(CONVENIENCE TRANSLATION OF THE INDEPENDENT AUDITOR'S REPORT AND FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH)

ANATOLIA TANI VE BİYOTEKNOLOJİ ÜRÜNLERİ AR-GE SANAYİ VE TİCARET A.Ş. AND GROUP COMPANIES CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMER 2022 TOGETHER WITH THE INDEPENDENT AUDITOR'S REPORT

Grant Thornton

INDEPENDENT AUDITOR'S REPORT

To the Shareholders and the Board of Directors of
Anatolia Tanı Ve Biyoteknoloji Ürünleri
Araştırma Geliştirme Sanayi Ve Ticaret A.Ş.
İstanbul

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Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Anatolia Tanı Ve Biyoteknoloji Ürünleri Araştırma Geliştirme Sanayi ve Ticaret A.Ş. ("the Company" or "Anatolia") and its subsidiaries (all together "the Group"), which comprise the consolidated balance sheet as of 31 December 2022 and the accounting period ended on the same date; the consolidated income statement, consolidated comprehensive income statement, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended and a summary of significant accounting policies and explanatory notes.

In our opinion, the financial consolidated statements present fairly, in all material respects, the financial position of Anatolia Tanı Ve Biyoteknoloji Ürünleri Araştırma Geliştirme Sanayi ve Ticaret A. Ş. as of 31 December 2022 and their financial performance and their cash flows for the year then ended in accordance with Turkish Financial Reporting Standards (TFRSs).

Basis for Opinion

Our independent audit completed in accordance with the independent auditing standards published by the Independent Auditing Standards ("IAS"), which are part of the Turkish Auditing Standards published by the Public Oversight, Accounting and Auditing Standards Authority ("KGK"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics for Independent Auditors (Code of Ethics) as issued by the POA, and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

By us, the matters described below have been identified as key audit matters and reported in our report.

Key Audit Matters	How the Key Audit Matter was Handled in the Audit
Revenue recognition	
The revenue of the Group within the scope of its main activity consists of the sales revenues of the diagnostic kits and devices that it manufactures and sells. Revenue has been identified as a key audit matter as it is an important measurement criterion in terms of evaluating the results of the strategy implemented during the year and monitoring the performance, and inherently contains risks arising from fraud and error. As of 31 December 2022, the Group's sales revenue is TL 268.817.404, and explanations regarding the relevant accounting policies are given in Note 2.6, Note 3 and Note 24.	During our audit, the following audit procedures were applied regarding the recording of revenue. The design, implementation and testing of internal controls related to the revenue process were evaluated. The internal controls applied by the Group regarding the sales process were tested by sampling method to cover information processing processes. The substantive procedures focus on assessing cases where income is invoiced but not earned. To test the completeness and accuracy of the transactions selected by the sampling method and whether they are recorded in the correct period, sales contracts based on customers, calculation tables of commission income and income records are compared with sales invoices. In addition, the adequacy of the disclosures in the Revenue note in Note 24 has been evaluated by us within the scope of TFRS 15. As a result of the procedures, we have implemented regarding the revenue process, no material inaccuracies or errors have been encountered in recording the revenue.

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

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

In preparing the 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's 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 independent auditors in an independent audit are as follows: Our aim is to obtain reasonable assurance about whether the financial statements 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 IAS (of Turkey) 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 based on these financial statements.

As part of an audit in accordance with IAS (of Turkey), we exercise professional judgment and maintain professional scepticism throughout the audit. We are 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 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 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, related safeguards.

Among the matters communicated to those charged with governance, we identify the most important matters, namely the key audit matters, in the independent audit of the current period's financial statements. In cases where the legislation does not allow the disclosure of the matter to the public, or in exceptional cases where the negative consequences of public disclosure are reasonably expected to exceed the public interest arising from the disclosure, we may decide not to disclose the relevant matter in our independent auditor's report.

Report on Other Legal and Regulatory Requirements

1. In accordance with paragraph four of the Article 402 of TCC, nothing has come to our attention that may cause us to believe that the Group's set of accounts and financial statements prepared for the period 1 January – 31 December 2022 does not comply with TCC and the provisions of the Group's articles of association in relation to financial reporting.

2. In accordance with paragraph four of the Article 402 of TCC, the Board of Directors provided us all the required information and documentation with respect to our audit.

The engagement partner who conducted and concluded this independent audit is Nazım Hikmet.

Eren Bağımsız Denetim A.Ş.
Member Firm of Grant Thornton International

T.C.

Nazım HİKMET
Sorumlu Ortak Baş Denetçi

İstanbul, 10.03.2023

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

ASSETS	***Notes***	**Audited 31 December 2022**	**Audited 31 December 2021**
Current Assets			
Cash and cash equivalents	5	323.447.280	462.412.511
Financial investments	6	101.094.857	51.880.614
Trade receivables	7	69.430.482	99.610.472
- *Due from related parties*	*8*	--	*306.490*
- *Due from third parties*		*69.430.482*	*99.303.982*
Other receivables		6.576.172	2.060.174
- *Other receivables from third parties*	*9*	*6.576.172*	*2.060.174*
Inventories	10	90.846.140	64.909.737
Prepaid expenses	11	3.529.603	6.043.952
Current tax assets		7.044.275	3.711.454
Other current assets	12	23.090.466	17.399.981
TOTAL CURRENT ASSETS		**625.059.275**	**708.028.895**
Non-current Assets			
Other receivables		572.916	--
- *Other receivables from third parties*	*9*	*572.916*	--
Property, plant, and equipment	13	176.189.120	128.727.584
Right use of assets	15	11.239.951	45.813
Intangible assets	14	43.392.865	22.848.843
- Intangible assets other than goodwill		*43.392.865*	*22.848.843*
Prepaid expenses	11	357.065	123.051
Other non-current asset		104.309	--
TOTAL NON-CURRENT ASSETS		**231.856.226**	**151.745.291**
TOTAL ASSETS		**856.915.501**	**859.774.186**

LIABILITIES	***Notes***	**Audited 31 December 2022**	**Audited 31 December 2021**
Current Liabilities			
Short-term borrowings	17	337.292	451.058
Short-term portion of long-term borrowings	17	920.886	2.024.805
Lease liabilities	16	1.060.536	--
Trade payables	7	7.812.978	11.849.656
- *Due to related parties*	*8*	*340.525*	*863.735*
- *Due to third parties*		*7.472.453*	*10.985.921*
Payables within benefit to employees	20	2.058.388	3.821.726
Other Payables		1.978.936	496.700
- *Due to third parties*	*9*	*1.978.936*	*496.700*
Deferred income	11	599.546	3.616.933
Provisions		1.674.946	762.709
- Provisions for employee benefits	*18*	*1.674.946*	*762.709*
Other current liabilities	12	1.974.119	4.979.396
TOTAL CURRENT LIABILITIES		**18.417.627**	**28.002.983**
Non-current liabilities			
Long-term borrowings	17	294.078	1.275.174
Lease liabilities	16	10.710.601	--
Long-term provisions		8.437.533	1.610.518
- Long-term provisions for employee benefits	*18*	*8.437.533*	*1.610.518*
Deferred tax liabilities	21	2.654.633	3.093.219
TOTAL NON-CURRENT LIABILITIES		**22.096.845**	**5.978.911**
EQUITY			
Equity attributable to owners of the Company		**816.401.029**	**766.737.481**
Share capital	22	110.000.000	110.000.000
Share premiums		218.843.895	215.000.000
Accumulated comprehensive income and expense			
- *Expense not to be reclassified to profit or loss*		(2.103.485)	(167.170)
- Defined Benefit Plans Remeasurement Gains (Losses)		*(2.103.485)*	*(167.170)*
- *Expense to be reclassified to profit or loss*		32.189.833	9.268.122
- *Foreign Currency Conversion Differences*		*32.189.833*	*9.268.122*
Legal reserves		57.743.791	8.738.235
Retained earnings		69.337.180	(9.433.313)
Profit for the period		330.389.815	433.331.607
Non-controlling interests	**22**	**--**	**59.054.811**
TOTAL SHAREHOLDER'S EQUITY		**816.401.029**	**825.792.292**
TOTAL LIABILITIES		**856.915.501**	**859.774.186**

Anatolia Tanı ve Biyoteknoloji Ürünleri Ar-Ge Sanayi Ticaret A.Ş. and Group Companies
Consolidated Statements of Financial Position and Other Comprehensive Income as of
1 January - 31 December 2022 and 2021
(Amounts expressed in TL unless otherwise indicated.)

	Notes	**Audited 1 January- 31 December 2022**	**Audited 1 January- 31 December 2021**
Revenue	24	268.817.404	410.109.510
Cost of sales (-)	24	(44.514.716)	(51.426.497)
GROSS PROFIT		**224.302.688**	**358.683.013**
General administrative expenses (-)	26	(51.266.950)	(15.047.068)
Selling and marketing expenses (-)	25	(34.042.084)	(26.606.393)
Research and development expenses (-)	27	(2.786.452)	(967.917)
Other operating income	29	69.804.958	45.963.087
Other operating expenses (-)	29	(22.067.553)	(22.586.073)
OPERATING PROFIT		**183.944.607**	**339.438.649**
Income from Investment Activities		37.200.270	431.949
OPERATING PROFIT/LOSS BEFORE FINANCE EXPENSES		**221.144.877**	**339.870.598**
Finance income	30	131.941.046	177.627.786
Finance expenses (-)	30	(12.768.044)	(55.239.219)
PROFIT BEFORE TAX FROM CONTINUING OPERATIONS		**340.317.879**	**462.259.165**
Tax Income / (Expense) of Continuing Operations			
Tax expenses		(4.055.641)	(15.253.172)
Deferred tax expense / incomes	21	(143.038)	(3.631.785)
PROFIT FROM CONTINUING OPERATIONS		**336.119.200**	**443.374.208**
NET PROFIT FOR THE PERIOD		**336.119.200**	**443.374.208**
Profit/(loss) attributable to:			
Non-controlling interests		5.729.385	10.042.601
Equity holders of the parent		330.389.815	433.331.607
		336.119.200	**443.374.208**
Earnings per share (Nominal value per TL 1)	23	3,0035	5,7232
OTHER COMPREHENSIVE INCOME			
Not to be reclassified to profit or loss, before tax			
- *Gain /loss arising from defined benefits plan*		*(2.420.394)*	*(353.273)*
To be reclassified to profit or loss, before tax			
- *Currency translation differences*		28.482.705	*31.036.839*
Total other comprehensive income, before tax		**26.062.311**	**30.683.566**
Other comprehensive income, total tax effect			
- Not to be reclassified to profit or loss other comprehensive income, tax effect			
- *Deferred tax income/(expense)*		*484.076*	*70.655*
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**26.546.387**	**30.754.221**
TOTAL COMPREHENSIVE INCOME		**362.665.587**	**474.128.429**
Attributable to:			
Equity holders of the parent		351.375.208	441.185.151
Non-controlling interests		11.290.379	32.943.278

