ventures and financial investments are as follows:

Company	Functional Currency
Akfen REIT	TRY
Akfen Renewable	TRY
Akfen Water	TRY
MDO/İDO	TRY
Akfen Construction	TRY
Akfen Danışmanlık	TRY
Akfen Tourism	TRY
Akfen GPYŞ	TRY
BİZ Mining	TRY
Adana İpekyolu	TRY
Akfen Energy Gas	TRY
Akfen Solar Energy	TRY
Temmuz Investment	TRY
Ağustos Investment	TRY
Ayrı Gayrimenkul	TRY
Zeki İnşaat	TRY
Acacia Mine	US Dollar

Principles for consolidation

The attached consolidated financial statements, which are all prepared in consistence with the principles set in the consolidated financial statements for the accounting years ended on December 31, 2022 and 2021, include the accounts for investments in equity-accounted joint ventures by Akfen Holding, the parent company, and its subsidiaries that are consolidated via the full consolidation method.

Subsidiaries and joint ventures are consolidated using the following methods:

Subsidiaries

Subsidiaries are exposed to, or are eligible for, returns on variable returns due to the relationship Akfen Holding invests in refers to the companies in which it has control authority because it has the ability to influence it with its power on the enterprise.

(All amounts are in thousand Turkish Liras ("TRY") unless otherwise specified.)

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS *(cont'd)*

2.1 Basis of Presentation of Financial Statements *(cont'd)*

Subsidiaries *(cont'd)*

	December 31, 2022 Shareholding rate(%)	December 31, 2022 Voting rights	December 31, 2021 Shareholding rate(%)	December 31, 2021 Voting rights	Main Operations
Direct subsidiaries					
Adana İpekyolu	99.96	99.96	99.96	99.96	*Inactive*
Akfen Energy Gas	100	100	100	100	*Inactive*
Akfen Solar Energy	100	100	100	100	*Inactive*
Akfen Construction (1)	100	100	100	100	*Construction*
Akınısı (1) (2)	-	-	99.99	99.99	*Inactive*
Akfen Danışmanlık (1)	100	100	100	100	*Consultancy services*
Akfen Tourism (1)	100	100	99.99	99.99	*Tourism/Restaurant administration*
Akfen GPYŞ (1)	100	100	100	100	*Real estate portfolio management*
BİZ Mining (1)	100	100	100	100	*Inactive*
Temmuz Investment (3)	100	100	-	-	*Inactive*
Ağustos Investment (3)	100	100	-	-	*Inactive*
Ayrı Gayrimenkul (4)	100	100	-	-	*Inactive*
Zeki İnşaat (4)	100	100	-	-	*Inactive*
Indirect subsidiaries					
Isparta City Hospital (5)	99.88	99.88	99.88	99.88	*City hospital*
Eskişehir City Hospital (5)	100	100	100	100	*City hospital*
Tekirdağ City Hospital (5)	100	100	100	100	*City hospital*
Hacettepe Teknokent (*) (5)	70	70	70	70	*Dormitory management*
Haziran Investment (3) (5)	100	100	100	100	*Inactive*
Akfen Merter (5)	91.52	91.52	91.52	91.52	*Real estate*
Akfen Hospital (6)	100	100	100	100	*City hospital services*
Zeki İnşaat (4)	-	-	100	100	*Inactive*
Ayrı Gayrimenkul (4)	-	-	100	100	*Inactive*

(1) After the merger of Akfen Holding and Akfen Altyapı Holding on November 10, 2021, it became a subsidiary of Company.

(2) With the decision of Akfen Tourism and Akınısı Board of Directors dated August 12, 2022, it has been decided that Akınısı, which owns the majority shares of the Company (99.99%), joins Akfen Tourism as a whole, without liquidation. As of August 22, 2022, the merger of Akfen Tourism and Akınısı was completed and Akınısı was dissolved without liquidation.

(3) It was established on July 29, 2022.

(4) With the partial demerger transaction registered on July 4, 2022, the Koparan land owned by Akfen Construction was transferred to Ayrı Gayrimenkul, which was the indirect subsidiary of Akfen Holding at that time, and the Tuluntaş land was transferred to Zeki İnşaat. Akfen Construction has put the aforementioned lands registered in its assets as capital in kind through partial demerger. The shares issued due to the lands taken over from Akfen Construction were given to Akfen Holding. As a result of this, while they were indirect subsidiaries as of December 31, 2021, they became direct subsidiaries as of December 31, 2022 after the merger.

(5) It is a subsidiary of Akfen Construction.

(6) All of Akfen Hospital's shares in Akfen Holding were transferred to Akfen Tourism on June 22, 2022, and as of this date, Akfen Tourism has become the sole shareholder of Akfen Hospital and Akfen Hospital has become an indirect subsidiary of Akfen Holding.

(*) The Group controls the company by holding the majority of the voting rights

Joint agreements and financial investments

Joint ventures are established through an agreement for the Company and its subsidiaries to undertake an economic activity in a way to be jointly managed by one or more enterprising partners.

In the equity method, the joint venture investment is initially recognized via the acquisition cost, Following the date of acquisition, the share of the investor in the profits or losses of the invested enterprise is reflected in the financial statements by increasing or decreasing the carrying amount of the investment. The share the investor will get from the profits or losses of the invested enterprise is recognized as the profit or loss of the investor. Any distributions (of dividend, etc.) received from an invested enterprise reduce the carrying amount of the investment. The carrying amount of the invested enterprise needs to be adjusted in a way to correspond to the share the investor gets from the changes in the other comprehensive income of the enterprise. The details of the Company's subsidiaries and financial investments as of December 31, 2022 and 2021 are as follows:

(All amounts are in thousand Turkish Liras ("TRY") unless otherwise specified.)

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS *(cont'd)*

2.1 Basis of Presentation of Financial Statements *(cont'd)*

***Joint agreements and financial investments** (cont'd)*

	December 31, 2022		December 31, 2021		
	Shareholding rate (%)	**Voting rights (%)**	**Shareholding rate (%)**	**Voting rights (%)**	**Main Operations**
Financial investments					
MIP	10	10	10	10	*Port management*
TAV Investment	21.68	21.68	21.68	21.68	*Construction and parking management*
Travelex [(1)]	10	10	10	10	*Currency trading activity*
Tepe Akfen Reformer [(*)] [(1)]	26	26	26	26	*Inactive*
Joint ventures					
Akfen Water [(**)]	50	50	50	50	*Solid waste services*
Akfen Renewable Energy [(**)]	66.91	66.91	66.91	66.91	*Energy*
MDO/İDO [(***)]	50	50	50	50	*Sea bus transportation*
Acacia Mine	25.5	30	30	30	*Mine*
Akfen REIT [(****)]	13.94	23.94	23.94	23.94	*Real estate investment/Tourism*

(*) It is considered as a financial investment as it does not have a significant impact on the business.

(**) Decisions regarding transactions that significantly affect the activities of companies are taken jointly by Akfen Holding and other partners. Therefore, these companies are accounted for as investments valued using the equity method.

(***) Akfen Holding's share became 50% after the share transfers made as of October 14, 2020, within the scope of the restructuring of the project financing at the stage of completion of İDO. In this context, MDO, which will also operate in the field of marine transportation, was established on May 5, 2021, with 50%/50% equal shares, in partnership with Akfen Holding and Tepe İnşaat.

(****) After the capital increases on January 12, 2021, February 9, 2021 and August 20, 2021, Akfen Holding's share in Akfen REIT decreased to 23.94%. On November 14, 2022, Akfen REIT shares (10% of the capital) owned by Akfen Holding with a nominal value of TRY 129,990,000 were sold at a price of TRY 3.70, within the scope of wholesale transactions. After the sale, Akfen Holding's share became 13.94%.

(1) After the merger of Akfen Holding and Akfen Altyapı Holding on November 10, 2021, it became Akfen Holding's financial investment.

Combinations of businesses under joint control

Business combinations arising from the transfer of the shares of companies under the control of the shareholder that controls the Group are recognized like they took place at the beginning of the earliest comparative period offered, and, if it took place later, on the date the joint control is established. To this end, comparative periods are restated. Acquired assets and liabilities are recorded over the carrying amount registered in the consolidated financial statements of the shareholders under the Group's control. The shareholders' equity items for the acquired companies are added to the same items in the Group's equity except for the capital and the resulting profit or loss is recognized within equity.

Adjustment transactions in consolidation

Intra-group transactions and balances among the companies included in the consolidation are written off during consolidation. Unrealized profits and losses arising from transactions between the company and its consolidated subsidiaries and joint ventures are adjusted to the extent of the Group's share in the joint venture.

Business combinations for purchasing from third persons

Purchasing from third persons are recognized by using the purchasing method. Purchasing cost is calculated as the total of the fair values of assets, of the liabilities that arise or are assumed, and of the equity capital instruments issued to acquire the control of the affiliate as well as the total of other costs directly attributable to acquisition. In accordance with TFRS 3, identifiable assets, liabilities and conditional liabilities which meet the registration requirements are registered over their fair values.

(All amounts are in thousand Turkish Liras ("TRY") unless otherwise specified.)

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS *(cont'd)*

2.1 Basis of Presentation of Financial Statements *(cont'd)*

Foreign currency

Foreign currency transactions

Foreign currency transactions are translated into the functional currencies of the relevant Group companies over the exchange rate on the date when the transaction took place. Foreign currency-denominated monetary assets and liabilities are translated into the functional currency over the exchange rate on the reporting date. Foreign currency-denominated non-monetary assets and liabilities that could be measured by their historical costs are translated over the exchange rate on the transaction date. Exchange differences due to translation are recorded in the consolidated other comprehensive income statement.

Group companies prefer to use USD or TRY as the functional currency since they are widely used or have a significant impact on the operations of the relevant Group companies and reflect the key economic events and developments pertaining to such companies. All currencies except for the currency used to measure the items in financial statements are called a foreign currency. As per the relevant provisions of TAS 21 (Effects of Changes in Foreign Exchange Rates) standard, transactions and balances not calculated over the functional currencies are re-calculated over the relevant currencies, The Group adopts TRY as the reporting currency.

The assets and liabilities of Group companies that employ a functional currency other than the Group's reporting currency are translated into the Group's reporting currency over the exchange rate on the balance sheet date. The income and expenditures or such Group companies are translated into the reporting currency over the average exchange rate for the period. Equity capital items are reported over their cost value. Foreign currency translation differences are indicated in the equity capital under the item "Foreign currency translation difference". When the relevant Group companies are disposed of partially or fully, the relevant amount under "foreign currency translation difference" is classified into consolidated profit or loss.

As of December 31, 2022 and 2021, the period-end exchange rates are as follows:

	Exchange Rate at Period End	
	December 31, 2022	December 31, 2021
US Dollar	18.6983	12.9775
Euro	19.9349	14.6823

Foreign operations

Assets and liabilities from operations abroad including fair value adjustments due to acquisition as well as goodwill are translated into TRY over the exchange rates on the reporting date. Income and expenditures from operations abroad are translated into TRY over the average rates for the relevant period.

Foreign currency translation differences are recorded under foreign currency translation differences under equity. In the event that operations abroad are sold out partially or fully, the relevant amount in the foreign currency translation difference is transferred to the profit or loss.

Comparative information and the adjustment of consolidated financial statements from previous periods

The attached consolidated financial statements are compared to the previous period in order to identify trends in the financial position, performance and cash flow of the Group. In order to ensure comparability if the way the items in the consolidated financial statements are represented or classified changes, consolidated financial statements from the previous periods are also re-classified accordingly and explanations are provided on such matters.

(All amounts are in thousand Turkish Liras ("TRY") unless otherwise specified.)

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS *(cont'd)*

2.1 Basis of Presentation of Financial Statements *(cont'd)*

Inventories

The Group's inventories mainly include the costs of construction projects in progress and the units available for sale. Inventories are measured at the lower of cost or net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses.

Tangible fixed assets

Accounting and measurement

Tangible fixed assets purchased until December 31, 2004 are adjusted for inflation in TRY denomination as of December 31, 2004 in compliance with TAS 29. Accordingly, tangible fixed assets are indicated by deducting accumulated depreciation and permanent losses in value from the historical costs under inflation. Tangible fixed assets purchased starting from January 1, 2005, on the other hand, are indicated by deducting accumulated depreciation and permanent losses in value from their historical costs. Fixed assets included as power plants in the Group's nvestments accounted using the equity method are recognised for using the revaluation method. In addition, land and buildings at Akfen Construction are presented at their fair value at the revaluation date, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost reflects those expenditures that are directly related to the acquisition of the asset concerned. The cost of the assets constructed by the Group includes the material costs, labor costs and the costs directly related with making that asset available for the use of the Group as well as the costs for disassembly and replacement of parts and the costs for the restoration of the space such parts are in. Any software purchased in order to use the relevant equipment is capitalized as a part of that equipment. Items constituting tangible fixed assets are recognized as separate items (basic components) of tangible fixed assets if they have different economic lives.

Profits or losses regarding the disposal of tangible fixed assets are determined by comparing the disposal fee and the registered value of the asset concerned and are registered in the consolidated comprehensive income statement under "income and profits/(expenditures and losses) from investment operations".

Subsequent expenses

Expenses arising from replacing any part of tangible fixed assets and including research and maintenance and repair costs can be capitalized if they increase the future economic benefit of the said tangible fixed asset. The registered values of the changed parts are removed from the records. All other expenses are recognized in profit or loss as they occur.

Depreciation

Tangible fixed assets are depreciated and registered under profit or loss after the estimated surplus value is deducted by using the straight-line method of depreciation on the basis of the date of purchasing or installation according to the estimated useful lives of assets. Terrain and land are not depreciated.

Economic lives in the current period and previous periods are as follows:

Description	***Years***
Buildings	2-50
Furniture and fixtures	2-15
Machinery and Equipment	3-40
Vehicles	5
Special costs	1-15

Special costs are depreciated with straight-line method of depreciation over their relevant rental periods or economic lives, whichever is shorter.

Depreciation methods, economic lives and residual values are reviewed at the end of each accounting period.

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS *(cont'd)*

2.2 Summary of Significant Accounting Policies

Intangible fixed assets

Licenses and other intangible fixed assets

Intangible fixed assets that are acquired by the Group and have a limited economic life are reflected after the accumulated amortization and accumulated impairments are deducted from historical cost.

Subsequent expenditures

Other subsequent expenditures may be capitalized if they can increase the future economic benefit of the said intangible fixed asset. All other expenses within the enterprise including those related to goodwill and trademarks are indicated under profit or loss as they arise.

Amortization

During their economic lives, intangible fixed assets are registered under profit or loss through the straight-line method of amortization starting from the date when they become available for use. Out of intangible fixed assets. Licenses are amortized within a range of 3-49 years while other intangible fixed assets are amortized within a range of 3-5 years.

Investment properties

Investment properties are initially valued at their cost and recognized at fair value at each reporting date. Gains or losses on the disposal of investment properties (calculated as the difference between the net income from disposal and property, plant and equipment) are recognized in the income statement. Fair value increases are recognized in the income statement.

The Group classifies its rights regarding the lands it leased to develop investment property as investment property. In such a case, the right for the land in question is accounted for in the same way as leasing, and in addition, the fair value method is used for the land in question. Since the fair value determinations of the investment properties of the Group, which are developed above the leased lands, are made by deducting the lease fees to be paid for these lands from the estimated cash flows, the reduced values of the lease payable related to the lands are mutually accounted in the investment properties and borrowings accounts.

Leasing transactions

At inception of a contract, the Group assesses whether a 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. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in TFRS 16.

This policy is applied to contracts entered into, on or after 1 January 2019.

Group as a lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS *(cont'd)*

2.2 Summary of Significant Accounting Policies *(cont'd)*

Leasing transactions *(cont'd)*

Group as a lessee *(cont'd)*

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Short-term leases and leases of low-value assets

The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

<u>The Group as a lessor</u>

The Group allocates the price in the contract on the basis of the relative stand-alone price for a contract that includes a lease component and one or more additional lease components or non-lease components, at the inception of the contract or when the contract containing the lease component is modified.

When the Group is in the position of lessor, it classifies each of the leases as operating leases or finance leases.

To classify each lease, the Group makes an overall assessment of whether the lease essentially transfers all the risks and rewards of ownership of the asset. A lease is a finance lease when it transfers risks and rewards; otherwise, it is an operating lease. As part of this assessment, the Group considers some other indicators, such as whether the lease term covers most of the economic life of the underlying asset.

When the Group is an intermediate lessor, it considers the main lease and the sublease separately. It evaluates the lease classification of a sublease by referring to the right-of-use asset arising from the lease, not by reference to the underlying asset. If a lease is a short-term lease to which the Group applies the exemption described above, it classifies the sublease as an operating lease.

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS *(cont'd)*

2.2 Summary of Significant Accounting Policies *(cont'd)*

Right to use assets

The Group recognizes the right of use assets on the date the lease commences (for example, as of the date when the asset is eligible for use). Right of use assets are calculated by deducting accumulated depreciation and impairment losses from the cost value. If the financial lease payables are revalued, this figure is adjusted.

The cost of the right-of-use asset includes:
(a) the initial measurement of the lease liability,
(b) the amount obtained by deducting all lease incentives received from all lease payments made on or before the effective date of the lease, and
(c) all initial direct costs incurred by the Group.

Unless the transfer of ownership of the underlying asset to the Group at the end of the lease term is reasonably finalized, the Group depreciates the right of use asset from the effective date of the lease until the end of the useful life of the underlying asset.

Right of use assets are subject to impairment assessment.

Financial Assets

Classification

Group classifies its financial assets in three categories of financial assets measured at amortized cost, financial assets measured at fair value through other comprehensive income and financial assets measured at fair value through profit 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 assets. The appropriate classification of financial assets is determined at the time of the purchase. Financial assets are not reclassified after initial recognition unless the business model that the Group uses in the management of financial assets has changed; In the event of a change in business model, the financial assets are reclassified on the first day of the following reporting period.

Recognition and Measurement

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

"Financial assets reflected at fair value through other comprehensive income" are non-derivative instruments that are held within the scope of a business model that aims to collect contractual cash flows and sell the financial asset, and in which there are cash flows that include only interest payments arising from the principal and principal balance at certain dates in the terms of the contract. are financial assets. Gains or losses arising from the relevant financial assets other than impairment gains or losses and foreign exchange gains or expenses are reflected in other comprehensive income. In case the mentioned assets are sold, valuation differences classified to other comprehensive income are classified into previous years' profits. For investments in equity-based financial assets, the Group may irrevocably opt for the method of reflecting subsequent changes in fair value to other comprehensive income at initial recognition. In the event that the said choice is made, the dividends obtained from the relevant investments are accounted in the consolidated statement of profit or loss. The Group's financial assets, whose fair value difference is reflected in other comprehensive income, includes financial investments based on equity.

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

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS *(cont'd)*

2.2 Summary of Significant Accounting Policies *(cont'd)*

Financial Assets *(cont'd)*

Recognition and Measurement (cont'd)

Financial assets at fair value through profit or loss also include "derivative instruments" and "financial assets related to concession agreements" in the statement of financial position. Derivative instruments are recognized as an asset if the fair value is positive and as a liability if the fair value is negative. Derivative instruments of the Company reflected in profit or loss consist of interest rate fixing contracts.

Financial assets related to concession agreements

Under concessionary service agreements, the operator has the unconditional right to collect cash if the grantor commits to the following payments:

- An amount determined or determinable in the contract or
- Contractually undertake to pay the gap, if any, between the amounts collected from public service users and the amounts determined or determinable.

Financial assets are measured at their fair value using the method of discounting the expected future use price returns to the present. Fair value losses or gains of financial assets are recognized in the profit or loss statement.

Derecognition

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

The company derecognises a financial liability from the statement of financial position only when the liability related to that liability is eliminated or cancelled. In addition, the Company derecognises a financial liability from the statement of financial position in the event of a material change in the terms or cash flows of an existing financial liability. Instead, it requires the recognition of a new financial liability at its fair value based on the modified terms.

On derecognition of a financial liability, the difference between its carrying amount and the amount paid for that liability (including any non-cash assets transferred or any liabilities assumed) is recognized as profit or loss.

<u>Offsetting of financial assets and liabilities</u>

The Company offsets its financial assets and liabilities and presents the net amount in its financial statements only when it has a legal right to offset and intends to realize the transaction on a net basis or to realize the asset and settle the liability simultaneously.

Impairment

Impairment of the financial and contractual assets measured by using "Expected credit loss model" (ECL), The impairment model applies for amortized financial and contractual assets. Provision for loss measured as below; 12- Month ECL: results from default events that are possible within 12 months after reporting date. Lifetime ECL: results from all possible default events over the expected life of financial instrument Lifetime ECL measurement applies if the credit risk of a financial asset at the reporting date has increased significantly since 12-month ECL measurement if it has not.

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

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS *(cont'd)*

2.2 Summary of Significant Accounting Policies *(cont'd)*

Trade Receivables

Trade receivables, generated by the Group by providing goods or services to a buyer,are presented as netted off unaccrued financing income. Trade receivables that are not accrued after the unearned financing income are calculated by discounting the amounts to be obtained in the subsequent periods from the original invoice amount. Short-term receivables with no stated interest rate are measured at the cost value unless the effect of the original effective interest rate is significant.

In case there is objective evidence that there is no possibility of collection, the Group provides provision for doubtful receivables for trade receivables. The amount of this provision is the difference between the carrying amount of the receivable and the amount that can be collected. The amount that can be collected is the discounted value of all cash flows, including the amounts collected from guarantees and collateral, based on the original effective interest rate of the trade receivable.

After the collection of doubtful receivable, in case of collecting all or part of the doubtful receivable amount, the collected amount is deducted from the provisioned doubtful receivable and recorded in other income.

