

*With the Strength Derived from Our Roots*

# **WE GROW BY TRANSFORMING**



 **ALARKO**  
**HOLDING A.Ş.**

**Annual Report 2023**

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27.05.2024

FISCAL YEAR 2023

GENERAL ASSEMBLY MEETING

## REGISTERED CAPITAL

TL 500,000,000

## ISSUED CAPITAL

TL 435,000,000





**For exactly 70 years, we have been a pioneering, powerful and respected global company that grows by creating a difference.**

As Alarko Holding, we are working diligently towards our future goals, fortified by our well-established history, our innovative vision, and our strong corporate and financial structure. We focus on sustainable success in all our fields of activity and our processes and practices. Our primary responsibility is to return the strength that we draw from nature, and to return the strength we draw from our society to our people. Accordingly, we closely follow all global sectoral and technological developments to protect our planet and contribute to the development of our society, and we effectively integrate these into our activities.

We believe that sustainability is the key to long-term success, and we have progressed untiringly with the same passion since day one.

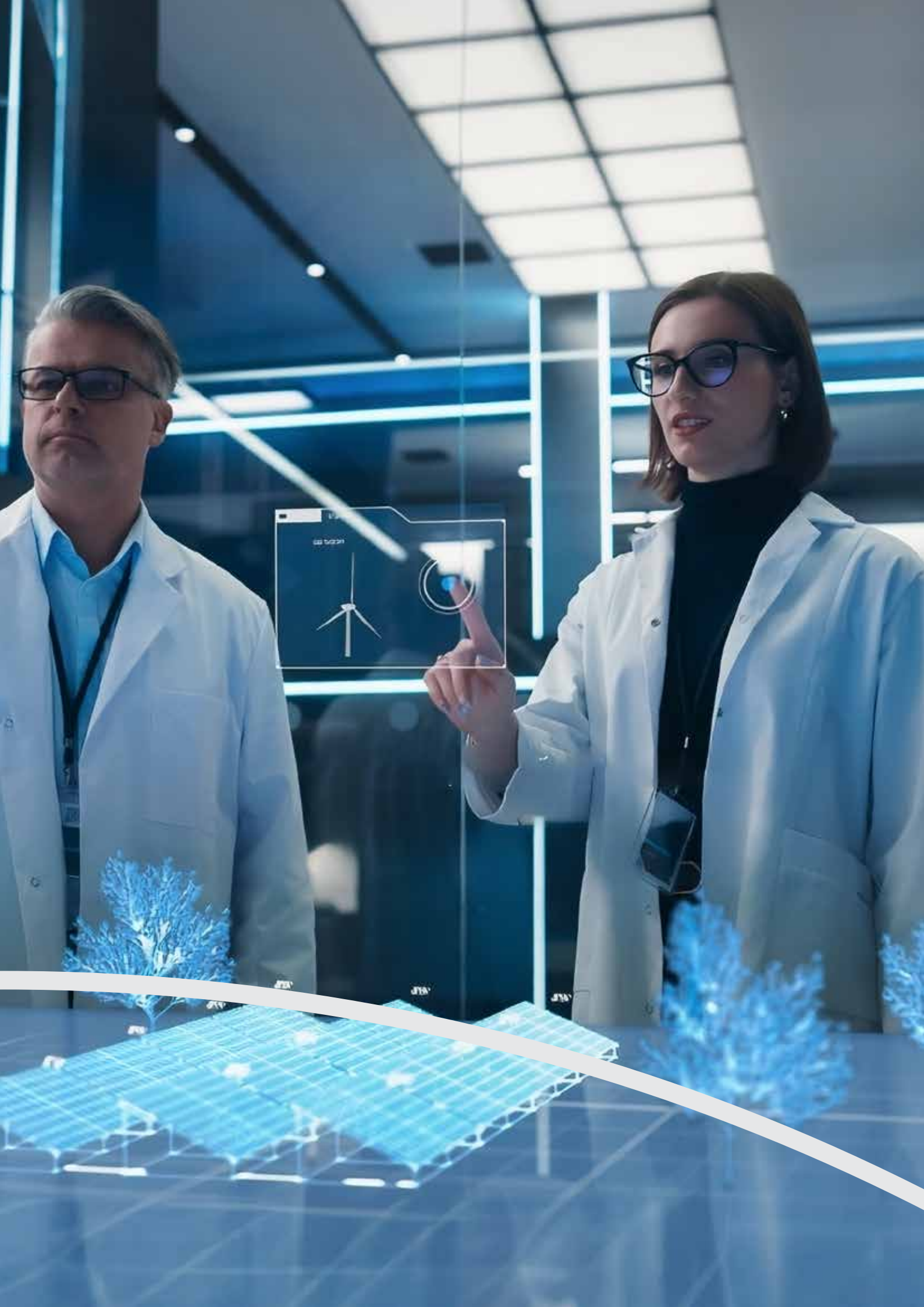
# THE PLANET AND THE FUTURE



All actors in the economy should take joint responsibility in the fight against the climate crisis. As a company committed to environmental and social sustainability, the restoration of the ecosystem is an essential focus area. We conduct new investments in the energy sector within the fields of renewable energy and storage, and we raise our energy and resource efficiency across all operations. We continue our efforts with the goal of increasing the resources allocated to the environment each year.

Targeting  
**20%**  
Increase in  
Resources for  
Ecosystem  
Restoration





# TRANSFORMATION AND INNOVATION

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We advance steadily towards our future goals by means of our innovative product and service designs. Through our Digital Strategy Roadmap, implemented via a continuous improvement approach, we are transforming our Group companies into ecosystems that transcend the age we live in.

Targeting  
**50%**  
Increase in  
Resources for  
R&D Activities





# VALUE AND EQUALITY

We believe that social welfare thrives through investments made with the principle of equality in the social realm. As part of our efforts based on the principles of diversity and inclusion in the workplace, we aim to increase the number of female employees in the Company and continue our endeavors to ensure women's access to equal opportunities. Furthermore, to contribute to societal transformation, we continue to support the education of children and youth in addition to initiatives that promote gender equality.

Targeting to  
**Triple**  
Social  
Investments by  
2030





# STRATEGY AND PROFIT

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As a strong company with solid financials, we manage our capital and resources prudently, making sound investments for the future. Each year, we expand our impact by investing in publicly traded companies that are successful in their field, that strengthen their growth momentum, and that are stable and possess development potential. In doing so, we not only diversify our portfolio, but strengthen our resources, enabling us to move confidently towards the future with strategic steps and maneuvers.

EBITDA Margin

**35%**

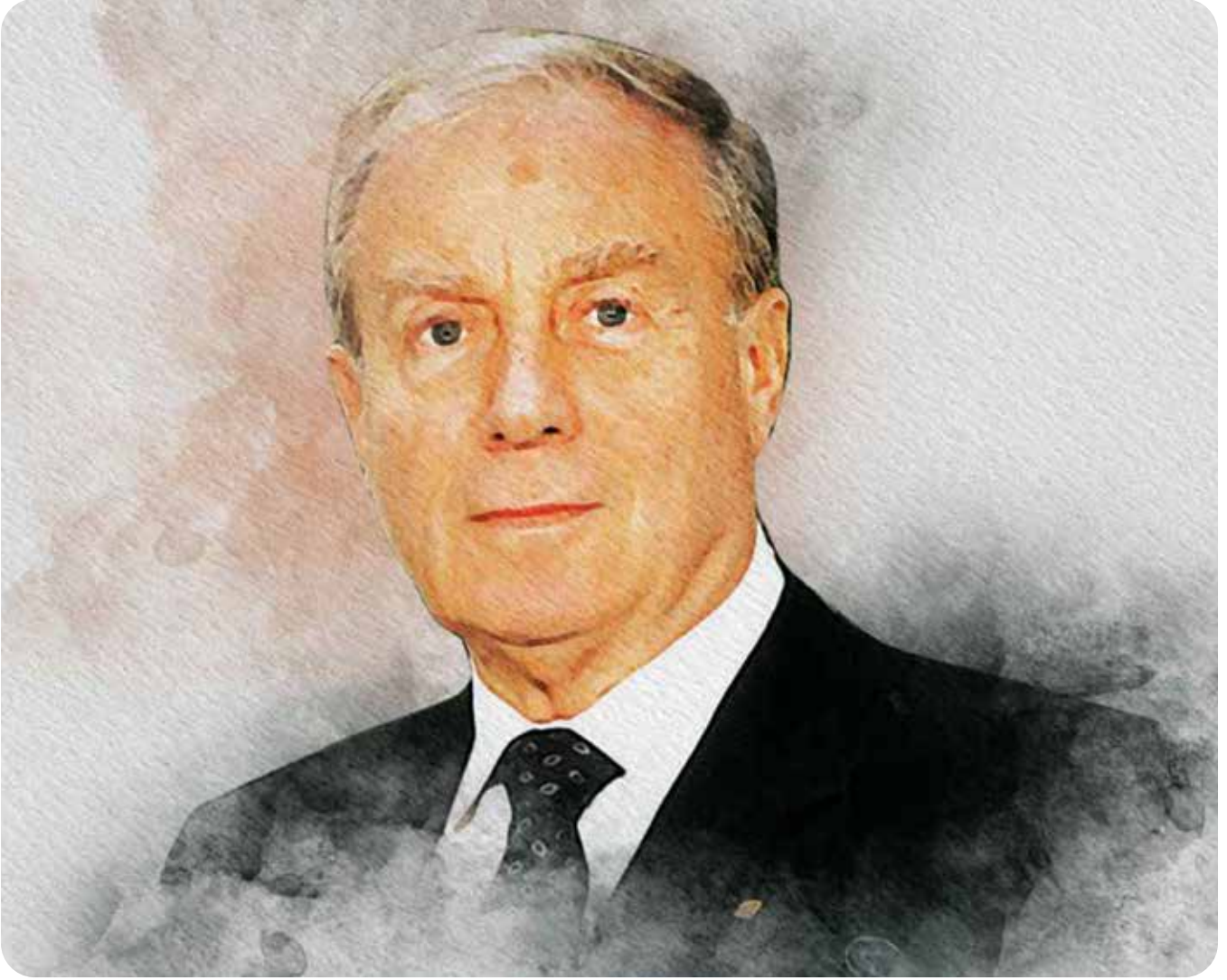






An organization is composed of people and an organization's development is the natural outcome of the productivity of its people. Individuals who compose an organization can be successful – and therefore happy – to the extent that they love what they do.

**Dr. Üzeyir Garih**



Leaders define goals, describe tasks, and instill confidence in the people who can accomplish these tasks, providing them with direction and excitement, and sharing their success. A manager cannot achieve success without a knowledgeable and competent team.

**İshak Alaton**

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

## Alarko Group of Companies

# 41 SUBSIDIARIES IN 7 FIELDS OF ACTIVITY



### CONTRACTING GROUP

#### ALSİM ALARKO SANAYİ TESİSLERİ VE TİCARET A.Ş.

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



### ENERGY GROUP

#### ALTEK ALARKO ELEKTRİK SANTRALLARI TES. İŞL. VE TİC. A.Ş.

- KARAKUZ HYDROELECTRIC POWER PLANT
- GÖNEN HYDROELECTRIC POWER PLANT
- KIRKLARELİ COMBINED NATURAL GAS CYCLE POWER PLANT

#### MERAM ELEKTRİK DAĞITIM A.Ş.

#### ALCEN ENERJİ DAĞITIM VE PERAKENDE SATIŞ HİZM. A.Ş.

#### CENAL ELEKTRİK ÜRETİM A.Ş.

#### MERAM ELEKTRİK ENERJİSİ TOPTAN SATIŞ A.Ş.

#### MERAM ELEKTRİK PERAKENDE SATIŞ A.Ş.

#### ALGİZ ENERJİ A.Ş.

#### PANEL ENERJİ A.Ş.

#### ALEN ALARKO ENERJİ TİCARET A.Ş.

#### ALARKO ENERJİ A.Ş.

#### UTILİTEK BİLGİ TEKNOLOJİLERİ A.Ş.



### INDUSTRY AND TRADE GROUP

#### ALARKO CARRIER SANAYİ VE TİCARET A.Ş.

- THE MAIN MANUFACTURING PLANT
- HEATING DEVICES MANUFACTURING PLANT
- DEALER SALES
- SYSTEM SALES
- AFTER SALES SERVICES
- TOTALINE DIVISION

#### ALARKO FENNİ MALZEME SATIŞ VE İMALAT A.Ş.

#### ALARKO HAVACILIK ENDÜSTRİ YATIRIMLARI A.Ş.



**The Alarko Group of Companies consists of numerous entities operating across various sectors.**



## **TOURISM GROUP**

### **ATTAŞ ALARKO TURİSTİK TESİSLER A.Ş.**

- HILLSIDE BEACH CLUB
- HILLSIDE CITY CLUB - ETİLER
- CINECITY - ETİLER
- SANDA SPA (HBC, HCC-ETİLER)



## **LAND DEVELOPMENT GROUP**

### **ALARKO GAYRİMENKUL YATIRIM ORTAKLIĞI A.Ş.**

### **ALDEM ALARKO KONUT İNŞAAT VE TİCARET A.Ş.**

### **AL-RİVA PROJESİ ARAZİ DEĞER. KONUT İNŞ. VE TİC. A.Ş.**

### **AL-RİVA ARAZİ DEĞER. KONUT İNŞ. VE TİC. A.Ş.**

### **AL-RİVA ARAZİ DEĞER. KONUT İNŞ. TURİSTİK TES. GOLF İŞL. VE TİC. A.Ş.**

### **ALARKO KONUT PROJELERİ GELİŞTİRME A.Ş.**

### **TÜM TESİSAT VE İNŞAAT A.Ş.**

### **AO MOSALARKO**



## **AGRICULTURE GROUP**

### **ALARKO TARIM SANAYİ VE TİCARET A.Ş.**

### **ALSERA JEOTERMAL TARIM GIDA SANAYİ VE TİCARET A.Ş.**

### **ANTSAN TARIM SANAYİ VE TİCARET A.Ş.**

### **ALDEN JEOTERMAL TARIM GIDA SANAYİ VE TİCARET A.Ş.**

### **ALTES SERACILIK TARIM GIDA SANAYİ VE TİCARET A.Ş.**

### **ALZİRAAT JEOTERMAL TARIM GIDA SANAYİ VE TİCARET A.Ş.**

### **ALARKO GÜBRE FARBRIKALARI SANAYİ VE TİCARET A.Ş.**

### **PALMİRA AGRO GÜBRE SANAYİ VE TİCARET A.Ş.**

### **GENSEED TOHUM ISLAH VE ÜRETİM A.Ş.**

### **ALARKO GIDA SANAYİ VE TİCARET A.Ş.**

### **GÜRLÜK JEOTERMAL ENERJİ TARIM SERACILIK GIDA SANAYİ VE TİCARET A.Ş.**

### **ALBİ BİTKİSEL İLAÇ HAM MADDELERİ ÜRETİM SANAYİ VE TİCARET A.Ş.**

### **HAK GAYRİMENKUL TARIM SANAYİ VE TİCARET A.Ş.**

### **ALURLA JEOTERMAL SAĞLIK VE TURİZM A.Ş.**

### **ALPARK JEOTERMAL SAĞLIK TURİZM VE DEPOCULUK A.Ş.**

### **TOO ALSERA KZ**



## **INVESTMENT GROUP**

### **ALYAT TEKNOLOJİ YATIRIMLARI HOLDİNG A.Ş.**

### **ALSER ALARKO SERMAYE YATIRIMLARI HOLDİNG A.Ş.**

## Message from the Chairman

# WE ARE GROWING TOGETHER WITH OUR COUNTRY

**With the responsibility of being a group that contributes to our country's economy in many ways, we continued to make a difference with social projects in 2023.**

Distinguished Shareholders,

We began 2023, the year in which we celebrated the 100<sup>th</sup> anniversary of our Republic, with the earthquake disaster that occurred on 6 February and affected 11 provinces. Before I begin my remarks, I would like to commemorate with mercy all the citizens who lost their lives and offer my condolences to our brothers and sisters who have lost their loved ones to eternity. Our Holding company and Group companies have been involved in the humanitarian relief efforts in the earthquake region from the very beginning, and we will continue to contribute to the reconstruction of the region in the shortest possible time and in a much stronger way than before.

In 2023, despite the global and regional challenges, the economy started to turn around, interest rates began to stabilize and the economic investment climate began to recover. It appears that 2024 will be a period of accelerated momentum. We expect our group, whose activities are expanding, to fully participate in this trend with our robust infrastructure.

With their new structures, the Holding's Group Presidencies continued to make significant contributions to our companies in 2023, serving in various fields of activity in line with our strategy focusing on change, transformation, and digitalization. The importance of these units lies in creating an environment that balances the expectations of all our stakeholders with the long-standing corporate tradition ingrained in our culture.

In recent years, Alarko Energy Group has successfully maintained its flagship role in energy generation and distribution. While continuing to generate electricity

at its existing power plants, the Company carried out a major maintenance operation at the CENAL power plant in 2023 without affecting its output. Moreover, in the MEDAŞ distribution region, as in previous years, we again maintained a very high service quality in Türkiye through investments in infrastructure and technology.

In line with the emphasis placed on renewable energy in our country, applications have been submitted for 52 distinct wind and solar energy storage projects, with a combined installed capacity of 1.5 GW. By 2024, the goal is to obtain a preliminary license from EMRA for wind and solar power plants with a storage capacity of at least 400 MW through these applications. Accordingly, our supply license under Alen Alarko Enerji Ticaret A.Ş. was amended in 2023 and we received approval from EMRA's Board of Directors for the construction of 1,000 MWh stand-alone power storage plants in four different regions. Moreover, negotiations are ongoing for collaboration with globally active technology companies to produce lithium-ion batteries and electricity storage units in Türkiye that are needed for both electric vehicles and electricity storage plants. We are closely monitoring the sites for the first offshore wind power plants to be built in our country. We are in discussions with leading companies with technology and experience from abroad to form a joint venture to bid for these sites. The sites are expected to be tendered at the end of 2024.

Despite facing significant challenges both at the national and international level, Hillside Beach Club experienced one of its most profitable years to date. Meanwhile, the Hillside City Club has been transformed into a "leisure" center



with new features and applications that include sports and more, and membership is even higher than before the pandemic. Construction of Hillside Bodrum, the second link in our Hillside hotel chain, is progressing well and we will continue our efforts to add a third new property to our Tourism Group in 2024.