	Share capital	Premiums/ Discounts on Shares	Other comprehensive income: Items that will never be reclassified to profit or loss	Other comprehensive income: Items that will be reclassified to profit or loss	Legal reserve	Retained earnings	Profit for the period	Equity attributable to owners of the Company	Non-controlling interests	Total equity
Balance at 1 January 2021	**15.000.000**	**--**	**115.448**	**1.131.960**	**62.632**	**195.554**	**293.396.437**	**309.902.031**	**26.111.533**	**336.013.564**
Transfers	--	--	--	--	--	293.396.437	(293.396.437)	--	--	--
Total comprehensive income	--	--	(282.618)	8.136.162	--	--	433.331.607	441.185.151	32.943.278	474.128.429
Capital Increase	85.000.000	--	--	--	(15.705.120)	(69.294.880)	--	--	--	--
Dividends	10.000.000	215.000.000	--	--	--	--	--	225.000.000	--	225.000.000
Other payments to shareholders excluding dividends	--	--	--	--	24.380.723	(234.380.723)	--	(210.000.000)	--	(210.000.000)
Increase/ (decrease) due to other changes	--	--	--	--	--	650.299	--	650.299	--	650.299
As of 31 December 2021	**110.000.000**	**215.000.000**	**(167.170)**	**9.268.122**	**8.738.235**	**(9.433.313)**	**433.331.607**	**766.737.481**	**59.054.811**	**825.792.292**
Balance at 1 January 2022	**110.000.000**	**215.000.000**	**(167.170)**	**9.268.122**	**8.738.235**	**(9.433.313)**	**433.331.607**	**766.737.481**	**59.054.811**	**825.792.292**
Transfers	--	--	--	--	19.000.000	414.331.607	(433.331.607)	--	--	--
Profit sharing	--	--	--	--	30.005.556	(335.561.114)	--	(305.555.558)	--	(305.555.558)
Effects of business combinations under common controls	--	3.843.895	--	--	--	--	--	3.843.895	(70.345.191)	(66.501.296)
Total comprehensive income	--	--	(1.936.315)	22.921.711	--	--	330.389.815	351.375.211	11.290.380	362.665.591
As of 31 December 2022	**110.000.000**	**218.843.895**	**(2.103.485)**	**32.189.833**	**57.743.791**	**69.337.180**	**330.389.815**	**816.401.029**	**--**	**816.401.029**

	Notes	Audited 1 January- 31 December 2022	Audited 1 January- 31 December 2021
A. Cash flow from Operating activities		**311.020.794**	**407.201.513**
Income for the period		336.119.200	443.374.208
Adjustments to reconcile cash flow generated from operating activities:		**32.730.618**	**11.141.294**
Depreciation and amortization	13,14,15	22.426.215	9.899.049
Adjustments for impairment	7	143.323	3.817.734
Adjustments for provisions	18	5.919.171	1.239.445
Net financial expenses	30	(17.846.713)	(7.740.806)
Tax Income / Expense	21	4.198.679	18.884.957
Unrealized foreign currency (income) / loss		17.889.943	(14.959.085)
Changes in working capital:		**(57.829.024)**	**(47.313.989)**
Change in trade and other receivables		24.947.754	22.279.483
Change in inventories		(25.936.400)	(19.314.283)
Adjustments for financial investments (increase)/decrease		(49.214.244)	(38.880.000)
Change in other current and non-current asset		10.074.599	(2.110.923)
Change in trade payables		(2.554.449)	9.352.788
Change in payables related to employee benefits		(1.763.338)	733.142
Change in other liabilities		(5.442.826)	3.222.215
Tax Payment	21	(7.940.120)	(22.596.411)
B. Cash flows from investing activities		**(139.999.193)**	**(67.431.168)**
Acquisition from procurement of property and equipment and intangible assets	13,14,15	(94.114.262)	(77.433.499)
Proceeds from sales of property and equipment and intangible assets		1.636.812	193.619
Interest received	30	18.979.558	9.808.712
Expenses from purchase of subsidiaries		(66.501.301)	--
C. Cash flows from financing activities		**(309.986.832)**	**(12.841.573)**
Acquisition on loan repayments		(2.198.781)	(25.648.846)
Acquisition on lease repayments		(1.817.922)	(124.821)
Cash inflows from the issuance of shares		--	225.000.000
Dividends paid		(305.555.558)	(210.000.000)
Interests paid	30	(414.571)	(2.067.906)
Net (decrease) / increase in cash and cash equivalents (A+B+C)		**(138.965.231)**	**326.928.772**
D. Cash and cash equivalents at January 1		**462.412.511**	**135.483.739**
Cash and cash equivalents at December 31 (A+B+C+D)	**5**	**323.447.280**	**462.412.511**

1. GROUP'S ORGANIZATION AND NATURE OF OPERATIONS

The main field of Anatolia Tanı ve Biyoteknoloji Ürünleri Araştırma Sanayi ve Ticaret A.Ş ("Company" or "Anatolia") and its subsidiaries (collectively "The Group"), is producing kits, installation of robots, developing software and designing of devices for research of real-time PCR and such as DNA sequencing and DNA/RNA Isolation techniques.

Exporting its developed products to more than 50 countries in Europe, Asia, Africa and America, the Group is the first and only Turkish manufacturer company invited by the World Health Organization to determine new global test reference standards on four different viruses ("WHO Collaborative Study").

As of the 31 December 2022 and 2021 the total number of employees of the Group is 165 and 138 respectively.

The company is registered with the Capital Markets Board ("CMB") and its shares are traded on Borsa Istanbul A.Ş. ("BIST") as of 2021. As of 31 December 2022, the Company has 29.43% of shares registered in BIST (Note 22).

The final control of the Group belongs to Elif Akyüz and Alper Akyüz.

The company is registered in Turkey, its registered address and R&D Departments are as follows:

Hasanpaşa Mh. Beydağı Sk. No:1-9H, Sultanbeyli, İstanbul, Turkey.

The Group has a free zone branch at Aydınlı SB Mahallesi, Matraş Caddesi, No:18/Z02, Tuzla / Istanbul.

The Group carries out production in its head office and free zone branches.

Subsidiaries

As of 31 December 2022, the subsidiaries subject to the consolidated financial statements, the countries in which they operate, and their fields of activity are as follows:

Subsidiaries	Country	Main Activity
Alpha IVD SRL ("Alpha")	Italy	Trading of test kits, devices and software in the field of molecular biology
Euronano Diagnostics (Private) Limited ("Euronano")	Pakistan	Trading of test kits, devices and software in the field of molecular biology
RhineGene B.V. ("RhineGene")(*)	Holland	Trading of test kits, devices and software in the field of molecular biology
RhineGene Philippines ("RhineGene PH") (**)	Philippines	Trading of test kits, devices and software in the field of molecular biology
RhineGene Bulgaria ("RhineGene BG") (***)	Bulgaria	Trading of test kits, devices and software in the field of molecular biology
RhineGene Poland("RhineGene PL") (****)	Poland	Trading of test kits, devices and software in the field of molecular biology

Alpha and Euronano were founded by Anatolia, Elif Akyüz and Alper Akyüz in 2017 and 2018, respectively.

(*) The commercial title of Alpha IVD S.r.l (Ltd.) has been changed and announced in the trade registry gazette as Alpha IVD S.p.A (A.Ş.) due to its new restructuring regarding the current business volume and business plans for the coming years.

(**) 200,000 of which RhineGene B.V, which is a 100% subsidiary of the Company, has fully participated in on 10.05.2022. -USD capital, RhineGene Philippines Inc. was established.

(***) RhineGene Bulgaria was established on 26.07.2022, in which RhineGene B.V, a 100% subsidiary of the Company, fully participated.

(****) RhineGene Poland was established on 27.09.2022, in which RhineGene B.V, a 100% subsidiary of the Company, fully participated.

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

2.1. Basis of presentation

Accounting policies

The accompanying consolidated financial statements are prepared in accordance with the announcement of the Capital Markets Board ("CMB") "Communiqué on Principles Regarding Financial Reporting in the Capital Markets" ("Communiqué") No. II-14.1 published in the Official Gazette dated 13.06.2013 and numbered 28676 and Turkish Financial Reporting Standards (''TFRS'') published by Public Oversight Accounting and Auditing Standards Board ("POA").

TASs; Turkish Accounting Standards, includes Turkish Financial Reporting Standards ("TFRS") and related annexes and comments.

Consolidated financial statements are presented in accordance with the "TFRS Taxonomy" published by POA dated on 7 June 2019 and Financial Statement Examples and User Guide published by CMB.

Approval of consolidated financial statements

Consolidated financial statements as of 1 January - 31 December 2022 have been approved by the Board of Directors and authorized for publication on 10 March 2023. The General Assembly of the Company and the relevant regulatory authorities have the right to request the amendment of the consolidated financial statements after the publication of the consolidated financial statements.

Comparative Information and Correction of Prior Financial Statements

The current period consolidated financial statements of the Group are prepared comparatively with the previous period in order to enable the determination of the financial position and performance trends. Comparative information is reclassified when deemed necessary in order to comply with the presentation of the current period consolidated financial statements.

The Group has classified the Income Accruals, which it reported under "Other Period Assets", which was TL 581.545 amounting to on 31 December 2021 in the balance sheet in the previous period, to "Trade Receivables".

The Group has classified Expense Accruals, which it had reported under "Other Current Liabilities", which was TL 3.982.538 amounting to on 31 December 2021 in the balance sheet in the previous period, to "Trade Payables".

The Group has reclassified the profits from the sale of property, plant and equipment, which it reported under "Other Operating Income", which was TL 365.032 amountig to on 31 December 2021 in the profit or loss statement in the previous period, to "Income from Investment Activities".

The Group has classified the income from financial investments, which it reported under "Finance Income", which was TL 66.917 amounting to as of 31 December 2021 in the profit or loss statement in the previous period, to "Income from Investment Activities".

Preparation of Financial Statements in Hyperinflationary Economies

In accordance with the communique issued by CMB, for companies that operate in Turkey and prepare their financial statements applying Turkish Accounting Standards, it is decided not to apply inflation accounting from 1 January 2005 which is published on 17 March 2005 numbered 11/367. Accordingly, as of 1 January 2005, no:29 "Financial reporting in Hyperinflationary Economies" ("TAS 29") was not applied.

As per the announcement published by the Public Oversight, Accounting and Auditing Standards Authority ("POA") on 20 January 2022, since the cumulative change in the general purchasing power of the last three years has been 74.41% according to the Consumer Price Index ("CPI") rates, it has been stated that entities applying the Turkish Financial Reporting Standards ("TFRS") are not required to make any restatements in their financial statements for 2022 within the scope of TAS 29 "Financial Reporting in High Inflation Economies". In addition, a new announcement has been made by the KGK regarding the inflation accounting application and no inflation adjustment has been made in accordance with TAS 29 in the accompanying consolidated financial statements dated 31.12.2022.

Functional and presentation currency

The Group prepares and maintains its legal books and prepares its statutory financial statements in accordance with the Turkish Commercial Code ("TCC"), accounting principles set forth by tax legislation and the Uniform Chart of Accounts issued by the Ministry of Finance. The valid currency of the Group is Turkish Lira ("TL"). These consolidated financial statements are presented in TL, which is the valid currency of the Group.

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.1. Basis of presentation (Continued)

Financial statements of subsidiaries operating in countries other than Turkey

Subsidiaries in foreign country assets and liabilities are translated into TRY from the foreign exchange rate at the reporting date and income and expenses are translated into TRY at the average foreign exchange rate. The retranslation of net assets at the beginning of the period and the exchange differences which resulting from the using of average exchange rates are followed on differences of foreign currency translation account within shareholders' equity.

Netting/Offsetting

Financial assets and liabilities are shown in net, if the required legal right already exists, there is an intention to pay the assets and liabilities on a net basis, or if there is an intention to realize the assets and the fulfilment of the liabilities simultaneously.

2.2. Changes in Accounting Policies

Significant changes in accounting policies are applied retrospectively and prior period consolidated financial statements are restated.

2.3. Restatement and Errors in the Accounting Policies and Estimates

If changes in accounting estimates are related to only one period, they are recognised in the period when changes are applied; if changes in estimates are related to future periods, they are recognized both in the period where the change is applied and future periods prospectively. There was no significant change in accounting estimates of the Group in the current year. The detected significant accounting errors are applied retrospectively, and prior period consolidated financial statements are restated.

2.4. Going concern

The consolidated financial statements prepared on a going concern basis, with the assumption that the Group will benefit from its assets and fulfil its obligations in the next year and in the natural course of its activities.

2.5. New and amended standards and interpretations

The accounting policies adopted in preparation of the consolidated financial statements as at 31 December 2022 are consistent with those of the previous financial year, except for the adoption of new and amended Turkish Accounting Standards (“TAS”)/TFRS and IFRIC interpretations effective as of 1 January 2022. The effects of these standards and interpretations on the Group’s Financial position and performance have been disclosed in the related paragraphs.

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

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

• **Amendments to TFRS 3**, ‘Business combinations’ update a reference in TFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.