For the purpose of calculating the depreciation of trade receivables, which are accounted for at amortized cost and which do not include a significant financing component (less than 1 year), the simplified approach is implemented. In cases where the trade receivables are not impaired due to certain reasons (except fort he realized impairment losses), the provision for losses related to trade receivables are measured by an amount equal to the expected loan losses.

Financial liabilities

The Group's financial liabilities consist of borrowings, trade payables and other payables. Financial liabilities are measured at fair value at initial recognition. Transaction costs directly attributable to the underwriting of the relevant financial liability are also added to the aforementioned fair value. These financial liabilities are subsequently measured at amortized cost using the effective interest method.

Financial liabilities and borrowing costs

Financial liabilities are recognized initially at the proceeds received, netted off transaction costs incurred. Financial liabilities are followed in the consolidated financial statements with their discounted values calculated with effective interest rate.

Financial liabilities are debts arising from the disappearance of this obligation, the expiration of the cancellation period and the situation is derecognized.

Trade payables

Trade payables are the debts arising from the purchase of products and services directly from the suppliers. Trade payables and other liabilities are carried at amortized cost. Trade payables and other liabilities after unaccrued financial expenses are calculated by discounting the amounts payable from the original invoice value in the following periods by using the effective interest method. Short-term payables with no stated interest rate are measured at cost unless the effect of the original effective interest rate is significant.

Cash and cash equivalents

Cash and cash equivalents are cash in hand, demand deposits and other short-term investments with a maturity of 3 months or less than 3 months, which are easily convertible into cash and do not carry a significant risk of change in value. Bank deposits with a maturity of longer than 3 months and less than 1 year are classified as short-term financial investments.

Equity

Ordinary shares

Ordinary shares are classified as equity. The additional costs directly associated with the export of ordinary shares and stock options are recognized as a decrease in equity after deducting the tax effect

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS *(cont'd)*

2.2 Summary of Significant Accounting Policies *(cont'd)*

Employee benefits

Provision for severance pay

In accordance with existing labor law in Turkey, the Group is required to make payments of certain amounts to employees who have completed one year of service and who quite due to causes such as retirement and military service or who die. Provision for severance pay represents the present value of future probable obligation of the Group arising from the retirement of employees on a 30-day basis. Provision for severance pay is calculated on the assumption that all employees will receive such payment, and it is recognized in the consolidated financial statements on an accrual basis. Provision for severance pay is calculated in accordance with the severance pay cap announced by the Government. All actuarial gains and losses are recognized under other comprehensive income.

Provisions

Provisions are recognized when the Group has a present legal or constructive obligation because of past events, it is probable that an outflow of resources involving economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are calculated by discounting the estimated future cash flows at a pre-tax discount rate to be computed in consideration of the impact of time value of money and the risks associated with such obligation.

Revenue

Revenue from customer contracts

Group started to use the following five-stage model in the recognition of revenue in line with the TFRS 15 "Revenue from Customer Contracts Standard".

- Defining contracts with customers
- Defining performance obligations in contracts
- Determining the transaction price in the contracts
- Distribution of transaction price to performance obligations
- Recognition of revenue

According to this model, first of all, the goods or services promised in each contract made with the customers are evaluated and each commitment made for the transfer of the said goods or services is determined as a separate performance obligation. Afterwards, it is determined whether the performance obligations will be fulfilled over time or at a certain time.

If the Group transfers control of a good or service over time and therefore fulfills the performance obligations related to the related sales over time, it measures the progress towards the full fulfillment of the said performance obligations and recognizes the revenue in the consolidated financial statements over time. Revenue related to performance obligations in the form of goods or service transfer commitments are recognized when the control of the goods or services is taken over by the customers.

The Group, while evaluating the transfer of control of the goods or services sold to the customer,

a) Ownership of the Group's right to collect on goods or services
b) The customer's ownership of the legal ownership of the goods or services
c) Transfer of possession of goods or services,
d) The customer's ownership of significant risks and rewards arising from owning the property or service,
e) It takes into account the customer's acceptance of goods or services.

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS *(cont'd)*

2.2 Summary of Significant Accounting Policies *(cont'd)*

Revenue *(cont'd)*

Revenue from customer contracts*(cont'd)*

The Group accounts for a contract with a customer within the scope of TFRS 15, only if all of the following conditions are met.

- In case the parties of the contract approve the contract and undertake to perform their own actions.
- In case the company can define the rights regarding the goods or services to be transferred by each party.
- Where the company can define payment terms for the goods or services to be transferred.
- Where there is a contract of commercial importance.
- In the event that the company will collect a price for goods or services to be transferred to the customer.

<u>Sale of goods</u>

In cases where significant risks and returns of revenue are transferred to the customer, the probability of recovery of goods, associated costs and possible return of goods can be reliably calculated, and in the absence of an ongoing management relationship with the goods, the amount of income can be measured reliably. Revenues; Buy-backs, sales discounts, volume discounts are measured.

The timing of risks and transfer of services varies depending on the terms of the sales contract.

<u>Construction contracts</u>

Contract revenue includes any difference, claim, incentive payments within the contract that may result in revenue or is likely to be measured reliably in addition to the initial amount accepted in the contract.

If the outcome of the construction contract can be estimated reliably, the contract revenue is recognized in the income statement in proportion to the stage of completion of the contract.

The completion stage of the work is measured by reference to a work study performed. Otherwise, contract revenue is recognized only at the cost of the contract which is likely to be collected.

Contract costs are recognized as they are incurred unless they create an asset related to future contract activities. An expected loss in a contract is immediately recognized in profit or loss.

<u>Service concession agreements</u>

TFRS Interpretation 12 provides an overview of the infrastructure investments made by companies (operators) that have acquired the right to operate for a certain period by signing a concession agreement with the public and how the services they provide during the operation should be accounted for. It requires the operators to account for the investments made in the scope of TFRS Comment 12 as financial assets and / or intangible assets in accordance with the terms of the agreement instead of accounting for the investments as buildings, fixed assets and fixtures. The Company recognizes the amount calculated as per the construction model based on the service concession agreement as a financial asset, as it is a guaranteed income in the contract made with the Ministry of Health. The accounting policy for the measurement and classification of financial assets is included in 2. Note "Classification and Measurement - Financial Assets" (Isparta City Hospital, Eskisehir City Hospital and Tekirdağ City Hospital).

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS *(cont'd)*

2.2 Summary of Significant Accounting Policies *(cont'd)*

Revenue *(cont'd)*

Rent incomes

Rental revenues from investment properties are recognized in the consolidated comprehensive income statement by using the straight-line method during the term of the rental agreement. Revenue is measured at the fair value of the consideration received or receivable. Income is realized when the economic benefits obtained by the Group and amount of the related income is measured confidingly.

Other transactions

Income from delivered services is recognized in the consolidated comprehensive income statement in line with the completion rate of the transaction by the end of the reporting period.

Government incentives

Government incentives, including non-monetary government incentives measured by their fair values, are recognized in the consolidated financial statements when there is reasonable assurance that the entity will meet the conditions for obtaining them and that the incentives will be received by the entity.

Government incentives are presented in the financial statements in the same manner, even if they are obtained in cash or as a reduction of an obligation to the government.

Investment incentives are valued at their fair value if reasonable assurance is provided that the incentives will be received and that all conditions will be met. If the incentive is associated with an asset item, it is deducted during the calculation of the fair value of the asset. The incentive is recognized in profit or loss through the acquisition of rental income for the asset.

Financing income and expenses

Financing income includes interest income, exchange rate difference income, dividend income and gains from derivative instruments accounted for in profit or loss. Interest income is recognized in profit or loss on an accrual basis using the effective interest method.

Financing expenses include the interest expenses from bank loans, impairments accounted for in relation to financial assets (except for trade receivables), and the losses from ineffective portions of derivative hedge instruments accounted for in profit or loss. Borrowing costs which cannot be directly related to the acquisition, construction or production of an asset are recognized in profit or loss by using the effective rate of interest.

Rediscount and exchange rate difference income/expenses pertaining to trade transactions are recognized in other operating income and expenses.

Earnings per share

Earnings per share disclosed in the consolidated profit or loss statement are determined by dividing net income for the period from parent company shares 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. Such distribution of bonus shares is treated as issued shares in the calculation of earnings per share. Accordingly, the weighted average number of shares used in such calculations are determined by giving the said distribution of shares a retroactive effect.

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS *(cont'd)*

2.2 Summary of Significant Accounting Policies *(cont'd)*

Taxes on income

Taxes include current period income tax liabilities and deferred tax liabilities. Current tax is recognized in consolidated comprehensive income statement except for the taxes of items recognized directly in profit or loss.

Current tax is calculated over the taxable part of the income for the period. The current tax liability of the Group is calculated using the tax rates enacted at the reporting date.

Furthermore, provisional corporate taxes are paid at 23% (will be applied as 25% for 2021 and 20% for 2023 and after tax periods) over profits declared for interim periods in 2022 in order to be deducted from the final corporate tax.

With the "Law Amending the Tax Procedure Law and the Corporate Tax Law", which was accepted on the agenda of the Turkish Grand National Assembly on January 20, 2022, the application of inflation accounting was postponed starting from the balance sheet dated on December 31, 2023.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes, except for the differences of non-tax deductible goodwill, and assets and liabilities that are not accountable and taxable and are recognized for the first time. Deferred tax is not recognized in the initial recognition of goodwill, the initial recognition of assets and liabilities that impact on neither financial profit nor commercial profit in transactions other than business combinations, and in differences pertaining to associates and joint ventures which are unlikely to be reversed in the near future. Deferred tax is calculated on the basis of laws applicable by the end of the reporting period and over the tax rates that are expected to be applied once temporary differences are reversed.

When the deferred tax assets and deferred tax liabilities are levied by the same taxation authority and there is a legally enforceable right to set off current tax assets against current tax liabilities and in the event that the acquisition of deferred tax assets and the performance of deferred tax liabilities are simultaneous, deferred tax assets and deferred tax liabilities can be offset.

For the temporary differences that are expected to be realized / closed in the deferred tax calculation, 20% tax rate is used in 2022.

Deferred tax assets, unused tax losses, tax benefits and 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 assets are reviewed at each reporting period and their carrying amount is reduced to the extent that it is not probable that the relevant tax advantage will be available.

Deferred taxes arising from the fair value measurement for available-for-sale assets and their cash flow hedging is recognized in profit or loss before being recognized in consolidated comprehensive income statement together with other deferred gains that are previously recognized.

Out of the investment incentives the Group enjoys, those that ensure a corporate tax rebate are recognized under TAS 12.

The current tax amounts to be paid are offset with the prepaid tax amounts since they are related to corporate tax. Deferred tax asset and liability are also offset individually for each company.

Tax arrangements in Turkey do not allow a parent company and its subsidiaries to submit consolidated tax statements. Therefore, tax provisions are calculated on a company basis as reflected in the consolidated financial statements attached.

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS *(cont'd)*

2.2 Summary of Significant Accounting Policies *(cont'd)*

Related parties

For the purpose of the accompanying consolidated financial statements, shareholders, key management and board members, in each case together with companies controlled by or affiliated with them, and associated companies are considered and referred to as related parties.

A related party is a person or entity that is related to the entity that is preparing its financial statements.

(a) A person or a close member of that person's family is related to a reporting entity if that person:

(i) has control or joint control over the reporting entity;
(ii) has significant influence over the reporting entity; or
(iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

(b) An entity is related to a reporting entity if any of the following conditions applies

(i) The entity and the reporting entity are members of the same group
(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
(iii) Both entities are joint ventures of the same third party.
(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
(v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
(vi) The entity is controlled or jointly controlled by a person identified in (a).
(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

The Group has determined its senior management staff as members of the board of directors, general manager and assistant general managers.

Segment reporting

Operating segments are segments of the Group which engage in operating activities from which the Group can reap revenues and through which it can make expenditures, the operating results of which are regularly reviewed by the chief operating decision maker of the Group for allocating resources and assessing performance of the operating segments, and for which there are separate financial information.

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS *(cont'd)*

2.2 Summary of Significant Accounting Policies *(cont'd)*

Determination of fair values
Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability. Fair value, according to valuation techniques used is classified into these following levels:

Level 1: For identical assets or liabilities in active markets (unadjusted) prices;
Level 2: 1st place other than quoted prices and asset or liability, either directly (as prices) or indirectly (i.e. derived from prices) observable data;
Level 3: Asset or liability is not based on observable market data in relation to the data (non- observable data).
The fair value of other long-term investments, the details of which are given in Note 22, are within the scope of level 3 valuation method techniques and the income discounting method.
While the fair value of the receivables or payables arising from the transactions made for interest rate swap transactions is at level 2 according to the discounted cash flow approach from valuation method techniques; The fair value of financial assets related to concession agreements is evaluated within the scope of level 3. Movement table regarding the change in fair values is given in Note 10.
The fair value of other long-term investments, the details of which are given in Note 22, are within the scope of level 3 according to the income discount approach method, which is one of the valuation method techniques.

Significant accounting evaluation, estimation and assumptions

In the preparation of consolidated financial statements; The Group management has made judgments, estimates and evaluations affecting the application of the Group's accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and assessments are reviewed continuously. Adjustments regarding the estimates are made prospectively.

Information on the accounting policies, assumptions and judgments made in applying the estimates that have the most significant impact on the amounts presented in the financial statements are presented in the following notes:

Financial assets related to concession agreements

Group's financial assets are recognized in the financial statements covered by the Republic of Turkey Health Ministry, signed City Hospital Agreement Pursuant During the City Hospital are entitled to charge a fee on the use of compatible concession infrastructure with the construction of the model. The Company management makes important estimates and assumptions for inflation and exchange rates during the contract period in order to calculate receivables from concession contracts.

As of December 31, 2022, the discount rate used in the fair value calculation is 10.72% (December 31, 2021: 10%) (Euro) for Eskişehir City Hospital, 11.04% (December 31, 2021: 10%) (Euro) for Tekirdağ City Hospital and 11.96% (December 31, 2021: 11.5%) (USD) for Isparta City Hospital. For inflation and exchange rate estimates, fair value calculations are made with different scenarios and the average value is accepted as the final result.

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS *(cont'd)*

2.2 Summary of Significant Accounting Policies *(cont'd)*

Financial assets related to concession agreements (cont'd)

Business model assessment

Classification and measurement of financial assets depends on the results of the SPPI and the business model test (Note 10). The Group determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Group monitors financial assets measured at amortized cost or fair value through other comprehensive income that are derecognized prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Group's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets. No such changes were required during the periods presented.

Determining the fair value of equity instruments

The Group has classified and recorded the MIP, Travelex, TAV Investment and TAR shares held in the accompanying consolidated financial statements as financial assets at fair value through other comprehensive income/ expense. MIP, Travelex, TAV Investment and TAR financial investments carried at fair value are important in terms of financial statements and valuation studies require expertise. Valuations are made in accordance with market conditions, taking into account similar company multipliers, discount rates, current market transactions return and sales prices. In these estimates and assumptions, changes that may occur in the future may have a significant impact on the Group's consolidated financial statements

Deferred taxes

Deferred tax assets and liabilities are recorded using substantially enacted tax rates for the effect of temporary differences between book and tax bases of assets and liabilities. Currently, there are deferred tax assets resulting from operating loss carry-forwards and deductible temporary differences, all of which could reduce taxable income in the future. Based on available evidence, both positive and negative, it is determined whether it is probable that all or a portion of the deferred tax assets will be realized. The main factors which are considered include future earnings potential; cumulative losses in recent years; history of loss carry-forwards and other tax assets expiring; the carry-forward period associated with the deferred tax assets; future reversals of existing taxable temporary differences; tax-planning strategies that would, if necessary, be implemented, and the nature of the income that can be used to realize the deferred tax asset. If based on the weight of all available evidence, it is the Group's belief that taxable profit will not be available sufficient to utilize some portion of these deferred tax assets, then some portion of or all of the deferred tax assets are not recognized. The Group has not recognized deferred tax assets because it is in the development stage and it is not apparent that taxable profit will be available sufficient to recognize deferred tax assets. If future results of operations exceed the Group's current expectations, the existing unrecognized deferred tax assets may be recognized, resulting in future tax benefits.

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS *(cont'd)*

2.2 Summary of Significant Accounting Policies *(cont'd)*

Derivative instruments

Derivative instruments are first recorded at their acquisition cost reflecting their fair value at the contract date and are valued at fair value in the following periods. The derivative instruments of the Group are mainly composed of interest rate swap transactions. Although these derivatives provide effective protection against risks for the Group economically, when they do not meet the necessary conditions in terms of risk accounting, they are accounted as trading derivatives in the consolidated financial statements and the fair value changes related to them are reflected in the consolidated statement of profit or loss. Income related to swap transactions realized at the relevant maturities based on interest rate swap transactions are netted off with loan interest expenses and accounted for in the profit or loss statement.

Hedging instruments

Transactions in foreign currencies cause exchange rate risk.

The Group is exposed to exchange rate risk due to changes in the exchange rates used in the conversion of foreign currency assets and liabilities into Turkish Lira. Currency risk arises due to the difference between the assets and liabilities recorded in future commercial transactions. In this framework, the Group controls this risk with a natural method that occurs by netting foreign currency assets and liabilities. The management analyzes and monitors the foreign currency position of the Group and ensures that measures are taken when necessary.

In order to ensure that the effect of foreign exchange gains and losses arising from changes in foreign exchange rates on the Group's financial statements is reflected within the scope of the periodicity principle of accounting; Hedging Accounting is applied within the scope of TFRS 9 of the Group. The Group uses the foreign currency based investment loan as a hedging instrument against the USD/TRY spot currency risk, which is exposed due to its highly probable estimated USD income. As a result of the effectiveness test carried out in this context, the Group determined that the entire transaction was effective and applied cash flow hedge accounting.

2.3 Changes in accounting policies

<u>The new standards, amendments and interpretations which are effective as at December 31, 2022 are as follows:</u>

Changes that have entered into force and have been implemented

The amendments that have entered into force for accounting periods beginning on or after January 1, 2022 are as follows:

- Annual Improvements - 2018 – 2020-TFRS 1 First Implementation of Turkish Financial Reporting Standards, TFRS 9 Financial Instruments, TAS 41 Amendments to Agricultural Activities
- Amendments to TFRS 3 – Reference to the Conceptual Framework
- Tangible Fixed Assets - Adapting to the intended use (Amendment to TAS 16)
- Disadvantageous contracts - Costs of fulfilling the contract (Amendment to TAS 37)

These standards, changes and improvements are assessed on the consolidated financial position of the Group and its possible impact on performance.

<u>The new standards, amendments and interpretations issued but not yet effective and not early adopted:</u>

- TFRS 17 - The new Standard for insurance contracts
- Initial Application of TFRS 17 and TFRS 9-Comparative Information (Amendments to TFRS 17)
- Changes in TFRS 4 - Amendment on the implementation of TFRS 4 Insurance Contracts and TFRS 9
- Amendments to TAS 1- Classification of Liabilities as Current and Non-Current Liabilities
- TAS 12 Amendments – Deferred tax on assets and liabilities arising from a single transaction
- TAS 8 Amendments – Definition of Accounting Estimates
- TAS 1 Amendments – Disclosure of Accounting Policies
- Lease liability in sales and leaseback transactions - Amendments to TFRS 16 Leases

These standards, changes and improvements are not expected to have a material impact on the Group's consolidated financial statements.

(All amounts are in thousand Turkish Liras ("TRY") unless otherwise specified.)

3. SHARE SALES OF SUBSIDIARIES/AFFILIATES

Sale of shares of subsidiaries

As of February 9, 2021 Group sold all of the shares of Masanda, which has a 184-bed 5-Star Holiday Village investment in Bodrum, for TRY 235.000 and sold all of its shares in Isparta Dormitory, which has been leased to the General Directorate of Credits and Dormitories for 15 years and has two dormitories with a total of 7,232 beds, to Akfen Gayrimenkul Yatırım Ortaklığı A.Ş. amounting to TRY 215.000. For the statement of financial position on the date of sale, the date of January 31, 2021, which is the closest to the aforementioned date and where no significant change has occurred from this date to the date of sale, is taken as a basis.

The financial statements of the related companies as of January 31, 2021 are as follows:

Assets	Masanda Tourism January 31, 2021	Isparta Dormitory January 31, 2021	Total January 31, 2021
Current assets	**3,089**	**7,647**	**10,736**
Cash and cash equivalents	27	3,460	3,487
Trade receivables	3	42	45
- Trade receivables from related parties	*3*	-	*3*
- Trade receivables from third parties	-	*42*	*42*
Other receivables	-	1,473	1,473
- Other receivables from third parties	-	*1,473*	*1,473*
Prepaid expenses	880	125	1,005
Other current assets	2,179	2,547	4,726
Non-current assets	**310,477**	**297,063**	**607,540**
Other receivables	10	-	10
- Other receivables from third parties	*10*	-	*10*
Right of use assets (Note 12)	2,394	-	2,394
Investment property (Note 10)	-	285,453	285,453
Property, plant and equipment (Note 13)	287,565	-	287,565
Other non-current assets	20,508	11,610	32,118
Total assets	**313,566**	**304,710**	**618,276**

Liabilities	January 31, 2021	January 31, 2021	January 31, 2021
Current liabilities	**831**	**1,794**	**2,625**
Short-term borrowings (Note 5)	506	806	1,312
- Lease liabilities (Note 5)	*506*	*806*	*1,312*
Trade payables	315	92	407
- Trade payables to related parties	*71*	*57*	*128*
- Trade payables to third parties	*244*	*35*	*279*
Other payables	3	7	10
- Other payables to third parties	*3*	*7*	*10*
Deferred revenue	-	887	887
Other current liabilities	7	2	9
Non-current liabilities	**5,278**	**42,845**	**48,123**
Long-term borrowings (Note 5)	2,507	3,096	5,603
- Lease liabilities (Note 5)	*2,507*	*3,096*	*5,603*
Deferred tax liabilities (Note 30)	2,771	39,749	42,520
Equity attributable to owners of parent	**307,457**	**260,071**	**567,528**
Issued capital	192,504	78,000	270,504
Share premiums	-	25,050	25,050
Restricted reserves appropriated from profits	2	-	2
Retained earnings	115,452	156,601	272,053
Net (loss)/profit for the period	(501)	420	(81)
Total liabilities	**313,566**	**304,710**	**618,276**

(All amounts are in thousand Turkish Liras ("TRY") unless otherwise specified.)