Our Land Development Group and Alarko Real Estate Investment partnership provided financial resources and construction support for ongoing tourism investments and additionally created a significant added value on our 100 acres of land in Orhanlı by acquiring new licenses for the logistics sector. Likewise, in 2024, we will speed up our work to make the best use of our land.

Last year, our Industry and Trade Group celebrated the 25<sup>th</sup> anniversary of our partnership with Carrier, the world's leading air conditioning company. The turnover of this group in 2023 surpassed our targets and we gained market share in several products. At the end of the year, we rapidly relocated production from the Dudullu Factory to our eco-friendly factory in Eskişehir. In the Eskişehir factory, we will produce heat pumps, which are considered the product of the future, along with our current heating and water pressurization products. We expect that production at this factory will significantly increase the share of our exports. In 2023, an important social responsibility project was also launched, and a village school in Mardin that previously relied on stoves for heating received a world-class air conditioning system, and generates its electricity. In 2023, Alarko Industry and Trade Group will focus on maintaining our sales in the domestic market, which is expected to shrink in 2024, and growing in the export market.

Our Holding has chosen the agricultural sector as one of its main growth areas. In line with this strategy, Alarko's objective is to grow the Alarko Agriculture Group through new investments over the next 5 years. Alarko Agriculture Group operates in four main sectors: greenhouse cultivation, fertilizer production, seed breeding, and the food industry. As of the end of 2023, it has invested a total of USD 111 million with an equity contribution of USD 41 million.

The Group set out with the goal of reaching 5,000 decares of geothermally heated technological greenhouse investments by 2028, and 450 decares of greenhouses became operational by the end of 2023. The infrastructure has been prepared to reach 1,800 acres in 2024 with 200 acres of greenhouses currently under construction and additional greenhouses planned for new lands in Afyonkarahisar, Denizli, and Eskişehir.

The Group has obtained 20 geothermal exploration licenses, covering a total of 39,000 hectares, to support geothermal greenhouse activities. Additionally, due to ongoing efforts in the Shymkent province of Kazakhstan, construction of approximately 1,500 acres of greenhouses is planned to commence by the end of 2024.

Palmira Agro, which joined the Alarko Agriculture Group in May 2023, is currently continuing the construction of its plant to produce microgranular fertilizer. The 7,750 m<sup>2</sup> plant located on a 26,500 m<sup>2</sup> area in Çankırı Yakınkent Organized Industrial Zone is expected to be operational in May 2024. Alarko Fertilizer Plants was established to be among the strategic players in fertilizer production and trade. The company is currently undergoing a rapid structuring process to achieve this goal. This company is expected to contribute to our Agriculture Group's sales in the second half of 2024.

The acquisition of Genseed, which operates in seed breeding and production, was completed in the last quarter of 2023. In 2024, we will lay the foundations for long-term investments through intensive organizational structuring, breeding studies, and the establishment of R&D laboratories and greenhouses. Investments in seeds aim to reduce Türkiye's reliance on imports in this strategic sector.

In September 2023, Ereğli Agrosan Food Drying Plant, a food industry company located in Mersin, merged with Alarko Agriculture and is now known as Alarko Gıda Sanayi. The production facility in Tarsus, which spans 5240 square meters, is currently operational. The company plans to invest in 50 decares of land in Konya Ereğli and 110 decares of land in Afyonkarahisar. The new facilities are expected to be operational within two years and will produce dried and frozen vegetables and fruits, frozen potatoes, and micro granulated vegetables and fruits.

Alarko Agriculture Group is rapidly investing in its organization and infrastructure. It is expected to make significant contributions to our Group with its sustainability, and equal opportunity studies in addition to financial results after 2024.

Our Contracting Group is working hard to rapidly complete projects undertaken in Türkiye and overseas as planned. In 2023, the Fulya and Yıldız metro stations of the Kabataş-Mahmutbey Metro Project were completed and put into operation. Additionally, the 66-kilometer BAKAD Great Almaty Ring Road construction project, Kazakhstan's first public-private

partnership (PPP), was also completed. The 23-kilometer section of the Bucharest Road Project in Romania was made ready for operation, and construction activities began on the Bucharest M6 Metro Project with site deliveries. In 2024, we will continue our policy of developing business and construction activities in Romania, Kazakhstan, Eastern Europe, and CIS countries. We will focus on PPP and highly profitable EPC projects, leveraging our presence in these markets and our ability to predict market movements.

In 2023, we made an important breakthrough with the launch of our 'Private Equity' and 'Public Equity' investments, in addition to our ongoing Venture Capital investments. Thus, we began developing Alarko Investment's flexible and dynamic business line, allowing us to partner with companies ranging from small startups to well-established publicly traded companies through our focus on Venture Capital, Private Equity, and Public Equity investments. I wish success to the Formus Capital fund, which was launched as a spin-off from Alarko Investment and whose other main investor is Esas Holding. I believe that we will benefit from these ongoing investments in the years to come.

With the responsibility of being a group that contributes to our country's economy in many ways, we continued to make a difference with social projects in 2023. In addition to providing material and humanitarian relief to the earthquake region, our goal is to create lasting value for the youth of our country, particularly in the earthquake-affected provinces, through social responsibility projects focused on education, entrepreneurship, and equal opportunity. In 2024, we will continue our development efforts focused on the environment, society, and governance with great determination. These efforts are critical for achieving climate-friendly and inclusive economic growth, which we will share in detail in Alarko Holding's 2023 Sustainability Report.

In closing, I would like to thank all our shareholders, customers, business partners, and employees for their contributions to our strong results throughout 2023, the year in which we celebrated the 100<sup>th</sup> anniversary of our Republic. I wish that the second century of our country will bring health, happiness, prosperity, and success to our world, country, and all our stakeholders.

Yours sincerely,

**İzzet Garih**  
**Chairman of Board of Directors**



## Message from the CEO

# STRONG INVESTMENTS ACROSS VARIOUS FIELDS

**We decided to diversify into different investment areas and made a strong entry into the agriculture and investment sectors in 2023.**



Distinguished Shareholders,

The earthquake that hit Kahramanmaraş on 6 February 2023, affected 11 provinces and shook us all at the start of 2023. First of all, I want to send my thoughts and prayers to all of our citizens who lost their lives in the earthquake disaster that left such a deep mark on our social memory. As a country, we stepped up in the aftermath of the disaster. With our companies, we made sure we were there to help out with everything from shelter to vital needs. We're still here to help the region recover economically and socially.

2023 marked a century in our nation's history. We honored this milestone with a year-long celebration of the 100<sup>th</sup> anniversary of our Republic. We celebrated our country's 100-year journey of economic, social, and cultural development. We set our future goals with the awareness that we are entering a new century. I hope that Türkiye's second century will be full of achievements that will set an example for the whole world. I'd also like to reiterate our commitment as Alarko Holding to take an active role in this direction in your presence.

In 2023, we successfully managed several concurrent risks in parallel with global and regional developments.

In the global economy, inflation, which reached a 40-year high in the previous year, declined. In response, the central banks of developed countries decided to continue gradual interest rate hikes to stabilize inflation and achieve the 2% inflation target. The FED raised interest rates as high as 5.50%. Despite record-

high interest rates, the FED has not provided a definitive indication that interest rate hikes are complete. The European Central Bank (ECB) commenced the gradual increase in interest rates later than the Federal Reserve (FED) and concluded last year at 2%. In September, the ECB proceeded to raise deposit rates to 4.5%.

The data indicates that expectations are rising that the global economy will follow a similar course next year. Even if policy rates decline from their current peaks, they are projected to stabilize at an equilibrium point over the next decade, beyond the lows we have become accustomed to since the 2008 global financial crisis.

In addition to these developments, we believe that geopolitical crises may also affect the global economy by generating fluctuations in commodity markets. Consequently, it is imperative that we closely monitor the dynamics that will affect borrowing, saving, and capital allocation. This data must be incorporated into our business practices and future planning, and risk management must be aligned with these data.

Türkiye's economic performance was somewhat constrained during this year. The economy bounced back in the second half of the year thanks to decisive action taken to normalize monetary policies. Uncertainties were reduced and a more predictable economic environment emerged, leading to a recovery. The new economic administration's macroeconomic policies have ensured our economy's continued growth and have ushered in a period of strong change.

The Central Bank's policies and gradual interest rate hikes have been instrumental in the fight against inflation and the achievement of economic stability. In addition to all these developments, diplomatic relations and commercial cooperation at the international level have led to a positive change in the perception of foreign investors towards our country.

In the upcoming period, monetary policies will play a decisive role in the fight against inflation. The loosening of regulations will first and foremost help exchange rates to stabilize at more reasonable levels. We believe that this will attract more foreign investors to our country.

At Alarko Holding, we have achieved outstanding results in a year full of uncertainties thanks to our 70 years of experience, agile management approach, effective financial policies, and accurate strategic planning. We continued to take firm steps into the future with the clear vision of becoming a pioneering and respected global company in line with the universal values that form the foundations of our corporate philosophy.

We quickly started to see the positive results of the transformation and change we initiated in our company in 2021. We developed a new investment strategy by positioning Alarko Holding as a portfolio management company. We decided to diversify into different investment areas and made a strong entry into the agriculture and investment sectors in 2023. We have made significant progress in entering the aviation sector, which we have identified as our priority. We are investing in innovative companies in our field of interest through partnerships as we develop our existing business lines with new investments. We have taken decisive steps to integrate our sustainability and net zero goals into all our activities.

We know that each link in our ecosystem has a direct impact on the future of our business and humanity. That's why we structure all our work within the framework of creating long-term economic, environmental, and social benefits.

Our goal is to contribute to the development and growth of our country, and we continue to work on diversifying our portfolio in terms of resources and improving our overall production capacity in the energy sector, which is one of our main businesses. In line with our growth strategy in the energy sector, we intend to invest in renewable energies and self-storage as well as in the infrastructure of the electricity distribution sector. We will

continue to operate in the energy sector while respecting the environment and seizing opportunities that are in line with our investment strategies, and we aim to maintain our pioneering position in this sector.

According to FAO's The State of Food Security and Nutrition in the World 2023 report, 29.6 percent of the world's population (2.4 billion people) did not have access to adequate food in 2022. This figure is expected to rise even more dramatically shortly. We are excited to be an ambitious corporate player in the agricultural sector, which is of strategic importance in terms of national income, exports, employment, and sustainability.

We take a holistic view of our agricultural activities and aim to contribute to ecosystem restoration. We focus on sustainability in our agrifood investments and achieve a circular business by investing in all segments of the agrifood sector, including seed production, microgranule and organomineral fertilizer production, and additive-free dried fruit and vegetable production. Kazakhstan will be our second greenhouse production center as part of our strategic plans to expand our presence in a wider geographic area. I believe that we will become one of the leading producers in Kazakhstan in a short time by transferring our experience and knowledge from our activities in Türkiye.

We want to be remembered as the organization that initiated the renaissance of agriculture by implementing good agricultural practices that are ethically and environmentally sound, future-oriented, and contribute to increased productivity through the use of the latest technology.

In 2023, we announced to the public that we would start operating in the aviation sector by converting passenger planes into cargo planes. We have also made significant progress in the acquisition of corporate naming rights, partnership negotiations, and licensing applications. I believe that in 2024 we will see a successful momentum in this business, which we consider to be one of the new sustainable investment areas.

In the tourism industry, we have been leading the way with the Hillside brand for more than 20 years, setting an industry record with a 74% guest return rate. We are planning to reinforce our already strong presence in the tourism sector with our hotel investments in Bodrum, which are currently under construction.

We make a significant contribution to rebuilding the modern world with sustainable resources through large-scale projects such as airports, highways, subways, high-speed rail, light rail, power plants, pipelines, industrial facilities, wastewater treatment plants, business centers, hotels, and hospitals. Our goal is to expand our contracting business with brand-new projects that will contribute to the reputation we have built over the years.

In line with our vision of building a high-yielding, dynamic, flexible portfolio with growth potential, we aim to increase the international weight of our portfolio by investing in public and private companies and venture capital that contribute to our core businesses.

Meanwhile, we consider investment in the social and cultural sphere as an indispensable complement to our economic activities, and we continue to support the education of young people, who are the future of our country, through our Alarko Education and Culture Foundation. In 2023, the scholarship support we provided, with priority given to the provinces affected by the earthquake, reached a total of xx students.

We are happy to reach 39 universities in 29 provinces with our "Young Teachers, the Future of the Republic" project, which we are carrying out as a tribute to the teaching profession on the occasion of the 100<sup>th</sup> anniversary of our Republic, and to provide scholarships and educational support to female teacher candidates. We aim to reach a total of 1,400 women by the end of 2024 through our "Pioneers of Entrepreneurship" program, which supports women's economic empowerment and entrepreneurship.

At Alarko Holding, we will focus on shaping the world of the future by integrating our vision of creating lasting value in all sectors in which we operate with our people-oriented organizational heritage. Recognizing that the future of our business depends on the future of the world, we will continue to integrate sustainability, inclusion, and diversity into every step we take and every strategic decision we make.

I would like to thank our valuable employees who contributed to the successful results in 2023, our esteemed shareholders whose support we always feel by our side, and all our stakeholders who share our excitement to make a difference through production, and I hope to build a sustainable future together in the new century of our Republic.

Yours sincerely,

**Ümit Nuri Yıldız**  
**Alarko Holding, CEO**

## The Board of Directors



**İzzet GARIH**  
**Chairman**

Born in 1961 in İstanbul, Mr. Garih graduated from the Department of Industrial Engineering of Michigan University, Ann Arbor, USA in 1983. He completed his Master's Degree in the field of Construction Engineering and Management at the same university in 1984. He worked as an engineer and manager in various projects at Alarko Land Development and Construction Group in 1987-2002. From 2002 to 2007, he was the Chairman of the Board of Directors at Alarko Gayrimenkul Yatırım Ortaklığı A.Ş. and Vice-Chairman of the Board of Directors at Alarko Holding A.Ş. in 2004-2015. He has been the Chairman of the Board of Directors at Alarko Holding A.Ş. since 2015. Married with three children, Mr. Garih speaks English. İzzet Garih does not have eligibility for independence as of the Capital Markets Board Communiqué Numbered II-17.1.



**Vedat Aksel ALATON**  
**Vice Chairman of the Board**

Vedat Aksel Alaton was born in 1963, in İstanbul. He graduated from the Industrial Engineering Faculty of Northeastern University, USA in 1987. After working in Project Planning for one year in Hawker Siddeley he returned to Türkiye and worked in Project Planning in Alamsaş (1988-1989), Alsim Alarko Contracting Group's various projects as Project Planning Engineer, Field Control Engineer and Site Engineer (1989-1990) and as General Manager for Alnor Seafood Products Company (1990-1991). He became Deputy Executive Vice President of Alarko Contracting Group in 1991 and Managing Director of Alarko Holding A.Ş. in 1995. He became a Member of the Board of Alarko Holding A.Ş. in 2000 and has been Vice Chairman of the Board of Alarko Holding A.Ş. since 2004. He speaks English and has one son. Vedat Aksel Alaton does not have eligibility for independence as of the Capital Markets Board Communiqué Numbered II-17.1.



**Ümit Nuri YILDIZ**  
**Member of the Board, CEO**

Ümit Nuri Yıldız was born in Erzurum in 1966. He graduated from the Department of Business Administration, Faculty of Political Sciences of Ankara University in 1986. He obtained his MSc degree from University of Illinois. In 1987, he started working as Assistant Auditor at Board of Auditors of the Ministry of Finance. Yıldız continued to work in the Ministry as Auditor and Chief Auditor until 1997. He was appointed Deputy General Manager of the Turkish Employment Organization in 1997. He resigned from his position and joined the Alarko Group of Companies in 1998. Yıldız who is presently working as the CEO of Alarko Holding A.Ş. is also a member of the Board of various companies within the group. Yıldız speaks English and is married with two children. Ümit Nuri Yıldız does not qualify as independent director according to the Capital Markets Board Communiqué Numbered II-17.1.





**Leyla ALATON**  
**Member of the Board**

Leyla Alaton was born in İstanbul in 1961. She graduated from the Business Administration and Management Faculty of Fairleigh Dickinson University, New Jersey, USA. She completed her Masters Degree in Social Sciences at the University of New York. Upon returning to Türkiye in 1986 she first worked as assistant to Dr. Üzeyir Garih. Later, she conducted the Publicity and Marketing of the Alkent - Etiler Uyduşehir and the Alsit Villakent projects. In 1992, she was elected "Businesswoman of the Year" by the National Productivity Center. In 1993, she was among the Leaders of the Future selected for the first time at the Davos World Economic Forum. In 1993, she founded her own company, Megatrend Public Relations Consultancy Company and gave consultancy to global giants such as Aerospatiale and Alcatel. Leyla Alaton is currently Board Member of Alarko Holding A.Ş. and board member of various non-governmental organizations and has the French Order of Legion d'Honneur. She has two children and speaks English and French. Leyla Alaton does not have eligibility for independence as of the Capital Markets Board Communiqué Numbered II-17.1.



**Niv GARIH**  
**Member of the Board**

Born in 1981, Niv Garih graduated from New York University, Stern School of Business, Department of Finance and International Business Administration with honors in 2006. Mr. Garih worked in JP Morgan's Asset Management division in New York from 2006 to 2008. He later returned to Türkiye in 2009 and started working at Alarko Holding A.Ş.'s Business Development, Feasibility and Valuation departments. He directed Investor Relations department of Alarko Holding A.Ş. and its subsidiaries between 2014-2018. He has been a member of the Board of Alarko Holding A.Ş. since 2014. He was also elected as the Chairman of the Board of Alarko Carrier San. ve Tic. A.Ş. in April 2017. Niv Garih is married, has two children and speaks English and French. Niv Garih does not have eligibility for independence as of the Capital Markets Board's Communiqué II-17.1



**Ayhan YAVRUCU**  
**Member of the Board**

Ayhan Yavrucu was born in 1948, in the Develi district of Kayseri, Mr. Yavrucu graduated from the Faculty of Political Sciences of Ankara University in 1972. He started to work at the Ministry of Finance, Tax Inspectors Board as Deputy Tax Inspector the same year and worked as a Tax Inspector until 1977. Mr. Yavrucu joined Alarko Group of Companies on March 1, 1977 and has served in various levels in the Group. Between 1994 and 2018 he was the CEO of Alarko Group of Companies. Mr. Yavrucu is currently a Board Member of Alarko Holding A.Ş. and he is the Chairman of the Board of various companies of the Group. He speaks English, is married and has two children. Ayhan Yavrucu does not have eligibility for independence as of the Capital Markets Board Communiqué Numbered II-17.1.