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

• **Amendments to TAS 37,** ‘Provisions, contingent liabilities and contingent assets’ specify which costs a company includes when assessing whether a contract will be loss-making.
Annual improvements make minor amendments to TFRS 1, ‘First-time Adoption of TFRS’, TFRS 9, ‘Financial Instruments’, TAS 41, ‘Agriculture’ and the Illustrative Examples accompanying TFRS 16, ‘Leases’.

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.5 Changes in Turkish Financial Reporting Standarts (continued)

Standards, amendments and interpretations that are issued but not effective as at 31 December 2022:
Narrow scope amendments to TAS 1, Practice statement 2 and TAS 8; effective from annual periods beginning on or after 1 January 2023. The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies

Amendment to TAS 12 – Deferred tax related to assets and liabilities arising from a single transaction; effective from annual periods beginning on or after 1 January 2023. These amendments require companies to recognise deferred tax on transactions that, on initial recognition give rise to equal amounts of taxable and deductible temporary differences.

Amendment to TFRS 16 – Leases on sale and leaseback; effective from annual periods beginning on or after 1 January 2024. These amendments include requirements for sale and leaseback transactions in TFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction.
Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted.
Amendment to TAS 1 – Non current liabilities with covenants; effective from annual periods beginning on or after 1 January 2024. These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability.

Amendment to TAS 1 – Non current liabilities with covenants; effective from annual periods beginning on or after 1 January 2024. These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability.
These amendments are not expected to have a material impact on the consolidated financial statements of the Group and its performance.

2.6. Summary of significant accounting policies

Significant accounting policies applied in the preparation of these consolidated financial statements are summarized below:

Consolidation Principles

Full Consolidation:

Consolidated financial statements include the financial statements of the subsidiary managed by the Group in Note 1.

Subsidiaries are consolidated using the full consolidation method from the date on which the control passes to the Group. They are excluded from the scope of consolidation as of the date of loss of control.

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.6. Summary of significant accounting policies (continued)

Consolidation Principles (continued)

As of 31 December 2022 and 2021, the subsidiaries consolidated within the Parent Company have been consolidated using the "full consolidation method" since the control power belongs to the Group.

The applied principles of consolidation as below:

(i) The balance sheets and income statements of the subsidiaries are consolidated one by one for each item and the carried net book value of the investment, which is owned by the Parent Company, is eliminated with the related equity items. The intra-group transactions, the remaining profit margins balances in the balance sheets which between the Parent Company and its subsidiaries, are eliminated.

(ii) Operating results of subsidiaries are included in the consolidation effective from the date on which the said company controls are transferred to the Parent Company.

(iii) Non-controlling interests in net assets and operating results of subsidiaries are presented separately as non-controlling interests in the consolidated balance sheet and consolidated income statement.

The following table shows the subsidiaries, total shares of owned and effective partnership ratios as of 31 December 2022 and 2021:

Subsidiaries	31 December 2022	31 December 2021
Alpha IVD SRL (“Alpha”) (*)	%100	23,33%
Euronano Diagnostics (Private) Limited (“Euronano”)	%99,99	99,99%
RhineGene B.V. (“RhineGene”)	%100	--
RhineGene Philippines (“RhineGene PH”)	%100	--
RhineGene Bulgaria (“RhineGene BG”)	%100	--
RhineGene Poland(“RhineGene PL”)	%100	--

(*) Although the ownership rate of the company is 50% or less, control power can be obtained with the remaining votes belonging to Elif Akyüz and Alper Akyüz, who are also the controlling shareholders of Anatolia. Elif Akyüz and Alper Akyüz declared that they will use their voting rights in line with Anatolia.

The company take over 100% of the company by paying 66,501,299 TL for the remaining 76.67% of Alpha shares. The transfer and delivery procedures were completed on May 25, 2022. This take over is considered as a “business combination under common control” and the difference between Alpha's net equity at the acquisition date and the purchase price is classified under “Share Premiums” under equity. (**) (Footnote 1)

Related Parties

To the accompanying consolidated financial statements, key personnel in management and board of directors, their family and controlled or dependent companies, participations and subsidiaries of the Group is referred to as related parties.

Cash and Cash Equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less (Note 5). To consolidated statements of cash flows, cash and cash equivalents includes cash and cash equivalents with original maturities less than three months, excluding the interest accruals. If any provision provided to the cash and cash equivalents because of a specific event, Group measures expected credit loss from these cash and cash equivalents by the life-time expected credit loss. The calculation of expected credit loss is performed based on the experience of the Group and its expectations for the future indications.

Trade Receivables and Allowance for Doubtful Receivables

Trade receivables that are created by the Group by way of providing goods or services in the ordinary course of business directly to a debtor are recognized initially at fair value and subsequently measured at amortized cost, using the effective interest rate method, less provision for impairment. Short-term trade receivables with no specific interest rates are measured at original invoice amount if the effect of interest accrual is unsignificant.

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.6. Summary of significant accounting policies (continued)

Trade Receivables and Allowance for Doubtful Receivables

Impairment

IAS 39, "Financial Instruments" valid before 1 January 2018: Instead of "realised credit losses model" in Accounting and Measurement Standard, "expected credit loss model" was defined in IFRS 9 "Financial Instruments" Standard. Expected credit loss is estimated by weighting credit losses, expected to occur throughout the expected life of financial instruments, based on previous statistics. When calculating the expected credit losses, credit losses in the previous years and forecasts of the Group are considered.

Trade Payables

Trade payables are stated at their nominal value, discounted to present value as appropriate.

Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is calculated using the weighted average method. Costs comprise direct materials, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Net realizable value represents the estimated selling price less all estimated costs to completion and costs to be incurred in marketing, selling and distributed.

Property, plant and equipment and related depreciation

Property, plant, and equipment are carried at acquisition cost, less any accumulated depreciation and any impairment loss Land is not depreciated as it is deemed to have an indefinite useful life.

Depreciation is provided on the restated amounts of property, plant and equipment on a pro-rata basis. Profit and loss arising out of the sale of property, plant and equipment are included in the other income and expense accounts. Repair and maintenance expenditure related to property, plant and equipment is expensed as incurred.

Cost amounts of property, plant and equipment, other than the lands and construction in progress are subject to depreciation by using systematic pro-rata basis using the straight-line method in accordance with their expected useful life.

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

	Year
Buildings	50
Machinery and Equipment	4-14
Motor vehicles	5-10
Furniture and Fixtures	4-10
Leasehold improvements	10-20

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.6. Summary of significant accounting policies (continued)

Leases

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.

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.

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 remeasurements 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.

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.7. Summary of significant accounting policies (continued)

Intangible assets and related amortization

An intangible asset is recognized if it meets the identifiability criterion of intangibles, control exists over the asset; it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the costs can be measured reliably. Intangible assets are carried at cost less accumulated amortization and impairment. Amortization of intangible assets is allocated on a systematic pro-rata basis using the straight-line method Intangible assets including acquired rights, information systems and computer software are amortized using the straight-line.

Costs incurred on development projects relating to the design and testing of new or improved products are recognized as intangible assets when it is probable that the project will be a success considering its commercial and technological feasibility, and only if the cost can be measured reliably. Other research and development expenditures are recognized as an expense as incurred. Development expenditures previously recognized as an expense cannot be recognized as an asset in a subsequent period.

The useful lives of intangible assets are as follows:

	Year
Rights	3-5
Research and development costs	5
Other intangible asset	5-10

Impairment of assets

The carrying values of all tangible or intangible fixed assets, other than goodwill which is reviewed for impairment at least annually, are reviewed for impairment when events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognized in the income statement for items carried at cost and treated as a revaluation decrease for items carried at revalued amount to the extent that impairment loss does not exceed the amount held in the revaluation surplus. The recoverable amount of property, plant and equipment is the greater of net selling price and value in use.

Financial assets

The Group performs the classification process regarding its financial assets during the acquisition of the related assets and reviews them regularly.

Classification

The 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 except when the Group’s business model for managing financial assets changes; in the case of a business model change, after the amendment, the financial assets are reclassified on the first day of the following reporting period.

Recognition and Measurement

a) Financial assets measured at amortized cost

Financial assets measured at amortized cost, are non-derivative assets that are held within a business model whose objective is to hold assets to collect contractual cash flows and the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The Group’s financial assets measured at amortized cost comprise “cash and cash equivalents”, “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 statement of income.

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.6. Summary of significant accounting policies (continued)

Financial assets (continued)

b) Financial assets measured at fair value

i. Financial assets measured at fair value through other comprehensive income

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

In case of sale of assets, valuation differences classified to other comprehensive income are reclassified to retained earnings.

Group make a choice for the equity instruments during the initial recognition and elect profit or loss or other comprehensive income for the presentation of fair value gain and loss. If the said preference is made, dividends from related investments are recognized in the income statement.

ii. Financial assets measured at fair value through profit or loss

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

Derecognition

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

Impairment

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

Provisions for losses are measured as below.

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

Provisions for losses are 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 (Continued)

2.6. Summary of significant accounting policies (continued)

Financial liabilities

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

Financial liabilities are classified as either financial liabilities at fair value through profit and loss or other financial liabilities.

a) Financial liabilities at fair value through profit and loss

Financial liabilities are classified as at FVTPL where the financial liability is either held for trading or it is designated as at FVTPL. Financial liabilities at FVTPL are stated at fair value, with any resultant gain or loss recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any interest paid on the financial liability.

b) Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

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

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

Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a considerable time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets is substantially ready for their intended use or sale. Investment income earned by the temporary investment of the part of the borrowing not yet used is deducted from the borrowing costs eligible for capitalization. All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

Taxation and Deferred Income Taxes

Income tax expense represents the sum of the tax currently payable and deferred tax.

<u>Current tax</u>: The tax currently payable is based on taxable profit for the year.

<u>Deferred tax</u>: Deferred tax is provided, using the liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Employee Benefits / Retirement Pay Provision

Under the Turkish law and union agreements, severance payments are made to employees retiring or involuntarily leaving the Group. Such payments are considered as being part of defined retirement benefit plan as per International Accounting Standard No: 19 “Employee Benefits” (“IAS 19”). The retirement benefit obligation recognized in the balance sheet represents the present value of the defined benefit obligation as adjusted for unrecognized actuarial gains and losses.

Operating Expenses

Operating expenses are recognized in profit or loss upon utilization of the service or at the date of their origin. Expenditure for warranties is recognized and charged against the associated provision when the related revenue is recognized.

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.6. Summary of significant accounting policies (continued)

Revenue Recognition

Group recognizes revenue when the goods or services is transferred to the customer and when performance obligation is fulfilled. Goods are counted to be transferred when the control belongs to the customer.

Group recognizes revenue based on the following main principles:

(a) Identification of customer contracts
(b) Identification of performance obligations,
(c) Determination of transaction price in the contract,
(d) Allocation of price to performance obligations,
(e) Recognition of revenue when the performance obligations are fulfilled.

Group recognizes revenue from its customers only when all the following criteria are met:

(a) The parties to the contract have approved the contract (in writing, orally or in accordance with other customary business practices) and are committed to perform their respective obligations,
(b) Group can identify each party’s rights regarding the goods or services to be transferred,
(c) Group can identify the payment terms for the goods or services to be transferred.
(d) The contract has commercial substance,

It is probable that Group will collect the consideration to which it will be entitled in exchange for the goods or services that will be transferred to the customer. In evaluating whether collectability of an amount of consideration is probable, an entity shall consider only the customer’s ability and intention to pay that amount of consideration when it is due.

Equipment rental revenue

Rent income from operational rental transactions is accounted if it is measured reliably based on straight-line method during relevant rental agreement and if it is possible that an economic benefit related to transaction is achieved by the Group.

Provisions

Provisions are recognized when, and only when the Group has a present obligation because of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are recognized by the amortized amount as of balance sheet date in case that the monetary loss is material. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

Commitments and Contingencies

Transactions that may give rise to contingencies and commitments are those where the outcome and the performance of which will be ultimately confirmed only on the occurrence or non-occurrence of certain future events unless the expected performance is remote. Accordingly, contingent losses are recognized in the financial statements if a reasonable estimate of the amount of the resulting loss can be made. Contingent gains are reflected only if it is probable that the gain will be realized.