3. SHARE SALES OF SUBSIDIARIES/AFFILIATES *(cont'd)*

Sale of shares of subsidiaries *(cont'd)*

The difference between the sale price of Isparta Dormitory and the net asset value at the date of sale is recognised in the Group's financials as a loss on the disposal of the subsidiary as of December 31, 2021 and is as follows:

Isparta Dormitory	**On the date of sale**
Sale price	215,000
Net asset value on the date of sale	260,071
Losses on disposal of subsidiary (Note 32)	**45,071**

Isparta Dormitory	
Total sale price – cash	215,000
Cash and cash equivalents - disposed	(3,460)
Cash inflow from sales, (net)	**211,540**

The difference between the sale price of Masanda and the net asset value at the date of sale is recognised in the Group's financials as a loss on the disposal of the subsidiary as of December 31, 2021 and is as follows:

Masanda Tourism	**On the date of sale**
Sale price	235,000
Net asset value on the date of sale	307,457
Losses on disposal of subsidiary (Note 32)	**72,457**

Masanda	
Total sale price – cash	235,000
Share transfer expenses	(2,250)
Cash and cash equivalents - disposed	(27)
Cash inflow from sales, (net)	**232,723**

Share sale of affiliate

Share sale of IBS Insurance

Akfen Holding signed a "Share Sale Agreement" on December 28, 2020 to transfer its remaining 20% share in IBS Insurance for a consideration of TRY 48,000, and the sale was completed on January 28, 2021. After the transaction was completed, Akfen Holding had no shares in IBS Insurance. The positive difference between the mentioned sale price and the net asset derecognized, was recorded as income from investment activities in the consolidated statement of profit or loss and other comprehensive income as of December 31, 2021.

	On the date of sale
Net assets	**67,544**
IBS Insurance's share of shares sold	%20
IBS Insurance's net asset amount sold (A)	**13,509**
Sales price (B)	48,000
Earnings arising from the disposal of subsidiaries (Note 30) (B-A)	**34,491**

(All amounts are in thousand Turkish Liras ("TRY") unless otherwise specified.)

3. SHARE SALES OF SUBSIDIARIES/AFFILIATES *(cont'd)*

Share sale of affiliate *(cont'd)*

Share sale of Acacia Mine

On July 22, 2022, Akfen Holding's shares in Acacia, constituting 4.5% of Acacia's total capital, were transferred to Bacacı Uluslararası Ticaret Yatırımları ve Yönetim A.Ş. The difference between the aforementioned sale price and the net asset derecognised, was recognised as an expense from investment activities in the consolidated statement of profit or loss and other comprehensive income for the year ended December 31, 2022.

	On the date of sale
Net assets	**3,840,494**
Acacia Mine's share of shares sold	%4.5
Acacia Mine's net asset amount sold	172,822
Other net asset value sold at Group level (*)	5,458
Total (A)	**178,280**
Sales price (B)	43,622
Losses arising from the disposal of affiliaties (Note 30) (B-A)	**(134,658)**

(*) Acacia Mine's net assets include assets related to mineral reserves and goodwill.

Share sale of Akfen REIT

On November 14, 2022, Akfen REIT shares (10% of the capital) owned by Akfen Holding with a nominal value of TRY 129,990,000 were sold at a price of TRY 3.70, within the scope of wholesale transactions. After the sale, Akfen Holding's share became 13.94%. The difference between the aforementioned sale price and the net asset derecognised, was recognised as an expense from investment activities in the consolidated statement of profit or loss and other comprehensive income for the year ended December 31, 2022.

	On the date of sale
Net assets	**6,125,866**
Akfen REIT's share of shares sold	%10
Akfen REIT's net asset amount sold (A)	**612,539**
Sales price (B)	480,963
Losses arising from the disposal of affiliaties (Note 30) (B-A)	**(131,576)**

In addition, on August 20, 2021, Akfen REIT capital increase through rights issues was realized by using the right to preference of the existing partners and the Group transferred 6.43% of its shares in Akfen REIT for TRY 66,433 before the capital increase. The loss amounting to TRY 11,304, which is the difference between the aforementioned sale price and the value of the shares subject to sale, is recognised as an expense from investment activities in the consolidated statement of profit or loss and other comprehensive income of the Group (Note 30).

(All amounts are in thousand Turkish Liras ("TRY") unless otherwise specified.)

4. SEGMENT REPORTING

The financial information of the subsidiaries and investments (joint ventures) valued using the equity method are included in the segment reporting information prepared within the framework of the Group's management approach, with the combination method (100% for subsidiaries and according to the ownership rate for joint ventures).

				Investments accounted using the equity method								
January 1-December 31, 2022	*Akfen Holding*	*Akfen Construction*	*Akfen Tourism*	*Akfen REIT (*)*	*Akfen Renewable*	*MDO/ İDO*	*Akfen Water*	*Acacia (**)*	*Other (***)*	*Total*	*Consolidation adjustment and classification*	*Consolidated Total*
Revenue	28,229	794,564	140,870	107,606	1,665,452	631,989	14,469	1,026,642	150,998	4,560,819	(3,593,069)	967,750
Cost of sales	-	(764,347)	(161,067)	(4,162)	(680,984)	(632,982)	(12,450)	(630,838)	(153,152)	(3,039,982)	2,098,177	(941,805)
Gross profit/(loss)	**28,229**	**30,217**	**(20,197)**	**103,444**	**984,468**	**(993)**	**2,019**	**395,804**	**(2,154)**	**1,520,837**	**(1,494,892)**	**25,945**
Selling and marketing expenses	-	(8,752)	(1,078)	-	-	(12,245)	-	(56,710)	(10)	(78,795)	72,192	(6,603)
General administrative expenses	(106,900)	(81,463)	(1,988)	(4,323)	(44,964)	(42,138)	(6,569)	(35,541)	(15,021)	(338,907)	141,345	(197,562)
Other operating income	59,232	5,567,956	11,382	596,158	152,556	743	-	451	285,614	6,674,092	(800,249)	5,873,843
Other operating expenses	(40,066)	(44,964)	(736)	(397)	(3,457)	(8,753)	(19)	-	(15,101)	(113,493)	62,766	(50,727)
Share of profit from investments accounted using the equity method	-	-	-	-	-	2,253	-	-	-	2,253	1,113,945	1,116,198
Operating (loss)/profit	**(59,505)**	**5,462,994**	**(12,617)**	**694,882**	**1,088,603**	**(61,133)**	**(4,569)**	**304,004**	**253,328**	**7,665,987**	**(904,893)**	**6,761,094**
Investment activity income	461,521	-	-	-	-	-	316	-	-	461,837	(258,328)	203,509
Investment activity expenses	(727,313)	-	-	-	-	(4,493)	-	-	-	(731,806)	(132,542)	(864,348)
Finance income	104,234	1,814,686	3,128	79,152	300,821	133,358	8,542	118,069	9,334	2,571,324	(662,056)	1,909,268
Finance expense	(526,367)	(4,827,058)	(5,372)	(154,397)	(962,650)	(1,164,985)	(651)	(72,167)	(2,101)	(7,715,748)	2,376,429	(5,339,319)
(Loss)/profit before tax from continuing operations	**(747,430)**	**2,450,622**	**(14,861)**	**619,637**	**426,774**	**(1,097,253)**	**3,638**	**349,906**	**260,561**	**2,251,594**	**418,610**	**2,670,204**
Tax income/(expense) for the period	210,346	904,827	1,810	(67,569)	42,157	-	1,130	26,197	(53,869)	1,065,029	(1,919)	1,063,110
(Loss)/profit after tax from continuing operations	**(537,084)**	**3,355,449**	**(13,051)**	**552,068**	**468,931**	**(1,097,253)**	**4,768**	**376,103**	**206,692**	**3,316,623**	**416,691**	**3,733,314**
(Loss)/profit for the period from parent company shares	(537,084)	3,357,833	(13,051)	566,741	468,653	(1,097,251)	4,768	376,104	206,692	3,333,405	401,797	3,735,202
Depreciation and amortization expenses	3,588	16,483	6,108	486	338,235	73,968	51	153,336	224	592,479	(566,115)	26,364
Tangible and intangible fixed asset, investment property and other investments	10,958	23,694	17,501	630	23,148	36,730	32	196,744	8,743	318,180	(257,251)	60,929
December 31, 2022												
Segment assets	9,478,725	20,361,770	128,166	1,726,792	11,910,958	2,458,396	32,518	1,848,256	1,100,996	49,046,577	(9,298,204)	39,748,373
Segment liabilities	6,713,646	12,772,934	55,414	647,681	7,227,041	4,225,687	3,060	769,683	41,047	32,456,193	(12,662,062)	19,794,131

(*) After the share sale on November 14, 2022, the ownership rate of Akfen REIT decreased from 23.94% to 13.94%. Profit or loss items of Akfen REIT were consolidated at the rate of 23.94% which is the pre-sale ownership rate and the closest accounting period to the share sale date until September 30, 2022 and at the rate of 13.94% which is the ownership rate after the share sale on November 14, 2022 between September 30, 2022 to December 31, 2022.

(**) After the share sale on July 22, 2022, the ownership rate of Acacia Mine decreased from 30% to 25.5%. Profit or loss items of Acacia Mine were consolidated at the rate of 30% which is the pre-sale ownership rate and the closest accounting period to the share sale date until June 30, 2022 and at the rate of 25.5% which is the ownership rate after the share sale on July 22, 2022 between June 30, 2022 to December 31, 2022.

(***) Other companies include Akfen Danışmanlık, Akfen GPYŞ, Biz Mining, Akınısı, Zeki İnşaat, Ayrı Gayrimenkul, Adana İpekyolu, Akfen Energy Gas, Akfen Hospital and Akfen Solar Energy (subsidiaries).

(All amounts are in thousand Turkish Liras ("TRY") unless otherwise specified.)

4. SEGMENT REPORTING *(cont'd)*

				Investments accounted using the equity method								
January 1-December 31, 2021	*Akfen Holding*	*Akfen Construction*	*Akfen Tourism*	*Akfen REIT (*)*	*Akfen Renewable*	*MDO-İDO (**)*	*Akfen Water*	*Acacia*	*Other (***)*	*Total*	*Consolidation adjustment and classification*	*Consolidated Total*
Revenue	8,162	520,950	72,966	55,647	863,793	401,776	54,354	509,761	8,117	2,495,526	(1,894,970)	600,556
Cost of sales	-	(465,447)	(92,042)	(4,198)	(405,868)	(316,575)	(49,867)	(246,475)	(4,740)	(1,585,212)	1,049,248	(535,964)
Gross profit/(loss)	**8,162**	**55,503**	**(19,076)**	**51,449**	**457,925**	**85,201**	**4,487**	**263,286**	**3,377**	**910,314**	**(845,722)**	**64,592**
Selling and marketing expenses	-	(5,855)	(1,133)	-	-	(7,905)	-	(22,715)	(33)	(37,641)	31,392	(6,249)
General administrative expenses	(61,854)	(54,230)	(1,049)	(3,612)	(22,153)	(32,715)	(2,016)	(21,343)	(5,930)	(204,902)	87,580	(117,322)
Other operating income	51,077	6,501,840	5,522	603,812	53,655	6,028	68	(2,381)	2,717	7,222,338	(669,609)	6,552,729
Other operating expenses	(94,384)	(18,376)	(600)	(529)	(63,123)	(11,288)	(3,781)	-	(1,387)	(193,468)	80,100	(113,368)
Share of profit from investments accounted using the equity method	-	-	-	-	-	1,374	-	-	-	1,374	893,990	895,364
Operating (loss)/profit	**(96,999)**	**6,478,882**	**(16,336)**	**651,120**	**426,304**	**40,695**	**(1,242)**	**216,847**	**(1,256)**	**7,698,015**	**(422,269)**	**7,275,746**
Investment activity income	593,091	-	12,758	71,204	-	123	-	-	516	677,692	(351,114)	326,578
Investment activity expenses	(352,148)	(45,071)	-	-	-	-	-	-	-	(397,219)	234,291	(162,928)
Finance income	267,715	897,725	30,027	78,479	5,478	80,425	20,914	54,751	7,516	1,443,030	(283,799)	1,159,231
Finance expense	(585,415)	(5,365,516)	(24,494)	(203,478)	(249,436)	(988,598)	(14,813)	(53,526)	(1,191)	(7,486,467)	1,538,589	(5,947,878)
(Loss)/profit before tax from continuing operations	**(173,756)**	**1,966,020**	**1,955**	**597,325**	**182,346**	**(867,355)**	**4,859**	**218,072**	**5,585**	**1,935,051**	**715,698**	**2,650,749**
Tax income/(expense) for the period	146,389	(34,881)	(1,011)	(59,509)	88,426	-	(474)	(74,707)	(1,463)	62,770	46,623	109,393
(Loss)/profit after tax from continuing operations	**(27,367)**	**1,931,139**	**944**	**537,816**	**270,772**	**(867,355)**	**4,385**	**143,365**	**4,122**	**1,997,821**	**762,321**	**2,760,142**
Profit/(loss) for the period from parent company shares	(27,367)	1,939,097	944	531,271	273,001	(867,355)	4,385	143,365	4,122	2,001,463	765,898	2,767,361
Depreciation and amortization expenses	1,974	12,378	4,633	969	208,208	68,011	110	80,662	312	377,257	(357,968)	19,289
Tangible and intangible fixed asset, investment property and other investments	7,112	18,668	13,643	261	4,002	39,155	426	78,266	2	161,535	(121,426)	40,109
December 31, 2021												
Segment assets	8,078,333	15,381,029	50,792	1,643,104	9,747,000	1,267,426	29,633	1,477,874	368,641	38,043,832	(8,855,407)	29,188,425
Segment liabilities	5,089,156	10,825,985	31,364	600,930	6,083,721	3,287,934	4,969	879,079	52,039	26,855,177	(10,835,277)	16,019,900

(*) After the capital increases on January 12, 2021 and February 9, 2021, the ownership rate of Akfen REIT decreased from 56.88% to 30.37% and with the capital increase realized on August 20, 2021, it decreased to 23.94%. Profit or loss items of Akfen REIT were consolidated are at the rate of 56.88%, which is the pre-capital increase ownership rate until January 31, 2021, which is the closest accounting period to the capital increase dates, at the rate of 30.37%, which is the the ownership rate after the capital increase dated January 12 and February 9, between January 31, 2021 to September 30, 2021 and at the rate of 23.94% which is the ownership rate after the capital increase on August 20, 2021, between September 30, 2021 to December 31, 2021.

(**) With the restructuring completed on July 8, 2021, Akfen Holding and Tepe İnşaat transferred their shares in İDO to MDO and MDO became the 100% owner of İDO. 50% of İDO's pre-transfer rate is indirectly included in the Group's consolidation.

(***) Other companies include Akfen Danışmanlık, Akfen GPYŞ, Akınısı, Biz Mining, Adana İpekyolu, Akfen Energy Gas, Akfen Wind Energy and Akfen Solar Energy (subsidiaries).

(All amounts are in thousand Turkish Liras ("TRY") unless otherwise specified.)

5. CASH AND CASH EQUIVALENTS

As of December 31, 2022 and 2021, cash and cash equivalents are as follows:

	December 31, 2022	December 31, 2021
Cash on hand	2,585	1,494
Banks	2,318,119	780,347
- Demand deposits	*59,947*	*51,630*
- Time deposits	*2,258,172*	*728,717*
Other cash and cash equivalents (*)	870,069	1,198,105
Impairment	(75)	(22)
Cash and cash equivalents	**3,190,698**	**1,979,924**
Restricted bank balance (-)	(1,031)	(3,181)
Impairment	75	22
Cash and cash equivalents in the cash flow statement	**3,189,742**	**1,976,765**

(*) As of December 31, 2022 and 2021, all of the other cash and cash equivalents consist of Group's overnight repos, fixed investment funds whose duration is less than 3 months and government and private sector bonds.

As of December 31, 2022, the restricted bank balance of the Group amounting to TRY 1,031 has been blocked for loan and insurance payments, and the blockage disappears when the payments are made (December 31, 2021: TRY 3,181).

Demand deposits

As of December 31, 2022 and 2021, TRY equivalent of demand deposits in currency terms is as follows:

	December 31, 2022	December 31, 2021
US Dollar	37,056	42,390
TRY	12,370	2,322
EUR	10,378	6,717
Other	143	201
Total	**59,947**	**51,630**

Time deposits

As of December 31, 2022 and 2021, TRY equivalent of time deposits in currency terms is as follows:

	Maturity	Interest rate (%)	December 31, 2022	Maturity	Interest rate (%)	December 31, 2021
US Dollar	January 2023	0.01 - 3.75	1,453,439	January 2022	0.01 - 0.2	467,865
TRY	January 2023	2 – 22	536,615	January 2022	4.75 – 20	17,474
EUR	January 2023	0.01-1.50	268,118	January 2022	0.01 - 0.25	243,378
Total			**2,258,172**			**728,717**

(All amounts are in thousand Turkish Liras ("TRY") unless otherwise specified.)

5. CASH AND CASH EQUIVALENTS *(cont'd)*

Other cash and cash equivalents

As of December 31, 2022 and 2021, the distribution of cash and cash equivalents of the Group in foreign currency and Turkish lira is as follows:

	December 31, 2022	December 31, 2021
US Dollar	860,432	1,189,573
TRY	9,637	8,532
Total	**870,069**	**1,198,105**

The currency and interest rate risks and sensitivity analyses pertaining to the financial assets and liabilities of the Group are provided in Note 34.

6. FINANCIAL BORROWINGS

The details for financial borrowings as of December 31, 2022 and 2021, are as follows:

	December 31, 2022	ecember 31, 2021
Short-term financial borrowings	**2,469,086**	**2,162,020**
Short-term secured bank loans	152,722	352,068
Current portion of long-term secured bank loans	2,034,332	1,633,364
Current portion of long-term bonds	277,713	155,398
Current portion of long-term financial lease borrowings	-	16,871
Current portion of long-term lease liabilities	4,319	4,319
Long-term financial liabilities	**14,565,326**	**11,536,810**
Long-term secured bank loans	14,554,749	11,527,812
Long-term lease liabilities	10,577	8,998
Total	**17,034,412**	**13,698,830**

(All amounts are in thousand Turkish Liras ("TRY") unless otherwise specified.)

6. FINANCIAL BORROWINGS *(cont'd)*

The details for financial borrowings as of December 31, 2022 and 2021, are as follows:

December 31, 2022	Currency	Nominal interest rate %	Maturity	Nominal value	Book value
Collateralized bank loan(1)	TRY	7.5-22.20	2023	306,555	309,120
Collateralized bank loan(2)	TRY	10.00	2023	600	626
Collateralized project bank loan(1)	Euro	3M Euribor +5.50	2035	3,102,227	3,130,646
Collateralized project bank loan(1)	Euro	3M Euribor +4.75	2034	2,594,022	2,612,157
Collateralized project bank loan(1)	Euro	3M Euribor+6.10	2034	2,594,022	2,619,803
Collateralized project bank loan(1)	Euro	3M Euribor+5.05	2029	1,389,931	1,407,986
Collateralized project bank loan(1)	Euro	3M Euribor +6.00	2029	183,454	186,184
Collateralized bank loan(3)	Euro	Euribor +6.55	2024	228,666	231,394
Collateralized project bank loan(1)	US Dollar	3M Libor +5.15	2029	1,445,597	1,472,686
Collateralized project bank loan(1)	US Dollar	6M Libor+4.90	2027	261,815	262,171
Collateralized project bank loan(1)	US Dollar	3M Libor +6.20	2029	190,036	193,994
Collateralized bank loan(3)	US Dollar	1.33	2026	749,280	751,356
Collateralized bank loan(3)	US Dollar	1.40	2026	1,311,240	1,311,851
Collateralized bank loan(3)	US Dollar	1.36	2025	2,247,840	2,251,829
Bond(4)	TRY	28	2023	263,778	277,713
				16,869,063	**17,019,516**

December 31, 2021	Currency	Nominal interest rate %	Maturity	Nominal value	Book value
Collateralized bank loan(1)	TRY	7.50-31	2022-2023	458,987	466,780
Collateralized bank loan(2)	TRY	10.00	2022-2023	1,800	1,878
Financial lease borrowings(1)	TRY	10.70	2022	16,541	16,871
Collateralized project bank loan(1)	Euro	3M Euribor +5.50	2035	2,537,771	2,552,671
Collateralized project bank loan(1)	Euro	3M Euribor +4.75	2034	2,135,828	2,128,036
Collateralized project bank loan(1)	Euro	3M Euribor+6.10	2034	2,135,828	2,130,200
Collateralized project bank loan(1)	Euro	3M Euribor+5.05	2029	1,161,374	1,175,215
Collateralized project bank loan(1)	Euro	3M Euribor +6.00	2029	153,790	155,967
Collateralized bank loan (3)	Euro	Euribor +6.55	2022	218,396	218,851
Collateralized bank loan (3)	Euro	0.7	2022	87,661	87,775
Collateralized project bank loan(1)	US Dollar	3M Libor +5.15	2029	1,137,017	1,151,170
Collateralized project bank loan(1)	US Dollar	6M Libor+4.90	2027	216,175	216,390
Collateralized project bank loan(1)	US Dollar	3M Libor +6.20	2029	149,951	152,188
Collateralized bank loan (3)	US Dollar	1.33	2026	534,120	535,580
Collateralized bank loan (3)	US Dollar	1.40	2026	934,710	935,218
Collateralized bank loan (3)	US Dollar	1.36	2025	1,602,360	1,605,325
Bond(5)	TRY	TRYREF Index + 2	2022	150,000	155,398
				13,632,309	**13,685,513**

(1) Akfen Construction loans.
(2) Akfen Tourism loans.
(3) Akfen Holding loans.
(4) It consists of the remaining amount of the bond issued on October 17, 2022 amounting to TRY 300.000 with a maturity of 6 months and with the interest amounting to TRY 36,222.
(5) It consists of the debt arising from the issuance of a floating rate bond with a maturity of 2 years and a quarterly coupon payment amounting to TRY 150,000 on February 7, 2020.