## The Board of Directors



**Neslihan TONBUL**  
**Independent Board Member**

Born in Istanbul in 1959, Neslihan Tonbul holds an undergraduate degree in economics and political science from Rutgers University, and graduate degrees in developmental economics and international relations from the Fletcher School of Law and Diplomacy at Tufts University. Starting her international banking career at the Irving Trust Company in New York in 1983, Tonbul moved to Istanbul in 1988, when she was appointed Middle East Regional Manager. She worked at BNY Mellon until 2008, introducing several financial innovations. She became a board member of Yaşar Holding in 2009, and also served on the boards of Prysmian, Turcas Petrol and ANEL. Tonbul currently serves as independent board member of Vakıfbank International AG, TOFAŞ and PETKİM. Since 2014, she has been working as a senior consultant for New Zealand Trade and Enterprise and Cambridge Family Enterprise Group. Neslihan Tonbul is a member of Koç University's Economics and Administrative Sciences Faculty. In addition to her professional responsibilities, she is also affiliated with several NGOs: She is a member of the boards of trustees of the American Research Institute in Türkiye (ARIT), the Young Presidents Organization (YPO), and the Educational Volunteers Foundation of Türkiye (TEGV), and is one of the founders of the Turkish-American Business Forum. Since 2014, Ms. Tonbul has been mentoring female entrepreneurs at the EBRD. She is fluent in English, French and Azeri, and takes courses in Italian and Persian. Neslihan Tonbul was admitted as a candidate at the 7 May 2018 meeting of the Board of Directors of Alarko Holding A.Ş. Ms. Tonbul meets the independence criteria specified in Communiqué No. II-17.1 of the Turkish Capital Markets Board.



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

Born in Amman/Jordan in 1980. She holds an undergraduate degree in law from Galatasaray University. She started her career in 2005 as a lawyer and moved in 2008 to the financial services sector where she established and ran the Board General Secretariat and various committees under the Board of Directors in Türkiye Finans Bank as the Director of Corporate Governance and Company Secretary and later headed the legal advisory and litigation as the Chief Legal Officer. She was nominated for "the Best Company Secretary of The Year" award by the Institute of Chartered Secretaries and Administrators (ICSA), London UK in 2016 with her corporate governance transformation project. In 2018, Ms. Mashaki moved to Şişecam as an Advisor to the Group CEO. She managed both local and the global projects on corporate governance and compliance. Subsequently in 2021 she advised the Group CEO of Karadeniz Holding with designing the governance framework for energy group Karpowership. Mashaki is actively advising global listed companies with focus on operational excellence of the board and committees, streamlining decision-making processes and controls within intracompany and translating corporate governance and sustainability ambitions into concrete plans to meet goals within group companies. Since 2012, she is a member of Corporate Governance Association of Türkiye (TKYD). She obtained professional certificates from

London Business School, ICSA, EM and IFC on leadership, corporate governance, company secretary and sustainability. She has been part of the IFC sustainability and corporate governance trainer to trainer (ToT) program since 2019. She has been supporting the project re promotion of gender diversity on corporate boards in Türkiye that was led by European Bank for Reconstruction and Development (EBRD) since 2020, as a member and co-chairwoman of the committees. She is a Board member and a professional trainer in Corporate Governance Association of Türkiye. She is also a founding executive member of CGAT International Corporate Governance Institute. Mashaki speaks English, French, Turkish and Arabic. She is registered to Istanbul Bar and certified mediator. Nihal Mashaki Seçkin was admitted as a candidate at the December 1<sup>st</sup>, 2022 meeting of the Board of Directors of Alarko Holding A.Ş.. Ms. Mashaki meets the independence criteria specified in Communiqué No. II-17.1 of the Turkish Capital Markets Board.



### Lale ERGİN

#### Independent Board Member

After graduating from Middle East Technical University with an MS Business Administration degree in 1996, Ms Ergin completed the Executive MBA program at Koç University in 2001. In her 23 years of professional experience at the Borusan Group, she has established the strategy, business development, M&A and innovation functions groupwide and assumed the leadership role in all these functions for many years. As part of this role, she was responsible from the preparation and management of the Group portfolio strategy, management of the new business development projects, assessment of the step growth investment feasibilities, management of the merger, acquisition, divestment and partnership projects of the whole Group companies and incubation of new innovative, disruptive business models. She also led the digital transformation project among the Group. Ms Ergin has been appointed as one of the 3 Executive Committee members as of the beginning of 2018 and she has assumed direct responsibility of 4 Group subsidiaries, namely Borusan Lojistik, Borusan EnBW Enerji, Supsan and Borusan Manheim as the Executive Board Member in all these companies. She was also a long-term board member at many of the Borusan Group subsidiaries. She has joined ESA Esports & Media, which operates in the esports and video games industry, as CoFounder and CEO in 2020. ESA, a new media entertainment platform that produces content in the field of 2 esports and video games, also operates as the biggest independent esports organization company in Türkiye with offline and online esports tournaments organized in its own esports arena. Ms. Ergin is also an Independent Board Member at Turcas Petrol, Mondi Corrugated Turkey and Logo Yazılım companies.

#### AUDITOR

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

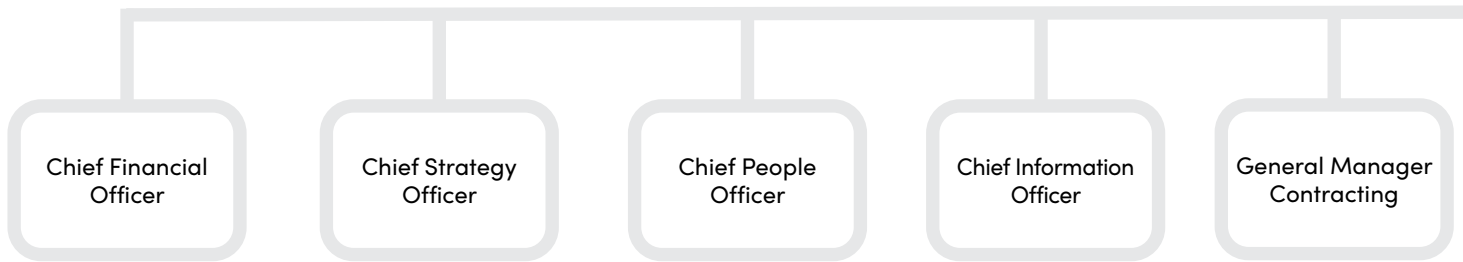
#### INDEPENDENT AUDITOR

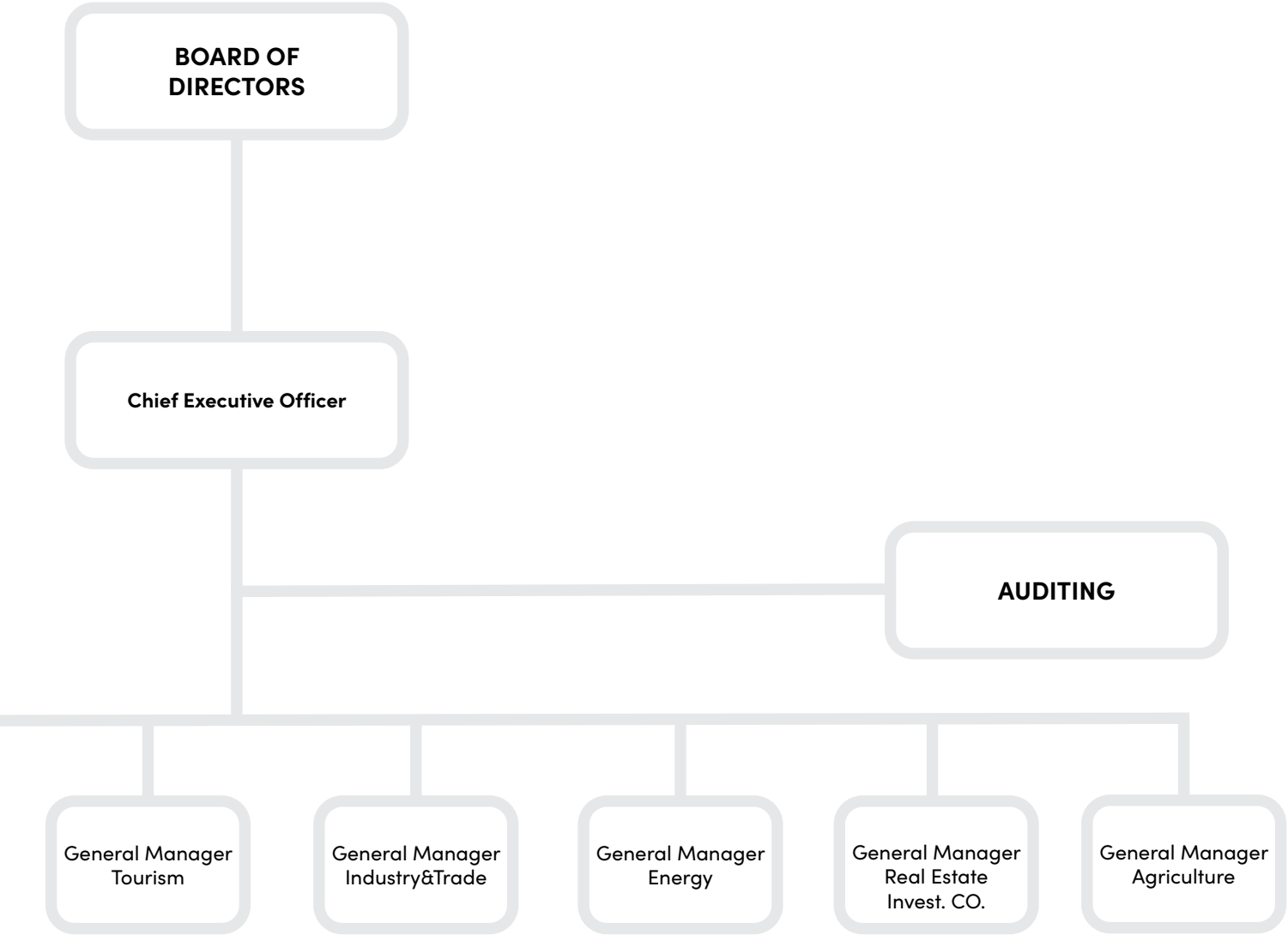
BDO Denet Bağımsız Denetim ve Danışmanlık A.Ş.  
(Member, BDO International Network)

\* The audit covers the financial period from 01.01. 2023, to 31.12. 2023.



## Alarko Group of Companies General Organization Chart





\*Organizational level is limited to the «General Manager» level in this chart.

# Management Staff

## CHAIRMAN OF THE BOARD

İZZET GARİH

## VICE CHAIRMAN OF THE BOARD

VEDAT AKSEL ALATON

## PRESIDENT OF THE EXECUTIVE BOARD

ÜMİT NURİ YILDIZ

## GROUP PRESIDENTS

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

## GENERAL MANAGERS

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

## OPERATION MANAGERS

İHSAN ACAR	CENAL
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## DEPUTY GENERAL MANAGERS

GÖKMEN ÜLGEN	CONTRACTING – ROMANIA BUSINESS DEVELOPMENT & CONSTRUCTION
NECATİ AKGÜN	CONTRACTING – FINANCIAL AND ADMINISTRATION
SERKAN YUNUSOĞLU	CONTRACTING – HEADQUARTER UNITS
ABBAS ŞAHİN	CONTRACTING – CIS COUNTRIES BUSINESS DEVELOPMENT AND CONSTRUCTION
HIRANT KALATAŞ	INDUSTRY AND TRADE – COMMERCIAL PRODUCTS SALES & AFTERSALES SERVICES
MURAT ÇOPUR	INDUSTRY AND TRADE – FACTORIES
KORAY FEDAR	INDUSTRY AND TRADE – DEALER SALES & MARKETING
K. HAYATİ ÇATBAŞ	ALTEK – TRADE
ALİ GÜMÜŞ	MEDAŞ – FINANCIAL & LEGAL AFFAIRS
ETHEM KONAR	MEDAŞ – INVESTMENTS
HALİL COŞKUN TUNCEZ	MEDAŞ – REGULATION & CUSTOMER SERVICES
İLKEYÜKSEL	MEDAŞ – FIELD SERVICES & DISTRIBUTED GENERATION
SÜLEYMAN KIRIŞIKOĞLU	MEDAŞ – NETWORK AUTOMATION & PLANNING
YEŞİM İĞNAK KOÇAK	MEDAŞ – HUMAN & ORGANIZATION
ÖZKAN ECEVİT	CENAL – FINANCIAL AND ADMINISTRATIVE AFFAIRS
AYHAN ARI	TOURISM – FINANCIAL AFFAIRS & ADMINISTRATION
ÖZGÜR ÇAĞAN ŞİMŞEK	TOURISM – OPERATIONS & ORGANIZATION
SERKAN MEKİKOĞLU	TOURISM – BUSINESS DEVELOPMENT & MARKETING
ÖZER AYHAN	AGRICULTURE – TECHNICAL
MURAT YILMAZ	AGRICULTURE – SALES
OKTAY ELİ	AGRICULTURE – BUSINESS DEVELOPMENT AND PROJECT FINANCING

**DIRECTORS**

BEYTULLAH DEMİR	HOLDING – BUDGET & FINANCIAL ANALYSIS
MELİS AYLIKÇI BERBER	HOLDING – CONSOLIDATION & REPORTING
ÖZGÜR KALYONCU	HOLDING – INVESTOR RELATIONS & CORPORATE COMMUNICATIONS
SÜLEYMAN SAMİ İNAL	HOLDING – FINANCIAL AFFAIRS
TAL GARIH	HOLDING – DIGITAL TRANSFORMATION & INNOVATION
ENDER BAŞAR	CONTRACTING – BUCHAREST ROAD PROJECT
ERTUĞRUL IRMAK	CONTRACTING – FINANCIAL AFFAIRS
İSMAİL EROĞLU	CONTRACTING – KABATAŞ – MAHMUTBEY METRO PROJECT
MEHMET EMRE AKSU	CONTRACTING – BUSINESS DEVELOPMENT & PROPOSAL
OSMAN İSHAKOĞLU	CONTRACTING – PLANNING & PROJECT CONTROL
ERTUĞRUL AYDIN	CONTRACTING – RAIL SYSTEMS
AYMAN ZHANUZAKOVA	CONTRACTING – BAKAD SPV
ALİ FUAT KOLAÇAN	INDUSTRY & TRADE – SYSTEM SALES – İSTANBUL
BEGÜM ÖĞÜT	INDUSTRY & TRADE – R & D
B. TAMER ŞENYUVA	INDUSTRY & TRADE – SYSTEM SALES
ÇAĞLAYAN SARAYOĞLU	INDUSTRY & TRADE – HUMAN RESOURCES
ERKAN TUNCAY	INDUSTRY & TRADE – AFTERSALES SERVICES & SPARE PARTS
EMİN YAVUZ	INDUSTRY & TRADE – DEALER SALES
GÖKHAN ALDİNÇ	INDUSTRY & TRADE – SUPPLY CHAIN
VOLKAN ARSLAN	INDUSTRY & TRADE – MARKETING
CEM ÇELİKÖRSLÜ	INDUSTRY AND TRADE – QUALITY AND PROJECT MANAGEMENT
İBRAHİM ETHEM TOPGÜL	INDUSTRY AND TRADE – INFORMATION TECHNOLOGIES
EVREN COŞAN	ALTEK – FINANCIAL & ADMINISTRATION
EREN CİHAN YELEL	MEPAŞ – ENERGY SALES
FATİH YETİMOĞLU	MEPAŞ – CUSTOMER SERVICES & OPERATIONS
HASAN ONGUN	MEPAŞ – INFORMATION TECHNOLOGIES & BUSINESS DEVELOPMENT
MEHMET AŞÇI	MEPAŞ – BILLING & DEPT FOLLOW-UP
ASLI ORHON	TOURISM – INVESTOR RELATIONS AND CORPORATE COMMUNICATIONS
CEYDA ABİK	TOURISM – MARKETING
HANDE ARSLAN	TOURISM – HUMAN RESOURCES
ÖMER ÜLKE	TOURISM – BUSINESS DEVELOPMENT AND REVENUES
ALİ MURAT KUTBAY	AGRICULTURE – INFORMATION TECHNOLOGIES

**PROJECT MANAGERS, DEPUTY PROJECT MANAGERS, FACTORY MANAGERS**

AYHAN KALAYCI	CONTRACTING – PROJECT MANAGER
ERDOĞAN VARLIK	CONTRACTING – PROJECT MANAGER – BAKAD PROJECT
MURAT ERİŞ	CONTRACTING – BUCHAREST SOUTHERN BELTWAY PROJECT
MEHMET EKİCİ	CONTRACTING – PROJECT MANAGER – ANKARA METRO PROJECT
GÜNAY GÖKALP	CONTRACTING – DEPUTY PROJECT MANAGER – BAKAD
FİKRİ BAŞAR KARATAŞ	CONTRACTING – PROJECT MANAGER – ROMANIA METRO PROJECT
ÖZAY GÜLYAR	CONTRACTING – ASS. PROJECT MANAGER – BUCHAREST SOUTH RING ROAD PROJECT
JEAN MARIUS IONITA	CONTRACTING – PROJECT MANAGER – BUCHAREST SOUTH RING ROAD PROJECT
MURAT ŞENTÜRK	INDUSTRY AND TRADE – DUDULLU FACTORY MANAGER – HEAT PRODUCTION AND PANEL RADIATOR PRODUCTION
Ş. BORA NALBANTOĞLU	INDUSTRY AND TRADE – GEBZE FACTORY MANAGER – AIR CONDITION PRODUCTION AND PUMP PRODUCTION
ALKAN ŞEKER	TOURISM – HILLSIDE CITY CLUB
CÜNEYT ÇAKALEL	TOURISM – CLUB MANAGER – HILLSIDE BEACH CLUB
YUNUS EMRE SEVİMAY	AGRICULTURE – PALMİRA AGRO – PLANT MANAGER



## Financial Indicators

# EFFECTIVE FINANCIAL POLICIES

**Alarko Holding has achieved successful operational and financial results through effective financial policies, prudent risk policies and digitalization strategy.**

<b>Summary Financial Position Statement (TL Million)</b>	<b>Audited 31.12.2023</b>	<b>Audited 31.12.2022</b>
Total Assets	59,359	51,832
Current Assets	15,705	14,787
Fixed Assets	43,654	37,045
Total Liabilities	59,359	51,832
Current Liabilities	13,166	12,323
Non-current Liabilities	2,246	1,821
Shareholders' Equity	43,947	37,688

<b>Summary Profit and Loss Statement (TL Million)</b>	<b>31.12.2023</b>	<b>31.12.2022</b>
Revenues	8,296	12,272
Gross Profit	688	1,660
Operating Profit/(Loss)	2,656	1,993
Profit/(Loss) for the Period	6,907	16,896
Profit/(Loss) for the Period - Shares of the Parent Company	6,625	16,706

<b>Ratios</b>	<b>31.12.2023</b>	<b>31.12.2022</b>
Current Ratio	1.19	1.20
Liquidity Ratio	0.99	1.00
Cash Ratio	0.25	0.68
Ratio of Debt to Total Assets	0.26	0.27

**TOTAL ASSETS**  
(TL Million)TL **59.3** billion

Total assets that have increased 14.5% In 2023 have reached TL 59,359 million.