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.7. Summary of significant accounting policies (continued)

Transactions in foreign currency

Transactions in foreign currencies during the periods have been translated at the exchange rates prevailing at the dates of these transactions. Balance sheet items denominated in foreign currencies have been translated at the exchange rates prevailing at the balance sheet dates. The foreign exchange gains and losses are recognized in the income statement.

The periods-end rates used for USD, EURO and PKR are shown below:

	31 December 2022	31 December 2021
US Dollars	18,7029 TL	12,9775 TL
Euro	19,9806 TL	14,6823 TL
PKR	0,0820 TL	0,07227 TL
PLN (Zloti)	4,2641 TL	3,2870 TL
LEVA	10,1354 TL	7,6704 TL
PHP	0,3364 TL	0,2618 TL

Earnings per share

Earnings per share presented in the consolidated statements of profit or loss are determined by dividing consolidated net income attributable to that class of shares by the weighted average number of such shares outstanding during the year concerned. In Turkey, companies can increase their share capital by making a pro-rata distribution of shares ("bonus shares") to existing shareholders from retained earnings or inflation adjustments. To earnings per share computations, the weighted average number of shares outstanding during the year has been adjusted in respect of bonus shares issued without a corresponding change in resources by giving them retroactive effect for the year in which they were issued and for each earlier period.

Government incentives and grants

Grants from the government are recognized at their fair value where there is a reasonable assurance that the grant will be received and the group will comply with all the attached conditions. Government grants relating to costs are deferred and recognized in the income statement over the period necessary to match them with the costs that they are intended to compensate. Government grants relating to property, plant and equipment are included in non-current liabilities as deferred government grants and are credited to the income statement on a straight-line basis over the expected lives of the related assets.

Cash Flow statement

Cash and cash equivalents comprise of cash in hand, bank deposits and short-term investments, which can easily be converted into cash for a known amount, has high liquidity with maturities of 3 months or less.

EBITDA

EBITDA is defined as earnings before interest expense, income tax expense (benefit), depreciation and amortization. This information should be read with the statements of cash flows contained in the accompanying financial statements (note 3).

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.7. Significant Accounting Assessments, Estimates and Assumptions

Provisions for doubtful trade receivables: The provision for doubtful receivables reflects the amounts that the management believes will cover the future losses of the receivables that exist as of the reporting date but have the risk of being uncollectible within the current economic conditions. While evaluating whether the receivables are impaired or not, the past performance of the debtors, their credibility in the market, their performance from the date of the consolidated financial statements until the approval date of the consolidated financial statements and the renegotiated conditions are also taken into. In addition, the “simplified approach” defined in TFRS 9 has been preferred within the scope of the impairment calculations of trade receivables that are accounted at amortized cost in the consolidated financial statements and that do not contain a significant financing component (with a maturity of less than one year). With this approach, the Group measures the provision for impairment on trade receivables at an amount equal to “lifetime expected credit losses”, unless the trade receivables are impaired for certain reasons (excluding realized impairment losses).

Provision for employee benefit: Employment termination benefits pay liability is determined by actuarial calculations based on some assumptions including discount rates, future salary increases and employee turnover rates. Since these plans are long term, these assumptions contain significant uncertainties.

Lawsuit provisions: The probability of loss of ongoing lawsuits and the consequences that will be endured if they are lost are evaluated in line with the opinions of the Group's legal advisors. The Group management makes its best estimates using the data in hand, and estimates the provision it deems necessary.

Deferred tax: The Group recognizes deferred tax assets and liabilities based upon temporary differences arising between their statement of financial position accounts prepared in accordance with TAS/TFRS promulgated by POA Financial Reporting Standards and their statutory financial statements. These temporary differences usually result from the recognition of revenue and expenses in different reporting periods for TAS/TFRS and Tax Laws.

Impairment of Inventory: When calculating, data on the list prices of inventories after discounting are used. In cases where the projected net realizable value is below the cost value, an inventory impairment provision is made.

3. SEGMENT REPORTING

The Group defined EBITDA as profit before interest, depreciation and tax. Announced EBITDA amounts are presented separately by the Group management to better understand and measure the operating performance of the Group.

The details of reporting according to the segments for the period ended 31 December 2022 are as follows:

31 December 2022	**COVID-19 Test Kits**	**Other Kits**	**Equipment**	**Other**	**Total**
Domestic Sales	11.606.368	40.410.897	413.103	1.147.405	53.577.773
Foreign Sales	131.356.908	81.417.536	1.949.039	516.148	215.239.631
Total Sales	**142.963.276**	**121.828.433**	**2.362.142**	**1.663.553**	**268.817.404**
Cost of Sales (-)	19.986.266	22.013.648	1.683.026	831.776	44.514.716
Gross Profit	**122.977.010**	**99.814.785**	**679.116**	**831.777**	**224.302.688**
General administrative expenses (-)	(27.264.943)	(23.234.255)	(450.491)	(317.261)	(51.266.950)
Selling and marketing expense (-)	(18.104.364)	(15.427.921)	(299.133)	(210.666)	(34.042.084)
Research and development expenses (-)	(1.481.899)	(1.262.824)	(24.485)	(17.244)	(2.786.452)
Other operating income	37.123.882	31.635.707	613.387	431.982	69.804.958
Other operating expense (-)	(11.736.032)	(10.001.047)	(193.911)	(136.563)	(22.067.553)
Income from investmen activities	19.783.958	16.859.216	326.885	230.211	37.200.270
Operating income before finance expense	**121.297.612**	**98.383.661**	**651.368**	**812.236**	**221.144.877**
Depreciation and Amortization	11.926.776	10.163.593	197.063	138.783	22.426.215
EBITDA	**133.224.388**	**108.547.254**	**848.431**	**951.019**	**243.571.092**

The details of reporting according to the segments for the year ended 31 December 2021 are as follows:

31 December 2021	**COVID-19 Test Kits**	**Other Kits**	**Equipment**	**Other**	**Total**
Domestic Sales	20.582.764	20.157.740	294.090	661.986	41.696.580
Foreign Sales	258.510.628	105.327.505	4.192.940	381.857	368.412.930
Total Sales	**279.093.392**	**125.485.245**	**4.487.030**	**1.043.843**	**410.109.510**
Cost of Sales (-)	(24.949.350)	(23.587.539)	(2.378.126)	(511.482)	(51.426.497)
Gross Profit	**254.144.042**	**101.897.706**	**2.108.904**	**532.361**	**358.683.013**
General administrative expenses (-)	(10.240.038)	(4.604.100)	(164.631)	(38.299)	(15.047.068)
Selling and marketing expense (-)	(18.106.550)	(8.141.020)	(291.102)	(67.721)	(26.606.393)
Research and development expenses (-)	(658.700)	(296.163)	(10.590)	(2.464)	(967.917)
Other operating income	31.279.436	14.063.778	502.884	116.989	45.963.087
Other operating expense (-)	(15.370.587)	(6.910.883)	(247.115)	(57.488)	(22.586.073)
Income from investment activities	293.956	132.168	4.726	1.099	431.949
Operating income before finance expense	**241.341.559**	**96.141.486**	**1.903.076**	**484.477**	**339.870.598**
Depreciation and Amortization	6.736.636	3.028.910	108.307	25.196	9.899.049
EBITDA (*)	**234.604.923**	**93.112.576**	**1.794.769**	**459.281**	**329.971.549**

(*) The Group has recalculated EBITDA due to the reclassifications made in the previous period, the details of which are explained in footnote 2.1.

4. SHARES IN OTHER BUSINESS

The details of the Group's shares in other businesses for the periods are as follows:

	31 December 2022	31 December 2021
	Alpha IVD S.p.A (Italy) Solo	Alpha IVD S.p.A (Italy) Solo
Current assets	90.102.530	85.225.624
Non-current assets	28.792.650	16.106.845
Total assets	**118.895.180**	**101.332.469**
Current liabilities	8.085.184	21.769.201
Non-current liabilities	795.921	422.838
Total debts	**8.881.105**	**22.192.039**
Net assets	**110.014.075**	**79.140.430**
Profit Loss for the period:		
Revenue	82.827.935	125.409.956
EBITDA	14.052.072	18.386.827
Profit / (Loss) for the period	4.231.005	11.325.854
Total comprehensive income / (loss)	**4.231.005**	**11.325.854**

	31 December 2022	31 December 2021
	Euronano (Pakistan) Solo	Euronano (Pakistan) Solo
Current assets	37.569.007	50.095.049
Non-current assets	4.573.486	4.541.615
Total assets	**42.142.493**	**54.636.664**
Current liabilities	55.413.972	49.773.722
Non-current liabilities	--	--
Total debts	**55.413.972**	**49.773.722**
Net assets	**(13.271.479)**	**4.862.942**
Revenue	17.306.666	37.986.703
EBITDA	(1.696.559)	3.762.552
Profit / (Loss) for the period	(17.691.393)	1.459.239
Total comprehensive income / (loss)	**(17.691.393)**	**1.459.239**

4. SHARES IN OTHER BUSINESS (continued)

	31 December 2022	**31 December 2021**
	RhineGene B.V. (Holland) Solo	**RhineGene B.V. (Holland) Solo**
Current assets	9.169.119	--
Non-current assets	7.702.208	--
Total assets	**16.871.327**	**--**
Current liabilities	88.498	--
Non-current liabilities	--	--
Total debts	**88.498**	**--**
Net assets	**16.782.829**	**--**
<u>Profit Loss for the period:</u>		
Revenue	--	**--**
EBITDA	(2.721.442)	--
Profit / (Loss) for the period	(2.749.838)	**--**
Total comprehensive income / (loss)	**(2.749.838)**	**--**

	31 December 2022	**31 December 2021**
	RhineGene Philippines Solo	**RhineGene Philippines Solo**
Current assets	4.198.373	--
Non-current assets	470.351	--
Total assets	**4.668.724**	**--**
Current liabilities	5.284.690	--
Non-current liabilities	--	--
Total debts	**5.284.690**	**--**
Net assets	**(615.966)**	**--**
<u>Profit Loss for the period:</u>		
Revenue	--	**--**
EBITDA	(3.636.768)	--
Profit / (Loss) for the period	(3.679.798)	**--**
Total comprehensive income / (loss)	**(3.679.798)**	**--**

4. SHARES IN OTHER BUSINESS (continued)

	31 December 2022	31 December 2021
	RhineGene Bulgaria Solo	RhineGene Bulgaria Solo
Current assets	5.402.169	--
Non-current assets	50.677	--
Total assets	**5.452.846**	**--**
Current liabilities	3.070.132	--
Non-current liabilities	--	--
Total debts	**3.070.132**	**--**
Net assets	**2.382.714**	**--**
Profit Loss for the period:		
Revenue	70.735	--
EBITDA	(963.770)	--
Profit / (Loss) for the period	(981.454)	--
Total comprehensive income / (loss)	**(981.454)**	**--**

	31 December 2022	31 December 2021
	RhineGene Poland Solo	RhineGene Poland Solo
Current assets	126.536	--
Non-current assets	345.392	--
Total assets	**471.928**	**--**
Current liabilities	1.119.304	--
Non-current liabilities	--	--
Total debts	**1.119.304**	**--**
Net assets	**(647.376)**	**--**
Profit Loss for the period:		
Revenue	--	--
EBITDA	(620.899)	--
Profit / (Loss) for the period	(625.431)	--
Total comprehensive income / (loss)	**(625.431)**	**--**

5. CASH AND CASH EQUIVALENTS

The details of the Group's cash and cash equivalents for the periods are as follows:

	31 December 2022	31 December 2021
Cash on hand	117.058	16.016
Cash at banks	323.330.222	462.396.495
- Demand deposit	155.837.578	*162.088.836*
- Time deposit less than 3 months	167.492.644	*300.307.659*
	323.447.280	**462.412.511**

Currency	Interest rate (%)	Maturity	31 December 2022
TL	14,00%-26,75%	January 2023	5.108.209
USD	1,25%-3,55%	January-March 2023	92.327.852
EURO	1,5%	January 2023	70.056.583
			167.492.644

Currency	Interest rate (%)	Maturity	31 December 2021
TL	6,50% - 25,50%	January 2022	23.308.001
USD	0,50% - 1,25%	January 2022	232.952.758
EURO	0,90%	January 2022	44.046.900
			300.307.659

6. FINANCIAL INVESTMENTS

The details of the Group's financial investments for the periods are as follows:

	31 December 2022	31 December 2021
Available-for sale financial investments	75.522.051	51.880.614
Financial assets at fair value through profit or loss	25.572.806	--
-Currency protected deposit	*25.572.806*	--
	101.094.857	**51.880.614**

As of 31.12.2022, the Group's financial investments consist of Eurobonds amounting to USD 3,997,736 with an average interest rate of 3,27%, with a maturity between December 2023 and October 2025 (31 December 2021: None).