Secured project bank loans are secured by the following instruments:

-Transfer and assignment of receivables,
-Pledge of accounts
-Mortgage of rights of construction,
-Share pledge,

Collateralized bank loans are secured by the main Shareholder and other Group Companies.

(All amounts are in thousand Turkish Liras ("TRY") unless otherwise specified.)

6. FINANCIAL BORROWINGS *(cont'd)*

As of December 31, 2022 and 2021, the breakdown of short- and long-term financial borrowings according to their maturities is as follows:

	December 31, 2022	December 31, 2021
Within 1 year	2,464,767	2,157,701
Between 1 – 2 year	1,934,180	1,178,517
Between 2 – 3 year	3,721,143	1,125,810
Between 3 – 4 year	3,317,437	2,574,530
Over 5 year	5,581,989	6,648,955
Total	**17,019,516**	**13,685,513**

The movements in financial borrowings for the years ended December 31, 2022 and 2021 are as follows:

	2022	2021
Financial liabilities at the beginning of the year	**13,685,513**	**8,931,020**
Proceeds from borrowings	1,050,249	3,046,489
Repayments of borrowings	(2,146,073)	(3,853,608)
Interest paid	(851,054)	(643,654)
Accrual	912,924	650,474
Foreign exchange difference	4,367,957	5,554,792
Financial liabilities at the period end	**17,019,516**	**13,685,513**

Operation lease liabilities

The Group has started to apply TFRS 16 as of January 1, 2019 and since the fair value of investment properties developed on the Group's leased land has been deducted from the estimated cash flows, the discounted values of the lease amounts to be paid related to the lands are classified under operational lease liabilities.

The details of operating lease liabilities are as follows:

	December 31, 2022	December 31, 2021
Less than 1 year	4,319	4,319
1 - 5 years	6,786	7,863
5 years and over	34,892	36,554
Less: Financial expense for future periods	(31,101)	(35,419)
Total operational lease liabilities	**14,896**	**13,317**

The movements of the lease liabilities for the years ended December 31, 2022 and 2021 are as follows:

	2022	2021
January 1	**13,317**	**18,562**
Finance expense	*1,579*	*1,670*
Subsidiary sales impact (Note 3)	-	*(6,915)*
December 31	**14,896**	**13,317**

(All amounts are in thousand Turkish Liras ("TRY") unless otherwise specified.)

7. TRADE RECEIVABLES AND PAYABLES

The short-term trade receivables of the Group as of December 31, 2022 and 2021, are as follows:

	December 31, 2022	**December 31, 2021**
Trade receivables due from related parties (Note 32)	26,813	19,996
Trade receivables due from third parties	191,261	82,747
- Receivables from the Ministry of Health (*)	*115,390*	*75,176*
- Notes receivables	*218*	*97*
- Other trade receivables	*75,653*	*7,474*
Total	**218,074**	**102,743**

(*) As of December 31, 2022 and 2021, trade receivables from the Ministry of Health consist of the trade receivables from the agreements signed with the Ministry of Health.

The long-term trade receivables of the Group as of December 31, 2022 and 2021 are as follows:

	December 31, 2022	**December 31, 2021**
Trade receivables from third parties	16,254	9,061
- Notes receivables	*16,254*	*9,061*
Total	**16,254**	**9,061**

The short-term trade payables of the Group as of December 31, 2022 and 2021, are as follows:

	December 31, 2022	**December 31, 2021**
Trade payables to related parties (Note 32)	11,367	9,230
Trade payables to third parties (*)	247,748	141,272
Total	**259,115**	**150,502**

(*) As of December 31, 2022 and 2021, it mostly consists of the Group's debts for construction works and purchased equipment and payments to subcontractors.

The long-term trade payables of the Group as of December 31, 2022 and 2021, are as follows:

	December 31, 2022	**December 31, 2021**
Trade payables to related parties (Note 32)	191	-
Total	**191**	**-**

(All amounts are in thousand Turkish Liras ("TRY") unless otherwise specified.)

8. OTHER RECEIVABLES AND PAYABLES

The short-term other receivables of the Group as of December 31, 2022 and 2021, are as follows:

	December 31, 2022	December 31, 2021
Other receivables due from related parties	27	9
Other receivables due from related parties	60,040	85,038
- Receivables from tax office	*58,347*	*84,188*
- Deposits and guarantees given	*167*	*157*
- Other receivables	*1,526*	*693*
Total	**60,067**	**85,047**

The long-term other receivables of the Group as of December 31, 2022 and 2021, are as follows:

	December 31, 2022	December 31, 2021
Other receivables from related parties (Note 32)	440,197	835,155
Other receivables from third parties	15,859	12,356
- Deposits and guarantees given	*1,375*	*542*
- Other long-term receivables	*14,484*	*11,814*
Total	**456,056**	**847,511**

The short-term other payables of the Group as of December 31, 2022 and 2021, are as follows:

	December 31, 2022	December 31, 2021
Other payables to related parties (Note 32)	36,592	40,495
Other payables to third parties	37,336	32,590
- Deposit and guarantees received	*28,354*	*21,969*
- Taxes and funds payable	*7,123*	*10,275*
- Other payables	*1,859*	*346*
Total	**73,928**	**73,085**

The long-term other payables of the Group as of December 31, 2022 and 2021, are as follows:

	December 31, 2022	December 31, 2021
Other payables to related parties (Note 32)	1,758,274	1,387,002
Other payables to third parties	8,766	8,769
- Deposit and guarantees received	*8*	*11*
- Other payables	*8,758*	*8,758*
Total	**1,767,040**	**1,395,771**

(All amounts are in thousand Turkish Liras ("TRY") unless otherwise specified.)

9. PREPAID EXPENSES/ASSETS ARISING FROM CUSTOMER CONTRACTS

As of December 31, 2022 and 2021, short-term prepaid expenses are stated as follows:

	December 31, 2022	December 31, 2021
Prepaid expenses (*)	21,661	11,928
Advance given (**)	14,952	25,838
Other	285	407
Total	**36,898**	**38,173**

(*) As of December 31, 2022 and 2021, the majority of the balance of prepaid expenses consists of insurance expenses.
(**) As of December 31, 2022 and 2021, the majority consists of the advances given for construction works and purchased equipment of Akfen Construction and City Hospitals.

As of December 31, 2022 and 2021, long-term prepaid expenses are stated as follows:

	December 31, 2022	December 31, 2021
Advances given	7,555	6,197
Total	**7,555**	**6,197**

Long-term assets arising from customer contracts as of December 31, 2022 and December 31, 2021, are as follows:

Long-term assets arising from customer contracts/ Contract assets arising from sales of goods and services	December 31, 2022	December 31, 2021
Assets arising from customer contracts (*)	73,612	41,760
Total	**73,612**	**41,760**

(*) The Group has evaluated the service contract submitted to the Ministry of Health within the scope of TFRS 15 and financial statements. As of December 31, 2022 and 2021, the balances consist of the advance payments made for the extraordinary maintenance and repair service expenses to be provided to the Ministry of Health.

(All amounts are in thousand Turkish Liras ("TRY") unless otherwise specified.)

10. FINANCIAL ASSETS RELATED TO CONCESSION AGREEMENTS

As of December 31, 2022 and 2021, financial assets related to short and long term concession agreements are as follows:

	December 31, 2022	December 31, 2021
Isparta City Hospital		
Short-term financial assets related to concession agreements (*)	541,050	398,834
Long-term financial assets related to concession agreements (*)	4,131,480	3,158,983
	4,672,530	**3,557,817**
Eskişehir City Hospital		
Short-term financial assets related to concession agreements (*)	815,375	621,114
Long-term financial assets related to concession agreements (*)	6,709,634	5,447,920
	7,525,009	**6,069,034**
Tekirdağ City Hospital		
Short-term financial assets related to concession agreements (*)	463,130	348,390
Long-term financial assets related to concession agreements (*)	2,943,262	2,470,068
	3,406,392	**2,818,458**
Total City Hospital		
Short-term financial assets related to concession agreements (*)	**1,819,555**	**1,368,338**
Long-term financial assets related to concession agreements (*)	**13,784,376**	**11,076,971**
Total	**15,603,931**	**12,445,309**

(*) The purchase of service concession contracts includes the right to charge fees for the use of the concession infrastructure arising from the City Hospital contract for the construction of City Hospitals models signed with the Ministry of Health, The estimated amortization period of a financial asset in concession agreements is the period during which the Group can allocate to the public to use the infrastructure until the end of the concession period.

Isparta City Hospital, Eskişehir City Hospital and Tekirdağ City Hospital started their activities and collections related to the operation of the hospitals as of March 31, 2017, October 27, 2018 and November 30, 2020, respectively.

For the years ended December 31, 2022 and 2021, financial asset movements are as follows:

	2022	2021
January 1	**12,445,309**	**7,375,570**
Increase in value arising from the calculation of fair value of Service Concession Agreements (Note 28)	4,857,584	6,080,328
Collections	(1,698,962)	(1,010,589)
December 31	**15,603,931**	**12,445,309**

11. INVESTMENT PROPERTIES

As of December 31, 2022 and 2021, investment properties are as follows:

	December 31, 2022	December 31, 2021
Investment properties	2,216,786	1,303,814
	2,216,786	**1,303,814**

As of December 31, 2022 pledge on property, plant and equipment and investment property is TRY 2,530,820 (December 31, 2021: TRY 2,177,690).

(All amounts are in thousand Turkish Liras ("TRY") unless otherwise specified.)

11. INVESTMENT PROPERTIES *(cont'd)*

As of December 31, 2022 and 2021, the types of investment properties are as follows:

	December 31, 2022	December 31, 2021
Building	1,211,360	640,343
Land	986,866	655,516
Hotel	18,560	7,955
	2,216,786	**1,303,814**

For the years ended at December 31, 2022 and 2021, the movement table of investment properties is as follows:

	2022	2021
January 1	**1,303,814**	**1,133,028**
Transfer to/transfer from inventories (Note 16)	(18,493)	20,327
Fair value increase (Note 28)	985,154	451,342
Disposals	(53,689)	(16,079)
Subsidiary sales impact-Land leases (Note 3)	-	(3,839)
Transfer from tangible assets (Note 14)	-	649
Subsidiary sales impact (Note 3)	-	(281,614)
December 31	**2,216,786**	**1,303,814**

Land leases

The Group classifies its rights on land leased to develop investment properties as investment property. In such a case, the right to the relevant land is accounted for as it was in the lease, and in addition, the fair value method is used for the land in question. Since the fair value determinations of the investment properties of the Group developed on the leased lands are made by deducting the rental prices to be paid for these lands from the estimated cash flows, the reduced values of the rental prices to be paid related to the relevant lands are accounted in the investment property account. As of February 9, 2021, the sales transactions of the shares of Masanda Tourism ("Bodrum Loft") and Isparta Dormitory (Kütahya and Isparta dormitories) to Akfen REIT have been completed and there is no land rent due to the sale of the mentioned company and have been started to be accounted for under investments accounted using the equity method in the consolidated financial statements as of December 31, 2021.

As of December 31, 2022 and 2021, the fair value classifications of investment properties are as follows:

December 31, 2022			**Fair value level**
	1. Level TRY	**2. Level TRY**	**3. Level TRY**
Investment properties – Hotel	-	18,560	-
Investment properties – Building	-	950,859	260,501
Investment properties – Land	-	986,866	-

December 31, 2021			**Fair value level**
	1. Level TRY	**2. Level TRY**	**3. Level TRY**
Investment properties – Hotel	-	7,955	-
Investment properties – Building	-	452,093	188,250
Investment properties – Land	-	655,516	-

(All amounts are in thousand Turkish Liras ("TRY") unless otherwise specified.)

12. DERIVATIVE INSTRUMENTS

Derivative instruments consist of interest rate swap transactions.

As of December 31, 2022 and 2021, liabilities from derivative instruments are as follows:

	December 31, 2022	December 31, 2021
Assets from derivative instruments	522,564	-
Liabilities from derivative instruments	-	(280,559)
Total	**522,564**	**(280,559)**

December 31, 2022	Currency	Original contract value	Asset
Derivative assets	US Dollar	89,201,755	99,955
Derivative assets	Euro	276,287,791	422,609
Total			**522,564**

December 31, 2021	Currency	Original contract value	Liability
Derivative liabilities	US Dollar	104,371,438	(8,688)
Derivative liabilities	Euro	295,936,694	(271,871)
Total			**(280,559)**

As of December 31, 2022 and 2021, assets and liabilities arising from derivative instruments consist of interest rate swap transactions. Interest rate swap transactions were made for the loans used for 100% of the USD portion of the loans used for Isparta Hospital, for libor in January 2022 for 3 years until 2025 at the rate of 1.61%, for 60% of the loans used for Eskişehir Hospital until 2028, for euribor at the rates of 0.37%, 1.99% and 2.085% on the expiration dates of the loans, and for 70% of the loans for Tekirdağ Hospital for the euribor rates of the loans are 0.05%-2.42% at the expiration date and in a maturity range of 14 to 18 years.

13. RIGHT OF USE ASSETS

Within the scope of the first application of TFRS 16 "Leases", it has been accounted as leasing obligation in the individual financial statements related to leasing commitments classified as "operating leases" in accordance with TAS 17 "Leasing Transactions" before 1 January 2019. This lease liability is measured at the present value of the unrealized lease payments as of the transition date, discounted using the alternative borrowing interest rate at the date of initial application. Right-of-use assets are accounted for at an amount equal to the lease liabilities under the simplified transition application of the relevant standard.

As of December 31, 2022 and 2021, right of use assets are as follows:

	December 31, 2022	December 31, 2021
Right of use assets (*)	7,492	7,792
Total	**7,492**	**7,792**

(*) As of December 31, 2022 and 2021, these are right-of-use assets recognized in relation to the leases of the lands leased by Akfen Merter and on which the project is under development/construction. The contract of the relevant project was terminated unilaterally by the Regional Directorate of Foundations. Due to the unilateral termination of the contract, the compensation lawsuit filed for the compensation of possible losses that the Group may incur is continuing.

As of December 31, 2022 and 2021, the movement table of right of use assets is as follows:

	2022	2021
January 1	**7,792**	**10,486**
Amortization expense	(300)	(300)
Subsidiary sales impact (Note 3)	-	(2,394)
December 31	**7,492**	**7,792**

(All amounts are in thousand Turkish Liras ("TRY") unless otherwise specified.)

14. TANGIBLE ASSETS

The movements of tangible assets as of December 31, 2022 are as follows:

Cost	*Land and buildings*	*Machinery and equipment*	*Vehicles*	*Furnitures and fixtures*	*Ongoing investments*	*Special costs*	*Other*	*Total*
Balance as of January 1, 2022	**17,051**	**12,525**	**18,648**	**36,648**	**18,832**	**33,274**	**586**	**137,564**
Additions	82	126	1,995	16,025	5,964	18,499	-	42,691
Disposals	-	-	(1,268)	(26)	-	-	-	(1,294)
Fair value increase (*)	39,973	-	-	-	-	-	-	39,973
Balance as of December 31, 2022	**57,106**	**12,651**	**19,375**	**52,647**	**24,796**	**51,773**	**586**	**218,934**
Accumulated depreciation								
Balance as of January 1, 2022	**4,353**	**9,058**	**5,467**	**19,570**	**-**	**8,448**	**176**	**47,072**
Current period depreciation	594	774	3,835	6,849	-	6,952	120	19,124
Disposals	-	-	(704)	(21)	-	-	-	(725)
Balance as of December 31, 2022	**4,947**	**9,832**	**8,598**	**26,398**	**-**	**15,400**	**296**	**65,471**
Net book value as of January 1, 2022	**12,698**	**3,467**	**13,181**	**17,078**	**18,832**	**24,826**	**410**	**90,492**
Net book value as of December 31, 2022	**52,159**	**2,819**	**10,777**	**26,249**	**24,796**	**36,373**	**290**	**153,463**

(*) As of December 31, 2022, Group has revalued its buildings.

(All amounts are in thousand Turkish Liras ("TRY") unless otherwise specified.)

14. TANGIBLE ASSETS (cont'd)

The movements of tangible assets as of December 31, 2021 are as follows:

Cost	*Land and buildings*	*Machinery and equipment*	*Vehicles*	*Furnitures and fixtures*	*Ongoing investments*	*Special costs*	*Other*	*Total*
Balance as of January 1, 2021	**305,543**	**12,589**	**6,923**	**27,680**	**18,040**	**22,148**	**62**	**392,985**
Additions	-	747	12,587	8,998	792	11,126	524	34,774
Disposals	-	(811)	(862)	-	-	-	-	(1,673)
Subsidiary sales impact (Note 3)	(287,843)	-	-	(30)	-	-	-	(287,873)
Transfer to investment properties	(649)	-	-	-	-	-	-	(649)
Balance as of December 31, 2021	**17,051**	**12,525**	**18,648**	**36,648**	**18,832**	**33,274**	**586**	**137,564**
Accumulated depreciation								
Balance as of January 1, 2021	**3,787**	**8,846**	**3,625**	**14,264**	**-**	**4,378**	**62**	**34,962**
Current period depreciation	845	889	2,440	5,335	-	4,070	114	13,693
Disposals	-	(677)	(598)	-	-	-	-	(1,275)
Subsidiary sales impact (Note 3)	(279)	-	-	(29)	-	-	-	(308)
Balance as of December 31, 2021	**4,353**	**9,058**	**5,467**	**19,570**	**-**	**8,448**	**176**	**47,072**
Net book value as of January 1, 2021	**301,756**	**3,743**	**3,298**	**13,416**	**18,040**	**17,770**	**-**	**358,023**
Net book value as of December 31, 2021	**12,698**	**3,467**	**13,181**	**17,078**	**18,832**	**24,826**	**410**	**90,492**

As of December 31, 2022, the depreciation expense of tangible assets, intangible assets and right of use assets in total amounting to TRY 26,364 respectively, amounting to TRY 19,124, TRY 6,940 and TRY 300, was recognized in cost of sales amounting to TRY 19,436 and general administrative expenses amonting to TRY 6,928 (December 31, 2021: A total of TRY 19,289 respectively, tangible fixed assets TRY 13,693, intangible assets TRY 5,296, right of use assets TRY 300 of depreciation expense, was accounted in cost of sales amounting to TRY 13,912 and in general administrative expenses amounting to TRY 5,377) (Note 13 and Note 15).

(All amounts are in thousand Turkish Liras ("TRY") unless otherwise specified.)

15. INTANGIBLE ASSETS

The movements of intangible assets as of December 31, are as follows:

Cost	***Rights***	***Other***	***Total***
Balance as of January 1, 2021	**134,098**	**14,144**	**148,242**
Additions	795	19	814
Balance as of December 31, 2021	**134,893**	**14,163**	**149,056**
Balance as of January 1, 2022	**134,893**	**14,163**	**149,056**
Additions	1,415	49	1,464
Balance as of December 31, 2022	**136,308**	**14,212**	**150,520**

Accumulated amortization	***Rights***	***Other***	***Total***
Balance as of January 1, 2021	**39,419**	**2,950**	**42,369**
Current period amortization	1,991	3,305	5,296
Balance as of December 31, 2021	**41,410**	**6,255**	**47,665**
Balance as of January 1, 2022	**41,410**	**6,255**	**47,665**
Current period amortization	3,666	3,274	6,940
Balance as of December 31, 2022	**45,076**	**9,529**	**54,605**
Net book value			
Net book value as of January 1, 2021	**94,679**	**11,194**	**105,873**
Net book value as of December 31, 2021	**93,483**	**7,908**	**101,391**
Net book value as of December 31, 2022	**91,232**	**4,683**	**95,915**

As of December 31, 2022 and 2021, majority of the intangible assets consist of the right of construction of the projects of Akfen Merter and Hacettepe.

16. INVENTORIES

As of December 31, 2022 and 2021, inventories are as follows:

	December 31, 2022	**December 31, 2021**
Food and beverage stocks	15,142	5,078
Finished goods	13,640	9,911
Total	**28,782**	**14,989**

As of December 31, 2022 and 2021, the finished goods consist of the existing apartments for sale in Incek and Gölbaşı related to the housing project.

As of December 31, 2022 and 2021 the movement of inventories is as follows:

	2022	**2021**
January 1	**14,989**	**43,205**
Additions	16,774	6,032
Disposals	(21,474)	(13,921)
Transfers from/to investment properties (Note 11)	18,493	(20,327)
December 31	**28,782**	**14,989**

As of December 31, 2022 and 2021, there is no mortgage on the inventories.

(All amounts are in thousand Turkish Liras ("TRY") unless otherwise specified.)

17. DEFERRED REVENUES / OBLIGATIONS ARISING FROM CUSTOMER CONTRACTS

As of December 31, 2022 and 2021, short-term deferred revenue is as follows:

	December 31, 2022	**December 31, 2021**
Deferred revenue from related parties (Note 32)	17,313	-
Deferred revenue from third parties	32,644	16,559
- Hotel lease revenues (*)	*31,750*	*15,592*
- Advances received (**)	*828*	*911*
- Other	*66*	*56*
Total	**49,957**	**16,559**

(*) Hotel lease revenue consists of rent collected in advance for the months after the reporting period related to Bodrum Loft Hotel as of December 31, 2022 and 2021.