2022

51,832

2023

59,359

**SHAREHOLDERS' EQUITY**  
(TL Million)TL **43.9** billion

Shareholders' equity that have increased by 16.6% have reached TL 43,947 million.

2022

37,688

2023

43,947

**REVENUES**  
(TL Million)TL **8.2** billion

2023 has reach TL 8.296 million.

2022

12,272

2023

8,296

**GROSS PROFIT**  
(TL Million)TL **688** million

2023 gross profit has reached to TL 688 million.

2022

1,660

2023

688

**OPERATING PROFIT/(LOSS)**  
(TL Million)TL **2.6** billion

Operating profit has increased to TL 2,656 million, growing by 33.3%.

2022

1,993

2023

2,656

**PROFIT/(LOSS) FOR THE PERIOD**  
(TL Million)TL **6.9** billion

Alarko Holding's net profit reached TL 6,907 million.

2022

16,896

2023

6,907

## Digital Transformation

# HIGH TECHNOLOGY HIGH EFFICIENCY

**We embrace agile working principles, develop rapid decision-making processes, and adapt to the changing business world.**

Our business approach is people-focused, and we aim to increase employee satisfaction and create a reliable and sustainable business culture.

### DIGITAL TRANSFORMATION AT OUR GROUP

At Alarko Holding and Group Companies, we recognize the importance of innovation and new-generation technologies in enhancing our company's competitiveness and preparing us for future challenges. In line with our strategic plan, we are intensifying our R&D efforts, forging technology alliances, and disseminating new-generation technologies across our Group. We adopt a proactive and collaborative approach to deliver innovative, reliable, and sustainable people-centered technology strategies.

We consider Digital Transformation as an important part of the Group companies' plans. We study and implement the best solutions, both locally and globally, for the industries in which our Group companies operate. To this end, we conduct projects on data analytics, automation tools, mobile technologies, augmented reality, artificial intelligence, the internet of things, robotic processes, multi-experience, and other Industry 4.0 applications, and develop end-to-end flawless business processes and traceability methods with agile structuring. We aim that all processes of our projects be measurable and include cutting-edge business lines that stand out in the marketplace.

We mainly focus on increasing efficiency by simplifying our processes and providing customer-oriented services. We embrace agile working principles, develop rapid decision-making processes, and adapt to the changing business world.

Our business approach is people-focused, and we aim to increase employee satisfaction and create a reliable and sustainable business culture.

To support data-driven decision-making, we continue to work on data integration through our data analytics infrastructure, which we developed by building a data warehouse. This helps us make faster, more accurate, and more effective decisions.

We have established the Project Management Department to ensure that our projects are managed in a planned and effective manner. We quickly implemented higher quality and more reliable software by standardizing our software development processes. We modularized our systems with the use of microservices and aimed to create a more flexible and scalable structure.

Our investments in future technologies such as artificial intelligence, robotic processes, the Internet of Things, Industry 4.0, and mobile technologies are designed to increase our company's competitiveness and make us a leader in the industry.

We have established classification and processing policies, tightened access controls, and expanded data encryption practices to ensure data security. This helped us create a reliable information environment through the protection of the confidentiality and integrity of our data.

Our proactive approach to cyber threats includes continuous security monitoring and threat analysis. We continually update the detailed incident response plans we have created to prepare for possible cyber-attack scenarios under our Information Security Policy.





# Agenda for the Ordinary General Meeting of Shareholders

- 1-Opening and stand of silence.
- 2- Deliberation and decision on the election of the Chairman of the Meeting.
- 3- Deliberation and decision on granting the Chairman of the Meeting the authority to sign the minutes of the General Assembly Meeting.
- 4- Presentation and deliberation of the Board of Directors Annual Report, Auditors Report and Independent Audit Company Report for the year 2023.
- 5- Presentation, deliberation and approval of the Statement of Financial Standing and Statement of Comprehensive Income for the year 2023.
- 6- Decision regarding the release of the members of the Board of Directors for the activities of the year 2023.
- 7- Presentation of the donations made by our Company during the year 2023
- 8- Deliberation and decision on determining the upper limit for the donations to be made in year 2024.
- 9- Presentation of information on the collaterals, pledges, mortgages, and sureties granted by our Company for the benefit of third parties.
- 10- Deliberation and decision on the proposal of the Board of Directors regarding the dividend distribution.
- 11- Deliberation and decision on the election, duty term of Board of Directors and determination of the remuneration of its members.
- 12- Presentation of information to the General Assembly, on the share buyback program and the buybacks made within the scope of the program.
- 13- Deliberation and decision on the granting of authorization to the Board of Directors to decide on the distribution of dividend advances for the 2024 fiscal period, in accordance with the Articles of Association of our Company and Communiqué on Corporate Governance numbered II-17.1 of the Capital Markets Board.
- 14- Discussion and decision on offsetting the profit advance for profit distribution, which will be distributed in case of insufficient profit or occurrence of loss at the end of the 2024 fiscal year, from the sources eligible for profit distribution stated in the annual financial statements for the 2024 accounting period.
- 15- Deliberation and decision on granting the authorities defined in Article 395 and 396 of the Turkish Commercial Code to the members of the Board of Directors.
- 16- Presentation of information to the General Assembly, on transactions specified in the Article (1.3.6) of the "Corporate Governance Principles" attached to the Communiqué numbered II-17.1 of the Capital Markets Board.
- 17- Deliberation and decision on the approval of the Independent Audit Firm determined by the Board of Directors for the audit of accounts and transactions of year 2024 in accordance with the Turkish Commercial Code and Capital Markets Board regulations.
- 18- Wishes and requests.

BOARD OF DIRECTORS

# Annual Report of the Board of Directors

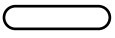
Distinguished Shareholders,

We hereby present the Annual Statement of Financial Position, Statement of Comprehensive Income and other financial statements which reflect the results of our company's activities in 2023 to your evaluation and criticisms.

1. This Annual Report covers the period between 01.01.2023 and 31.12.2023.
2. The terms in office of the members of the Board and the auditing firms for the year 2023 are given on page 20.
3. The financial statements of the operational results obtained by Alarko Holding A.Ş. in 2023 were audited independently by BDO Denet Bağımsız Denetim ve Danışmanlık A.Ş. (Member, BDO International Network)
4. Our partnership's registered capital ceiling in 2023 was TL 500,000,000.
5. Our issued capital is TL 435,000,000 and our consolidated profit in 2023 was TL 6,907,066,467.
6. Our Annual General Assembly held on 29.05.2023 attended by 122 of our partners both in physical and electronical medium. Our partners with more than 10% of our capital, owned 17.68% of the shares İzzet Garih, 16.27% of the shares Leyla Alaton, 15.27% of the shares Vedat Aksel Alaton and 14.04% of the shares Dalia Garih. A dividend of 1,030.25%, 1,818.09% and %2,608.56 over cash paid capital and of 11.73%, 20.70%, 29.70% over total equity was paid during the periods of 2020, 2021 and 2022 respectively. The proposal for the distribution of the profits for 2023 submitted by our Board of Directors to the approval of the General Assembly is on page 92 of this report. The value of our shares being traded at the Istanbul Stock Exchange at the time this report was prepared was TL 90.06.
7. The total amount of donations and grants made by our Incorporation in 2023 is TL 4,381,540.
8. Information on the guarantees, pledges and mortgages lodged by our company in favor of third parties as of 31.12.2023 is given in footnote 23 of the financial statements.
9. The Board has convened 43 times in the year. Some of member of directors has not attended to 6 different meetings on their excuses. Board decisions have been taken unanimously. Therefore, there is no record of dissenting votes.
10. There are no important lawsuits brought against the Company which could impinge on its financial situation or activities as of 31.12.2023.
11. In 2023, the approval of the related party transactions to be submitted to the Independent Board of Directors has been obtained and there are no transactions of significant nature.
12. Shareholders who control the management, members of the Board of Directors, top executives and their spouses and blood and in-law relatives up to and including their second kin have not executed any transaction which may lead to conflict of interest with the Company or its affiliates. Members of the Board have no transactions of their own or on behalf of others that could be within the scope of the noncompetition covenant.
13. The table on page 74 of this report includes the subsidiaries of our company with their areas of operation, their capitals and the percentage of shares owned as of 31.12.2023.

## Alarko Group Companies

# SUCCESSFUL PROJECTS AND INVESTMENTS IN ALL ACTIVITY GROUPS



**The Alarko Group of Companies are managed and supervised centrally with regards to financing, financial coordination, auditing, legal affairs, management information systems, human resources, training, organization, corporate communication and sustainability as imposed by the central coordination and control principle.**

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

The Alarko Group of Companies is gathered in the following 7 major fields of activity:

- Contracting Group
- Energy Group
- Industry and Trade Group
- Tourism Group
- Land Development Group
- Agriculture Group
- Alyat Yatırım A.Ş.

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







CONTRACTING GROUP

# QUALITY IN SERVICE AND PRODUCTION

Alarko Contracting Group successfully completes public-private partnership projects, build-operate-transfer projects, and turnkey projects in Türkiye and abroad.



**3**

CONTINENTS



**7**

FIELDS OF  
ACTIVITY



**+300**

PROJECTS









## Contracting Group

# AN INTERNATIONAL CONTRACTING COMPANY

**With its respected and reliable identity, Alarko Contracting Group is a major player in Türkiye and abroad.**

### COMPLETED PROJECTS

**3 PROJECTS**



In 2023, Alarko Contracting Group opened 3 important projects.

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

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

### ENR LIST

**127<sup>th</sup>**



Alarko Contracting Group ranked 127<sup>th</sup> this year in the ENR's 2023 "Top 250 International Contractors" list.

Alarko Contracting Group is mainly engaged in leading projects of the sector in Türkiye and abroad including Refineries, Petrochemical Plants, Chemical Process Plants, Tank Farms, construction of factories and installation of equipment, as well as construction of Mineral Processing and Enrichment Plants, Metallurgy and Electrometallurgy Plants, Iron And Steel Plants, Cement and Lime Factories, Hydroelectric Power Plants, Thermal Power Plants, Combined Cycle Power Plants, Heat Recovery Systems, Oil Pipelines, Natural Gas Pipelines, Water Pipelines, Urban Natural Gas Distribution Networks, Compressor Stations, Pumping Stations, Wastewater Treatment Plants, Drinking and Potable Water Treatment Plants, Industrial Water Treatment Plants, Wastewater Sea Discharge Lines, Water Supply and Irrigation Systems, Airports, Railways, Subways, Light Rail Systems, Signalization Systems, Motorways, Highways, Tunnels, Bridges, Satellite Cities, Mass Housing, Luxury Housing, Business Centers, Trade Centers, Hospitals, and Hotels.

Alarko Contracting Group takes measures to prevent air, water, soil, and noise pollution in all of its operations. Our company holds ISO 9001:2015 Quality Management System, ISO 14001:2015 Environmental Management System, and ISO 45001:2018 OHS Management System certificates, and our management systems and processes are constantly improved.

In 2023, our Company and our projects were continuously and periodically audited, both internally and through external audits conducted by internationally recognized external audit firms. Potential environmental damage has been reduced to acceptable levels in our operations thanks to our Environmental Process Management.

Alarko Contracting Group places a high value on the protection of occupational health and safety in all of its activities, viewing it as both a corporate value and a fundamental human right. In 2023, significant efforts were made with our Occupational Safety Process management to achieve our zero accident target in our projects. We have made significant contributions to the communities and the environment where our projects are located through social process management. With the help of our quality process management systems, productions that

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

will maintain the highest level of customer satisfaction have been carried out to reduce the costs of subpar quality.

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

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

Alarko Contracting Group's main goal is to ensure external and internal customer satisfaction, and timely, high-quality, and cost-effective project planning and management are essential. "Autonomous management and centralized supervision" is the project management philosophy of Alarko Contracting Group. Each project is considered as a separate profit center.

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

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

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

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

#### **İstanbul Metropolitan Municipality Kabataş-Mecidiyeköy- Mahmutbey Metro Project**

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

The metro line, which will carry 70 thousand passengers in one direction per hour and 1.6 million passengers per day, is divided into two sections: the Yıldız-Mahmutbey section, which has 17 stations and a line length of 19,9 kilometers and has been completed, and the Kabataş-Yıldız section, which has four stations and a line length of 2.6 kilometers and is still under construction.

Phase 1, which includes 15 stations and an 18-km long line between Mecidiyeköy and Mahmutbey, was accepted and opened for commercial operation on 28 October 2020, and 2 years of operation and supervision services were successfully completed with an average monthly service availability performance of 99.95%.

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





## Contracting Group

# MANAGEMENT BY OBJECTIVES

**Alarko Contracting Group continuously improves its organizational and management systems.**

### METRO LINE

**22.5 KM** 

Kabataş-Mecidiyeköy-Mahmutbey Metro Project is the first fully automated driverless, 22.5 kilometers long metro line (M7) of the European side.

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

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

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

The integration of the Kabataş and Beşiktaş regions, where Istanbul's maritime transportation is concentrated, with the metro network is a significant advantage of the Kabataş-Mecidiyeköy metro line section. Construction for the Beşiktaş and Kabataş stations is currently underway, with Kabataş Station scheduled to open in 2025. When Kabataş Station is commissioned; it will be integrated with the F1 (Taksim-Kabataş) Funicular Line, the T1 (Bağcılar-Kabataş) Tram Line, and the IDO/City Lines piers.



In Istanbul, a city where various civilizations were hosted throughout history, historical artifacts and ruins can be discovered during underground construction projects. Our archaeological excavation activities at Beşiktaş and Kabataş Stations are meticulously carried out as an expected consequence of the value we, as the Alarko Contracting Group, place on human beings and nature, as well as historical and cultural assets. We also perform cleaning, separation, sorting, classification, documentation, and storage of cultural assets recovered from these excavations. A 25 m<sup>2</sup> historical ceramic floor covering (podima) from the Kabataş Station archaeological excavations was removed from the site using a special technique and transported to the Istanbul Archaeological Museums Directorate warehouse for display. Furthermore, a 50m<sup>2</sup> section, which is a continuation of the

same podima, was excavated in the same way in 2023 and delivered to the Istanbul Archaeological Museums Directorate. 148 kurgan and cremation graves from the first bronze age (4000-5000 BC) were discovered in Beşiktaş Station archaeological excavations and these graves were exhumed using special methods and delivered to the Istanbul Archaeological Museums Directorate.

The early Byzantine water well structure, identified during archaeological excavations at the same location, was removed using a special technique without damaging it and delivered to the Istanbul Archaeological Museums Directorate for exhibition. Once Beşiktaş Station is completed, an exhibition/visit area will be created at this location, where both the tombs and the Byzantine Water Well will be exhibited.

Archaeological excavation at Beşiktaş and Kabataş stations, NATM tunnel excavation at both stations, excavation and shoring at Kabataş station, and track laying as well as works along the line between Yıldız and Beşiktaş are all underway.

#### **Istanbul Metropolitan Municipality Kaynarca-Pendik-Tuzla Metro Project**

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

#### **Kazakhstan Great Almaty Ring Road Project**

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

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

The Concession Agreement was signed on 7 February 2018 between the Government of the Republic of Kazakhstan, represented by the Ministry of Investment and Development (now Ministry of Industry and Infrastructure Development), and BAKAD Investment and Operation LLP established by the Concessionaire Turkish-Korean Consortium (Alsim Alarko Sanayi Tesisleri ve Ticaret A.Ş.

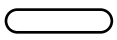
(Alsim Alarko), SK ecoplant Co. Ltd. (SK), Makyol İnşaat Sanayi Turizm ve Ticaret A.Ş. (Makyol) and Korea Expressway Corporation (KEC)).

The Contracting Consortium, represented in Kazakhstan by Alsim Alarko, SK Ecoplant, and Makyol's branches completed the construction phase of the BAKAD Project under a 'turnkey' Engineering-Procurement-Construction Contract (EPC Contract) signed on 11 April 2019. The length of the road is 66 km, consisting of 13 lots (11 lots of roads, 1 ITPS, and 1 Road Maintenance Building). The 13.5 km section is designed as 4 lanes and the 52.5 km section as 6 lanes. The main body of the road, the connection roads, bridges, and viaducts is paved with asphalt. There are a total of 7 junctions, 15 overpasses, 6 underpasses railway underpass, 18 bridges,



## Contracting Group

# FIRST PUBLIC PRACTICED IN CENTRAL ASIA PRIVATE PARTNERSHIP



### The Great Almaty Ring Road (BAKAD) Project is Kazakhstan's and Central Asia's first Public-Private Partnership project.

#### PATH LENGTH

**66** KM



The Great Almaty Ring Road (BAKAD) Project is a part of the 66-kilometer-long West China-West Europe international highway project.

and 1 retaining wall (1,500 mt). 108 culverts totaling 4.808 meters in length, and there are 2.821 meters in length of overpasses, underpasses, and bridges. The BAKAD Project includes 1 Administration Building and Maintenance Facilities, ITPS (Intelligent Transport and Payment System), 12 Free Flow System points, 18 dynamic information panels (WMS-Type N: 12 panels Type L: 6 panels) 125 CCTV Cameras, 96 ANPR cameras, 32 traffic sensors (WIM), 28 varying traffic signs (VTS), 2 Meteorological Stations, and 76 km fiber cabling.

The BAKAD Project, which commenced with the financial close on 6 August 2020, had a duration of 50 months according to the contract. However, with the implementation of additional measures, it was completed in 32 months, including testing and commissioning, and opened on 16 June 16, 2023. The commercial operation period, which will last 15 years and 10 months, commenced on 26 June 2023.

The BAKAD Project's operation phase, which includes road operation and maintenance, is carried out by BARR Operation and Maintenance LLP, a joint venture between Alsim Alarko Sanayi Tesisleri ve Ticaret A.Ş. (Alsim Alarko), SK ecoplant Co. Ltd. (SK), Makyol İnşaat Sanayi Turizm ve Ticaret A.Ş. (Makyol), and Korea Expressway Corporation (KEC).