7. TRADE RECEIVABLES AND PAYABLES

The details of the Group's trade receivables for the periods are as follows:

Short-term trade receivables	31 December 2022	31 December 2021
Trade receivables	67.322.854	97.135.662
Notes receivables	1.966.058	1.586.774
Trade receivables from related parties (Note 7)	--	306.490
Income accruals	141.570	581.546
Doubtful receivables	591.084	578.861
Allowance for doubtful receivables (-) (*)	(591.084)	(578.861)
	69.430.482	**99.610.472**

As of 31 December 2022, the average maturity of the Group's trade receivables is 90 days. (31 December 2021: 78 days).

Explanations on the nature and level of risks in trade receivables are given in Note 32.

7. TRADE RECEIVABLES AND PAYABLES (continued)

(*) The movement of the allowance for doubtful receivables is as follows:

	1 January- 31 December 2022	1 January- 31 December 2021
Balance at beginning of the period	578.861	4.396.595
Additions (Note 29)	70.348	163.875
Amounts recovered during the year (Note 29)	(131.099)	(4.050.522)
Foreign currency conversion difference	72.974	68.913
End of the period	**591.084**	**578.861**

The details of the trade payables are as follows:

	31 December 2022	31 December 2021
Short-term trade payables		
Trade payables	6.268.930	9.428.250
Receivables from related parties (Note 8)	340.525	863.735
Other trade payables	1.203.523	1.557.671
	7.812.978	**11.849.656**

As of 31 December 2022, the average maturity of the Group's trade receivables is 74 days. (31 December 2021: 52 day).

Explanations on the nature and level of risks in trade payables are given in Note 32.

8. RELATED PARTIES TRANSACTION

Trade receivables from related parties	31 December 2022	31 December 2021
Anatolia Makine Sanayi ve Ticaret Ltd. Şti.	--	306.490
	--	**306.490**

	31 December 2022	31 December 2021
Other receivables from related parties (Note 9)	--	--
	--	**--**

Trade payables to related parties	31 December 2022	31 December 2021
Anatolia Makine Sanayi ve Ticaret Ltd. Şti.	340.525	863.735
	340.525	**863.735**

The details of the Group's related party disclosures for the periods are as follows:

	1 January- 31 December 2022	1 January- 31 December 2021
Anatolia Makine Sanayi ve Ticaret Ltd. Şti.	7.800	6.000

	1 January- 31 December 2022	1 January- 31 December 2021
Anatolia Makine Sanayi ve Ticaret Ltd. Şti.	--	9.134.728

(*) Anatolia Makine Sanayi ve Ticaret Ltd Şti. sells imported instrument and provides labour services to the Company for instrument production.

Key management compensation:

The total amount of wages and similar benefits provided to the Group's President and Vice President of the Board of Directors and other key executives as of 31 December 2022 is TL 8.221.138 (31 December 2021:TL 3.969.410).

9. OTHER RECEIVABLES AND PAYABLES

The details of the Group's other receivables and payables for the periods are as follows:

Short term other receivables	**31 December 2022**	**31 December 2021**
Deposits and guarantees given	459.993	316.487
Other receivables from third parties (*)	6.116.179	1.743.687
	6.576.172	**2.060.174**

(*) Other receivables from third parties consist of VAT receivables.

Long term other receivables	**31 December 2022**	**31 December 2021**
Deposits and guarantees given	572.916	--
	572.916	**--**

Short term other payables	**31 December 2022**	**31 December 2021**
Free zone overdue deferred tax liabilities	840.987	--
Other payables	1.137.949	496.700
	1.978.936	**496.700**

10. INVENTORIES

The details of the Group's inventories for the periods are as follows:

	31 December 2022	**31 December 2021**
Raw materials	39.215.870	20.432.141
Finished goods	36.808.115	28.745.610
Semi-finished goods	10.803.098	10.561.416
Trade goods	5.854.766	3.659.779
Other Inventories (*)	2.753.154	2.626.624
Inventory impairment	(4.588.863)	(1.115.833)
	90.846.140	**64.909.737**

(*) Consist of kits and devices in free zone and central zone.

	1 January-31 December 2022	**1 January-31 December 2021**
Balance at beginning of the period	(1.115.833)	--
Additions	(2.681.724)	(793.485)
Foreign currency conversion difference	(791.306)	(322.348)
End of the period	**(4.588.863)**	**(1.115.833)**

11. PREPAID EXPENSES AND DEFERRED INCOME

The details of short and long-term prepaid expense for the periods are as follows:

Short-term prepaid expenses	**31 December 2022**	**31 December 2021**
Advances given to suppliers (*)	1.328.922	5.546.807
Prepaid expenses (**)	2.200.681	497.145
	3.529.603	**6.043.952**

(*) It consists of personnel expenses in the Center and Free Zone.
(**) Order advances given consist of advances given for building modernization and investment to move the Group's headquarters and R&D center.

11. PREPAID EXPENSES AND DEFERRED INCOME (continued)

Long-term prepaid expenses	**31 December 2022**	**31 December 2021**
Prepaid expenses	357.065	123.051
	357.065	**123.051**

Deferred income-short term	**31 December 2022**	**31 December 2021**
Advances received	599.546	3.616.933
	599.546	**3.616.933**

12. OTHER ASSETS AND LIABILITIES

The details of other assets and liabilities for the periods are as follows:

Other current assets	**31 December 2022**	**31 December 2021**
Deferred VAT	22.958.207	17.377.006
Other current assets	132.259	22.975
	23.090.466	**17.399.981**

Other short-term liabilities	**31 December 2022**	**31 December 2021**
Prepaid taxes and dues	1.974.119	4.971.475
Other	--	7.915
	1.974.119	**4.979.396**

13. PROPERTY, PLANT AND EQUIPMENTS

Movement of property, plant, and equipment for the period 01.01.-31.12.2022 is as follows:

	1 January 2022	Additions	Disposals (-)	Foreign currency conversion differences	31 December 2022
Cost					
Lands	22.500.000	--	--	--	22.500.000
Buildings	59.074.090	13.037.186	--	2.420.981	74.532.257
Machinery and equipment	47.647.923	27.924.264	(1.090.082)	7.046.337	81.528.442
Vehicles	5.468.165	3.869.685	--	246.546	9.584.396
Furniture and fixtures	8.534.216	11.650.110	(83.515)	130.426	20.231.237
Ongoing investments	--	288.549	--		288.549
Leasehold improvements	4.727.191	846.957	(961.128)	15.855	4.628.875
	147.951.585	**57.616.751**	**(2.134.725)**	**9.860.145**	**213.293.756**

	1 January 2022	Current year charge	Disposals (-)	Foreign currency conversion differences	31 December 2022
Accumulated depreciation					
Buildings	(168.616)	(2.736.034)	--	(29.999)	(2.934.649)
Machinery and equipment	(13.972.638)	(10.543.673)	387.222	(249.199)	(24.378.288)
Vehicles	(1.455.669)	(1.448.436)	--	(29.993)	(2.934.098)
Furniture and fixtures	(1.605.035)	(2.609.785)	33.308	(43.186)	(4.224.698)
Leasehold improvements	(2.022.043)	(707.139)	123.193	(26.914)	(2.632.903)
	(19.224.001)	**(18.045.067)**	**543.723**	**(379.291)**	**(37.104.636)**
Net book value	**128.727.584**				**176.189.120**

As of 31 December 2022, property, plant, and equipment are insured for TL 74.880.000 and there is no mortgage on it.

13. PROPERTY, PLANT AND EQUIPMENTS (continued)

Movement of property, plant and equipment for the period 01.01.-31.12.2021 is as follows:

	1 January 2021	Additions	Disposals (-)	Foreign currency conversion differences	31 December 2021
Cost					
Lands	22.500.000	--	--	--	22.500.000
Buildings	20.000.000	37.119.132	--	1.954.958	59.074.090
Machinery and equipment	20.792.305	22.012.616	(288.596)	5.131.598	47.647.923
Vehicles	3.308.095	1.830.092	--	329.978	5.468.165
Furniture and fixtures	2.642.754	5.836.418	(15.932)	70.976	8.534.216
Leasehold improvements	4.300.231	391.321	--	35.639	4.727.191
	73.543.385	**67.189.579**	**(304.528)**	**7.523.149**	**147.951.585**

	1 January 2021	Current year charge	Disposals (-)	Foreign currency conversion differences	31 December 2021
Accumulated depreciation					
Buildings	--	(168.287)	--	(329)	(168.616)
Machinery and equipment	(7.400.731)	(5.519.428)	103.991	(1.156.470)	(13.972.638)
Vehicles	(427.156)	(919.852)	--	(108.661)	(1.455.669)
Furniture and fixtures	(929.710)	(569.858)	6.918	(112.385)	(1.605.035)
Leasehold improvements	(1.076.292)	(759.925)	--	(185.826)	(2.022.043)
	(9.833.889)	**(7.937.350)**	**110.909**	**(1.563.671)**	**(19.224.001)**
Net book value	**63.709.496**				**128.727.584**

As of 31.12.2021, property, plant and equipment are insured for TL 49.621.667.

Depreciation and amortization shown in expense accounts associated with tangible and intangible assets and right-of-use assets as of 31 December are in footnote 28.

14. INTANGIBLE ASSETS

Movement of intangible fixed asset for the period 01.01.-31.12.2022 is as follows:

	1 January 2022	Additions	Foreign currency conversion differences	31 December 2022
Cost				
Rights (*)	13.560.824	478.833	1.079	14.040.736
Research and development costs (**)	14.310.589	22.738.579	--	37.049.168
Other intangible fixed assets	326.523	186.557	21.463	534.543
	28.197.936	**23.403.969**	**22.542**	**51.624.447**

	1 January 2022	Current year charge	Foreign currency conversion differences	31 December 2022
Accumulated depreciation				
Rights	(5.148.317)	(2.782.548)	--	(7.930.865)
Other intangible fixed assets	(200.776)	(99.941)	--	(300.717)
	(5.349.093)	**(2.882.489)**	**--**	**(8.231.582)**
Net book value	**22.848.843**			**43.392.865**

Movement of intangible fixed assets for the period 01.01.-31.12.2021 is as follows:

	1 January 2021	Additions	Disposals (-)	Transfers	31 December 2021
Cost					
Rights (*)	9.695.114	7.327	3.855.958	2.425	13.560.824
Research and development costs (**)	7.929.954	10.236.593	(3.855.958)	--	14.310.589
Other intangible fixed assets	319.510	--	--	7.013	326.523
					--
	17.944.578	**10.243.920**	**--**	**9.438**	**28.197.936**

	1 January 2021	Current year charge	Disposals (-)	Transfers	31 December 2021
Accumulated depreciation					
Rights	(3.366.816)	(1.707.079)	--	(74.422)	(5.148.317)
Other intangible fixed assets	(111.812)	(87.408)	--	(1.556)	(200.776)
					--
	(3.478.628)	**(1.794.487)**	**--**	**(75.978)**	**(5.349.093)**
Net book value	**14.465.950**				**22.848.843**

(*) Rights mostly consist of R&D projects of the Group that are capitalized since the final product developed.