(**) As of December 31, 2022 and 2021 the majority of the advances received are related to the Incek Loft project.

As of December 31, 2022 and 2021, long-term obligations arising from customer contracts are as follows:

Long term obligations arising from customer contracts	**December 31, 2022**	**December 31, 2021**
Long term obligations arising from customer contracts (*)	134,441	93,310
Total	**134,441**	**93,310**

(*) Group evaluated the service contract submitted to the Ministry of Health within the scope of TFRS 15 and carried its effect to its consolidated financial statements as of December 31, 2022 and 2021. As of December 31, 2022 and 2021, deferred revenues consist of the revenue amounts obtained in advance for the extraordinary maintenance and repair service fee to be provided to the Ministry of Health.

18. PROVISIONS

As of December 31, 2022 and 2021, short term provisions are as follows:

	December 31, 2022	**December 31, 2021**
Unused vacation provision	18,819	9,655
Other provisions (*)	32,874	19,187
Total	**51,693**	**28,842**

(*) As of December 31, 2022 and 2021, other provisions are the amounts expected to be paid by Akfen Holding to the previous shareholders of the HEPP project companies belonging to Akfen Renewables, depending on the share transfer agreement.

As of December 31, 2022 and 2021, long term provisions are as follows:

	December 31, 2022	**December 31, 2021**
Provision for severance pay	18,865	8,419
Total	**18,865**	**8,419**

19. GOVERNMENT INCENTIVES AND GRANTS

In accordance with the Investment Incentives Law No. 47/2000, Akfen REIT has a 100% investment incentive without any time restrictions for its investments in the TRNC until December 31, 2008.

With the decision of the Council of Ministers dated July 1, 2003 and numbered 2003/5868, the amount of the vessels carrying cargo and passengers exclusively in the cabotage line registered to the Turkish International Ship Registry and National Ship Registry, commercial yachts, service and fishing vessels shall be determined according to the technical characteristics of each ship and has decided to reduce the special consumption tax amount of the fuel to be given to the logbook of the vessel that will use this fuel to zero since the beginning of 2004. Since 2004, IDO has been benefiting from the special consumption tax deduction.

The resolution of the Council of Ministers No. 2004/5266 of December 2, 2004 provides that the revenues from the operation and transfer of ships and yachts registered in the Turkish International Register of Ships are exempt from income and corporate taxes and funds. Therefore, purchasing, sales, mortgage, registration, loan and freight contracts pertaining to ships and yachts to be registered in the Turkish International Register of Ships are not subject to stamp duty, levies, banking and insurance transactions tax and funds. To this end, İDO is using corporate tax and income tax discounts.

For HEPP investments, the Group has investment incentives in the form of VAT exemption and customs duty exemption that it has obtained by submitting various documents.

Moreover, solar panels to be imported are removed from the scope of incentives and VAT exemption through the "Communique (Communique No: 2016/2) on Amending the Communique (Communique No: 2012/1) on the Implementation of the Decision on State Aid for Investments", which was published in the Official Gazette No. 28329 of June 25, 2016. Out of our SPP projects, those that have not applied for or received VAT exemption and investment incentive before the date of publication of the Communique cannot benefit the VAT exemption and customs duty exemption for the solar panels they will import.

Acacia Mine has received an investment incentive certificate from the Ministry of Economy under the "Large Scale Investment" plan for the mining facility in Kastamonu on April 27, 2014. Under this incentive, 40% of the total investment amount is based on tax exemption and 80% of the future tax amount of the company will not be paid within the scope of incentive until reaching the base for tax exemption. In addition, Acacia Mine benefits from SSK employer feel support.

Akfen Construction's hospital projects are subject to corporate tax at reduced rates, effective from the financial year in which the investment is partially or fully operational until the investment reaches the contribution amount. In this context, the Group recognizes the tax advantage that it expects to benefit from investment incentive companies as deferred tax asset in the financial statements.

(All amounts are in thousand Turkish Liras ("TRY") unless otherwise specified.)

20. INVESTMENTS ACCOUNTED USING THE EQUITY METHOD

Investments accounted using the equity method

The carrying amounts of investments accounted using the equity method of the Group as of as of December 31, 2022 and 2021, are as follows:

	Shareholding Rates (%)	December 31, 2022	Shareholding Rates (%)	December 31, 2021
Akfen Renewable	66.91	4,441,307	66.91	3,420,676
Acacia Mine	25.50	1,108,329	30.00	637,525
Akfen REIT	13.94	1,079,109	23.94	1,027,841
Akfen Water	50.00	29,459	50.00	24,664
MDO/İDO (*)	50.00	-	50.00	-
		6,658,204		**5,110,706**

(*) MDO, which will operate in the field of marine transport, was established on May 5, 2021, with 50%/50% equal shares, in partnership with Akfen Holding and Tepe İnşaat. On July 8, 2021, all shares of İDO were transferred to MDO.

The Group's shares in the profits or losses of its investments accounted using the equity method in the profit or loss statement for years ended on December 31 are as follows:

	2022	2021
Akfen REIT (*)	566,741	531,271
Akfen Renewable	468,653	273,001
Acacia Mine (**)	372,586	139,674
Akfen Water	4,768	4,385
IBS Insurance (***)	-	1,477
MDO/İDO (****)	(296,550)	(54,444)
	1,116,198	**895,364**

(*) After the share sale on November 14, 2022, the ownership rate of Akfen REIT decreased from 23.94% to 13.94%. Profit or loss items of Akfen REIT were consolidated at the rate of 23.94% which is the pre-sale ownership rate and the closest accounting period to the share sale date until September 30, 2022 and at the rate of 13.94% which is the ownership rate after the share sale on November 14, 2022 between September 30, 2022 to December 31, 2022.
After the capital increases on January 12, 2021 and February 9, 2021, the ownership rate of Akfen REIT decreased from 56.88% to 30.37%. Net profit for the period of Akfen REIT were consolidated are at the rate of 56.88%, which is the pre-capital increase ownership rate until January 31, 2021, which is the closest accounting period to the capital increase dates, at the rate of 30.37%, which is the the ownership rate after the capital increase dated January 12 and February 9, between January 31, 2021 to September 30, 2021 and at the rate of 23.94% which is the ownership rate after the capital increase on August 20, 2021 between September 30, 2021 to December 31, 2021.
(**) After the share sale on July 22, 2022, the ownership rate of Acacia Mine decreased from 30% to 25.5%. Profit or loss items of Acacia Mine were consolidated at the rate of 30% which is the pre-sale ownership rate and the closest accounting period to the share sale date until June 30, 2022 and at the rate of 25.5% which is the ownership rate after the share sale on July 22, 2022 between June 30, 2022 to December 31, 2022.
(***) On January 28, 2021, the remaining 20% shares of IBS Insurance, whose details are given in Note 2, were sold. Profit or loss items of IBS Insurance were consolidated at the rate of 20% before the share sale until January 31, 2021, which is the closest accounting period to the share sale date, and profit or loss items after this date are not included in the consolidation.
(****) MDO, which will also operate in the field of marine transportation, was established on May 5, 2021, with 50%/50% equal shares, in partnership with Akfen Holding and Tepe Construction. On July 8, 2021, all shares of İDO were transferred to MDO.

(All amounts are in thousand Turkish Liras ("TRY") unless otherwise specified.)

20. INVESTMENTS ACCOUNTED USING THE EQUITY METHOD *(cont'd)*

As of December 31, 2022 and 2021, the movements in investments accounted using the equity method are as follows:

	January 1 2022	Period profit/(loss)	Other equity movements	Liability cap adjustment (*)	Other adjustments related to profit or loss in consolidation (**)	Share sale (Note 3)	December 31, 2022
Akfen Renewable	3,420,676	468,653	551,978	-	-	-	4,441,307
Akfen REIT	1,027,841	566,741	97,066	-	-	(612,539)	1,079,109
Acacia Mine	637,525	376,104	276,498	-	(3,518)	(178,280)	1,108,329
Akfen Water	24,664	4,768	27	-	-	-	29,459
MDO/İDO	-	(1,097,251)	296,550	800,701	-	-	-
	5,110,706	**319,015**	**1,222,119**	**800,701**	**(3,518)**	**(790,819)**	**6,658,204**

	January 1 2021	Period profit/(loss)	Other equity movements	Liability cap adjustment (*)	Other adjustments related to profit or loss in consolidation (**)	Share sale (Note 3)	December 31, 2021
Akfen Renewable	1,607,499	273,001	1,540,176	-	-	-	3,420,676
Akfen REIT	394,817	531,271	179,490	-	-	(77,737)	1,027,841
Acacia Mine	254,338	143,365	243,513	-	(3,691)	-	637,525
Akfen Water	23,186	4,385	(2,907)	-	-	-	24,664
MDO/İDO	(91,756)	(867,355)	146,200	812,911	-	-	-
	2,188,084	**84,667**	**2,106,472**	**812,911**	**(3,691)**	**(77,737)**	**5,110,706**

In addition to the profit/(loss) figures in the table above, as of December 31, 2021, the profit of TRY 1,480 realized until the date of sale of IBS Insurance, which is not included in the Group assets due to the share sale in 2021, has been recognized in the consolidated statement of profit or loss of the Group.

(*) After the project financing was restructured in July 2021, the parts of the guarantor amounts between MDO and the Company for the relevant period were paid as of December 31, 2022 and 2021.

(**) Acacia Mine's net assets include assets related to mineral reserves and goodwill. Depreciation expense amounting to TRY 4,397 (December 31, 2021: TRY 4,613) and deferred tax income amounting to TRY 879 (December 31, 2021: TRY 922) belonging to the assets related to the mineral reserve accounted in the "Share of income/(loss) from investments accounted using the equity method" in the consolidated financial statement of profit or loss.

Equity effect arising from hedging agreements made by subsidiaries, functional currency differences between Akfen Holding and joint ventures, remeasurements of defined benefit plans and revaluation of property, plant and equipment are accounted for under other comprehensive income items (Note 24).

(All amounts are in thousand Turkish Liras ("TRY") unless otherwise specified.)

20. INVESTMENTS ACCOUNTED USING THE EQUITY METHOD *(cont'd)*

Akfen Renewable Energy:

Summary financial information on Akfen Renewable Energy as of December 31, 2022 and 2021 is provided below:

	December 31, 2022	December 31, 2021
Total Assets	17,802,250	14,567,983
Total Liabilities	10,801,622	9,092,802
Net Assets	7,000,628	5,475,181
Group's share in Akfen Renewable Energy's net assets	**4,683,910**	**3,663,279**
Change in the share of partnership (*)	(242,603)	(242,603)
Carrying value	**4,441,307**	**3,420,676**

	January 1- December 31, 2022	January 1- December 31, 2021
Revenue	2,489,204	1,291,036
Gross profit	1,471,397	684,421
General administrative expenses	(67,203)	(33,111)
Other operating income expense, net	222,846	(14,151)
Operating profit	1,627,040	637,159
Profit before tax	637,862	272,537
Profit after tax	700,871	404,699
Profit for the year from parent company shares	700,454	408,031
Group's share in Akfen Renewable's profit for the period	**468,653**	**273,001**
Depreciation and amortization expenses	505,531	311,190

(*) It is the effect of changes in the ownership ratios of Akfen Renewables in previous years on the consolidated financial statements of the Group.

In calculating Akfen Renewable's fair values, the government's minimum purchase prices, details of which are given in Note 1 are used during the Renewable Energy Resources Support Mechanism ("Yekdem") period, and the estimated average market selling prices after Yekdem are used. The discount rates used in the valuation reports prepared as of December 31, 2022 are 13,6% (December 31, 2021: 11.31%) in USD terms.

As of 1 July 2020, Akfen Renewables has started to apply hedge accounting (hedging against cash flow risk) as an accounting policy, one of the application methods specified within the scope of TAS 39, and the Group has been able to hedge against cash flow risk amounting to TRY 1,138,055 in the other comprehensive income statement on December 31, 2022. (December 31, 2021: TRY 1,794,510).

(All amounts are in thousand Turkish Liras ("TRY") unless otherwise specified.)

20. INVESTMENTS ACCOUNTED USING THE EQUITY METHOD *(cont'd)*

Akfen REIT:

The summary financial information of Akfen REIT as of December 31, 2022 and 2021 is as follows:

	December 31, 2022	December 31, 2021
Total Assets	12,386,047	6,863,235
Total Liabilities	4,645,736	2,569,952
Net Assets	7,740,311	4,293,283
Group's share in Akfen REIT's net asset	**1,079,109**	**1,027,841**

	January 1- December 31, 2022 (*)	January 1- December 31, 2021 (*)
Revenue	511,730	191,494
Gross profit	491,843	177,496
General administrative and selling marketing expenses	(21,008)	(11,890)
Other operating income, net	3,265,705	2,518,981
Operating profit	3,736,540	2,684,587
Profit before tax	3,327,939	2,364,461
Profit after tax	2,957,616	2,114,335
Profit for the period from parent company shares	3,082,288	2,083,753
Group's share in Akfen REIT's profit for the period	**566,741**	**531,271**
Depreciation and amortization expenses	2,266	3,374

(*) After the capital increases on January 12, 2021 and February 9, 2021, the details of which are given in Note 2, the ownership rate of Akfen REIT decreased from 56.88% to 30.37%. Profit or loss items of Akfen REIT were consolidated at the rate of 56.88%, which is the pre-capital increase ownership rate until January 31, 2021, which is the closest accounting period to the capital increase dates, at the rate of 30.37%, which is the the ownership rate after the capital increase dated January 12 and February 9, between January 31, 2021 to September 30, 2021 and at the rate of 23.94% which is the ownership rate after the capital increase on August 20, 2021 between September 30, 2021 to December 31, 2021. After the share sale on November 14, 2022, the ownership rate of Akfen REIT decreased from 23.94% to 13.94%. Profit or loss items of Akfen REIT were consolidated at the rate of 23.94% which is the pre-sale ownership rate and the closest accounting period to the share sale date until September 30, 2022 and at the rate of 13.94% which is the ownership rate after the share sale on November 14, 2022 between September 30, 2022 to December 31, 2022.

Fair values of the Group's investment properties are calculated by a real estate appraisal Group included in the list of authorized companies to offer appraisal services within the framework of the CMB legislation as of December 31, 2022 and 2021. The fair values of the investment properties of which right of buildings are held, are determined as the present value of aggregate of the estimated cash flows expected to be received from renting out the property and the fair values of the investment properties which the Group owns, are determined as the present value of aggregate of the estimated cash flows for the period of lease agreement made. In the valuation process, a projection period which fits to the lease term for right of tenancy of each hotels is taken into consideration. The fair value is calculated by discounting the estimated cash flows at a rate which is appropriate for the risk level of the economy, market and the business to determine its present value.

As of December 31, 2022 and 2021, the discount rates used in the Euro valuation report prepared according to different versions are in the range of 9.5-11.5% (December 31, 2021: %7.9-10.5%), the discount rates for assets valued in TRY are determined as 24% (December 31, 2021: 19%) and the discount rates for assets valued in Ruble are determined as 12.93-14.93% in the calculation of the fair values of operating investment properties.

(All amounts are in thousand Turkish Liras ("TRY") unless otherwise specified.)

20. INVESTMENTS ACCOUNTED USING THE EQUITY METHOD *(cont'd)*

MDO/İDO

The summary financial information of MDO/İDO as of December 31, 2022 and 2021 is as follows:

	December 31, 2022	December 31, 2021
Total Assets	4,916,789	2,534,852
Total Liabilities	8,451,372	6,575,868
Net Assets	(3,534,583)	(4,041,016)
Group's share in MDO/İDO's net asset	**(1,767,291)**	**(2,020,508)**
Group's share recognized in the net assets of MDO/İDO (*)	**-**	**-**

	January 1- December 31, 2022	January 1- December 31, 2021
Revenue	1,263,978	803,552
Gross profit	(1,986)	170,402
General administrative and selling marketing expenses	(108,767)	(81,241)
Other operating expense, net	(16,019)	(10,520)
Share of profit from investments accounted using the equity method	4,507	2,747
Operating profit	(122,265)	81,388
Loss before tax	(2,194,502)	(1,734,710)
Loss after tax	(2,194,502)	(1,734,710)
Loss for the period from parent company shares	(2,194,502)	(1,734,710)
Group's share in MDO/İDO's loss for the period	**(1,097,251)**	**(867,355)**
Group share of MDO/İDO recognized as loss for the period	**(296,550)**	**(54,444)**
Depreciation and amortization expenses	70,740	136,022

(*) Akfen Holding's share became 50% after the share transfers made as of October 14, 2020, within the scope of the restructuring of the project financing at the stage of completion of İDO. In this context, MDO, which will also operate in the field of marine transportation, was established on May 5, 2021, with 50%/50% equal shares, in partnership with Akfen Holding and Tepe İnşaat. With the restructuring completed on July 8, 2021, Akfen Holding and Tepe İnşaat transferred their shares in İDO to MDO and MDO became the 100% owner of İDO. After the project financing was restructured in July 2021, the parts of the guarantor amounts between MDO and the Company for the relevant period were paid as of December 31, 2021. Therefore, not the entire group's share in the net period loss and other comprehensive income or expenses of İDO is included, the part that will not exceed the mentioned liability in the consolidated profit or loss statement.

(All amounts are in thousand Turkish Liras ("TRY") unless otherwise specified.)

20. INVESTMENTS ACCOUNTED USING THE EQUITY METHOD *(cont'd)*

Akfen Water:

The summary financial information of Akfen Water as of December 31, 2022 and 2021 is as follows:

	December 31, 2022	December 31, 2021
Total Assets	65,038	59,266
Total Liabilities	6,120	9,938
Net Assets	58,918	49,328
Group's share in the net assets of Akfen Water	**29,459**	**24,664**

	January 1- December 31, 2022	January 1- December 31, 2021
Revenue	28,937	108,707
Gross profit	4,036	8,976
General administrative expenses	(13,138)	(4,033)
Other operating (expense)/income, net	(37)	(7,427)
Operating loss	(9,139)	(2,484)
Profit before tax	7,276	9,719
Profit after tax	9,536	8,770
Profit for the period from parent company shares	9,536	8,770
Group's share in Akfen Water's profit for the period	**4,768**	**4,385**
Depreciation and amortization expenses	103	219

Acacia Mine:

The summary financial information of Acacia Mine as of December 31, 2022 and 2021 is as follows:

	December 31, 2022	December 31, 2021
Total Assets	7,248,064	4,926,247
Total Liabilities	3,018,364	2,930,264
Net Assets	4,229,700	1,995,983
Group's share in the net assets of Acacia Mine	**1,078,573**	**598,795**
Mining property reserves (*)	26,635	35,060
Goodwill carried at Group level (*)	3,121	3,670
Carrying value	**1,108,329**	**637,525**

	January 1- December 31, 2022 (*)	January 1- December 31, 2021
Revenue	3,730,465	1,699,202
Gross profit	1,407,017	877,617
General administrative and selling marketing expenses	(328,961)	(146,858)
Other operating (expense)/income, net	76	(7,937)
Operating profit	1,078,132	722,822
Profit before tax	1,154,727	726,906
Profit after tax	1,263,992	477,883
Profit for the period from parent company shares	1,263,992	477,883
Group's share in Acacia Mine's profit for the period before purchase price allocation	**376,104**	**143,365**
Group's share in Acacia Mine's profit for the period after purchase price allocation (**)	**372,586**	**139,674**
Depreciation and amortization expenses	570,671	268,874

(All amounts are in thousand Turkish Liras ("TRY") unless otherwise specified.)

20. INVESTMENTS ACCOUNTED USING THE EQUITY METHOD *(cont'd)*

Acacia Mine *(cont'd)*

(*) Net assets of Acacia Mine include mining property reserves and goodwill. As of December 31, 2022, regarding the recognized the mining property reserves, amortization expense amounted to TRY 4,397 (December 31, 2021: TRY 4,613) and deferred tax income amounted to TRY 879 (December 31, 2021: TRY 922) have been recognized under "Share in profits/(losses) on investments accounted for using the equity method "in the consolidated financial statements.

(**) After the share sale on July 22, 2022, the ownership rate of Acacia Mine decreased from 30% to 25.5%. Profit or loss items of Acacia Mine were consolidated at the rate of 30% which is the pre-sale ownership rate and the closest accounting period to the share sale date until June 30, 2022 and at the rate of 25.5% which is the ownership rate after the share sale on July 22, 2022 between June 30, 2022 to December 31, 2022.

On April 27, 2014, Acacia Mine received investment incentive certificate for the mining facility in Kastamonu in the "Lage Scale Investment" plan from Ministry of Economy. Within the scope of this incentive, 40% of total investment amount constitutes the basis for tax exemption and 80% of the future tax amount of the company will not be paid under the incentive until it reaches the base of tax exemption.

IBS Insurance:

After the sale of shares on January 28, 2021, IBS Insurance is not included in the Group assets as of December 31, 2022 and 2021.

The summary financial information of IBS Insurance as of December 31, 2021 is as follows:

	January 1- December 31, 2021
Revenue	8,611
Gross profit	6,929
General administrative and selling marketing expenses	(838)
Other operating income, net	3,152
Operating profit	9,243
Profit before tax	9,178
Profit after tax	7,403
Profit for the period from parent company shares	7,403
Group's share in IBS's profit for the period (*)	**1,477**
Depreciation and amortization expenses	152

(*) On January 28, 2021, the remaining 20% shares of IBS Insurance, whose details are given in Note 2, were sold. Profit or loss items of IBS Insurance were consolidated at the rate of 20% before the share sale until January 31, 2021, which is the closest accounting period to the share sale date, and profit or loss items after this date are not included in the consolidation.