#### Ankara Metro Project

The Ankara Metro Project includes the renovation of the electro-mechanical works and signaling system on the existing Kızılay-Batıkent line, the construction of the electro-

mechanical works and signaling system on the Batıkent-OSB metro line, the construction of the signaling system on the Kızılay-Çayyolu 2 line, and the construction of the signaling system on Tandoğan-Keçiören, the renovation or modification of the warehouse, workshop, and control center in Macunköy, in accordance with the system requirements. The project also entails upgrading the signaling, announcement, and radio systems of 108 existing vehicles to align with the new systems, as well as the supply, installation, and commissioning of on-vehicle equipment for signaling of 324 vehicles to be purchased in the future.

Following the 2016 contract, the Additional Electro-mechanical Works for the Ankara Metro were undertaken as a new package.

In 2021, the AKM (Atatürk Cultural Center)-Kızılay line signalization works were added to the scope of the Ankara Metro Additional Electromechanical Works contract. These works were completed and put into operation at the end of 2022.

In 2023, all works under both contracts have been provisionally accepted. Final acceptance is anticipated in 2024.

#### Romania Bucharest Southern Ring Road Lot1 and Lot2 Projects

The Bucharest Southern Ring Road Project connects the A2 highway at the eastern exit of the city towards Constanta and the A1 highway at the western exit towards Pitesti from the south of the city.



Construction of the 33 km long highway, which consists of two separate sections (Lot 1 and Lot 2) of the Bucharest Ring Road Project, is continuing.

Both of the projects are designed as asphalt-coated highways with a design speed of 140 km/h, 2x2 lanes, and safety lanes, a central median divided by steel barriers, and a 26 m platform width.

Lot 1 and Lot 2 include the construction of 29 motorway bridges overpass bridges, 4 motorway junctions, 72 culverts, 2 operation and maintenance areas, 3 temporary parking spaces, 180 km highway barriers, and the supply of 13 km anti-noise panels, highway traffic regulation and road information systems (ITS), and other closed security systems, installation of road lightning, and finally various finishing works.

The total duration of the works under the contract for both Lots is 102 months, including 12 months for project preparation and obtaining construction permits, 30 months for construction, and 60 months for the warranty period.

Lot 2 of the project will be completed and open to traffic by the end of 2023.

The 7.8-kilometer section of Lot 1 is expected to be open to traffic by the end of 2023 and the remainder by the end of June 2024.

#### **Bucharest International Airport Metro Connection 6<sup>th</sup> Metro Section Lot 1.1**

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

In this project, the total length of the tunnel line is approximately 6.3 km and consists of 6 stations. This project will require 380 thousand m<sup>3</sup> of concrete and 35 thousand tons of iron, 600 thousand m<sup>3</sup> of excavation, 105 thousand m<sup>2</sup> of diaphragm wall, and 43 thousand m of piling.

In addition, the project contract includes design of concept and implementation projects, obtaining construction permits, relocation of existing electricity, data, natural gas, oil, water and sewage infrastructure lines, construction of 5234 mt double tube metro main line tunnel, ground improvement works, construction of diaphragm walls, excavation support systems and reinforced concrete works for 6 stations in total (Tokyo, Aeroportul Banease, Gara Banease, Piata Montreal, Expozitiei, Pajura), construction of diaphragm walls, excavation support systems and reinforced concrete works for 3 galleries



(Shear Zone) (Tokyo, Expozitiei, Pajura), and construction of 8 ventilation shafts (Tokyo, Aeroportul Banease (2), Gara Banease, Piata Montreal, Expozitiei, Pajura, 1 Mai), and construction of 2 connection structures (1 Mai North, 1 Mai South).

Construction methods for the main civil works have been submitted and approved. Project materials are being submitted and the submission and approval process is underway.

With the issuance of the construction permit, the mobilization of the main construction site and the relocation of the infrastructure for the first three stations and intermediate stations have begun.

The contract specifies a total of 1461 days for the work, which includes 266 days for design and construction permits, 917 days for construction, and 278 days for trial and operation. The warranty period is 60 months.

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

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

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

The construction works of the new treatment plant, where the water is treated by UNESCO standards and connected to the Esil River, which is located in residential areas and extends to Russia, have been completed and the warranty period expired on 24.11.2023.



ENERGY GROUP

# SERVICE IN ALL AREAS OF THE ENERGY SECTOR

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



**1,539**

MW OF  
INSTALLED  
POWER



**11.6**

GWh  
DISTRIBUTION



**2.4** MILLION  
CONSUMERS









## Energy Group

# INVESTMENTS FOCUSED ON RENEWABLE ENERGY

**The main goal in Alarko Energy Group is to diversify our portfolio on a resource basis and improve our total generation capacity.**

### SPP

**1.5 MW**



In 2023, we continued to generate power at our existing power plants and completed the installation and commissioning of a solar power plant with an installed capacity of 1.5 MW at Karakuz HEPP.

### ENERGY GENERATION

By the end of September 2023, Türkiye's total installed capacity reached 105,668 GW. The breakdown of installed capacity by resources is as follows: 29.9% hydraulic energy, 24.0% natural gas, 20.6% coal, 11% wind, 10.3% solar, 1.6% geothermal, and 2.6% other resources.

High inflation rates and economic stagnation in the US and the EU are directly impacting the industrial production and exports of Türkiye. The ongoing Russia-Ukraine war and

other geopolitical developments in the region are creating uncertainty in energy markets. There is no significant variation in electricity demand or generation from 2022 to 2023. Türkiye's electricity demand will reach 329.5 billion kilowatt-hours by the end of 2023 and 337.5 billion kilowatt-hours by the end of 2024. This represents an increase of approximately 2.4%.

In 2022, electricity prices reached record highs due to the increase in natural gas and coal prices resulting from the Russian-Ukrainian war. However, as a result of the decline in energy resource costs that began in 2023, they fell to an annual average of TL 2200/MWh as of November 2023. The Resource-Based Price Cap, which had been in effect for six-month periods as of April 2022 in the Turkish electricity markets, has been terminated as of October 1, 2023, and there will be no extensions. The elimination of this mechanism triggered a boom in power futures trading.

We continue to add significant value with our energy generation portfolio amidst market dynamics by selling energy in the Day-Ahead Market, Balancing the Power Market, and Intraday Market, particularly with the help of rising prices in the Ancillary Services Market.

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



generation capacity. We prioritize investing in renewable energy sources when increasing our generation capacity. Opportunities offering high returns linked to foreign currency are pursued not only in Türkiye but also abroad to achieve market diversification in the medium and long term.

In 2023, we continued to generate power at our existing power plants and completed the installation and commissioning of a solar power plant with an installed capacity of 1.5 MW at Karakuz HEPP. This was done to create renewable capacities based on auxiliary resources. We are currently working on obtaining connection permits and amending licenses for the second stage of auxiliary resources with an installed capacity of approximately 5.5 MW.

On 19 November 2022, an amendment to the regulation made it possible to submit applications for renewable electricity generation plants with storage and stand-alone electricity storage facilities. A total of 48 individual projects have been developed for renewable electricity generation plants with storage. Following 19 November 2022 and in 2023, applications were filed with the EMRA for obtaining preliminary licenses for renewable electricity generation facilities with storage. These included a wind power plant with an installed power of 840 MW and a solar power plant with an installed power of 745 MW. In 2023, a wind measurement pole was erected in one of the regions for which an application was filed, and data collection started. The necessary permits from the forestry authorities have been obtained for the erection of wind measurement poles in three different regions. We are monitoring the status of our applications and will

include projects granted preliminary licenses by EMRA in our investment program in 2024.

A license amendment application was submitted to EMRA under the stand-alone regulation to add a total of 1,000 MWh of storage activities in four different regions to Alen Alarko Elektrik Ticareti A.Ş.'s electricity license, and upon approval of the Authority, stand-alone storage facilities were incorporated into the license.

We are continuing our studies and evaluations concerning the acquisition of renewable power plants that are currently in operation and for sale by the private sector. We will continue to bid for projects that meet our investment criteria.

In 2024, we will follow the Renewable Energy Resources Areas (YEKA) expected to be tendered by MENR and the renewable energy projects expected to be tendered in the portfolio of the Privatization

Administration, and we will bid on those that are compatible with our investment criteria. We are following the developments in the offshore WPP projects and are exploring cooperation opportunities with local and foreign companies to participate in the tenders expected to be announced in the coming period.

In Europe and the Balkans, we continue to develop or operate renewable energy projects with an installed capacity of 50 MW to 100 MW based on wind and solar energy.

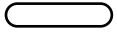
In addition to power generation, we are also exploring the production, sale, maintenance, and operation of power storage systems, and are negotiating with international technology development companies for possible cooperation.





## Energy Group

# WPP AND SPP PROJECTS IN EUROPE AND THE BALKANS



**In Europe and the Balkans, we continue to develop or operate renewable energy projects with an installed capacity of 50 MW to 100 MW based on wind and solar energy.**

### GENERATION

**100,000** MWh



In 2023, Karakuz HEPP produced 100,000 MWh of energy.

### POWER GENERATION IN 2023

#### Hydroelectric and Solar Power Plants

The Karakuz hydropower plant has the right to produce under YEKDEM until 2025, but in 2023 it was decided not to use the YEKDEM option and to sell energy under free market conditions. With the elimination of the Maximum Settlement Price (MSP) mechanism, which began in April 2022, our plant has been able to sell at the Market Clearing Price (MCP) since October 2023. In 2023, the plant is expected to produce about 100,000 MWh due to the dry season in the region, and in 2024, it is expected to produce 242,000 MWh, which is close to the long-term average. In 2024, average electricity sales prices are expected to be around USD 85/MWh, generating higher revenues compared to the YEKDEM sales price of USD 73/MWh. The plant will continue to operate in the Balancing Power Market and provide Secondary Frequency Control (SFC) services in the Ancillary Services Market. Karakuz HEPP was converted into a multi-source (Hybrid) generation plant with a license amendment in 2023. A solar power plant with a capacity of 1.5 MW will be commissioned in December 2023. In 2024, an additional 2,600 MWh is expected to be generated from the auxiliary solar power. Also, an application has been made to EMRA for the addition of auxiliary solar power with an installed capacity of 5.5 MW. In 2024, while normal maintenance, repair, and operation activities continue, it is aimed to plan and

record all operation maintenance and repair activities through digital systems as part of the ongoing digitalization project. The construction of two backup lines to prevent loss of production and revenue due to constant Internet outages in the region in recent years was completed and commissioned in 2023.

Gönen Hydroelectric Power Plant was added to our company's portfolio as of 2019 following the privatization tender and is expected to generate approximately 34,000 MWh in 2023. Gönen Hydroelectric Power Plant, which is planned to generate approximately 38,000 MWh in 2024, will sell electricity in the free market. Regular maintenance and operation activities are carried out at the power plant, while two unit substations and one internal demand substation will be extensively overhauled and completely renewed at the end of 2023. In 2024, it is aimed to plan and record all operation, maintenance, and repair activities through digital systems as part of the digitalization project. In 2024, operations will be optimized to generate revenues above average MCP prices.

In 2023, there was no production at the Kırklareli Combined Cycle Natural Gas Power Plant because the current natural gas and electricity prices on the market did not allow for economic activity. In 2020, all equipment from Plant #2 has been sold and preliminary discussions are underway with potential buyers for the sale of turbines and other equipment

from Plant #1. In 2024, it is planned to apply to EMRA for the termination of the license and to direct the revenues from the sale of equipment to investments in renewable energy resources.

In 2023, generation in our fully unlicensed SPP facilities with an installed capacity of 52 MWe, which benefits from the YEKDEM tariff, was 99% budget-compliant.

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

#### **Karabiga Thermal Power Plant**

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

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

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

All power plant commissioning work was performed by Turkish engineers, and operation and maintenance functions were also performed by its specialized personnel. Approximately 500 people work at the power plant. During the construction, approximately 3500 people were employed and a significant added value and employment opportunity was created for the regional economy. In addition to the environmental and technological advantages of this power

plant, both theoretical and practical training activities are organized to set an example in terms of occupational safety, and our policy of prioritizing occupational safety is effectively implemented in all our activities.

In 2023, major maintenance works of Unit No. 2 were successfully completed between 16.03.2023–21.05.2023. Critical systems such as turbines, generators, boilers, and ID fans were overhauled as part of major maintenance activities, resulting in an increase in plant performance compared to the pre-maintenance period.

The Unit 2 turbine control system was successfully upgraded during the planned maintenance in 2023, ensuring the sustainability of the system. As part of these efforts, the advanced process control system, which enables the units to make faster load changes and operate safely at low loads, was successfully commissioned in Unit No. 2 and put to



## Energy Group

# THE REGION'S FIRST ULTRA-SUPERCRITICAL THERMAL POWER PLANT

### DISTRIBUTION LINE

**76,932** km<sup>2</sup>



Provides electricity distribution services in an area of 76,932 km<sup>2</sup> covering approximately 10% of Türkiye's total area.

work for our company and the national economy. Accordingly, significant contributions to grid security have been made by providing greater support to the ancillary service needs of the Turkish power transmission system in 2023.

Unit 1 major maintenance, turbine control system rebuild, and advanced process control system commissioning will be completed in 2024.

Feasibility studies and the application process for the construction of an auxiliary power plant have been initiated in accordance with the right to a combined power plant (hybrid power plant) under the Electricity Market License Regulation. In 2024, the capacity allocation process will be followed and, if the conditions are appropriate, the construction of an auxiliary resource generation plant based on renewable resources will be started.

The annual production of the Karabiga power plant for 2023 is expected to be 9.1 billion kilowatt-hours, and the production for 2024 is planned to be 9.02 billion kilowatt-hours.

### ELECTRICITY DISTRIBUTION

Meram Elektrik Dağıtım A.Ş. (MEDAŞ) provides electricity distribution services in an area of 76,932 km<sup>2</sup> covering the provinces of Konya, Karaman, Aksaray, Nevşehir, Niğde, and Kırşehir and corresponds to approximately 10% of Türkiye's total area. MEDAŞ, which has 37 independent enterprises, provides services to 6 provinces, 63 districts, 61

**Karabiga Thermal Power Plant was built with an investment of approximately 1.2 billion USD under the coordination of Cenal Elektrik Üretim A.Ş. without using any EPC contractor.**

towns, 871 villages, and 499 village-affiliated plateaus through a total of 70 enterprises and 33 sub-enterprises operating under these enterprises, to increase efficiency and effectiveness by narrowing the geographical purview of the enterprises.

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

In 2023, the focus on internal customer and stakeholder needs in training activities continued with training programs aimed at providing the highest quality training experience. In 2023, 160,000 person-hours of training were provided, in addition to 3,000 developmental training videos and additional online training platforms that employees can access at their convenience.

In 2023, regular technical and personal development training programs were organized to increase the knowledge and skills of our employees. These programs include technical skills development, leadership and management skills

development, coaching, communication, and teamwork. In particular, safety training has continued to be emphasized to maximize the awareness and knowledge level of all employees, including our expert team, in the area of occupational safety.

Our Company's top priority is to ensure the highest level of occupational health and safety (OHS). Within this framework, inspections were carried out in all 37 regions in 2023 with the field inspection officer staff and experts, and necessary actions were planned. The weight ratio of occupational accidents (the total number of days lost due to occupational accidents occurring in a given working period) was reduced by 20% compared to the previous year. The Incident Investigation Matrix defines the roadmap to be followed in the event of an occupational accident, and the Incident Investigation Procedure for the investigation of occupational accidents is actively used.

Our efforts to make MEDAŞ a "technology company" continued in 2023.

The Business Intelligence and Data Analytics Department was formed to lay down the infrastructure of a big data analytics center and data warehouse (BIG DATA), which is required for the current reporting and business intelligence tools. The Business Analysis and R&D Department was created to consolidate the Company's digital transformation processes and to carry out documentation and analysis by addressing software needs with a project management approach. All information systems integrated with GIS, WFM, DMS/OMS, and SCADA software that was replaced with the Network Automation Project implemented in previous years are still undergoing necessary changes. The project, KET (Small Additional Plant) management, and investment tracking were outsourced to a single platform.

In 2023, a total of 2,118 Electricity Generation Plants (1,781 MWe in total), mostly Renewable Energy Generation Plants, including 422 generation plants, were defined in the SCADA system.

The share of unlicensed generation plants in total distributed energy has reached 20%. As a result, the Unlicensed Settlement software has been upgraded through outsourcing with enhanced reporting and integration capabilities to meet evolving needs. In 2023, 4,664 meters were added to the Automatic Meter Reading System (AMRS). By the



end of 2023, 498 SCADA stations have been commissioned and the number of SCADA stations in MEDAŞ-owned distribution centers has reached 1,501. In all new buildings to be constructed as part of the facility, the SCADA installation was completed before the commissioning of the facility to avoid repeated power outages. In addition, 10 reclosers were added to the system in January 2023 and communication with the SCADA system was provided. In 2023, 4,700 lighting circuits were made remotely controllable. Pilot applications for Nb-IoT and PLC (Power Line Communication) alternative communication technologies have been conducted, and 1,300 counters with PLC technology and 150 modems with Nb-IoT technology have been integrated into the system.

As part of our R&D activities; project applications are made to EMRA twice a year and 7 of our projects were accepted by EMRA in 2023. Our projects prioritize uninterrupted, quality, and sustainable energy supply and domestic production. Our main goal with these projects is to respond faster to the needs and demands of 3.8 million inhabitants in our region, as well as to make our company one of Europe's exemplary distribution businesses by improving service quality and efficiency.

In addition, the EMRA-supported Techno Entrepreneurship Program was launched, and the Start-up Acceleration Program and Medaş Internal Entrepreneurship Programs will continue under the project. The project will continue with the Inter-University Hackaton and the Entrepreneurship Pre-Incubation Program.

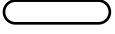
In 2023, the company also started working on the "Enterprise Resource Planning (ERP)" and "Customer Information System (CIS)" projects under the Domestic and National Software Ecosystem Call. The goal is to produce outputs within the 36-month project period that will set an example for the Distribution Sector.

As a result of the tender to upgrade the system and network infrastructure to the latest technologies, all installations will be completed in 2024 to renew the infrastructure with the latest technology.