(**) Research and development costs consist of ongoing R&D projects of the Group.

15. RIGHTS OF USE ASSETS

Movement of rights of use assets for the period 01.01.-31.12.2022 is as follows:

	1 January 2022	Additions	Disposals (-)(*)	31 December 2022
Cost				
Buildings	1.133.150	12.738.610	(1.133.150)	12.738.610
	1.133.150	**12.738.610**	**(1.133.150)**	**12.738.610**

	1 January 2022	Current year charge	Disposals (-)	31 December 2022
Accumulated depreciation				
Buildings	(1.087.337)	(1.498.659)	1.087.339	(1.498.659)
	(1.087.337)	**(1.498.659)**	**1.087.339**	**(1.498.659)**
Net book value	**45.813**			**11.239.951**

(*) The Group has made account netting for right-of-use assets due to the expiration of the lease terms. Due to the expiry of the lease term, the Company has shown the leased building for its activities in the free zone as a new entry in its right-of-use assets.

Movement of rights of use assets for the period 01.01.-31.12.2021 is as follows:

	1 January 2021	Additions	Disposals (-)	31 December 2021
Cost				
Buildings	1.729.197	--	(596.047)	1.133.150
	1.729.197	**--**	**(596.047)**	**1.133.150**

	1 January 2021	Current year charge	Disposals (-)	31 December 2021
Accumulated depreciation				
Buildings	(920.125)	(167.212)	--	(1.087.337)
	(920.125)	**(167.212)**	**--**	**(1.087.337)**
Net book value	**809.072**			**45.813**

16. LEASE LIABILITIES

The details of lease of liabilities for the periods are as follows:

	31 December 2022	31 December 2021
Short-term lease liabilities	1.060.536	--
Long-term lease liabilities	10.710.601	--
	11.771.137	**--**

	1 January- 31 December 2022	1 January- 31 December 2021
Operating lease as of January 1	--	835.910
Current operating lease liability increase	12.738.610	(880.506)
Current operating lease liability payment	(1.817.922)	(124.821)
Current interest expense	(850.449)	266.325
Current foreign currency effects	1.700.898	(96.908)
Operating lease at the end of the periods	**11.771.137**	--

17. FINANCIAL BORROWINGS

The details of financial borrowings for the periods are as follows:

	31 December 2022	31 December 2021
Short-term borrowings	--	450.459
Other financial borrowings (*)	337.292	599
Short-term borrowings	**337.292**	**451.058**
Short term portion of long term borrowings	920.886	2.024.805
Short-term portion of long-term borrowings	**920.886**	**2.024.805**
Long-term borrowings	294.078	1.275.174
Long-term borrowings	**294.078**	**1.275.174**
Total financial borrowings	**1.552.256**	**3.751.037**

(*) Other financial borrowings consist of credit card borrowings.

The details of currency-based financial liabilities are as follows:

	Interest rate	31 December 2022
TL bank borrowings	%7,50 - %16,80	1.214.963
USD bank borrowings	--	--
		1.214.963

	Interest rate	31 December 2021
TL bank borrowings	7,50% - 16,80%	3.691.036
USD bank borrowings	5,28%	59.402
		3.750.438

Bank Borrowings	31 December 2022	31 December 2021
0-3 month	230.221	618.816
3-12 month	690.664	1.856.448
1-5 year	294.078	1.275.174
Total	**1.214.963**	**3.750.438**

18. EMPLOYEE BENEFITS

Severance pay provision

Under the Turkish Legislations, the Company and its subsidiaries which located in Turkey, is required to pay termination benefits to each employee, who has completed one year of service and whose employment is terminated without due cause, is called up for military service, dies, who retires after completing 25 years for man and 20 years for women of service and reaches the retirement age (58 for women and 60 for men). Due to the amendment of the legislation as of 8 September 1999, there are certain transitional obligations regarding the length of service due to retirement.

These payments are calculated based on the rate on the day of retirement or termination per year worked, with a maximum of TL 19.983 over the 30-day salary as of 31 December 2022 (31 December 2021: TL 10.849). The provision for severance pay is calculated on a current basis and is reflected in the Consolidated financial statements. The provision is calculated according to the severance pay ceiling announced by the Government.

Provision for termination benefits is made by calculating the present value of the possible liability to be paid in case of retirement of employees. To calculate the liabilities of the Group in accordance with TAS 19 (Employee Benefits), a calculation made with actuarial assumptions is required. Accordingly, the actuarial assumptions used in the calculation of total liabilities are given below. The basic assumption is that the maximum liability for each year of service will increase in line with inflation. Hence the discount rate applied represents the expected real interest rate after adjusting for the effects of future inflation. As a result, the liabilities in the accompanying Consolidated financial statements as of 31 December 2022 and 31 December 2021 are calculated by estimating the present value of the future probable obligation arising from the retirement of the employees.

	31 December 2022	**31 December 2021**
Discount rate	--	3,85%
Estimated rate of salary increasing /inflation rate	21,83%	17,00%
The turnover ratio used to calculate the probability of retirement	100,00%	100,00%

It is planned that the severance pay rights will be paid at the end of the concession agreement. Accordingly, the terms of the concession agreements are considered in calculating the present value of the liabilities to be paid in the future.

The details of long-term severance pay provisions for the periods are as follows:

Long-term provisions	**31 December 2022**	**31 December 2021**
Severance pays provisions	8.437.533	1.610.518
	8.437.533	**1.610.518**

Movement of severance pay provisions for the periods are as follows:

	31 December 2022	**31 December 2021**
Balance at January 1	1.187.680	359.146
Service cost	3.338.770	525.846
Interest cost	1.668.164	372.253
Indemnity payments	(177.475)	--
Actuarial (Gain)/Loss	2.420.395	353.273
Balance at December 31	**8.437.533**	**1.610.518**

18. EMPLOYEE BENEFITS (continued)

The details of short-term employee benefits provisions for the periods are as follows:

<u>**Short-term provisions**</u>	**31 December 2022**	**31 December 2021**
Provision for vacation pay liability	1.674.946	762.709
	1.674.946	**762.709**

Movement of vacation pay provisions as follows:

	31 December 2022	**31 December 2021**
Balance at January 1	762.709	421.363
Current year provision expense (*)	912.237	341.346
Balance at the end of the periods	**1.674.946**	**762.709**

(*) Leave provision expenses for the relevant periods are included in personnel expenses.

19. COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES

a) Guarantees received

As of 31 December 2022, the Group has no guarantees received (31 December 2021: None).

b) Guarantees given

Collaterals/ pledges/ mortgages/bill of guarantees ("CPMB") position of the Group as of 31 December 2022 and 2021 are as follows:

CPMB's given by the Group	**31 December 2022**	**31 December 2021**
A. CPMB's given for Group's own legal personality	4.211.789	1.275.490
B. CPMB's given on behalf of fully consolidated companies	--	--
C. CPMB's given on behalf of third parties for ordinary course of business	--	--
D. Total amount of other CPMB's	**--**	**--**
i) Total amount of CPMB's given on behalf of the majority shareholder	--	--
ii) Total amount of CPMB's given on behalf of other Group companies which are not in scope of B and C	--	--
iii) Total amount of CPMB's given on behalf of third parties which are not in scope of C	--	--
	4.211.789	**1.275.490**

As of 31 December 2022, guarantees and mortgages given to the Ziraat Bank has been released.

As of 31 December 2022, the ratio of other CPMs given by the Group to the Group's equity is 0% (31 December 2021: 0%).

20. PAYABLES WITHIN BENEFIT TO EMPLOYEES

The details of employee benefits obligations for the periods are as follows:

	31 December 2022	31 December 2021
Due to personnel	533.732	1.963.353
Payable to social security withholding	1.524.656	1.858.373
	2.058.388	**3.821.726**

21. INCOME TAX

The details of current period tax assets for the periods are as follows:

Current period tax assets:	31 December 2022	31 December 2021
Current tax expense	(488.534)	(10.404.289)
Prepaid taxes and funds	488.534	10.404.289
	--	**--**

	31 December 2022	31 December 2021
Provision for corporate tax	(4.055.641)	(15.253.172)
Deferred tax assets / liabilities	(143.038)	(3.631.785)
	(4.198.679)	**(18.884.957)**

Corporation tax

The Group is subject to taxation in accordance with the tax regulation and the legislation effective in Turkey. Corporate tax returns are required to be filed until the end of the fourth month following the balance sheet date and paid in the same day.

As of 31 December 2022, the corporate tax rate is 23% in Turkey (31 December 2021: 25%,). Corporation tax rate is applied to net income of the companies after adjusting for certain disallowable expenses, exempt income and allowances. In accordance with the regulation numbered 7316, published in Official Gazette numbered 31462 on 22 April 2021, corporate tax rate in Turkey for the year 2021 has been increased from 20% to 25%, for the year 2022 to 23%. The amendment is effective as of 1 January 2021. As the change has been announced after the reporting period, it is considered as a non-adjusting event according to IAS 10 and the Group continued to use 20% for the subsidiaries operating in Turkey as of the reporting date and related amendment will be applied in consolidated financial statements as of 1 July 2021. Since the tax rate change came into effect as of 22 April, 2021, 20% was used as the tax rate in the current tax and deferred tax calculations in the financial statements dated 31 December, 2022.

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.

15% withholding applies to dividends distributed by resident real persons, those who are not liable to income and corporation tax, non-resident real persons, non-resident corporations (excluding those that acquire dividend through a permanent establishment or permanent representative in Turkey) and non-resident corporations exempted from income and corporation tax.

Dividend distribution by resident corporations to resident corporations is not subject to a withholding tax. Furthermore, in the event the profit is not distributed or included in capital, no withholding tax shall be applicable.

21. INCOME TAX (continued)

Corporation tax *(continued)*

Dividend earnings of corporations from participation in the capital of another corporation subject to full obligation (Except for the dividends obtained from mutual funds participation certificate and the shares of investment trusts) are exempt from corporation tax. In addition, 75% of the profits arising from the sale of the participation shares in the assets of the corporations for at least two full years and the real estates, founder shares, usufruct shares and pre-emptive rights owned for the same period, are exempt from corporate tax as of 31 December 2017. However, with the amendment made with the Law No. 7061, this rate has been reduced from 75% to 50% in terms of immovables and this rate is used as 50% in tax returns to be prepared as of 2018.

To benefit from the exemption, the said income must be kept in a passive fund account and not withdrawn from the business for a period of 5 years. The sales price must be collected until the end of the second calendar year following the year of sale.

There is no practice in Turkey to reach an agreement with the tax administration regarding the taxes to be paid. Corporate tax returns are submitted within four months following the end of the period. The tax inspection authorities may examine the tax returns and the accounting records underlying them for five years following the accounting period and make a reassessment because of their findings.

Income tax withholding

There is a withholding tax liability on dividend distributions, and this withholding liability is accrued in the period when the dividend payment is made. Dividend payments are subject to 15% withholding tax, excluding those made to non-resident companies that generate income through a workplace or their permanent representative in Turkey, and to companies residing in Turkey. In the application of withholding tax rates for profit distributions to non-resident companies and natural persons, the withholding tax rates in the relevant Double Taxation Agreements are also considered. The addition of retained earnings to the capital is not considered as profit distribution, so it is not subject to withholding tax.

Transfer pricing regulations

In Turkey, transfer pricing regulations are specified in Article 13 of the Corporate Tax Law, titled "Hidden income distribution through transfer pricing". The notified dated 18 November 2007 on hidden income distribution via transfer pricing regulates the details of the implementation.
If the taxpayer buys or sells goods or services with related parties at the price or price, they have determined in peer assessment, the profit is deemed to have been distributed through transfer pricing, in whole or in part. Hidden income distribution through is considered as a non-deductible expense for corporate tax.

Deferred tax assets and liabilities:

Deferred tax liability or assets are determined by calculating the tax effects of temporary differences between the values of assets and liabilities shown in the Consolidated financial statements and the amounts considered in the legal tax base calculation. Deferred tax liability or assets are reflected in the accompanying Consolidated financial statements by considering the tax rates that are expected to be valid in the future periods when the temporary differences will disappear.