(All amounts are in thousand Turkish Liras ("TRY") unless otherwise specified.)

21. COMMITMENTS

Letters of guarantee, pledges and mortgages given

As of December 31, 2022 and 2021, the Group's statements on its position related to letters of guarantee/pledges/mortgages are as follows:

GPM given by the Group	December 31, 2022	December 31, 2021
A. Total Amount of GPM Given on Behalf of Own Legal Entity	33,471,102	25,049,379
B.Total Amount of GPM Given in Favor of Partnerships which are Fully Consolidated	532,880	524,566
C.Total Amount of GPM Given for Assurance of Third Parties Debts in Order to Conduct Usual Business Activities	-	-
D. Total Amount of Other GPM Given	3,898,504	3,598,864
i. Total Amount of GPM Given in Favor of the Parent Company	-	-
ii. Total Amount of GPM Given in Favor of Other Group Companies which B and C do not comprise	3,898,504	3,598,864
iii. Total Amount of GPM Given in Favor of Third Parties which C does not comprise	-	-
Total	**37,902,486**	**29,172,809**

As of December 31, 2022, the ratio of other GPM given by the Company to equity is %20 (December 31, 2021: %27).

The breakdown, in foreign currency, of the GPM the Group has given is as follows:

	December 31, 2022 (*)			December 31, 2021 (*)		
	TRY	**Euro**	**US Dollar**	**TRY**	**Euro**	**US Dollar**
GPM given on behalf of the Group's own legal entity	195,181	20,500,978	12,774,943	391,557	15,484,511	9,173,311
GPM given in favor of companies under full consolidation	210,554	228,666	93,660	306,170	218,396	-
Total of other GPMs given	147,000	103,182	3,648,322	96,824	132,924	3,369,116
	552,735	**20,832,826**	**16,516,925**	**794,551**	**15,835,831**	**12,542,427**

(*) All amounts are expressed in TRY equivalent.

125,000,000 shares of TRY 1 on Eskişehir City Hospital shares, 203,475,000 shares with TRY 1 on Isparta City Hospital shares, 175,000,000 shares with TRY 1 on Tekirdağ City Hospital shares were pledged to the creditors.

22. FINANCIAL INVESTMENTS

Short-term financial investments

The details for short-term financial investments as of December 31, 2022 and 2021, are as follows:

	December 31, 2022	December 31, 2021
Financial assets at fair value through profit or loss	722,989	1,023,720
Total short-term financial investments	**722,989**	**1,023,720**

Long-term financial investments

The details for long-term financial investments as of December 31, 2022 and 2021, are as follows:

	December 31, 2022	December 31, 2021
Financial assets at fair value through profit or loss	1,778,448	1,159,125
Financial assets at fair value through other comprehensive income	5,683,981	3,723,028
Total long-term financial investments	**7,462,429**	**4,882,153**

Financial assets at fair value through profit or loss

As of December 31, 2022 and 2021, all of the financial assets whose short and long term fair value differences are reflected to profit / loss consist of the Group's bonds and investment funds with a maturity of more than 3 months, and all of these assets are in US currency.

As of December 31, 2022, fair value loss amount of TRY 494,447 related to the mentioned assets is accounted in the consolidated statement of income or expense (Note 30) (December 31, 2021: TRY 127,624 fair value gain).

(All amounts are in thousand Turkish Liras ("TRY") unless otherwise specified.)

22. FINANCIAL INVESTMENTS *(cont'd)*

Financial assets at fair value through other comprehensive income

	2022	2021
January 1	**3,723,028**	**2,123,935**
Revaluation increases accounted for as other comprehensive income	1,960,953	1,596,465
Transfer	-	2,890
Other	-	(262)
December 31	**5,683,981**	**3,723,028**

As of December 31, 2022, TRY 5,560,452 of other long-term investments consists of MIP, TRY 10,530 of Travalex Group Investment, TRY 103,523 of Tepe Akfen Reformer TAR shares and TRY 9,349 of Tav Investment shares. (December 31, 2021 : MIP; TRY 3,625,827, Travelex; TRY 10.530, Tepe Akfen Reformer TAR; TRY 80,056, Tav Investment; TRY 6,489). Sensitivity analysis regarding the fair value of MIP recognized in the consolidated financial statements of the Group is given in Note 34.

23. OTHER CURRENT/NON-CURRENT ASSETS AND CURRENT/NON-CURRENT LIABILITIES

As of December 31, 2022 and 2021, other current assets are stated as follows:

	December 31, 2022	December 31, 2021
VAT carryforward	22,812	67,539
Other	1,128	1,754
Total	**23,940**	**69,293**

As of December 31, 2022 and 2021, other non-current assets are stated as follows:

	December 31, 2022	December 31, 2021
VAT carryforward	84,667	25,934
Prepaid taxes and funds	863	-
Diğer	632	571
Total	**86,162**	**26,505**

Other current and non-current liabilities

As of December 31, 2022 and 2021, other current liabilities are stated as follows:

	December 31, 2022	December 31, 2021
Advances received (1)	40,204	60,017
Other	498	2,369
	40,702	**62,386**

(1) As of December 31, 2022, TRY 30,847 of advances received (December 31, 2021: TRY 53.522) consists of advances received by the Group for Acacia Maden.

(All amounts are in thousand Turkish Liras ("TRY") unless otherwise specified.)

24. EQUITY

Issued Capital

As of December 31, 2022 and 2021, the Company's capital structure is as follows:

	December 31, 2022		**December 31, 2021**	
Name of shareholder	Share ratio (%)	Share amount	Share ratio (%)	Share amount
Pelin Akın Özalp	47.10	428,652	47.10	329,732
Selim Akın	47.10	428,652	47.10	329,732
Hamdi Akın	3.29	29,902	3.29	23,002
Akfen Holding	2.27	20,648	2.27	15,883
Akfen Tourism	0.24	2,146	-	-
Akınısı	-	-	0.24	1,651
Nominal	**100**	**910,000**	**100**	**700,000**
Total issued capital	**100**	**910,000**	**100**	**700,000**

With the decision of Akfen Holding Board of Directors dated September 21, 2021, it was decided that Akfen Altyapı Holding, which owns the majority shares of the Company (89.49%), joins the Company as a whole, without liquidation. At the Akfen Holding Extraordinary General Assembly meeting held on November 2, 2021, the merger was unanimously approved. As of November 10, 2021, the merger of Akfen Holding and Akfen Altyapı was completed and Akfen Altyapı was dissolved without liquidation. Since the companies were merged together with all their assets and liabilities through dissolution without liquidation, the nominal value of the shares of Akfen Holding, in which Akfen Altyapı Holding participates, amounting to TRY 597,057 and the registered value of the shares in Akfen Altyapı Holding's assets has been deducted, the capital of Akfen Holding A.Ş., which took over, became TRY 650,124 as a result of the merger and thus a capital decrease amounting TRY 17,057 has occurred. However, in line with the decision taken, a simultaneous capital increase of TRY 49,876 was made. The entire capital increase was covered by Akfen Holding's profits from previous years. As a result of the aforementioned simultaneous capital decrease and capital increase, the capital of Akfen Holding A.Ş., which took over, became TRY 700,000. On December 29, 2022, a capital increase amounting to TRY 210,000 was made, and TRY 197,839 of the increased amount was covered from the cash capital advance given to the Company by the main partners of the Company, TRY 6,901 from the cash debt previously given to the Company by the founding partner of the Company. Remaining TRY 5,260 TL, TRY 495 was committed by Akfen Tourism, one of the current shareholders of the Company, and TRY 4,765 TL by Akfen Holding in cash and paid before registration.

Akfen Holding sold 38,362,889 shares out of 65,838,800 shares, corresponding to 9.868% of Akfen Holding's total shares taken over from Akfen Altyapı on August 24, 2021 (equivalent to 5.75% of the Company's total number of shares) amounting to TRY 379,962 to Hamdi Akın. The cost of the shares sold is TRY 332,107 and the difference between the selling price and the cost of the sold shares is TRY 47,855, which is recognised for as share premium in the consolidated financial statements of the Group.

Restricted reserves appropriated from profits

In accordance with Article 520 of the Law no. 6102, reserve fund is allocated for the shares repurchased.

As of December 31, 2022, legal reserves in the financial statements is TRY 2,571,933 (December 31, 2021: TRY 2,493,382).

Foreign currency translation differences

As of December 31, 2022 the translation reserve amounting to TRY 964,273 recognized in the equity is comprised of foreign exchange difference arising from the translation of the financial statements of Akfen REIT, TAV Investment, Acacia Mine and Akfen Construction from their functional currency of USD, Euro and Ruble to the presentation currency TRY. (December 31, 2021: TRY 590,699 – Akfen REIT, TAV Investment, Acacia Mine and Akfen Construction - USD, Euro, Ruble)

Currency translation differences recognized in the consolidated statement of profit or loss and other comprehensive income as of December 31, 2022 are TRY 373,574 (December 31, 2021: TRY 309,296).

24. EQUITY *(cont'd)*

Tangible asset revaluation increases

As of December 31, 2022, the amount of tangible fixed asset valuation increase fund under equity in the consolidated financial statements of the Group is TRY 6,036,935 (TRY 5,998,885 from the power plant valuation of Akfen Renewable, TRY 38,050 consists of valuations for buildings owned by Akfen Construction). (December 31, 2021, TRY 4,461,126-TRY 4,455,054 consists of the power plant valuation of Akfen Renewable, TRY 6,072 consists of Akfen Construction).

Effect of business combinations under common control

Based on the decision of the Board of Directors of Akfen Holding dated 5 January 2018; the merger of Akfen Engineering, which has the same partnership with the Company, was completed on February 28, 2018, with no liquidation and participation in the Company as a whole. In addition, the acquisitions of IBS Insurance on March 17, 2018, and Akfen Construction on May 30, 2018 were completed. With the decision of Akfen Holding Board of Directors dated September 21, 2021, it was decided that Akfen Altyapı Holding, which owns the majority shares of the Company (89.49%), joins the Company as a whole, without liquidation. At the Akfen Holding Extraordinary General Assembly meeting held on November 2, 2021, the merger was unanimously approved. As of November 10, 2021, the merger of Akfen Holding and Akfen Altyapı was completed and Akfen Altyapı was dissolved without liquidation. All of these transactions were evaluated as "Effect of transactions under common control" and accounted "Pooling of Interest" method. The "Effects of business combinations under common control" account is used under equity to offset the inconsistency of assets and liabilities arising under common control effects.

Non-controlling interests

Out of the net assets of subsidiaries, the portions corresponding to the shares out of direct and/or indirect control of the parent company are classified within the item "Non-controlling interest" in the consolidated balance sheet.

As of December 31, 2022, the amount classified under non-controlling interests in the balance sheet is TRY 8,329 (December 31, 2021: TRY (33,909)). The net profit/(loss) of the subsidiaries that are not directly and/or indirectly controlled by the parent company is classified under the "Non-controlling interest" in the consolidated statement of comprehensive income. For the years ended at December 31, 2022 and 2021, losses of non-controlling interests are TRY 1,888 and TRY 7,219, respectively.

Other revaluation and measurement gains

The fair value of MIP, Travelex Group Investment and Tepe Akfen Reformer TAR, which are recognized as financial investments in the Group's financial statements, as of December 31, 2022. It was evaluated within the scope of TFRS 9 standard and occurred in the value of financial investment. TRY 1,862,903 of the change of TRY 1,960,951, net of deferred tax, is recognized as revaluation and measurement gains in the Group's consolidated financial statements under accumulated other comprehensive income that will not be reclassified to profit or loss. (December 31, 2021: TRY 1,516,643 net of the change in the value of the financial investment amounting to TRY 1,596,465 of deferred tax). As of December 31, 2022, other revaluation and measurement gains recognized under equity in the consolidated financial statements are TRY 4,617,595 (December 31, 2021: TRY 2,754,692).

Reserve hedge fund

The Group's hedging losses amounting to TRY 3,114,278 as of December 31, 2022 (December 31, 2021: TRY 1,976,224) are due to Akfen Renewables has started to apply hedge accounting (hedging in cash flow risk) as an accounting policy, one of the application methods specified within the scope of TAS 39, as of July 1, 2020. The Group has recognized other comprehensive expense for hedging cash flow risk in the other comprehensive income statement amounting to TRY 1,138,054 including the effect of deferred tax income (TRY 1,422,568, excluding the effect of deferred tax income) for year ended December 31, 2022. (December 31, 2021: TRY 1,794,510 - including deferred tax income effect, (TRY 2,243,138 excluding deferred tax income effect).

(All amounts are in thousand Turkish Liras ("TRY") unless otherwise specified.)

25. SALES AND COST OF SALES

The breakdown of revenue for the years ended December 31 is as follows:

	January 1- December 31, 2022	January 1- December 31, 2021
Operational revenues		
Hospital service revenues (*)	676,339	490,619
Apartment sales revenues (**)	111,580	25,472
Accommodation income (***)	81,719	47,789
Commercial area revenues	59,151	25,178
Dormitory revenues	11,420	11,778
Other	32,316	6,639
Sales returns (-)	(4,775)	(6,919)
	967,750	**600,556**

(*) Isparta, Eskişehir and Tekirdağ City Hospitals started operations as of March 2017, October 2018 and November 2020, respectively, and the Group started to generate revenue from its hospital management activities.

(**) It consist of apartment sales revenues of the İncek Loft project.

(***) Bodrum Loft Hotel started operations as of July 1, 2020 and the Group started to earn accommodation income. Accommodation income also includes other income such as food, beverage, etc.

As of December 31, 2022 and 2021, all of the revenue is obtained in Turkey.

For the years ended as of December 31, details of cost of sales are as follows:

	January 1- December 31, 2022	January 1- December 31, 2021
Hospital service expenses (*)	559,280	401,989
Operational lease expenses	178,812	24,058
Personnel expenses	53,938	33,690
Construction costs	37,634	10,327
Food and beverage expenses	33,754	19,893
Insurance expenses	16,947	12,627
Energy expenses	13,430	3,835
Depreciation and amortization expenses	6,928	5,377
Tax and duties expenses	1,134	1,491
Other	39,948	22,677
	941,805	**535,964**

(*) Isparta, Eskişehir and Tekirdağ City Hospitals started operations as of March 2017, October 2018 and November 2020, respectively, and the Group started to generate revenue from its hospital management activities.

26. GENERAL ADMINISTRATIVE EXPENSES

General administrative expenses for the years ended December 31, are as follows:

	January 1- December 31, 2022	January 1- December 31, 2021
Personnel expenses	96,791	48,911
Consultancy expenses	24,106	18,014
Depreciation expenses	19,436	13,912
Travel and hosting expenses	16,556	7,660
Taxes, duties and fees	8,629	3,317
Donations	6,937	7,156
Office expenses	6,850	3,753
Rent expenses	6,445	6,328
Insurance expenses	1,980	1,023
Advertising expenses	211	81
Other	9,621	7,167
	197,562	**117,322**

(All amounts are in thousand Turkish Liras ("TRY") unless otherwise specified.)

27. SELLING AND MARKETING EXPENSES

Selling and marketing expenses for the years ended December 31, are as follows:

	January 1- December 31, 2022	January 1- December 31, 2021
Dues expenses	2,186	1,723
Advertising expenses	1,102	1,373
Other	3,315	3,153
	6,603	**6,249**

28. OTHER INCOMES AND EXPENSES FROM OPERATING ACTIVITIES

Other incomes from operating activities for the years ended December 31, are as follows:

	January 1- December 31, 2022	January 1- December 31, 2021
Increase in value due to Service Concession Agreements (Note 10)	4,857,584	6,080,328
Increase in value of investment properties (Note 11)	985,154	451,342
Rent revenue	12,532	10,415
Reversal of impairment of receivable	9,739	-
Profit on sales of investment properties	415	-
Other	8,419	10,644
	5,873,843	**6,552,729**

Other expenses from operating activities for the years ended December 31, are as follows:

	January 1- December 31, 2022	January 1- December 31, 2021
Transfer fee expenses (*)	35,764	28,938
Provision for doubtful receivables	6,789	3,974
Exchange difference expense	6,261	2,907
Rediscount interest expense (Note 32)	-	62,360
Loss on sales of investment properties	-	6,785
Impairment of receivables	-	5,063
Other	1,913	3,341
	50,727	**113,368**

(*) Akfen Holding's Hydroelectric Power Plants belonging to Akfen Renewable Energy are the amounts paid and expected to be paid to the previous shareholders of the project companies in accordance with the share transfer agreement.

29. FINANCE INCOMES AND EXPENSES

Finance incomes for the years ended December 31, are as follows:

	January 1- December 31, 2022	January 1- December 31, 2021
Exchange difference income	947,187	886,629
Fair value increases of derivative instruments	803,123	-
Interest income	158,958	167,419
Rediscount interest income (Note 32)	-	105,183
	1,909,268	**1,159,231**

Finance expenses for the years ended December 31, are as follows:

	January 1- December 31, 2022	January 1- December 31, 2021
Exchange difference expense	4,274,163	5,207,424
Interest expense	1,051,250	717,970
Commission expenses	1,507	833
Fair value decreases of derivative instruments	-	14,369
Other	12,399	7,282
	5,339,319	**5,947,878**

(All amounts are in thousand Turkish Liras ("TRY") unless otherwise specified.)

30. INCOMES AND EXPENSES FROM INVESTMENT ACTIVITIES

Incomes from investment activities:

The breakdown of incomes from investment activities for the years ended December 31, is as follows:

	January 1-December 31, 2022	January 1-December 31, 2021
Gains due to the sale in the share of subsidiaries (Note 3)	*-*	*34,491*
Total of the gains arising from the disposal of affiliates, joint ventures and financial investments or changes in shares	**-**	**34,491**
Dividend income (*)	135,340	151,963
Other income from business partners (**)	66,978	-
Profits from sales of company shares (***)	-	12,500
Fair value gains of financial assets (Note 22)	-	127,624
Other	1,191	-
	203,509	**326,578**

(*) Dividend income as of December 31, 2022 and 2021 consists of dividend income from MIP.
(**) It consist of other income from MIP.
(***) As of December 31, 2021, all profits from sales of company shares consist of Akfen Tourism's share sale to Hamdi Akın. (Note 24).

Expenses from investment activities:

The breakdown of expenses from investment activities for the years ended December 31, is as follows:

	January 1-December 31, 2022	January 1-December 31, 2021
Fair value losses of financial assets (Not 22)	494,447	-
Loss due to share sale of affiliates/subsidiaries (Note 3)	266,234	131,082
Other (*)	103,667	31,846
	864,348	**162,928**

(*) As of December 31, 2022, TRY 55,000 of expenses from other investment activities consists of the Group's investment expenses related to Acacia and amounting to TRY 48.667 of the Group's investment expenses related to Akfen Renewable (December 31, 2021: TRY 31,846 Group's investment expenses related to Acacia).

31. TAX ASSETS AND LIABILITIES

a) Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised directly in equity, in such case, the tax is also recognised in shareholders' equity.

The current income tax charge is calculated in accordance with the tax laws enacted or substantively enacted at the balance sheet date in the countries where the subsidiaries and associates of the Group operate. Under the Turkish Tax Code, companies having head office or place of business in Turkey are subject to corporate tax.

Under the Turkish taxation system, tax losses can be carried forward to be offset against future taxable income for five years. Tax losses cannot retrospectively offset against the profits of previous years.

Furthermore, provisional corporate taxes are paid at 23% (2021: 25%) over profits declared for interim periods in 2022 in order to be deducted from the final corporate tax.

Deferred income tax is provided in full, using the liability method, on all temporary differences arising between the tax bases of assets and liabilities and their carrying values in the consolidated financial statements. Currently enacted tax rates are used to determine deferred income tax at the balance sheet date.

For the temporary differences that are expected to be realized/closed in the deferred tax calculation, a tax rate of 20% for 2022 is used.

Deferred tax liabilities are recognized for all taxable temporary differences, where 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.

31. TAX ASSETS AND LIABILITIES *(cont'd)*

b) Corporate tax

In Turkey, the corporate tax rate is 20%. However, in accordance with the addition of temporary 10th article to the Corporate Tax Law, 20% corporate tax rate will be applied as 23% to the profits of the entities for 2022 tax periods (2021: 25%). This rate is applicable to the tax base derived upon exemptions and deductions stated in the tax legislation and by addition of disallowable expenses to the commercial revenues of the companies with respect to the tax legislation. Corporate tax is required to be filed by the twenty-fifth day of the fourth month following the balance sheet date and taxes must be paid by the end of the fourth month.

The tax legislation provides for a temporary tax of 23% (2021: 25%) to be calculated based on earnings generated for each quarter. Temporary tax is declared by the 14th day of the second month following each quarter and corresponding tax is payable by the 17th day of the same month. The amounts thus calculated and paid are offset against the final corporate tax liability for the year. If there is excess temporary tax paid even if it is already offset, this amount may be refunded or offset.

Corporate tax losses can be carried forward for a maximum period of 5 years following the year in which the losses were incurred. The tax authorities can inspect tax returns and the related accounting records for a retrospective maximum period of five years.

There is a withholding tax liability on dividend distributions, and this withholding liability is declared in the period when the dividend is paid in cash or on account. Dividend payments are subject to a 15% withholding tax until December 22, 2021, except for non-resident companies that generate income through a workplace or their permanent representative in Turkey, and those made to companies residing in Turkey. However, in accordance with the Presidential Decision No. 4936, published in the Official Gazette dated December 22, 2021 and numbered 31697, the dividend withholding tax rate, which was 15% according to the Income Tax Law No. 193 and the Corporate Tax Law No. 5520, was reduced to 10%.