## Energy Group

# COMPANY WITH THE HIGHEST SATISFACTION RATE



**MEDAŞ has ranked first in the ranking of companies with the highest satisfaction rate in Türkiye in the surveys conducted by the Ministry of Energy and Natural Resources.**

### METER READING

**94.90%** 

Our reading rate, which was 94.45% in 2022, was increased to 94.90% in the first 9 months of 2023.

To ensure regular and healthy meter readings, the meter reading process was improved upon the completion of the transition from the handheld terminal to the android-based system, thus contributing to digitalization efforts. Furthermore, relevant improvements were made in periodic reporting by continuously developing algorithms and maximizing resource use. Real-time warning and notification mechanisms have been developed in the system, minimizing the possibility of human error. Our reading rate, which was 94.45% in 2022, was increased to 94.90% in the first 9 months of 2023. The highest reading rate of all time, 95.78%, was achieved in August 2023.

In the first 9 months of 2022, MEDAŞ call center received 800,000 calls. According to year-end projections, the call center accessibility rate is 99.9%, the response rate is 99.7% and the service level is above 97%. Chatbot and WhatsApp will be launched in 2023 as alternative channels to reduce the call load of Call Center Customer Representatives. Chatbot will be integrated with WhatsApp and Webchat.

In 2023, the Overflow Call Project was launched and 50 people were actively deployed at the Ankara backup site during peak periods to increase accessibility. In 2023, preparations were initiated for establishing a call center at the head office campus. In 2024, all call center personnel will be based at our premises.

As a result of the improvement efforts made to ensure customer satisfaction, our company was ranked second in Türkiye in 2022 and first in the 9 months of 2023 in the ranking of companies with the highest satisfaction rate in Türkiye in the surveys conducted by the Ministry of Energy and Natural Resources.

As in previous years, we continued to conduct maintenance activities for the distribution facilities in 2023. Furthermore, approximately TL 3.1 billion was spent in 2023 on technological investments and improvements, renovation, and capacity expansion in electricity distribution facilities. With maintenance and investment activities aimed at supplying uninterrupted and high-quality energy to our customers, we have achieved significant reductions, particularly in the technical loss rate, which is expected to decline to 5.60% by the end of 2023.

## ELECTRICITY TRADING

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

MEPAŞ provides electricity retail sales services to approximately 2.3 million customers in an area of 76,932 km<sup>2</sup> covering the provinces of Konya, Karaman, Aksaray, Nevşehir, Niğde, and Kırşehir, which corresponds to approximately 10% of Türkiye's surface area, via 11 Customer Service Centers (CSC), 8 affiliated customer service points, and 52 dealer channels and expanded the number of services available to customers through alternative service channels to increase customer satisfaction. Online Transaction Center, mobile application, subscription transactions via e-government, and call center applications have been implemented to enable our customers to perform as many transactions as possible online without visiting the facility. Accordingly, subscription transactions, subscription cancellations, debt inquiries and payments, invoice objections, information update transactions, and assurance fee inquiries are carried out through the corporate website, online transaction center application, or call center. The digital archiving process has started and with this application, the images of the contracts made in our subscriber centers and their annexes, if any, are transferred to the digital archiving application.

MEPAŞ continued its efforts to provide affordable electricity to its eligible consumers. Therefore, the field sales and corporate sales teams were strengthened at the start of 2022.

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

Alen Alarko Enerji Ticareti A.Ş., a member of the Alarko Energy Group, engages in energy futures trading using its supply license when market conditions allow. EMRA granted permission for a total of 1,000 MWh Stand-alone Electricity Storage Facilities in four different regions by amending the supply license. An investment plan will be developed for entering TEİAŞ capacity tenders, which are expected to be announced, or adding solar and wind projects through license amendment.



INDUSTRY AND TRADE GROUP

# INVENTOR OF MODERN AIR CONDITIONING

Alarko Industry and Trade Group has been the export champion for ten years in a row.



**272**

DEALERS



**306**

SERVICES



**12.22%**

EXPORT RATE



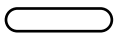






## Industry and Trade Group

# SECTOR-LEADING SERVICES WITH A PERFECTIONIST APPROACH



**Our Industry and Trade Group operates in the fields of heating, cooling, ventilation and water pressurization.**

### SALES REVENUES

**TL 5.5 BILLION**



Industry and Trade Group earned an income of TL 5,542,863,421 in 2023.

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

We continued to sell air handling units, fan coils, and rooftop air conditioners in domestic and international markets in 2023, using the technology and brand of our company's partner Carrier, which is widely regarded as the inventor of modern air conditioning.

In 2023, İSiB awarded our company as the top exporter of air conditioners, fan coils, and rooftop air conditioners for the 10<sup>th</sup> consecutive year. With the introduction of the automated AHU, the Carrier brand will continue to gain a share in the upper end of the domestic market.

The environmentally friendly R454B refrigerant version of the eco-designed NXG series air handling units will be launched in 2024. This will be the start of sales in new markets in Europe.

In the cooling group, where competition is fierce, we will continue to deliver products under the Carrier brand from Carrier plants in France, Spain, America, and China to the upscale market.

Universal Smart X Series EDGE modular heat pump chillers, sold under the Toshiba brand, will make a difference in the marketplace with their high efficiency and modularity.

In early 2024, mass production of the EC motor will begin on the ceiling-mounted fan coil unit, which will continue to be manufactured under the Carrier brand. The new series production, which will complement the existing AC motor product range, will help maintain the high market dominance in the domestic market and increase export sales.

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



heat pumps with the Alarko brand in 2023. R&D efforts are underway to start production of outdoor units in 2024.

Smart Fit series, a black glass-covered combi boiler with Wi-Fi ready touch screen was introduced to the market in 2023. The combi boiler collection has been expanded with the addition of a fourth combi boiler series to Super Fit, Seradens Super, and Seradens Super Plus, serving various customer groups. In the first quarter of 2024, the Eskişehir plant will start the production of Aldens floor-standing boilers with a capacity of 850-1,000-1,150 kW, completing the product range of floor-standing boilers.

As the sole authorized dealer of the Spanish company Blansol in Türkiye in the "floor heating" market, which is an alternative to radiator heating, the market share will continue to increase in 2024 with the Blansol brand in the Toshiba dealer distribution channel and the Alarko brand in the Alarko dealer distribution channel. In parallel with our increasing market share in the heating market, the panel radiator, which is a complementary product, will be supplied as OEM and sold under the Alarko brand.

The ALDH10 and ALDH15 series, which will complete the booster pump range were launched to the market in 2023.

Upon completion of the design and testing of the digital and analog communication cards that will be used with eight models of our new series OPTIMA BYS circulation pumps with ECM technology for building management systems (BMS), these products were launched to the market in 2023.

In line with our renewable energy strategies, Alarko brand photovoltaic panels were added to the product range in the last quarter of 2023. In 2024, complementary products such as inverters, wiring, and storage will be sold to support the package sale of the solar panel system.

In 2023, sales of Flair wall-mounted, commercial, multi-split air conditioners, VRF, and heat pump products continued under the Alarko brand. Commercial and pool-type heat pumps are planned to be added to the product range in 2024. In 2024, Alarko will launch a new series of VRFs that are more responsive to market dynamics and more technologically advanced. In 2024, sales of wall mounted, multi-split commercial air conditioners under the Carrier brand, heat pumps, as well as VRF devices, will continue through distributors. Toshiba Seiya Plus and Shorai Edge B&W series split air conditioners were launched in 2023.



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

In 2022, split air conditioners, multi-split air conditioners, heat pumps, and combi boilers were integrated into the "Product Tracking System". In 2024, with the inclusion of condensing boilers, Optima pumps, and hydrophores, the after-sales service processes of all products sold by the dealership unit will be managed digitally.

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

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

E-commerce and digital marketing will continue to be used as a tool to retain existing customers and attract and acquire new ones with its mobile-friendly interface, in addition to our traditional points of contact consisting of our sales offices and authorized sellers. As part of the Digital Marketing Project, the purchasing process, which starts online, is integrated with the Alvima Accounting System and the After Sales Services Notification Management System and is designed to include all steps from the assignment of the authorized service to the completion of the assembly and the measurement of satisfaction with the service, and improvements are continuing. Invoice approval process management was initiated in 2023 as part of the document management system, which began in 2022 with the import processes.

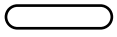
## PRODUCTION ACTIVITIES

### Main Production Plant

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

## Industry and Trade Group

# WIDE AND STRONG SALES AND SERVICE NETWORK ACROSS TÜRKİYE



**Our Company is serving with 128 Alarko Carrier, 57 Toshiba, 84 water group Alarko Carrier specialized dealers, and 306 after-sales service units throughout the country.**

### NUMBER OF TOTALINE STORES

**5**



Headquartered in Dudullu, Istanbul, Totaline has five stores in Istanbul İkitelli, Ankara, İzmir, and Antalya.

### Heating Equipment Production Plant

The Heating Appliance Manufacturing Plant in Istanbul Dudullu Organized Industrial Zone, with an indoor area of 18,000 m<sup>2</sup> and an outdoor area of 12,000 m<sup>2</sup>, ceased its operations at the end of 2023. Combination boilers and condensing boilers produced in this plant and submersible pumps and circulating pumps produced in the Gebze plant will be produced in our new plant with an indoor area of 13,000 m<sup>2</sup> on a 22,500 m<sup>2</sup> land in Eskişehir Organized Industrial Zone from the beginning of 2024.

### TRADING AND MARKETING ACTIVITIES

We have an extensive and strong sales and service network across Türkiye, serving with offices in Gebze, Ankara, İzmir, Antalya, and Adana and 128 Alarko Carrier, 57 Toshiba, 84 water group Alarko Carrier specialized dealers, and 306 after-sales service units throughout the country.

In response to market trends and expectations, we also offer import products in our product range in addition to what we manufacture at our plants, by acting as a distributor for leading foreign companies. We are customer-oriented and offer a variety of products to dealers and produce complete solutions for customers. In addition to the existing distribution channels, the momentum of sales through the e-commerce channel, which was established to create a sales channel through our website, continues at full speed. In 2024, with the introduction of the dealer referral and loyalty project in e-commerce sales, we aim to further increase our sales volume in this channel.

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

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



Totaline spare parts markets have been offering spare parts and technical services equipment for the air-conditioning and water pressurization markets since 2002. Headquartered in Dudullu, Istanbul, Totaline has five stores in İkitelli, Ankara, İzmir, and Antalya. In addition to its 5 stores, Totaline started supplying products to its customers over the Internet at [isk-market.com](http://isk-market.com) in 2020, and e-commerce sales are expected to generate as much turnover as brick-and-mortar Totaline stores by 2025.

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

In 2023, we continued to provide our customers with promotion and discovery service via remote video conference to help them choose the most suitable combi boiler, air-conditioning, and air-purifying devices for their houses and to provide them with information on our products.

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

We were selected to perform various prestigious air-conditioning and water pressurization projects in Türkiye and abroad in 2023 as in the previous years and will continue to undertake significant projects in line with our principle of "high-quality service and production" also in the future.





TOURISM GROUP

# STRONG BRAND QUALITY SERVICE

Hillside, the first institution to introduce the "Leisure" concept in Türkiye, offers services with a total bed capacity of 781 in 330 rooms.



**74%**

REVISITATION  
RATIO



**85.3**

GUEST  
SATISFACTION



**+100**

AWARDS









## Tourism Group

# THE BEST LEISURE HOTEL IN THE WORLD

**Hillside Beach Club is a 5-star holiday village that excels in offering guests the vacation of their dreams through its distinctive systems and values.**

### INCREASE IN REVENUE

**85%** 

Alarko Tourism Group achieved an 85% increase in its revenues in 2023.

The Alarko Tourism Group, which offers its guests a true sense of "Feeling Good" with its Hillside Beach Club, Hillside City Club, Cinecity Cinemas, and Sanda Spa, has introduced the concept of "leisure" to Türkiye and contributed to the development of the sector. The Group is inspired by global trends with its knowledge, experience, and intuition, and manages its brands through unique solutions developed according to location, texture, and time, based on the dynamics behind the trends.

It continued to meet the needs of its guests at the highest level in 2023, thanks to the systems and values it developed to ensure the sustainability of service quality with the goal of excellence in service understanding.

The Group is currently developing a new hotel and resort in the Bodrum Gundogan district in line with this service concept. The project is planned with 800 bed capacity and construction activities are ongoing. This project will provide a significant boost to Alarko Tourism Group's growth plans and will be an important step towards becoming a hotel chain with new projects planned for the coming years.

Alarko Tourism Group has been selected as "Turkey's Happiest Workplace" by ranking first in the tourism sector in the "Turkey's Happiest Workplaces Survey" conducted by Happy Place to Work and Capital Magazine in 2023.

### HILLSIDE BEACH CLUB

The Hillside Beach Club, known as "Heaven on Earth," offers a heartfelt service with its friendly staff, and goes above and beyond expectations. It is a 5-star Holiday Village that consistently meets the needs of its guests with its services and new applications that outperform the previous year.



In 2023, Hillside Beach Club welcomed 24,337 guests offering high-quality, holistic, and personalized service with events and activities that appeal to all ages and interests in line with the philosophy of continuous development. Its success can be attributed to its ability to create a positive guest experience through its solution-oriented and unique marketing approaches and extraordinary management systems. These strategies have led to an exceptional 78% guest return rate in the sector and a strong competitive position.

Hillside Beach Club, which continues to contribute to the promotion of our country with the international awards it has received to date, has been named the "Best Leisure Hotel of the World" for the third time in a row at the prestigious tourism awards "Haute Grandeur", which determines the best holiday experience by evaluating many different criteria and in which chain brands such as Four Seasons, Ritz, Rosewood, Kempinski, and Mandarin Oriental participate in various categories. Furthermore, Hillside Beach Club, which truly implements the "Feeling Good" concept in all of its practices and is praised by its guests for its service approach that takes into account every detail, has been named the best in Europe in the "Best Eco-Friendly Resort" category.

Hillside Beach Club also won the "Best Luxury Family Beach Resort in Europe" award at the World Luxury Hotel Awards, where guest votes determine the best luxury hotels and spas around the world and chain brands compete in various categories. It won for seven years in a row the "Certificate of Excellence in Guest Satisfaction" awarded by "BA Holidays", the tour operator of British Airways, the UK's largest airline.

Hillside Beach Club continued to promote our country in 2023 by being featured in international publications such as The Times, Conde Nast Traveler, The Telegraph, Financial Times, Forbes, and Daily Mail which are recognized as international references. In 2023, Hillside Beach Club came in second on Conde Nast Traveller's list of the "23 Best Holiday Destinations." It was the only hotel from Türkiye on The Telegraph's list of the 10 Best Family-Friendly Hotels in the



Mediterranean. Forbes complimented Hillside Beach Club's extraordinary service and unprecedented return rate in its "2023 Travel Trends" report.

Hillside Beach Club considers the concept of sustainability as part of its mission to make people feel good and focuses on activities that support the environment, people, and local communities. Hillside Beach Club holds 11 international certifications, each of which requires working, improving, and auditing in different areas, and has recently received the highest level of "Sustainable Tourism Certification". It also remains one of only 1,000 hotels in the world to receive the "Travelife Gold" certificate, which is a sustainability system implemented by the UK Travel Organisation ABTA and can be obtained by meeting 160 sustainability requirements. In addition, a tree seed is planted for each new guest at the Hillside forest locations in different areas around Fethiye. 275,000 seeds were planted in Hillside forests through this project, which was initiated in 2003.

In the 2023 season, in addition to the events eagerly anticipated by its guests, like Concert on a Boat, Feel Good Week, Father Son Camp, and Tennis Cup, it has also organized various special weeks that have generated a buzz. Hillside Beach Club, where guests can enjoy a quiet or active holiday based on their

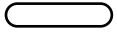
preferences with events and activities that appeal to all ages and interests, hosted the "London Jazz in the Sun" event with specially selected artists and program as part of the EFG London Jazz Festival, one of the most popular festivals in Europe, and the "Summer Screenings" festival with the British Film Institute, the UK's most prestigious institution for art and film.

Furthermore, Alarko Tourism Group ranked 6<sup>th</sup> in Türkiye in the Tourism and Accommodation Services category at this year's "Service Export Champions" awards organized by the Turkish Exporters Assembly (TIM), which assesses service companies in 17 different sectors.



## Tourism Group

# THE FIRST NAME ASSOCIATED WITH MINDFUL EXERCISING



### Hillside City Club operates in Etiler, Istanbul, under the Alarko Tourism Group.

#### HILLSIDE CLUB MARKET

**4,100 VISITORS**



4,100 people attended the "Hillside Club Market" events, infusing Etiler with a vibrant festival atmosphere.

#### HILLSIDE CITY CLUB

Hillside City Club Hillside City Club, the first name associated with mindful exercising in Türkiye is part of the Alarko Tourism Group and operates in Etiler, Istanbul, leading the fitness world with pioneering practices.

For more than 30 years, Hillside City Club has evolved into a real-life center, developing various activities that combine art, music, movies, sports, and entertainment to enhance the social lives of its members, as well as offering gym, studio and cycling classes at the Hillside Outdoor Club, which provides outdoor sports opportunities in the city, and personal classes in the Personal Training area to provide the most convenient service to its members.

Hillside City Club shapes its classes with activities designed with an innovative perspective and in line with the latest world trends, added 'Pickleball' which has been declared "the sport of the year" by the New York Times and has influenced the entire world.

The Hillside City Club, which espouses the philosophy of "more than just a sports club," offers a diverse array of experiences under one roof. "Hillside LIVE," which is known for its meticulously designed décor, presents a comprehensive program that includes live music performances, stand-up shows, special events, and movie screenings with unique concepts.

Promising more than just sports with its "Feeling Good" mission, Hillside City Club organized the "Hillside Club Market" event in May and October of 2023, a design market where the city's most exclusive brands participated in activities full of music, sports, and entertainment. 4100 people visited the "Hillside Club Market" activities that brought the festival spirit to Etiler.

In addition to its indoor theaters, ING Cinecity Cinemas, which runs within the facility, provides moviegoers with the opportunity to enjoy "Başka Sinema" and a selection of vision films every Tuesday and Thursday at its Outdoor Cinema.

"Itsumi," the authentic Japanese cuisine of Türkiye, has opened in Hillside City Club with its brand new concept and special menu.

The Hillside City Club has become a popular meeting point in the city, offering a diverse range of brands including Minoa Village, Itsumi, Palms Café, Starbucks Coffee, and Sanda Spa. The club's strong synergy ensures customer satisfaction and offers a wide range of experiences beyond sports.

Hillside City Club is also the first choice of brands for prestigious positioning and has long-term sponsorship agreements with leading companies such as ING Bank, Under Armour, Volvo, Philips, Efes, Zurich Sigorta and Coca-Cola.