In reflecting the deferred tax asset to the consolidated financial statements, the developments in the sector in which it operates, taxable profit estimates in the future, it considers factors such as the general economic and political situation in Turkey and/or the international general economic and political situation that may affect the Group.

The Group considers factors such as developments in the sector in which it operates, taxable profit estimates in the future, general economic and political situation in Turkey and/or international general economic and political situation that may affect the Group while reflecting the deferred tax asset to the consolidated financial statements. The Group estimates that it will generate sufficient taxable profits in the future.

21. INCOME TAX (continued)

Recognized deferred tax assets and liabilities

The details of deferred tax assets and liabilities for the periods are as follows:

	31 December 2022		31 December 2021	
	Cumulative temporary differences	**Deferred tax**	**Cumulative temporary differences**	**Deferred tax**
Deferred tax assets				
Provisions for employee benefits	9.316.558	1.863.312	1.693.584	389.525
Expenses accruals	--	--	1.950.389	448.589
Lease liabilities	531.186	106.237	--	--
Financial liabilities	--	--	--	--
Trade receivables	283.888	56.777	--	--
Deferred tax assets	**10.131.632**	**2.026.326**	**3.643.973**	**838.114**
Deferred tax liabilities				
Right of use assets	--	--	(45.813)	(10.537)
Financial liabilities	(66.057)	(13.211)	(186.133)	(42.811)
Trade receivables	--	--	(3.519.282)	(809.435)
Tangible and intangible assets	(23.338.738)	(4.667.748)	(13.341.524)	(3.068.550)
Deferred tax liabilities	**(23.404.795)**	**(4.680.959)**	**(17.092.752)**	**(3.931.333)**
Net deferred tax		**(2.654.633)**		**(3.093.219)**

The reconciliation of the period tax expense with the profit for the period is as follows:

	1 January-31 December 2022	**1 January-31 December 2021**
Balance at beginning of the period	**(3.093.219)**	**467.911**
Associated with the profit or loss statement	(143.038)	(3.631.785)
Associated with comprehensive income (actuarial)	484.076	70.655
Foreign currency conversion difference	97.548	--
End of the period	**(2.654.633)**	**(3.093.219)**

	1 January-31 December 2022	**1 January-31 December 2021**
Profit/(loss) for before taxation	**340.317.879**	**462.259.165**
Corporation tax rate	21%	23%
Calculated tax using the Compnay's domestic tax rate	**71.466.755**	**106.319.608**
Non-tax deductible expenses	(602.085)	2.917.146
Free zone earnings	(40.933.980)	(82.115.990)
Exception of revaluation	(9.667.256)	(6.077.335)
Impact of foreign companies subject to different tax rates	2.456.304	834.257
R&D discount	(4.075.035)	(1.596.059)
Investment discount	(10.458.529)	--
Earnings from production activity	(3.276.657)	--
Other, net	(710.838)	(1.396.670)
Tax expense	**4.198.679**	**18.884.957**

22. SHARE CAPITAL AND NON-CONTROLLING INTERESTS

Share Capital

The paid capital structure of the Group for the periods are as follows:

Shareholders	31 December 2022 TL	Share %	31 December 2021 TL	Share %
Alper Akyüz	46.781.143	42,53	47.131.143	42,85
Elif Akyüz	22.801.500	20,73	22.801.500	20,73
Tankut İkizler	32.375.971	29,43	12.514.846	11,38
Other (*)	8.041.386	7,31	27.552.511	25,04
Total paid-in capital	**110.000.000**	**100**	**110.000.000**	**100**

(*) The company is registered with the Capital Markets Board ("CMB") and its shares are traded on Borsa İstanbul A.Ş. ("BIST") as of 21.10.2021. As of 31 December 2022, the Company has 20.90% of shares registered in BIST.

As of 31 December 2022, the capital of the Group consists of 110.000.000 shares. (31 December 2021: TL 110.000.000). The nominal value of the shares is TL 1 per share. (31 December 2021: per share TL 1). Company shares are represented by two separate share groups as A and B group, and A group shares provide voting rights to the shareholder. The Company's shares consist of 20.000.000 Group A shares and 90.000.000 Group B shares.

Non- controlling interests

The company take over 100% of the company by paying 66,501,299 TL for the remaining 76.67% of Alpha shares. The transfer and delivery procedures were completed on May 25, 2022. This take over is considered as a "business combination under common control" and the difference between Alpha's net equity at the acquisition date and the purchase price is classified under "Share Premiums" under equity.

As of 31 December 2022, there is no non-controlling interests (31 December 2021: TL 54.054.811). As of 31 December 2021 the said share consists of Alpha SRL's 76.67% shareholding, which does not belong to the Group itself.

Defined Benefit Plans Remeasurement Gains and Losses;

	31 December 2022	31 December 2021
Balance at beginning of the period	(167.170)	115.448
Additions	(2.420.394)	(353.273)
Deferred tax	484.079	70.655
	(2.103.485)	**(167.170)**

Reserves On Retained Earnings;

	31 December 2022	31 December 2021
Balance at beginning of the period	8.738.235	62.632
Additions	49.005.556	8.675.603
	57.743.791	**8.738.235**

Retained Earnings/Losses;

	31 December 2022	31 December 2021
Balance at beginning of the period	(9.433.313)	195.554
Prior year profit transfer	433.331.608	293.396.437
Transfers to reserves	(49.005.557)	--
Profit sharing	(305.555.558)	(234.380.723)
Transfer to capital	--	(69.294.880)
Additions	--	650.299
	69.337.180	**(9.433.313)**

23. EARNINGS PER SHARE

Earnings per share for the periods are as follows:

	31 December 2022	31 December 2021
Net profit for the period of the equity holders of the parent	330.389.815	433.331.607
Weighted average number of shares with nominal value of TL l each	110.000.000	75.714.286
Earnings per share (TL)	**3,0035**	**5,7232**

(*) Weighted average number of shares with nominal value is calculated according to the capital increase of TL 85.000.000 on 15.04.2022.

24. REVENUE AND COST OF SALES

Revenue for the periods are as follows:

	1 January- 31 December 2022	1 January- 31 December 2021
Domestic Sales	51.210.177	40.816.768
Export Sales	219.044.637	368.412.930
Other Revenue	2.863.023	1.284.931
Gross Sales	**273.117.837**	**410.514.629**
Sales Returns (-)	(2.540.830)	(236.705)
Sales Discount (-)	(1.759.603)	(168.414)
Net Sales	**268.817.404**	**410.109.510**
Cost of goods sold (-)	(35.367.498)	(50.336.761)
Cost of trade goods sold (-)	(9.147.218)	(1.089.736)
Gross Profit	**224.302.688**	**358.683.013**

24. REVENUE AND COST OF SALES (continued)

The details of cost of sales for the periods are as follows:

	1 January- 31 December 2022	1 January- 31 December 2021
Direct raw material and supplies expenses	(22.100.525)	(40.004.175)
Direct labour expenses	(13.290.631)	(5.649.721)
Depreciation and amortization expenses (Note 13)	(7.108.565)	(4.457.484)
Food expenses	(505.992)	(227.827)
In-direct labour expenses	(522.009)	(390.231)
Other	(986.994)	(697.059)
	(44.514.716)	**(51.426.497)**

25. MARKETING, SELLING AND DISTRIBUTION EXPENSES

The details of selling and marketing expenses for the periods are as follows:

	1 January- 31 December 2022	1 January- 31 December 2021
Personnel expenses	(13.861.042)	(11.945.207)
Commission expenses	(3.813.074)	(5.335.933)
Export expenses	(4.221.920)	(2.646.835)
Logistic expenses	(1.073.749)	(2.220.617)
Depreciation and amortization expenses (Note 13)	(3.830.750)	(998.081)
Transportation expenses	(1.055.841)	(794.734)
Travel expenses	(1.488.793)	(555.003)
Outsourced benefits and services	(1.031.164)	(320.945)
Fair, exhibition expenses	(152.959)	(188.614)
Taxes and funds expenses	(169.689)	(65.003)
Representation expenses	(494.629)	(59.048)
Other	(2.848.474)	(1.476.373)
	(34.042.084)	**(26.606.393)**

26. GENERAL ADMINISTRATIVE EXPENSES

The details of general administrative expenses for the periods are as follows:

	1 January- 31 December 2022	1 January- 31 December 2021
Personnel expenses	(17.236.973)	(5.051.434)
Outsourced benefits and services	(17.564.242)	(4.186.168)
Depreciation and amortization expenses (Note 13)	(8.700.448)	(3.475.567)
Taxes and funds expenses	(2.381.067)	(856.299)
Insurance expenses	(609.006)	(91.337)
Other	(4.775.214)	(1.386.263)
	(51.266.950)	**(15.047.068)**

26. GENERAL ADMINISTRATIVE EXPENSES (Continued)

Fees for Services Obtained from Independent Auditor/Independent Audit Firm

The Group's explanation regarding the fees for the services received from the independent audit firms, which is based on the letter of POA dated 19 August 2021, the preparation principles of which are based on the Board Decision published in the Official Gazette on 30 March 2021, are as follows:

	2022	**2021**
Independent audit fee for the reporting period	250.000	239.500
	250.000	**239.500**

27. RESEARCH AND DEVELOPMENT EXPENSES

The details of research and development expenses for the periods are as follows:

	1 January- 31 December 2022	**1 January- 31 December 2021**
Depreciation and amortization expenses (Note 13)	(2.786.452)	(967.917)
	(2.786.452)	**(967.917)**

28. EXPENSES BY NATURE

The details of expenses based on type for the periods are as follows:

	1 January- 31 December 2022	**1 January- 31 December 2021**
Personnel expenses	(31.098.015)	(16.996.640)
Direct raw material and supplies expense	(23.438.118)	(39.561.096)
Outsourced benefits and services	(18.595.406)	(4.507.113)
Depreciation and amortization expenses (Note 13)	(19.639.764)	(9.899.049)
Direct labour expenses	(13.290.631)	(5.649.721)
Export expenses	(4.221.920)	(964.691)
Commission expenses	(3.813.074)	(5.335.933)
Logistic expenses	(1.073.749)	(3.902.761)
Taxes and funds expenses	(2.550.756)	(921.302)
In-direct labour expenses	(522.009)	(227.827)
Other	(11.580.310)	(6.081.742)
	(129.823.752)	**(94.047.875)**

29. OTHER OPERATING INCOME AND EXPENSES

The details of other operating income and expenses for the periods are as follows:

	1 January-31 December 2022	1 January-31 December 2021
Other operating income		
Foreign exchange gain	67.009.725	39.690.581
Collection of doubtful receivables (Note 7)	131.099	3.981.609
Other	2.664.134	2.221.984
	69.804.958	**45.963.087**

	1 January-31 December 2022	1 January-31 December 2021
Other operating expenses		
Foreign exchange loss	(19.449.582)	(8.807.067)
Provisions for doubtful receivables (Note 7)	(70.348)	(163.875)
Public offering expenses	--	(10.045.411)
Motor vehicles purchase tax	--	(1.355.476)
Other	(2.547.623)	(2.214.244)
	(22.067.553)	**(22.586.073)**

30. INCOME FROM INVESTMENT ACTIVITIES

The details of the Group's income from investment activities by periods are as follows:

	1 January-31 December 2022	1 January-31 December 2021
Itangible asset sales profit	4.042	365.032
Income from financial investments	4.849.841	66.917
Currency protected deposit income	32.343.765	--
Other	2.622	--
	37.200.270	**431.949**

31. FINANCIAL INCOME AND EXPENSES

The details of finance income and expenses for the periods are as follows:

	1 January-31 December 2022	1 January-31 December 2021
Finance income		
Foreign exchange gain	112.961.488	167.885.991
Interest income	18.979.558	9.626.717
Interest income from lease transactions	--	115.078
	131.941.046	**177.627.786**

	1 January-31 December 2022	1 January-31 December 2021
Finance expenses		
Interest expense on borrowings	(11.370.849)	(53.171.313)
Interest expense from lease transactions	(132.175)	--
Foreign exchange loss	(1.265.020)	(2.067.906)
	(12.768.044)	**(55.239.219)**

32. NATURE AND LEVEL OF RISKS ARISING FROM DERIVATIVE FINANCIAL INSTRUMENTS

Capital Risk Management

While trying to ensure the continuity of its activities in capital management, the Group also aims to increase its profits by using the debt and equity balance in the most efficient way. The Group's capital structure consists of equity items including issued capital, reserves and retained earnings.