Dividend payments made to resident corporations in Turkey again from resident companies in Turkey are not subject to income tax. In addition, income tax is not calculated if the profit is not distributed or added to capital.

Turkish tax legislation does not permit a parent company and its subsidiaries to file a consolidated tax return. Therefore, tax liabilities, as reflected in these consolidated financial statements, have been calculated on a separate-entity basis.

Gains arising from the investments received within the scope of the hospital project related incentive certificates are subject to corporate tax at a discounted rate to be effective as of the fiscal year in which the investment is started to be fully or partially operated until the investment reaches the contribution amount. In this context, the Company recognizes the tax advantage that it expects to benefit in the foreseeable future in companies with investment incentives as deferred tax asset in the financial statements.

c) Transfer pricing arrangements

In Turkey, transfer pricing arrangements are stated in article 13 of the CTL headed "distribution of concealed gains via transfer pricing". Communique of November 18, 2007 on the distribution of concealed gains via transfer pricing regulates practical details.
If a taxpayer trades goods or services with related persons over the fee or price that it sets in breach of the arm's length principle, the gains are considered to be partly or entirely distributed by concealed means via transfer pricing. Such distribution of concealed gains via transfer pricing is considered as non-deductible expenses for corporate tax.

(All amounts are in thousand Turkish Liras ("TRY") unless otherwise specified.)

31. TAX ASSETS AND LIABILITIES *(cont'd)*

Tax income/(expense)

The details of tax (expense)/income for the years ended December 31, are as follows:

	January 1- December 31, 2022	January 1- December 31, 2021
Current corporate tax expense	(6,002)	(32,059)
Deferred tax income	1,069,112	141,452
Total tax income	**1,063,110**	**109,393**

	December 31, 2022	%	December 31, 2021	%
Profit before tax	2,670,204		2,650,749	
Local tax rate	%23		%25	
Tax expense calculated over tax rate	(614,147)	(23)	(662,687)	(25)
Non-deductible expenses	(110,108)	(4)	(51,852)	(2)
Tax exemptions and exceptions (*)	89,775	3	163,331	6
Deferred tax on investment incentives	1,634,818	61	353,462	13
The effect of the shares in the profits of the investments accounted in equity method	256,726	10	223,841	8
Previous period tax expense	(2,201)	0	(6,563)	0
Current period losses not subject to deferred tax income	(226,353)	(8)	(12,006)	0
Temporary differences not subject to deferred tax income	-	0	(11,964)	0
Effect of tax rate differences	58,013	2	56,282	2
Tax base increase	-	0	(6,336)	0
Revaluation deferred tax difference (**)	(31,821)	(1)	65,051	2
Other	8,408	0	(1,166)	0
Total tax income	**1,063,110**	**40**	**109,393**	**4**

(*) Discounts and exemptions consist of the Company's emission premium earnings, participation earnings and exceptions, discounts and exemptions arising from cash capital increase.

(**) As of December 31, 2022, the company revalued its buildings within the scope of the legal legislation, and it is the deferred tax effect that occurs after the legal valuation as the related fixed asset is accounted for as "investment property" at the end of the period with fair value in the IFRS financial statements.

(All amounts are in thousand Turkish Liras ("TRY") unless otherwise specified.)

31. TAX ASSETS AND LIABILITIES *(cont'd)*

	December 31, 2022	**December 31, 2021**
Current period tax expense (A)	(6,002)	(32,059)
Tax deductible (B)	5,724	41,629
Current income tax (liabilities)/assets, net (A+B)	**(278)**	**9,570**

Deferred tax assets and liabilities

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes, except for the differences of non-tax deductible goodwill, and assets and liabilities that are not accountable and taxable and are recognized for the first time.

As of December 31, 2022 and 2021, the Group's deferred tax assets are as follows:

	December 31, 2022	**December 31, 2021**
Investment incentives	2,964,696	1,329,878
Accumulated losses	878,640	410,194
Service concession agreements	(1,541,187)	(845,829)
Construction and repair costs spread over years	(89,568)	(95,586)
Investment properties and fixed assets	(211,910)	11,287
Discount on debts	41,852	14,245
Financial investments and derivative instruments	(321,650)	(86,071)
Other	25,120	44,752
Deferred tax assets, net	**1,745,993**	**782,870**

Expiration schedule of carry forward tax losses as of December 31, 2022 and 2021 is as follows:

	December 31, 2022	**December 31, 2021**
2022	-	1,764
2023	120,573	315,188
2024	42,186	140,350
2025	632,911	882,903
2026	1,254,063	710,766
2027	2,343,465	-
Total	**4,393,198**	**2,050,971**

As of December 31, 2022, the Group has carry forward tax losses amounting to TRY 4,393,198 (December 31, 2021: TRY 2,050,971) that can be deducted from its future profits, and deferred tax asset amounting to TRY 878,640 (December 31, 2021: TRY 410,194 TL). As of December 31, 2022, the Group has a financial loss amounting to TRY 585,086, on which no deferred tax assets have been created.

Deferred tax asset movements for the years ended at December 31, 2022 and 2021 are as follows:

	2022	**2021**
January 1	**782,870**	**678,720**
Recognized in the statement of profit or loss	1,069,112	141,452
Subsidiary sales impact (Note 3)	-	42,520
Recognized in the statement of other comprehensive income	(105,989)	(79,822)
December 31	**1,745,993**	**782,870**

(All amounts are in thousand Turkish Liras ("TRY") unless otherwise specified.)

32. RELATED PARTY DISCLOSURES

a) Trade receivables from related parties / Trade payables to related parties

As of December 31, 2022 and 2021, the Group's short-term trade receivables from related parties are as follows:

	December 31, 2022	December 31, 2021
Akfen Renewable	11,561	3,896
Akfen İnşaat Turizm ve Akfen Gayrimenkul Yatırım Ortaklığı A.Ş. Adi Ortaklığı ("Adi Ortaklık")	8,968	13,438
Farklı Yatırım İnşaat A.Ş.	1,743	1,363
Other	4,541	1,299
	26,813	**19,996**

As of December 31, 2022 and 2021, the Group's short-term trade payables to related parties are as follows:

	December 31, 2022	December 31, 2021
Akfen REIT	5,463	3,909
Akfen Water	4,364	3,220
MIP	1,540	1,892
Other	-	209
	11,367	**9,230**

As of December 31, 2022 and 2021, the Group's long-term trade payables to related parties are as follows:

	December 31, 2022	December 31, 2021
Other	191	-
	191	**-**

b) Other receivables from related parties / Other payables to related parties

As of December 31, 2022 and 2021, the Group's long-term other receivables from related parties are as follows:

	December 31, 2022	December 31, 2021
İzbir Mine (*)	307,071	207,142
Acacia Mine (**)	131,200	298,208
Akfen Renewable (**)	-	328,998
Other	1,926	807
	440,197	**835,155**

(*) It consists of the receivables of Acacia Mine related to the capital increase. Financial income is obtained for the related receivables over the interest rates according to the market conditions.
(**) It consists of the amounts given by the Company in order to finance the working capital and ongoing investments of the companies within the group and the Company calculates financial income for the related receivables at the same interest rates as the market conditions.

As of December 31, 2022 and 2021, the Group's short-term other payables to related parties are as follows:

	December 31, 2022	December 31, 2021
Company Main Partner	36,570	25,465
İlbak Madencilik San. Ve Tic. A.Ş. ("İlbak Madencilik")	-	14,682
Other	22	348
	36,592	**40,495**

(All amounts are in thousand Turkish Liras ("TRY") unless otherwise specified.)

32. RELATED PARTY DISCLOSURES *(cont'd)*

As of December 31, 2022 and 2021, the Group's long-term other payables to related parties are as follows:

	December 31, 2022	December 31, 2021
MIP Other Partners (*)	572,353	293,127
Akfen International BV (**)	500,824	542,532
Company Founding Partner	263,567	193,103
MIP (***)	214,818	185,588
Fıratcan Tourism (****)	202,130	162,232
Akfen Water	-	6,449
Other	4,582	3,971
	1,758,274	**1,387,002**

(*) It is the portion of the debt received from MIP that will be paid to other MIP partners when due. Since the aforementioned debt amount has a certain maturity, it has been recognised by discounting.
(**) It belongs to the founding partner of the Company and the related balances consist of debts whose interest rates are operated under market conditions.
(***) The Company is the financial investment of the shareholder and is accounted at discounted amount since the aforesaid payable has a certain maturity.
(****) It is a loan taken from Akfen REIT's affiliate, and interest is charged on the aforementioned debt under market conditions.

As of December 31, 2022 and 2021, the Group's short-term deferred revenue from related parties are as follows:

	December 31, 2022	December 31, 2021
Akfen REIT (*)	17,313	-
	17,313	**-**

(*) It consists of the construction advances received for the project that Akfen REIT plans to develop on the Yalıkavak land.

The main transactions with related parties for the years ended December 31, are as follows:

		January 1- December 31, 2022	January 1- December 31, 2021
MIP	Dividend income	135,340	151,963
Acacia	Interest income	18,931	89,516
Akfen Renewable Energy	Interest income	49,658	51,452
İzbir Mine	Interest income	12,810	6,875
Akfen Renewable Energy	Other income	10,403	3,411
Other	Interest income	112	767
Other	Other income	10,159	1,593
MIP	Rediscount interest (expense)/income	(19,272)	105,183
Akfen Water	Other expense	(17,564)	(14,272)
Company main partner	Rent expense	(2,558)	(1,629)
Other	Interest expense	(14)	(60)
Other	Other expense	(1,040)	-
Company founding partner	Rediscount interest expense (*)	-	(62,360)
Akfen International	Interest expense	-	(11,150)
Akfen REIT	Loss on sales of company (Note 3)	-	(45,071)
Akfen REIT	Loss on sales of company (Note 3)	-	(74,707)
Akfen REIT	Rent income	1,435	1,586
Akfen International	Right to preference sale loss (Note 3)	-	(11,304)

(*) It is the amount of the trade debt that arises as a result of the transfer of Akfen Holding shares to Akfen Altyapı, details of which are given in Note 1. Related debt amount has been accounted by discounting.

Benefits to Senior Executives

Total short-term benefits provided to senior managers for Akfen Holding and subsidiaries for the year ended on December 31, 2022 is TRY 41,293 (December 31, 2021: TRY 21,708).

(All amounts are in thousand Turkish Liras ("TRY") unless otherwise specified.)

33. EARNINGS PER SHARE

The Group's earnings per share for the years ended December 31, 2022 and 2021 are as follows:

	2022	2021
Net profit for the period belonging to the shareholders of the parent company	3,735,202	2,767,361
Number of shares at the end of the period	910,000,000	700,000,000
Number of shares available during the period	701,150,685	671,766,398
Earnings per share (full TRY)	**5.33**	**4.12**

(All amounts are in thousand Turkish Liras ("TRY") unless otherwise specified.)

34. NATURE AND LEVEL OF RISKS FROM FINANCIAL INSTRUMENTS

i. Credit risk

The credit risks exposed by types of financial instruments are as follows (TRY):

	Receivable						
	Trade receivables		Other receivables				
December 31, 2022	**Related Party**	**Third Party**	**Related Party**	**Contract assets arising from ongoing construction and contracts**	**Third Party**	**Financial assets related to concession agreements**	**Bank Deposits (*)**
Maximum credit risk exposure as of the reporting date (A+B+C+D+E)	**26,813**	**207,515**	**440,224**	**-**	**75,899**	**15,603,931**	**5,689,550**
- Portion of the maximum risk that is guaranteed with a collateral, etc,	-	-	-		-	-	-
A. Net book value of financial assets that are not overdue or not impaired	26,813	207,515	440,224	-	75,899	15,603,931	5,689,625
B. Book value of financial assets, the terms of which are re-negotiated, and which will otherwise be considered to be overdue or impaired	-	-	-	-	-	-	-
C. Net book value of assets that are overdue but not impaired	-	-	-	-	-	-	-
- Net book value of assets that are overdue but not impaired	-	-	-	-	-	-	-
D. Net book value of impaired assets	-	-	-	-	-	-	(75)
- Net book value of impaired assets	-	26,279	-	-	-	-	-
- Impairment (-)	-	(26,279)	-	-	-	-	-
- Not overdue (gross book value)	-	7,145	-	-	-	-	-
- Impairment (-)	-	(7,145)	-	-	-	-	(75)
E. Elements including off-balance-sheet financing	-	295,157	-	-	-	-	-

	Receivables	
December 31, 2021	**Trade Receivables**	**Other Receivables**
0-3 months overdue	-	-
3-12 months overdue	-	-
1-5 years overdue	26,279	-
1-5 years overdue	-	-
Total receivables overdue	-	-
Total provisions reserved	-	-
Portion guaranteed with a collateral, etc.	-	-

(*) As of December 31, 2022, investment funds in other cash and cash equivalents of Akfen Holding amounting to TRY 870,069 and other short-term and long-term investment funds and deposits amounting to TRY 2,473,138 are included in the bank deposits.

(All amounts are in thousand Turkish Liras ("TRY") unless otherwise specified.)

34. NATURE AND LEVEL OF RISKS FROM FINANCIAL INSTRUMENTS *(cont'd)*

i. Credit risk (cont'd)

	Receivable						
	Trade receivables		Other receivables				
December 31, 2021	**Related Party**	**Third Party**	**Related Party**	**Contract assets arising from ongoing construction and contracts**	**Third Party**	**Financial assets related to concession agreements**	**Bank Deposits (*)**
Maximum credit risk exposure as of the reporting date (A+B+C+D+E)	**19,996**	**91,808**	**835,164**	**-**	**97,394**	**12,445,309**	**4,161,275**
- Portion of the maximum risk that is guaranteed with a collateral, etc,	-	-	-		-	-	-
A. Net book value of financial assets that are not overdue or not impaired	19,996	91,808	835,164	-	97,394	12,445,309	4,161,297
B. Book value of financial assets, the terms of which are re-negotiated, and which will otherwise be considered to be overdue or impaired	-	-	-	-	-	-	-
C. Net book value of assets that are overdue but not impaired	-	-	-	-	-	-	-
- Net book value of assets that are overdue but not impaired	-	-	-	-	-	-	-
D. Net book value of impaired assets	-	-	-	-	-	-	(22)
- Net book value of impaired assets	-	19,490	-	-	-	-	-
- Impairment (-)	-	(19,490)	-	-	-	-	-
- Not overdue (gross book value)	-	7,518	-	-	-	-	-
- Impairment (-)	-	(7,518)	-	-	-	-	(22)
E. Elements including off-balance-sheet financing	-	244,899	-	-	-	-	-

	Receivables	
December 31, 2021	**Trade Receivables**	**Other Receivables**
0-3 months overdue	-	-
3-12 months overdue	-	-
1-5 years overdue	19,489	-
1-5 years overdue	-	-
Total receivables overdue	-	-
Total provisions reserved	-	-
Portion guaranteed with a collateral, etc.	-	-

(*) As of December 31, 2021, investment funds in other cash and cash equivalents of Akfen Holding amounting to TRY 1,198,105 and other short-term and long-term investment funds and deposits amounting to TRY 2,182,845 are included in the bank deposits.

(All amounts are in thousand Turkish Liras ("TRY") unless otherwise specified.)

34. NATURE AND LEVEL OF RISKS FROM FINANCIAL INSTRUMENTS *(cont'd)*

ii. Liquidity risk

Possession of financial instruments also involves the risk that the counterparty will fail to comply with the terms of the agreement. The Group management meets these risks by limiting the average risk for the counterparty (excluding related parties) in each agreement and by obtaining collaterals if necessary.

December 31, 2022

Maturities under contract	Carrying amount	Total contractual cash outflows (I+II+III+IV+V)	Less than 3 months (I)	3 - 12 Months (II)	1 – 5 years (III)	More than 5 years (IV)
Non-derivative financial liabilities						
Borrowings	17,034,412	(22,201,138)	(601,968)	(1,984,329)	(11,867,186)	(7,747,655)
Trade payables to third parties	247,748	(247,748)	(247,748)	-	-	-
Due to related parties	1,806,424	(2,086,279)	(11,367)	(36,592)	(1,476,779)	(561,541)
Other payables(*)	161,540	(161,540)	(41,518)	(59,517)	(60,505)	-
Total	**19,250,124**	**(24,696,705)**	**(902,601)**	**(2,080,438)**	**(13,404,470)**	**(8,309,196)**

December 31, 2021

Maturities under contract	Carrying amount	Total contractual cash outflows (I+II+III+IV+V)	Less than 3 months (I)	3 - 12 Months (II)	1 – 5 years (III)	More than 5 years (IV)
Non-derivative financial liabilities						
Borrowings	13,698,830	(17,328,894)	(717,127)	(1,523,245)	(8,200,990)	(6,887,532)
Trade payables to third parties	141,272	(141,272)	(141,272)	-	-	-
Due to related parties	1,436,727	(1,707,921)	(9,230)	(40,495)	(1,264,335)	(393,861)
Other payables(*)	144,050	(144,050)	(35,634)	(72,041)	(36,375)	-
Total	**15,420,879**	**(19,322,137)**	**(903,263)**	**(1,635,781)**	**(9,501,700)**	**(7,281,393)**

(*) Non-financial liabilities such as deposits and advances received are not included in other liabilities.

(All amounts are in thousand Turkish Liras ("TRY") unless otherwise specified.)

34. NATURE AND LEVEL OF RISKS FROM FINANCIAL INSTRUMENTS *(cont'd)*

iii. Interest risk

Interest rate risk arises from the possibility that changes in interest rates will affect the financial statements. The interest rate details of the Group's interest-bearing financial instruments at the reporting date are as follows:

	December 31, 2022	December 31, 2021
Fixed-Interest financial instruments	**(2.366.685)**	**(2.920.732)**
Financial assets	2.258.097	728.695
Financial liabilities	(4.624.782)	(3.649.427)
Floating-Interest financial instruments	**(9.066.419)**	**(6.668.451)**
Financial assets	3.343.211	3.380.952
Financial liabilities	(12.409.630)	(10.049.403)

As of December 31, 2022 and 2021, if interest rates increase by 1 basis point, the consolidated comprehensive income statement would be affected as follows. While performing the analysis, it is assumed that all other variables, chiefly the foreign exchange rates, remained fixed.

Interest Position Statement			
		December 31, 2022	**December 31, 2021**
Fixed-Interest financial instruments		**(23,667)**	**(29,207)**
Financial assets	Assets at fair value through profit or loss	22,581	7.287
Financial liabilities		(46,248)	(36,494)
Floating-Interest Financial Instruments		**(90,664)**	**(66,684)**
Financial assets		33,432	33,810
Financial liabilities		(124,096)	(100,494)

Interest rate risk refers to the risk that the fair value of a financial instrument or future cash flows may fluctuate due to changes in market interest rates. Payables to related parties and interest rates on financial assets are fixed. The Group risk arising from changes in market interest rates mainly arises from floating rate loans. According to the loan agreements, 60% of the bank loans of Eskişehir City Hospital, 70% of Tekirdağ City Hospital and 100% of Isparta City Hospital are protected against fluctuations in interest rates throughout the term of the loan.

iv. Foreign currency risk

The balances of the Group's foreign currency transactions arising from operating and financial activities as of reporting date are explained below. With respect to foreign currency denominated payables or creditors; In case of changes in the exchange rates of these currencies against Turkish Lira, they may be exposed to exchange rate risk. The aforesaid exchange rate risk is limited by the continuous analysis and monitoring of the foreign exchange position.

(All amounts are in thousand Turkish Liras ("TRY") unless otherwise specified.)

34. NATURE AND LEVEL OF RISKS FROM FINANCIAL INSTRUMENTS *(cont'd)*

As of December 31, 2022, assets and liabilities denominated in foreign currencies are as follows:

	December 31, 2022			
	TRY Equivalent	**US Dollar**	**Euro**	**Other(*)**
1. Trade receivables	4,659	53	184	-
2a. Monetary Financial Assets (including safe and bank accounts)	3,329,737	162,920	13,990	201
2b. Non-Monetary Financial Assets	-	-	-	-
3. Other	1,819,993	28,940	64,152	-
4. Current Assets (1+2+3)	**5,154,389**	**191,913**	**78,326**	**201**
5. Trade Receivables	37	2	-	-
6a. Monetary Financial Assets	2,301,012	100,459	21,199	-
6b. Non-Monetary Financial Assets	5,569,794	297,877	-	-
7. Other	14,227,263	244,597	484,262	-
8. Non-Current Assets (5+6+7)	**22,098,106**	**642,935**	**505,461**	**-**
9. Total Assets (4+8)	**27,252,495**	**834,848**	**583,787**	**201**
10. Trade Payables	61,995	689	2,458	-
11. Financial Liabilities	1,877,318	22,159	73,219	-
12a. Other Monetary Liabilities	378,236	17,839	2,207	-
12b. Other Non-Monetary Liabilities	-	-	-	-
13. Current Liabilities (10+11+12)	**2,317,549**	**40,687**	**77,884**	**-**
14. Trade Payables	-	-	-	-
15. Financial Liabilities	14,554,739	311,169	436,934	-
16a. Other Monetary Liabilities	1,269,093	67,750	-	-
16b. Other Non-Monetary Liabilities	-	-	-	-
17. Non-Current Liabilities (14+15+16)	**15,823,832**	**378,919**	**436,934**	**-**
18. Total Liabilities (13+17)	**18,141,381**	**419,606**	**514,818**	**-**
19. Net Foreign Currency Asset/(Liability) Position (9-18)	**9,111,114**	**415,242**	**68,969**	**201**
20. Monetary Items Net Foreign Currency Asset / (Liability) Position (1+2a+5+6a-10-11-12a-14-15-16a)	**3,541,320**	**117,365**	**68,969**	**201**
21. Export	-	-	-	-
22. Import	-	-	-	-

(*) Assets and liabilities denominated in other currencies are stated in TRY.