### SANDA SPA

Sanda Spa is one of the most preferred brands in the spa industry and started its operations 20 years ago at Hillside Beach Club-Fethiye. The business, which played a significant part in elevating the industry to where it is today, has led the way in advancing the natural spa culture through its innovations and commitment to excellent customer service. Offering more than 60 relaxing treatments with Elemis and Body Coffee products, Sanda Spa continues its mission of "Feeling Good" at its two facilities located in Hillside Beach Club and Hillside City Club in Etiler, Istanbul.

### HILLSIDER MAGAZINE and HILLSIDE NOW

Hillsider Magazine is a leading publication in the tourism industry, recognized for its high-quality content and editorial standards. For 28 years, Hillsider has been the official magazine of Alarko Tourism Group, a testament to its reputation as a trusted source of information for a discerning audience. The magazine has maintained its attractiveness for years, offering inspiring content in art, music, travel, food, and beverage, as well as special interviews and shootings. Hillsider, which has received numerous design awards, was one of the first examples of corporate publishing and is regarded as a collector's item by its fans.

Aside from Hillsider Magazine, the HillsideNOW channel, which has over 150,000 followers, was the first in Türkiye to adapt to the dynamics of the digital world and broadcast on Instagram Stories, reaching approximately 5 million people per month in 2023 and attracting attention in the field of digital publishing. HillsideNOW is also recognized for its original, inspiring, and intriguing content, as well as interviews with influential people.



LAND DEVELOPMENT GROUP

# HIGHLY PRESTIGIOUS REAL ESTATE PORTFOLIO

Alarko GYO is the first REIT company in Türkiye, with 47% of its shares publicly traded. It was established to invest in real estate and real estate projects, as well as real estate-based rights, money, and capital market instruments.



**+50**

YEARS OF  
EXPERIENCE



**+5,000**

FLATS AND  
VILLAS



**7**

LEADER  
PROJECTS

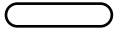






## Land Development Group

# OVER 50 YEARS OF EXPERIENCE



**Alarko Land Development Group designs and constructs high quality housing projects.**

### PORTFOLIO SIZE

**USD 800 MILLION**



Based on valuations performed at the end of 2023, the real estate portfolio managed by our Land Development Group is approximately \$800,000,000.

Based on valuations performed at the end of 2023, the real estate portfolio managed by our Land Development Group is approximately \$800,000,000.

The best-use analyses are continually revised to reflect current conditions, and studies are conducted to ensure that they can be developed at the right time.

### **Immovable Properties of Konut İnşaat A.Ş. ;**

In alignment with the previously outlined strategy, a warehouse license with a closed area of 100,000 m<sup>2</sup> has been obtained for the logistics zone in Tuzla-Orhanlı, and this property is now ready for the start of construction.

In 2023 a new step was taken for the development of the land in Bilezikçi Farm. A memorandum of understanding has been signed with a developer group for construction in return for flats.

### **Immovable Property of Alarko Holding**

A zoning application has been filed to obtain original projects and reconstruct the remains of the buildings in the form of a mansion/pavilion in the grove on the coast of Büyükdere.

### **Immovable Properties of Alarko GYO**

Alarko Real Estate Investment Trust owns a touristic facility in Bodrum, which is currently under investment. Significant progress has been made in the design phase of the construction of this facility and construction activities are continuing rapidly. There have been significant variances in project costs due to higher-than-expected construction inflation, but new financing opportunities will allow the project IRR to increase.

The tourism facility in Fethiye is currently undergoing major renovations, which are expected to be completed within the next two winter seasons.

In 2024, efforts will continue to develop our properties in Maslak, Eyüp, and Büyüçekmece most appropriately.

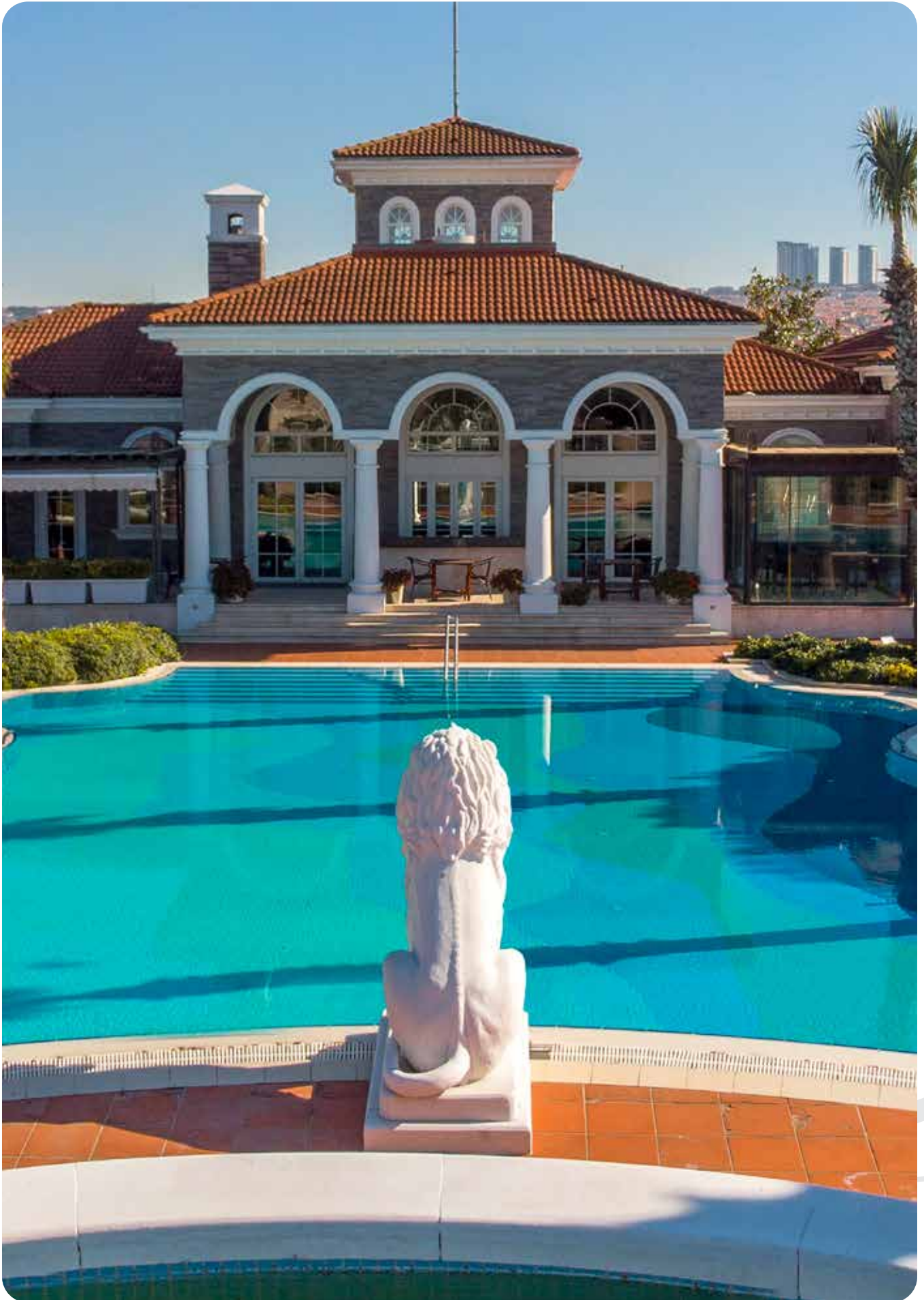
### **Immovable Property of Alarko Carrier**

The sale of the land at the intersection of the Tuzla Infantry School, which is currently used as an open warehouse, has been accelerated in 2023 and is expected to be completed in 2024.

### **Alriva Companies;**

Efforts will continue to sell or otherwise utilize the land in these companies' portfolios in the medium term.







AGRICULTURE GROUP

# CONTRIBUTION TO HEALTHY AND SUSTAINABLE AGRICULTURE

Alarko Agriculture Group includes companies operating in the greenhouse cultivation, fertilizer, seed breeding and food processing sectors.



**2,000**

DECARES  
GREENHOUSE  
AREA



**250**

THOUSAND TONS

PRODUCTION OF FRESH  
VEGETABLES AND  
FRUITS PER YEAR



USD **650**  
MILLION

FIVE-YEAR INVESTMENT  
BUDGET









## Agriculture Group

# SUSTAINABLE AGRICULTURE ACTIVITIES

**Alarko Agriculture Group aims to contribute to the realization of food and water security, to ensure more efficient use of resources in agricultural production and to carry out sustainable agricultural activities within the framework of strategic growth goals.**

### ALSERA GREENHOUSE AREA

**500 DECARES** 

With additional investments in Afyon Sandıklı and Denizli Sarayköy, Alsera reached its target of establishing 500 decares of greenhouse area by the end of the year.

At the beginning of 2023, Alarko Holding announced its new investment plan to contribute to food and water security, more efficient use of resources in agricultural production, and sustainable agriculture, in line with its strategic growth goals, and started to launch ventures in this area within the Alarko Agriculture Group.

The world's increasing vulnerability to the risks and challenges posed by global climate change brings with it various risks and challenges in many vital areas, particularly access to clean water resources and food crops. In addition, the world's growing population has made it necessary to

significantly increase agricultural production and achieve high productivity. Therefore, for the sustainability of our planet and life on it, water and agriculture are recognized as critical sectors. The Covid-19 pandemic disrupted supply chains in many strategic sectors. This has put global food security back on the agenda and highlighted the importance of a holistic approach to the issue. Regional conflicts and instability in neighboring countries have reiterated the importance of continuity and sustainability in these sectors due to the security risks they pose.

Based on this vision, and given Türkiye's potential in terms of agricultural, water, and energy resources, modern greenhouse cultivation represents a significant growth opportunity. Türkiye is one of the world's leading countries in geothermal energy resources and a significant portion of these resources are used for energy generation, heating, tourism, and agriculture.

Given these developments, Alarko Holding defined "Agriculture" as a strategic sector in 2023 and entered this new line of business. Alarko Agriculture Group aims to participate in the entire value chain in the agriculture and food sector to ensure humanity's access to sufficient, healthy, and high-quality food while building a sustainable business model in harmony with nature.

Alarko Agriculture Group, which consists of greenhouse, fertilizer, seed breeding, and food processing companies, started its operations with the greenhouse business through Alsera Jeotermal Tarım Gıda Sanayi ve Ticaret A.Ş.





## OPERATING AREAS

### Geothermal Greenhouses

Alarko Agriculture Group intends to carry out soilless and clean agriculture activities in high-tech greenhouses in areas with access to geothermal energy in different regions of Türkiye through Alsera. The Group has decided to carry out its greenhouse operations in three main regions, Afyon Sandıklı, Denizli Sarayköy, and Eskişehir Mahmutiye, by evaluating the potential of our country in the field of geothermal energy, different climatic conditions, and other environmental factors.

Alsera first started its operations in March 2023 with the greenhouses it purchased in Sandıklı, Afyon. With additional investments in Afyon Sandıklı and Denizli Sarayköy, Alsera reached its target of establishing 500 decares of greenhouse area by the end of the year. The first harvest took place in May 2023 in the greenhouses of Alsera, where modern, technological, and soilless agriculture is practiced.

Alsera plans to have a total of 2,000 decares of greenhouse area in operation by the end of 2024 and has started working towards this goal. It is expected that by the end of 2028, 5,000 decares of greenhouse area will be reached with investments in greenhouses in Afyonkarahisar, Eskişehir, and Denizli regions over the years. This will make Alsera Geothermal Agriculture the largest greenhouse producer in Türkiye. The plan is to reach 5,000 decares of greenhouses by the end of 2028 with a total investment of \$400 million. This will make it possible to produce 250 thousand tons of fresh vegetables and fruits per year. Alsera will become one of the top 10 greenhouse companies in the world following this investment, 30% of which will be equity.

Alarko Agriculture established "TOO ALSERA KZ" in December 2023 to bring the modern and technological greenhouse concept it has realized in Türkiye to the Republic of Kazakhstan.

Through the Alarko Agricultural Academy, which will be launched in 2024, the Group aims to offer specially designed training programs for the professional and corporate development of its employees and stakeholders in many different areas such as technology, production, quality, and innovation, in line with its sustainable development approach. This will have a positive impact on society as a whole, as the sector will have access to a skilled and specialized workforce. When 5,000 decares of greenhouse area are reached in Türkiye, the total employment is expected to be at least



5,000 people, 80% of whom will be women. The new greenhouses will be designed as a campus, offering a variety of options to meet the needs of employees, contributing to gender equality, and creating productive working conditions.

### Fertilizers

Palmira Agro Gübre Sanayi ve Ticaret A.Ş., which joined the Alarko Agriculture Group in May 2023, initiated its factory investment in Çankırı that same year. Palmira Agro is committed to offering high-quality, high-value products that are also environmentally friendly. The company aims to become a pioneer in the micro granular fertilizer sector in Türkiye through the completion of a factory investment in the first half of 2024. Additionally, the company aims to become a significant player in the industry by providing extensive sales and distribution channels to support its production.

Alarko Gübre Fabrikaları Sanayi ve Ticaret A.Ş. was established in June 2023 to produce and trade fertilizers. In line with this vision, the acquisition of a fertilizer plant comprising production and storage areas is planned for 2024. The goal is to develop and expand Alarko Agriculture Group's sales channels.

### Food Processing

Alarko Agriculture Group will produce dried vegetables and fruits at Alarko Gıda Sanayi ve Ticaret A.Ş. In 2023, Ereğli Agrosan, a company established in Mersin, was acquired for this field of activity. By the end of 2024, the company plans to relocate production to Konya Ereğli and invest in capacity expansion at the site.

### Seed Improvement

In the seeds and seed improvement segment, which is a strategic area for Türkiye, Genseed Tohum İslah ve Üretim A.Ş. was acquired in the Antalya Kurşunlu region and the company carries out R&D and production activities in the light of modern science for the improvement of new seed varieties. After the transition to the production phase, seeds transformed into commercial products will be offered to domestic and foreign markets, for which additional greenhouse investments will be realized in 2024.

In addition, after 2025, seed propagation stations will be established in various countries around the world to produce high-quality, durable, and value-added fresh fruit and vegetable seeds for global markets.

The total investment to be made by Alarko Agriculture Group for all these activities within 5 years will reach 650 million dollars. Alarko Agriculture Group is committed to continuous quality improvement and prioritizes sustainable and efficient production. The goal is to achieve high economic added value through optimized, digitalized, and real-time monitored production processes in sectors with high export potential and capacity.

## Investment Group

# ADDING VALUE TO THE ENTIRE ECOSYSTEM

**Investments structured with a medium to long-term perspective are aimed at making the Alarko portfolio more profitable, dynamic, and flexible.**

The Alyat Teknoloji Yatırımları Holding A.Ş. aims to create value for the entire ecosystem by investing in companies that generate value through their activities.

Investments structured with a medium to long-term perspective are aimed at making the Alarko portfolio more profitable, dynamic, and flexible. Additional structures are added to the main activity branches to diversify the portfolio and capture return opportunities through Alarko Investment's activities.







## Subsidiaries and Participations

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

Companies	Sector	Authorized Capital (TL)	Direct Share (%)	Direct and Indirect Share(%)
Alarko Carrier Sanayi ve Ticaret A.Ş.	Production of Heating and Cooling, Equipment Manufacturing, Contracting, Tourism	10,800,000	42.03	42.03
Alsim Alarko Sanayi Tesisleri ve Ticaret A.Ş.	Turnkey contracting, construction and tourism	200,000,000	99.91	99.91
Alarko Fenni Malzeme Satış ve İmalat A.Ş.	Marketing of industrial products and after sales services	230,000	88.68	99.99
Attaş Alarko Turistik Tesisler A.Ş.	Touristic facility management	21,500,000	0.46	99.91
Alarko Gayrimenkul Yatırım Ortaklığı A.Ş.	Real estate investment	144,900,000	16.41	51.20
Alen Alarko Enerji Ticaret A.Ş.	Electric energy trade, export and import	2,000,000	16.95	99.94
Altek Alarko Elektrik Sant. Tes. İşl. ve Tic. A.Ş.	Electric energy production	350,00,000	10.60	99.94
Alarko Enerji A.Ş.	Housing, construction	226,975,276.31	89.24	99.93
Aldem Alarko Konut İnşaat ve Ticaret A.Ş.	Housing, construction	50,000	100	100
Al-Riva Projesi Arazi Değerlendirme Konut İnşaat ve Tic. A.Ş.	Housing, construction	6,839,063.84	11.55	12.13
Al-Riva Arazi Değerlendirme Konut İnşaat ve Tic. A.Ş.	Housing, construction and touristic facility management	3,308,555.70	2.49	2.63
Al-Riva Arazi Değerlendirme Konut İnşaat Turistik Tesis. Golf İşl. ve Tic. A.Ş.	Real estate project construction and use	10,489,764.84	2.16	2.28
AO Mosalarko	Construction	Ruble 30,000,000	-	51.20
Tüm Tesisat ve İnşaat A.Ş.	Construction	141,000	49.15	50.15
Alarko Tarım Sanayi ve Ticaret A.Ş.	Agriculture, food, food business and technologies	850,000,000	100.00	100.00
Alyat Teknoloji Yatırımları Holding A.Ş.	Holding Companies' Activities	220,000,000	99.50	99.50
Alarko Konut Projeleri Geliştirme A.Ş.	Real estate development, construction and marketing	22,193,713	0.0005	99.91
Alsera Jeotermal Tarım Gıda San.ve Tic. A.Ş.	Greenhouse Farming Based on Geothermal Energy	600,000,000	-	100.00
Alser Alarko Sermaye Yatırımları Holding A.Ş.	Holding	550,000,000	58.18	99.97