The gearing ratios for the periods are as follows:

	31 December 2022	31 December 2021
Total financial liabilities	13.323.393	3.751.037
Less: Cash and cash equivalents	(323.447.280)	(462.412.517)
	--	
Net debt	--	--
Total equity	817.330.063	825.792.290
Net debt to equity ratio	--	--

Risk Management System

When calculating the Group's capital risk management, debts and equity items including cash and cash equivalents, paid-in capital, defined benefit plans remeasurement gains / losses, restricted reserves from profit and retained earnings / (losses) are considered, respectively.

The risks associated with each capital class, together with the group capital cost, are evaluated by the senior management. Based on senior management assessments, it is aimed to keep the capital structure in balance through the acquisition of new debt or repayment of existing debt, as well as through dividend payments.

Risk management disclosures

The Group's activities expose it to a variety of financial risks, including the effects of changes in debt and equity market prices, foreign currency exchange rates and interest rates. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance of the Group.

Credit risk

Credit risk is the risk that a customer or a counterparty will not fulfil its contractual obligations and arises mainly from customer receivables.

	Receivables					
	Trade receivables		Other receivables			
31 December 2022	**Related Party**	**Third Party**	**Related Party**	**Third Party**	**Cash at Banks**	**Financial investments**
Maximum credit risk exposed as of balance sheet date, (A+B+C+D)	**--**	**69.430.482**	**--**	**7.149.088**	**323.330.220**	**101.094.857**
- Secured portion of the maximum credit risk by guarantees	--	--	--	--	--	--
A. Net book value of financial assets that are neither past due nor impaired	--	69.430.482	--	7.149.088	323.330.220	101.094.857
B. Net book value of the impaired assets	--	--	--	--	--	--
- Past due (gross carrying amount)	--	591.084	--	--	--	--
- Impairment (-)	--	(591.084)	--	--	--	--
- Secured portion of the net value by guarantees, etc.	--	--	--	--	--	--

32. NATURE AND LEVEL OF RISKS ARISING FROM DERIVATIVE FINANCIAL INSTRUMENTS (continued)

Credit risk (continued)

	Receivables					
	Trade receivables		Other receivables			
31 December 2021	**Related Party**	**Third Party**	**Related Party**	**Third Party**	**Cash at Banks**	**Financial Investments**
Maximum credit risk exposed as of balance sheet date, (A+B+C+D)	**306.490**	**99.303.983**	**--**	**2.060.174**	**462.396.495**	**51.880.614**
- Secured portion of the maximum credit risk by guarantees	--	--	--	--	--	--
A. Net book value of financial assets that are neither past due nor impaired	306.490	99.303.983	--	2.060.174	462.396.495	51.880.614
B. Net book value of the impaired assets	--	--	--	--	--	--
- Past due (gross carrying amount)	--	578.862	--	--	--	--
- Impairment (-)	--	(578.862)	--	--	--	--
- Secured portion of the net value by guarantees, etc.	--	--	--	--	--	--

The Group monitors the collectability of its trade receivables periodically and allocates provision for doubtful receivables for possible losses that may arise from doubtful receivables based on the collection rates of previous years. Following the provision for doubtful receivables, if all or part of the doubtful receivable amount is collected, the collected amount is deducted from the doubtful receivable provision and associated with profit or loss.

Liquidity risk

The Group manages liquidity risk by maintaining adequate funds and available borrowing by regularly monitoring forecast and actual cash flows and matching the maturities of financial assets and liabilities. Prudent liquidity risk management expresses the ability to keep sufficient cash, the availability of sufficient credit transactions, the availability of fund resources and the ability to close market positions.

The funding risk of current and prospective debt requirements is managed by maintaining the availability of sufficient number of high-quality lenders.

The table below shows the maturity distribution of the Group's non-derivative financial liabilities:

	31 December 2022					
Contractual maturity	**Carrying Value**	**Contractual cash flows**	**Less than 3 months**	**3 - 12 month**	**1 - 5years**	**More than 5 years**
Non derivative financial liabilities	**23.115.306**	**23.804.891**	**10.653.790**	**1.573.752**	**6.299.657**	**5.277.692**
Loans and borrowings	1.552.255	1.612.465	582.566	735.822	294.077	--
Lease liabilities	11.771.137	12.400.512	279.310	837.930	6.005.580	5.277.692
Trade payables	7.812.978	7.812.978	7.812.978	--	--	--
Other payables	1.978.936	1.978.936	1.978.936	--	--	--

	31 December 2021					
Contractual maturity	**Carrying Value**	**Contractual cash flows**	**Less than 3 months**	**3 - 12 month**	**1 - 5years**	**More than 5 years**
Non derivative financial liabilities	**12.114.855**	**12.057.136**	**8.586.808**	**2.195.154**	**1.275.174**	**--**
Loans and borrowings	3.751.037	3.693.318	222.990	2.195.154	1.275.174	--
Trade payables	7.867.118	7.867.118	7.867.118	--	--	--
Other payables	496.700	496.700	496.700	--	--	--

32. NATURE AND LEVEL OF RISKS ARISING FROM DERIVATIVE FINANCIAL INSTRUMENTS (continued)

Foreign Currency Risk

For the periods, the Group's foreign currency position consists of foreign currency denominated assets and liabilities stated in the table below:

		31 December 2022			31 December 2021		
		TL Equivalent	USD	EUR	TL Equivalent	USD	EUR
1	Trade payables	94.706.464	3.494.824	1.468.581	79.694.094	4.060.439	1.838.932
2a.	Monetary financial assets	372.174.008	11.113.327	8.224.105	455.874.825	26.859.049	7.308.904
2b.	Non-Monetary financial assets	--	--	--	--	--	--
3	Other	--	--	--	--	--	--
4	**Current assets (1+2+3)**	**466.880.472**	**14.608.151**	**9.692.686**	**535.568.923**	**30.919.488**	**9.147.836**
5	Trade receivables	--	--	--	--	--	--
6a.	Monetary financial assets	--	--	--	--	--	--
6b.	Non-Monetary financial assets	--	--	--	--	--	--
7	Other	--	--	--	--	--	--
8	**Non- Current assets (5+6+7)**	**--**	**--**	**--**	**--**	**--**	**--**
9	**Total assets (4+8)**	**466.880.472**	**14.608.151**	**9.692.686**	**535.568.923**	**30.919.488**	**9.147.836**
10	Trade payables	5.825.859	34.464	259.316	4.570.309	218.416	118.225
11	Financial borrowings	--	--	--	59.402	4.577	--
12a.	Other Monetary financial liabilities	--	--	--	--	--	--
12b.	Other Non-Monetary financial liabilities	--	--	--	--	--	--
13	**Current liabilities (10+11+12)**	**5.825.859**	**34.464**	**259.316**	**4.629.711**	**222.993**	**118.225**
14	Trade payables	--	--	--	--		
15	Financial borrowings	--	--	--	--	--	--
16a.	Other Monetary financial liabilities	--	--	--	--	--	--
16b.	Other Non-Monetary financial liabilities	--	--	--	--	--	--
17	**Non-Current liabilities (14+15+16)**	--	--	--	--	--	--
18	**Total liabilities (13+17)**	**5.825.859**	**34.464**	**259.316**	**4.629.711**	**222.993**	**118.225**
19	**. Net asset / liability position of off-balance sheet derivatives (19a-19b)**	**--**	**--**	**--**	**--**	**--**	**--**
19a.	Total amount of assets hedged	--	--	--	--	--	--
19b.	Total amount of liabilities hedged	--	--	--	--	--	--
20	**Net foreign currency asset /(liability)position (9-18+19)**	**461.054.613**	**14.573.687**	**9.433.370**	**530.939.212**	**30.696.495**	**9.029.611**
21	**Net foreign currency asset / (liability) position of monetary items (1+2a+5+6a-10-11-12a-14-15-16a)**	**461.054.613**	**14.573.687**	**9.433.370**	**530.939.212**	**30.696.495**	**9.029.611**

32. NATURE AND LEVEL OF RISKS ARISING FROM DERIVATIVE FINANCIAL INSTRUMENTS (continued)

Foreign currency risk(continued)

Sensibility analysis

The Group's currency risk consists of the value changes of TL against Euro and USD. The basis of the sensitivity analysis to measure the currency risk is to make the total currency statement made throughout the organization. Total foreign currency position includes all foreign currency based short-term and long-term purchase agreements and all assets and liabilities.

The exchange rate sensitivity analysis for the periods are as follows:

	2022		**2021**	
	Profit / (Loss)		**Profit / (Loss)**	
	Appreciation of foreign currency	**Depreciation of foreign currency**	**Appreciation of foreign currency**	**Depreciation of foreign currency**
	In case of 10% appreciation of USD against TL			
1- USD net asset/liability	27.257.021	(27.257.021)	39.836.376	(39.836.376)
2- Amount hedged for USD risk (-)	--	--	--	--
3- USD net effect (1+2)	**27.257.021**	**(27.257.021)**	**39.836.376**	**(39.836.376)**
	In case of 10% appreciation of EUR against TL			
4- EUR net asset/liability	18.848.440	(18.848.440)	13.257.546	(13.257.546)
5- Amount hedged for EUR risk (-)	--	--	--	--
6- EUR net effect (4+5)	**18.848.440**	**(18.848.440)**	**13.257.546**	**(13.257.546)**
Total net effect (3+6)	**46.105.461**	**(46.105.461)**	**53.093.922**	**(53.093.922)**

33. FINANCIAL INSTRUMENTS (FAIR VALUE EXPLANATION)

For the periods, the book values and fair values of assets and liabilities are shown in the table below:

		31 December 2022		**31 December 2021**	
Financial assets	***Note***	**Book value**	**Fair value**	**Book value**	**Fair value**
Cash and cash equivalents	*5*	323.447.280	323.447.280	462.412.511	462.412.511
Financial investments	*6*	101.094.857	101.094.857	51.880.614	51.880.614
Trade receivables	*6*	69.430.482	69.430.482	99.028.927	99.028.927
Other receivables	*8*	6.576.172	6.576.172	2.060.174	2.060.174
Total financial assets		**500.548.791**	**500.548.791**	**615.382.226**	**615.382.226**
Financial liabilities					
Financial borrowings	16	1.552.256	1.612.465	3.751.037	3.751.037
Lease borrowings		11.771.137	12.400.512	--	--
Trade payables	6	7.812.977	7.812.977	11.849.664	11.849.664
Other payables	8	1.978.936	1.978.936	496.699	496.699
Payables related to employment benefits	19	2.058.388	2.058.388	3.821.726	3.821.726
Total financial liabilities		**25.173.695**	**25.863.279**	**19.919.126**	**19.919.126**
Net		**475.375.096**	**474.685.512**	**596.044.651**	**596.044.651**

34. SUBSEQUENT EVENTS

On 06 February 2023, a state of emergency was declared, including 10 provinces in the region, due to the negativities caused by the earthquakes centered in Kahramanmaraş, affecting many of our provinces and shaking our entire country. The developments regarding the natural disaster in question are being closely monitored and studies are continuing to determine the situation. Since a significant part of the Company's commercial activities are located in regions not affected by the earthquake, it has been evaluated that this situation will not have a significant impact on the financial statements.

The Law No. 7438 on Social Security and General Health Insurance and the Law No. 375 on the Amendment of the Decree Law No. 375, which includes the regulation on 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 and the studies are continuing to measure its impact on the Group's operations and financial position.