As of December 31, 2022, the Company's currency risk analysis is as follows (TRY):

Exchange Rate Sensitivity Analysis Statement				
December 31, 2022				
	Profit/Loss		**Equity**	
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
In the event that USD appreciates/depreciates by 20% against TRY				
1- US Dollar net asset/liability	1,552,864	(1,552,864)	1,552,864	(1,552,864)
2- Portion hedged for USD (-)	-	-	-	-
3- USD Net Impact (1+2)	**1,552,864**	**(1,552,864)**	**1,552,864**	**(1,552,864)**
In the event that EUR appreciates/depreciates by 20% against TRY				
4- Net asset/liability in Euro	274,978	(274,978)	274,978	(274,978)
5- Portion hedged for EUR (-)	-	-	-	-
6- Euro Net Impact (4+5)	**274,978**	**(274,978)**	**274,978**	**(274,978)**
In the event that other foreign currencies appreciate/depreciate by 20% against TRY				
7- Other foreign currency net asset/liability	909	(909)	909	(909)
8- Portion hedged for other foreign currency (-)	-	-	-	-
9- Other Foreign Currency Assets Net Impact (7+8)	**909**	**(909)**	**909**	**(909)**
TOTAL (3+6+9)	**1,828,751**	**(1,828,751)**	**1,828,751**	**(1,828,751)**

(All amounts are in thousand Turkish Liras ("TRY") unless otherwise specified.)

34. NATURE AND LEVEL OF RISKS FROM FINANCIAL INSTRUMENTS *(cont'd)*

As of December 31, 2021, assets and liabilities denominated in foreign currencies are as follows:

	December 31, 2021			
	TRY Equivalent	**US Dollar**	**Euro**	**Other(*)**
1. Trade receivables	3,000	53	152	-
2a. Monetary Financial Assets (including safe and bank accounts)	2,979,220	204,380	16,600	256
2b. Non-Monetary Financial Assets	-	-	-	-
3. Other	1,368,398	29,927	64,262	-
4. Current Assets (1+2+3)	**4,350,618**	**234,360**	**81,014**	**256**
5. Trade Receivables	641	30	16	-
6a. Monetary Financial Assets	1,159,130	86,963	-	-
6b. Non-Monetary Financial Assets	3,632,486	272,525	-	-
7. Other	11,588,761	275,219	524,990	-
8. Non-Current Assets (5+6+7)	**16,381,018**	**634,737**	**525,006**	**-**
9. Total Assets (4+8)	**20,731,636**	**869,097**	**606,020**	**256**
10. Trade Payables	32,115	209	1,608	278
11. Financial Liabilities	1,519,597	18,136	84,520	-
12a. Other Monetary Liabilities	308,322	21,407	1,487	-
12b. Other Non-Monetary Liabilities	-	-	-	-
13. Current Liabilities (10+11+12)	**1,860,034**	**39,752**	**87,615**	**278**
14. Trade Payables	-	-	-	-
15. Financial Liabilities	11,524,989	326,047	474,483	-
16a. Other Monetary Liabilities	1,276,455	75,233	17,988	-
16b. Other Non-Monetary Liabilities	-	-	-	-
17. Non-Current Liabilities (14+15+16)	**12,801,444**	**401,280**	**492,471**	**-**
18. Total Liabilities (13+17)	**14,661,478**	**441,032**	**580,086**	**278**
19. Net Foreign Currency Asset/(Liability) Position (9-18)	**6,070,158**	**428,065**	**25,934**	**(22)**
20. Monetary Items Net Foreign Currency Asset / (Liability) Position (1+2a+5+6a-10-11-12a-14-15-16a)	**2,437,672**	**155,540**	**25,934**	**(22)**
21. Export	-	-	-	-
22. Import	-	-	-	-

(*) Assets and liabilities denominated in other currencies are stated in TRY.

As of December 31, 2021, the Company's currency risk analysis is as follows (TRY):

Exchange Rate Sensitivity Analysis Statement				
December 31, 2021				
	Profit/Loss		**Equity**	
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
In the event that USD appreciates/depreciates by 20% against TRY				
1- US Dollar net asset/liability	1,141,136	(1,141,136)	1,141,136	(1,141,136)
2- Portion hedged for USD (-)	-	-	-	-
3- USD Net Impact (1+2)	**1,141,136**	**(1,141,136)**	**1,141,136**	**(1,141,136)**
In the event that EUR appreciates/depreciates by 20% against TRY				
4- Net asset/liability in Euro	78,252	(78,252)	78,252	(78,252)
5- Portion hedged for EUR (-)	-	-	-	-
6- Euro Net Impact (4+5)	**78,252**	**(78,252)**	**78,252**	**(78,252)**
In the event that other foreign currencies appreciate/depreciate by 20% against TRY				
7- Other foreign currency net asset/liability	(79)	79	(79)	79
8- Portion hedged for other foreign currency (-)	-	-	-	-
9- Other Foreign Currency Assets Net Impact (7+8)	**(79)**	**79**	**(79)**	**79**
TOTAL (3+6+9)	**1,219,309**	**(1,219,309)**	**1,219,309**	**(1,219,309)**

(All amounts are in thousand Turkish Liras ("TRY") unless otherwise specified.)

34. NATURE AND LEVEL OF RISKS FROM FINANCIAL INSTRUMENTS *(cont'd)*

v. Capital Risk Management

The Group's objectives in capital management are;

- To be able to provide returns to partners and benefit to other shareholders by ensuring the continuity of their activities
- To increase profitability by pricing services in accordance with the risk level.

The Group determines the amount of capital in proportion to the risk level. The Company regulates the structure of shareholders' equity according to economic conditions and risk characteristics of assets.

The Group monitors capital management by using the debt / equity ratio. This ratio is calculated by dividing net debt by total capital. Net debt is calculated as total borrowings (total of short-term and long-term liabilities stated in the consolidated statement of financial position) less cash and cash equivalents. Total capital is the sum of the equity stated in the consolidated financial statements.

As of December 31, 2022 and 2021, the ratio of total capital to net liabilities is as follows:

	December 31, 2022	December 31, 2021
Total financial liability	17,034,412	13,698,830
Less: cash and cash equivalents (*)	(5,692,135)	(4,162,769)
Net debt	11,342,277	9,536,061
Equity	**19,954,242**	**13,168,525**
Net financial debt / equity ratio	**0.57**	**0.72**

(*) Cash and bank deposits as of December 31, 2022; short-term and long-term financial investments of the Group amounting to TRY 2,473,138, excluding cash and cash equivalents, in the form of deposits and investment funds (December 31, 2021: TRY 2,182,845).

Fair value disclosures

Fair value is defined as the price to be obtained from the sale of an asset or to be paid in the transfer of a debt in the usual transaction between market participants on the measurement date.

Financial instruments

The Group has determined the estimated fair values of financial instruments using current market information and appropriate valuation methods. However, evaluating market information and estimating fair values requires interpretation and judgement. As a result, the estimations presented here cannot be an indication of the amounts that the Group can obtain in a current market transaction.

The following methods and assumptions are used to estimate the fair values of financial instruments that are practically possible to estimate fair values:

Financial assets

Since they are short term cash assets, the registered values of cash and cash equivalents are assumed to be close to their fair values.

As their commercial receivables are short term, their recorded values are expected to reflect the fair value.

Since service concession agreements are a guaranteed income in the contract with the Ministry of Health, it accounts for the amount calculated based on the construction model, based on the service concession agreement, as a financial asset.

It is foreseen that the fair values of the foreign currency balances, which are converted at the end of the period, are close to their registered values.

Financial liabilities

Due to the fact that commercial debts and other monetary liabilities are short-term, their fair value is thought to approach the value they carry.

Bank loans are expressed in amortized cost values and transaction costs are added to the initial cost of the loans. Since the Group's floating rate bank loans have been repriced recently, their fair values are considered to represent the value they bear.

(All amounts are in thousand Turkish Liras ("TRY") unless otherwise specified.)

34. NATURE AND LEVEL OF RISKS FROM FINANCIAL INSTRUMENTS *(cont'd)*

Financial Instrument classifications and fair values

December 31, 2022	Amortized cost	Fair value difference reflected to profit / loss	Fair value difference reflected in other comprehensive income and expense	Book value	Fair value	Note
Financial assets						
Cash and cash equivalents	3,190,698	-	-	3,190,698	3,190,698	5
Trade receivables from third parties	207,515	-	-	207,515	207,515	7
Trade receivables from related parties	26,813	-	-	26,813	26,813	7-32
Other receivables from third parties	75,899	-	-	75,899	75,899	8
Other receivables from related parties	440,224	-	-	440,224	440,224	8-32
Financial assets related to concession agreements	-	15,603,931	-	15,603,931	15,603,931	10
Financial investments whose fair value difference is reflected in profit / loss	-	2,501,437	-	2,501,437	2,501,437	22
Financial investments whose fair value difference is reflected in other comprehensive income	-	-	5,683,981	5,683,981	5,683,981	22
Derivative instruments	-	522,564	-	522,564	522,564	12
Financial liabilities						
Financial borrowings	17,034,412	-	-	17,034,412	17,034,412	6
Trade payables to third parties	247,748	-	-	247,748	247,748	7
Trade payables to related parties	11,367	-	-	11,367	11,367	7-32
Other payables to third parties	46,102	-	-	46,102	46,102	8
Other payables to related parties	1,794,866	-	-	1,794,866	1,794,866	8-32

December 31, 2021	Amortized cost	Fair value difference reflected to profit / loss	Fair value difference reflected in other comprehensive income and expense	Book value	Fair value	Note
Finansal varlıklar						
Cash and cash equivalents	1,979,924	-	-	1,979,924	1,979,924	5
Trade receivables from third parties	91,808	-	-	91,808	91,808	7
Trade receivables from related parties	19,996	-	-	19,996	19,996	7-32
Other receivables from third parties	97,394	-	-	97,394	97,394	8
Other receivables from related parties	835,164	-	-	835,164	835,164	8-32
Financial assets related to concession agreements	-	12,445,309	-	12,445,309	12,445,309	10
Financial investments whose fair value difference is reflected in profit / loss	-	2,182,845	-	2,182,845	2,182,845	22
Financial investments whose fair value difference is reflected in other comprehensive income	-	-	3,723,028	3,723,028	3,723,028	-
Financial liabilities						
Financial borrowings	13,698,830	-	-	13,698,830	13,698,830	6
Trade payables to third parties	141,272	-	-	141,272	141,272	7
Trade payables to related parties	9,230	-	-	9,230	9,230	7-32
Other payables to third parties	41,359	-	-	41,359	41,359	8
Other payables to related parties	1,427,497	-	-	1,427,497	1,427,497	8-32
Derivative instruments	-	280,559	-	280,559	280,559	12

(All amounts are in thousand Turkish Liras ("TRY") unless otherwise specified.)

34. NATURE AND LEVEL OF RISKS FROM FINANCIAL INSTRUMENTS *(cont'd)*

As of December 31, 2022 and 2021, the fair value classifications of financial assets and financial liabilities measured at fair value are as follows:

December 31, 2022			**Fair Value Level**
	Level 1 TRY	**Level 1 TRY**	**Level 1 TRY**
Short term financial investments			
Financial assets at fair value through profit or loss (Note 22)	722,989	-	-
Long term financial investments			
Financial assets at fair value through profit or loss (Note 22)	1,778,448	-	-
Other financial investments (Note 22)	-	-	5,683,981
Interest rate swap transactions (Note 12)	-	522,564	-
Receivables from service concession agreements/Financial assets related to concession agreements (Note 10)	-	-	15,603,931

December 31, 2021			**Fair Value Level**
	Level 1 TRY	**Level 1 TRY**	**Level 1 TRY**
Short term financial investments			
Financial assets at fair value through profit or loss (Note 22)	1,023,720	-	-
Long term financial investments			
Financial assets at fair value through profit or loss (Note 22)	1,159,125	-	-
Other financial investments (Note 22)	-	-	3,723,028
Interest rate swap transactions (Note 12)	-	(280,559)	-
Receivables from service concession agreements/Financial assets related to concession agreements (Note 10)	-	-	12,445,309

The fair value of assets and liabilities is determined as follows:

- Level 1: Valued at the quoted market prices for active assets and liabilities.
- Level 2: Appraised from inputs used to find the directly or indirectly observable price in the market other than the market price stated in the first level of the related asset or liability.
- Level 3: Valued at inputs that are not based on observable market data used to determine the fair value of the asset or liability.

(All amounts are in thousand Turkish Liras ("TRY") unless otherwise specified.)

34. NATURE AND LEVEL OF RISKS FROM FINANCIAL INSTRUMENTS *(cont'd)*

Discounted Cash Flows

Under the discounted cash flows method, the fair value of an asset is estimated using the net assumptions about the ownership benefits and liabilities over the life of the asset, including the output and the final value. This estimation includes estimating a series of cash flows and a corresponding, market-based discount rate is applied to generate the present value of the revenue stream.

The duration of cash flow and specific timing of the inflows and outflows are determined by the review of rents, renewal of lease agreements and related lease periods, leasing, redevelopment and renewal.

Cost incurred during the development of the asset and construction costs, development costs and expected sales revenue are estimated to reach a set of cash flows that are reduced through additional development and marketing expenses throughout the lease. Certain development risks, such as planning, permits and development permits must be assessed separately.

Level 3 sensitivity analysis of significant changes in unobservable inputs used in fair value calculations

Group management has made assumptions for inflation rates and foreign exchange rates during the contract period to calculate the fair value of financial assets related to concession agreements.
As of December 31, 2022 and 2021, the sensitivity analysis of the important assumptions used in the fair value calculation of the financial asset regarding the concession agreements are as follows:

December 31, 2022	**Discount rate change (*)**	
Sensitivity level	**%1 decrease**	**%1 increase**
Fair value change	1,050,921	(944,579)

December 31, 2021	**Discount rate change (*)**	
Sensitivity level	**%1 decrease**	**%1 increase**
Fair value change	890,790	(795,874)

In addition, the sensitivity analysis of the important assumptions used in the fair value calculation of the building, which is under investment properties ((whole of Hacettepe Dormitory and for the asset valued as TRY, 23% discount rate is used in the valuation report (December 31, 2021: 17%)) as of December 31, 2022 and 2021, is as follows:

December 31, 2022	**Inflation expectation**		**Discount rate change**	
Sensitivity level	**%0.5 decrease**	**%0.5 increase**	**%1 decrease**	**%1 increase**
Fair value change	(6,862)	7,079	24,175	(20,903)

December 31, 2021	**Inflation expectation**		**Discount rate change**	
Sensitivity level	**%0.5 decrease**	**%0.5 increase**	**%1 decrease**	**%1 increase**
Fair value change	(5,796)	5,997	23,771	(19,789)

(All amounts are in thousand Turkish Liras ("TRY") unless otherwise specified.)

34. NATURE AND LEVEL OF RISKS FROM FINANCIAL INSTRUMENTS *(cont'd)*

Market multiplier

The fair value of MIP, which is recognized as a financial investment in the financial statements of the Group, has been evaluated within the scope of TFRS 9 standard as of December 31, 2022 and 2021, and the change in the value of the financial investment has been recognized in the other comprehensive income or expense statement in the consolidated financial statements of the Group. The fair value of MIP, which is recognized as a financial investment in the consolidated financial statements of the Group, has been calculated using the the market approach method as of December 31, 2022 and 2021. While applying the market approach method, the Interest Amortization and Pre-Tax Profit (EBITDA) multiplier technique was used. The market approach used in fair value measurement ideally reflects fair value in current conditions.

Sensitivity analysis of the financial investment in question for unobservable inputs used in the measurement of fair values is as follows:

		if increases	**if decreases**
December 31, 2022	**Sensitivity analysis**	**Profit/(Loss) effect of fair value (TRY)**	**Profit/(Loss) effect of fair value (TRY)**
Long term financial investments			
EBITDA multiplier	0.50 basis point	197,441	(197,441)

		if increases	if decreases
December 31, 2021	Sensitivity analysis	Profit/(Loss) effect of fair value (TRY)	Profit/(Loss) effect of fair value (TRY)
Long term financial investments			
EBITDA multiplier	0.50 basis point	131,021	(131,021)

(All amounts are in thousand Turkish Liras ("TRY") unless otherwise specified.)

35. EXPLANATIONS ON SHARES IN OTHER BUSINESSES

As of December 31, 2022 and 2021, information on the Group's major subsidiaries in which non-controlling interests are as follows:

				December 31, 2022
	Hacettepe Teknokent (*)	**Akfen Merter**	**Isparta City Hospital**	**Total**
Total assets	368,198	72,953	4,365,008	**4,806,159**
Total liabilities	417,842	23,503	2,864,124	**3,305,469**
Equity	(49,644)	49,451	1,500,885	**1,500,692**
Profit/(loss) for the period	(37,784)	(1,115)	1,123,928	**1,085,029**
Non-controlling interest ratio	0.000024	0.0848	0.0012	
Equity – Non-controlling interest	(1)	4,193	1,797	**5,989**
Profit/(loss) for the period – Non-controlling interest	**(3.175)**	**(95)**	**1.382**	**(1.888)**

				December 31, 2021
	Hacettepe Teknokent (*)	**Akfen Merter**	**Isparta City Hospital**	**Total**
Total assets	285,657	73,238	4,115,175	**4,474,070**
Total liabilities	360,117	22,673	2,706,443	**3,089,233**
Equity	(74,460)	50,565	1,408,731	**1,384,836**
Profit/(loss) for the period	(14,352)	(1,657)	662,814	**646,805**
Non-controlling interest ratio	0.5500	0.0848	0.0012	
Equity – Non-controlling interest	(40,953)	4,288	1,795	**(34,870)**
Profit/(loss) for the period – Non-controlling interest	**(7,894)**	**(139)**	**814**	**(7,219)**

(*) Information about the companies that do not have a controlling interest in Akfen Holding and Akfen Construction.

36. SUBSEQUENT EVENTS

On January 2, 2023, Akfen Holding transferred 50% shares of BİZ Mining a subsidiary of which it owns all shares to İlbak Madencilik.

On January 5, 2023, Akfen Holding completed the purchase of 50% shares of TASK Water B.V. in Akfen Water for 500 thousand Euros. Thus, Akfen Holding became the 100% owner of Akfen Water.

With the Board Decision of Akfen GPYŞ Board of Directors dated January 12, 2023, it was decided to transfer the shares of Ayrı Gayrimenkul to Akfen Gayrimenkul Portföy Yönetimi A.Ş. Birinci Gayrimenkul Yatırım Fonu ("Fon"). The aforementioned transfer transaction was completed on January 13, 2023, and 342,198,000 Ayrı Gayrimenkul shares belonging to Akfen Holding and 100,000 Ayrı Gayrimenkul shares belonging to Akfen Construction were transferred to the Fon.

Akfen Holding determined the total share value of Akfen Renewable's as USD 512 million and acquired all the shares of EBRD and IFC in Akfen Renewable on January 18, 2023 and became the 100% owner of the company.

As a result of the cancellation of the Interest Rate Swap transaction between Akfen GT and Akfen Karaköy on February 16, 2023, Credit Europe Bank NV and Akfen REIT, together with the interest advantage, a cumulative income of EUR 8,522,809 has been earned since the start of the IRS transaction as of November 10, 2021.

(All amounts are in thousand Turkish Liras ("TRY") unless otherwise specified.)

36. SUBSEQUENT EVENTS *(cont'd)*

Due to the negativities caused by the earthquakes centered in Kahramanmaraş on February 6, 2023, affecting many of our provinces and our whole country, in accordance with the Official Gazette dated February 8, 2023 and numbered 32098, it was decided to declare a state of emergency for three months in the provinces of Adana, Adıyaman, Diyarbakır, Gaziantep, Hatay, Kahramanmaraş, Kilis, Malatya, Osmaniye, Şanlıurfa and Elazığ. The developments regarding the aforementioned natural disaster are closely monitored.

On February 16, 2023, 1,531,385 shares of Keskin Gayrimenkul Turizm Yatırım Sanayi ve Ticaret A.Ş. ("Keskin") in Akfen Karaköy and 172 shares of Bilal Keskin (1.28%) were taken over by Akfen Holding. Similarly, transfers were made to Akfen GT, and as a result of these transfers, Keskin and Bilal Keskin had no share in Akfen Karaköy.

Isparta City Hospital market test pre-qualification tender notice was published on February 9, 2023, pre-qualification tenders will be held on March 17, 2023.

Contracts made between subcontractors and Akfen Construction have been transferred to Akfen Hospital, and following the approval of the Administration regarding the aforementioned transfer, subcontractors will issue their invoices to Akfen Hospital and Akfen Hospital to Akfen Construction.

Akfen Construction Group is making preparations for the issuance of capital market instruments, sukuk and bonds.

The Law No. 7438 on Social Security and General Health Insurance and the Law No. 375 on the Amendment to the Decree Law No. 375, which includes the regulation on Persons Aged at Retirement (EYT), entered into force after being published in the Official Gazette dated March 3, 2023 and numbered 32121. Although this issue is considered as a non-adjusting event after the reporting period within the scope of TAS 10 Events after the Reporting Period, studies are continuing to measure its impact on the Group's operations and consolidated financial position.

CMB has approved the public offering of Group B shares with a nominal value of TRY 340,370,703 owned by Akfen Holding in Akfen Renewable Energy. The demand gathering for the shares to be offered to the public was held between March 8, 2023 and March 10, 2023.

37. FEES FOR SERVICES RECEIVED FROM INDEPENDENT AUDITOR

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

	January 1 - December 31, 2022	**January 1 - December 31, 2021**
Independent audit fee for the reporting period	6,850,480	3,509,215
Fees for tax services	1,176,440	644,115
Fee for other assurance services	266,709	167,497
	8,293,629	**4,320,827**