Companies	Sector	Authorized Capital (TL)	Direct Share (%)	Direct and Indirect Share(%)
Palmira Agro Gübre Sanayi ve Ticaret A.Ş.	Micro Granule Fertilizer Production	7,500,000	-	80.00
Antsan Tarım Sanayi ve Ticaret A.Ş.	Greenhouse Farming Based on Geothermal Energy	1,000,000	-	100.00
Altes Seracılık Tarım Gıda San. ve Tic. A.Ş.	Greenhouse Farming Based on Geothermal Energy	50,000,000	-	100.00
Alziraat Jeotermal Tarım Gıda San. ve Tic. A.Ş.	Greenhouse Farming Based on Geothermal Energy	777,118.64	-	100.00
Alcen Enerji Dağıtım ve Perakende Satış Hizmetleri A.Ş.	Establishment, Transfer, or Operation of Energy Distribution Facility.	214,560,000	0.0006	49.96
Meram Elektrik Dağıtım A.Ş.	Electrical energy distribution	496,032,904.58	0.0000	49.96
Meram Elektrik Enerjisi Toptan Satış A.Ş.	Electrical energy trade	4,050,000	0.1	49.96
Meram Elektrik Perakende Satış A.Ş.	Electrical energy trade	13,545,520.42	0.0001	49.96
Cenal Elektrik Üretim A.Ş.	Building and Operating Electric Power Plant	1,854,012,350	-	49.96
Utilitek Bilgi Teknolojileri A.Ş.	Computer Programming Activities	10,000,000	-	49.96
Alarko Havacılık Endüstri Yatırımları A.Ş.	Aviation and Aircraft Technical Maintenance.	30,000,000	100.00	100.00
Gürlük Jeotermal Enerji Tarım Seracılık Gıda San. ve Tic. A.Ş.	Agriculture Food, Food Processing, and Geothermal Energy Activities	10,000,000	-	100.00
Alden Jeotermal Tarım Gıda San.ve Tic. A.Ş.	Agriculture, Food, Food Processing, and Geothermal Energy Activities	19,992,446.18	-	100.00
Alarko Gübre Fabrikaları San. ve Tic. A.Ş.	Fertilizer Production and Marketing	400,000,000	-	100.00
Alarko Gıda Sanayi ve Ticaret A.Ş.	Food, Food Management/ Operation	62,124,000	-	100.00
Genseed Tohum Islah ve Üretim A.Ş.	Seed Breeding and Production	100,000	-	100.00
Alpark Jeotermal Sağlık Turizm ve Depoculuk A.Ş.	Geothermal Energy Activities	50,000	-	100.00
Alurla Jeotermal Sağlık ve Turizm A.Ş.	Geothermal Energy Activities.	50,000	-	100.00
Albi Bitkisel İlaç Ham Maddeleri Üretim San.ve Tic. A.Ş.	Herbal Medicine Raw Materials	1,000,000	-	100.00
Hak Gayrimenkul Tarım San. ve Tic. A.Ş.	Geothermal Energy Activities	100,000	-	100.00
Bakad Investment & Operation LLP	Construction works	65,759,065 KZT	-	33.27
Bakad International B.V.	Holding	154,211,309 USD	-	33.27
Alsim Alarko SRL	Construction	240,000 RON	-	99.91
BARR Operation and Maintenance LLP	BAKAD Beltway Operating and Maintenance	23,000,000 KZT	-	24.98

## Earnings from Subsidiaries

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

Company Title	(TL)		
	2021	2022	2023
Alarko Carrier Sanayi ve Ticaret A.Ş.	10,440,000	-	37,826,085
Alsim Alarko Sanayi Tesisleri ve Ticaret A.Ş.	64,940,357	-	-
Alarko Gayrimenkul Yatırım Ortaklığı A.Ş.	8,245,257	17,441,890	31,712,528
Alarko Tarım Sanayi ve Ticaret A.Ş. (*)	216,610	114,347	-
Attaş Alarko Turistik Tesisler A.Ş.	3,801	-	328,216
Alarko Konut Projeleri Geliştirme A.Ş.	2	10	-
Alarko Enerji A.Ş.	-	-	788,198,379
Altek Alarko Elektrik Sant. Tes. İşl. ve Tic. A.Ş.	-	-	81,614,585
Alcen Enerji ve Perakende Satış Hizmetleri A.Ş.	-	12,143	4,550
Meram Elektrik Perakende Satış A.Ş.	50	-	456
Meram Elektrik Enerjisi Toptan Satış A.Ş.	26,109	-	-
AO Mosalarko	1,575,216	-	-
<b>TOTAL</b>	<b>85,447,402</b>	<b>17,568,390</b>	<b>939,684,799</b>

b) The 2022 profits of the companies within the Alarko Group from which we receive dividends, the distributable profits remaining after tax and legal reserves are set aside and the dividends distributed from the past year's reserves are given in the table below.

Alarko Group Managed Companies	2022 Profit for the Period	Distributable Profit (A)	Distributed Dividends (B)	(B/A) %
Alarko Sanayi ve Ticaret A.Ş.	632,043,140	579,275,520	90,000,000	15
Alarko Gayrimenkul Yatırım Ortaklığı A.Ş.	2,753,941,111	2,753,941,111	193,200,000	7
Attaş Alarko Turistik Tesisler A.Ş.	78,244,782	78,244,782	71,000,000	91
Alarko Enerji A.Ş.	1,025,411,596	970,533,861	883,223,898	91
Altek Alarko Elektrik Sant. Tes. İşl. ve Tic. A.Ş.	249,946,722	156,558,414	203,400,038*	130
Alcen Enerji ve Perakende Satış Hizmetleri A.Ş.	897,809,819	799,801,755	728,067,777	91

\* This amount of 60,653,752 TL is the dividend distributed from previous year's profits.



## Business Volume and Perspectives for 2024

### Business Volume

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

Companies and Businesses According to Activities <sup>(*)</sup>	Revenue (TL Million)				
	2019	2020	2021	2022	2023 <sup>(**)</sup>
Construction and Land Development	1,001	1,170	4,258	10,831	7,650
Energy	9,382	12,297	19,802	60,123	72,680
Industry and Trade	603	809	1,265	2,210	6,016
Tourism	177	141	300	600	1,356
Agriculture	-	-	-	-	325
<b>TOTAL</b>	<b>11,163</b>	<b>14,417</b>	<b>25,672</b>	<b>73,764</b>	<b>88,027</b>

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

<sup>(\*\*)</sup> It is expressed according to the purchasing power as of December 31, 2023.

### Perspectives for 2024

Our company has adopted the principle of working according to a plan and it has made it a tradition to reflect this in its annual reports. Our aim is to contribute to the comparison of the results of 2023 with the volumes which we foresee for 2024 and to their evaluation.

Starting from this point, the turnovers planned for 2024 are as follows according to groups of activities:

Companies and Businesses According to Activities	2024 Revenue Target <sup>(*)</sup> (TL million)
Construction and Land Development	7,841
Energy	100,089
Industry and Trade	6,510
Tourism	1,834
Agriculture	4,242
<b>TOTAL</b>	<b>120,516</b>

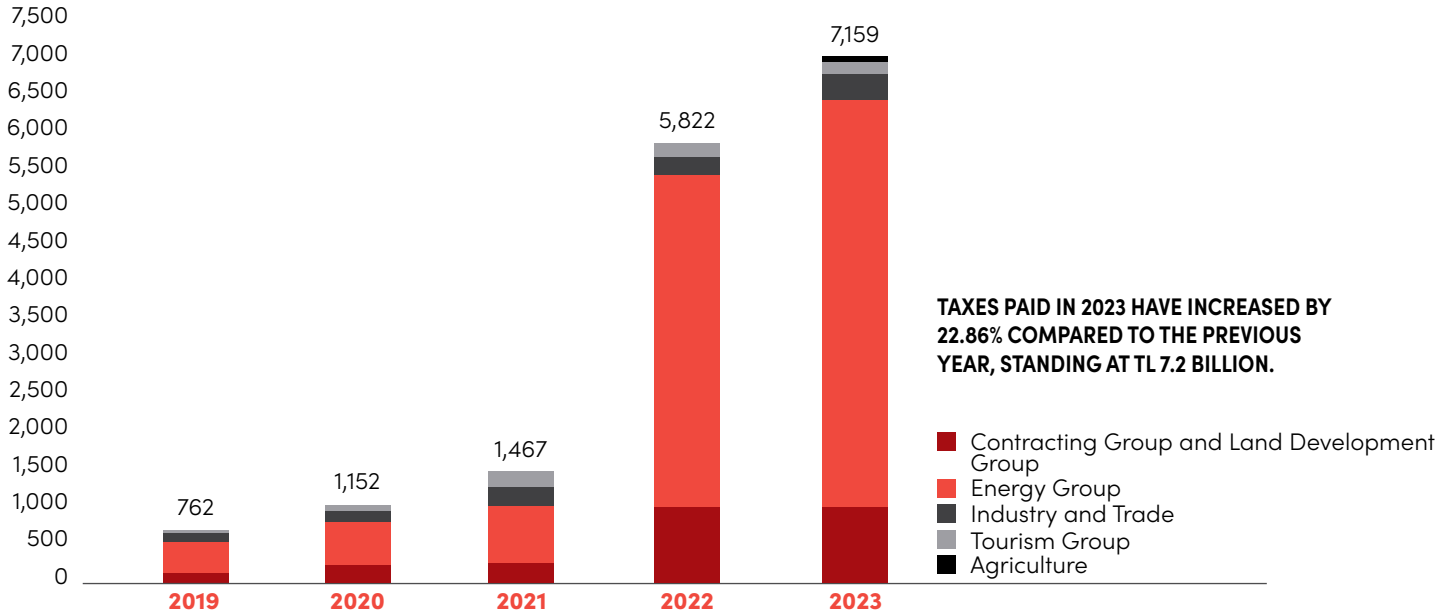
<sup>(\*)</sup> The revenues of our affiliates and jointly-controlled companies have been included in this amount, and said revenue shows the total amounts before the elimination process.

### Company Strategy and Execution of Planned Activities During the Period

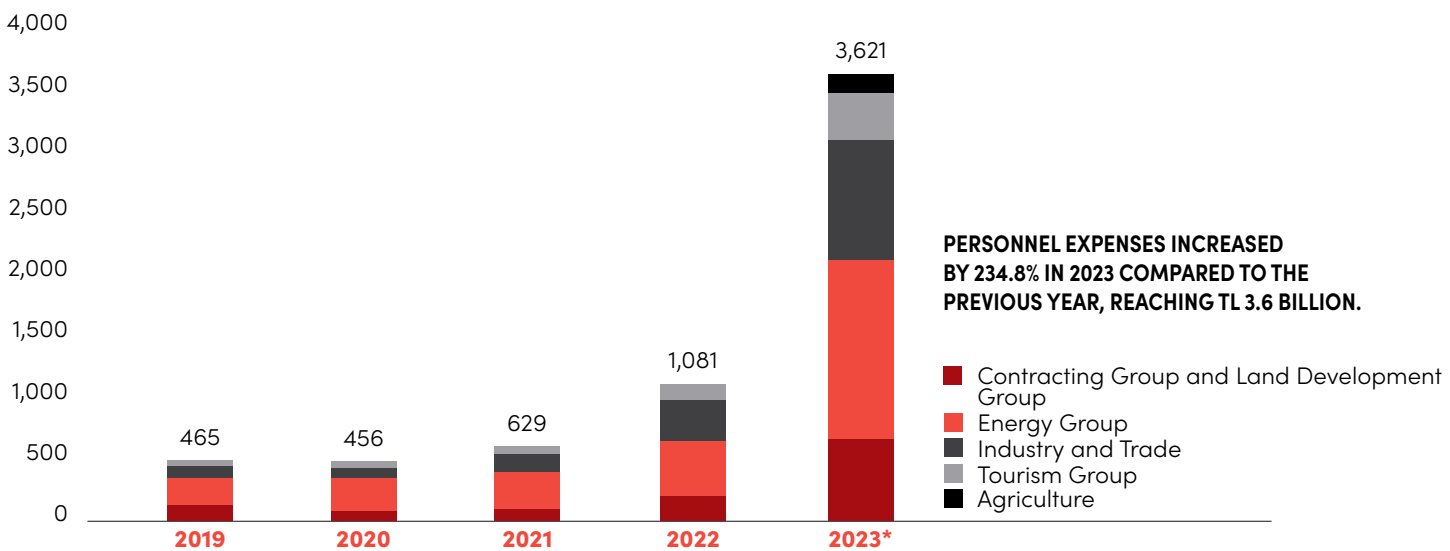
Alarko Holding conducts its operations to exceed expectations through innovative and effective business models and lead Alarko into the future by embracing universal values as a guiding principle. We implemented an efficient production strategy based on market conditions in our energy generation business line, and we had a successful year. The amount of investment planned for 2023 in our Energy Distribution and Retail Sales business line was realized, and we maintained our position as one of the most admired companies in the sector by consumers. We kept investigating and integrating big data analysis applications and methods as part of our vision of becoming a technology-oriented company, reinforcing our pioneering role in the digitalization process. Alarko Gayrimenkul Yatırım Ortaklığı A.Ş. maintained its strong presence in the market and began construction in the hotel in Bodrum Gündoğan, which was added to its portfolio. In the coming months, we will continue to expand our portfolio in this direction. This year, our Tourism group outperformed expectations and continued to host visitors at our Hillside resort at the targeted capacity rate. Our Contracting business group successfully continued its activities both in Türkiye and abroad. Our Industry and Trade business group finished the year with a higher market share, a higher number of sales, and a higher net profit. In 2023, we started greenhouse operations in Türkiye using geothermal heating, which we have positioned as a strategic sector. In addition to operating greenhouses, we have started to produce fertilizers, seeds, and dried food as part of our agricultural activities, which focus on sustainability with a 360-degree perspective, ultimately aiming for self-sufficiency. Finally, investments were made within Alarko Yatırım and progress was made with firm steps towards the 2030 target. Valuations and analyses of our business lines' periodic activities are regularly made available to all stakeholders on our website.

## Taxes Paid and Personnel Expenses

### TAXES PAID (MILLION TL)



### PERSONNEL EXPENSES (MILLION TL)



(\*) It is expressed according to the purchasing power as of December 31, 2023.

## Developments in the Last Five Years

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

	2019	2020	2021	2022**	2023**
<b>Profit /Loss Before Tax (TL)</b>	<b>507,722,526*</b>	<b>948,118,476*</b>	<b>1,531,958,979*</b>	<b>16,433,699,676*</b>	<b>6,819,094,085*</b>
<b>Equity Participation (TL)</b>					
Issued					
As free shares	430,047,284	430,047,284	430,047,284	430,047,284	430,047,284
Against Cash	4,952,716	4,952,716	4,952,716	4,952,716	4,952,716
Total	435,000,000	435,000,000	435,000,000	435,000,000	435,000,000
Registered	500,000,000	500,000,000	500,000,000	500,000,000	500,000,000
<b>Dividends</b>					
Net dividends (Per share with a par value of TL)					
- According to paid-in capital	5.897	10.303	18.181	26.085	179.373
- According to the capitalization (including distributed bonus shares)	0.06715	0.1173	0.207	0.297	2.042261
Net dividend rates					
- According to paid-in capital	589.78%	1,030.25%	1,818.09%	2,608.56%	17,937.30%
- According to total capitalization (including distributed bonus shares)	6.715%	11.73%	20.70%	29.70%	204.2261%

\* Consolidated amounts.

\*\*It is expressed according to the purchasing power as of December 31, 2023.



# Additional Information Regarding Our Activities

## Additional Information Regarding Our Activities

- 1- Neither the Company nor any of its Board members has engaged in any act or practice which is contrary to or in violation of the provisions of the applicable legislation and no administrative and/or judicial sanction was imposed or enforced against the Company or any of its Board members.
- 2- No extraordinary general assembly of shareholders was held during the year.
- 3- No significant changes have been introduced to the legislation during the fiscal period that would have a material impact on the Company's operations.
- 4- There were no events of significance that occurred during the period elapsed between the end of the fiscal year and the date of preparation of this annual report which are of a nature that would alter or affect the rights of its shareholders, creditors and other relevant persons and entities.
- 5- The share buyback transactions initiated by the decision of the Board of Directors dated March 18, 2022, and revised on February 16, 2023, were completed on April 17, 2023. Within the scope of this buyback program, purchases totaling 344,471,225.48 TL were made for 5,600,000 shares, with the proportion of repurchased shares within the company's capital being 1.287%. The financing of the purchases was provided from the Company's internal resources. The purchases were made at unit share prices ranging from a maximum of 80.55 TL to an average of 61.51 TL.
- 6- As a result of the authority granted to the Board of Directors at the ordinary general assembly meeting held on May 29, 2023, a profit advance of 556,800,000 TL (Gross) (697,242,012 TL according to TMS 29) was distributed in 2023.
- 7- There is no conflict of interest between the Company and the organizations that offer services like investment consulting and credit rating.
- 8- There is no conflict of interest between the company and the institutions providing services such as investment consultancy and rating.
- 9- The targets set in previous periods have been achieved, and the decisions of the general assembly have been implemented.
- 10- During the accounting period, internal audits were conducted twice, as well as two independent audits, with no adverse findings detected. Neither public nor private audits were conducted.
- 11- The total investments made in 2023 amount to 10,337,306,747 million.
- 12- Our Company is a controlling company under Article 195(1) of the Turkish Commercial Code. No legal transaction has been carried out by any subsidiary of our Company for the benefit of our Company or its subsidiaries under the direction of our Company. Accordingly, no measures were taken or avoided by another subsidiary for our Company's or its subsidiaries' benefit during the previous activity year.

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

## The Nature, Scope and Limits of the Powers of the Members of the Board

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

## Pecuniary Rights Given to Board Members and Top Executives

No pecuniary benefits such as honorariums, fees, premiums, bonuses are given to members of the Board of Directors except the independent members of the Board of Directors. The gross total of pecuniary benefits given to Independent Board members and top executives was TL 332,755,843 (Gross) in 2023. There are no allowances, travel, accommodation and representation expenses and real and financial means, insurances and any similar collaterals given to the Members of the Board of Directors.

## The Proportion of Shares of the Parent Company Held By Subsidiaries Subject to Consolidation

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

## Amendments to the Articles of Association During the Fiscal Year

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

### Share Capital and Shareholding Structure of the Company

Shareholders	Total Value of Shares Held (TL)	Number of Shares and Voting Rights	Shareholding Ratio (%)
İzzet Garih	76,921,245.42	7,692,124,542	17.68
Leyla Alaton	70,776,560.42	7,077,656,042	16.27
Vedat Aksel Alaton	66,426,560.51	6,642,656,051	15.27
Dalia Garih	61,078,008.65	6,107,800,865	14.04
Alhan Holding A.Ş.	8,699,999.81	869,999,981	2.00
Destek Vakfi	3,195,807.87	319,580,787	0.74
Other-Public Offering	147,901,817.32	14,790,181,732	34.00
<b>Total</b>	<b>435,000,000.00</b>	<b>43,500,000,000</b>	<b>100.00</b>

During the 2023 accounting period, the share percentage of Leyla Alaton decreased from 17.68% to 16.27%, Vedat Aksel Alaton's share percentage decreased from 16.68% to 15.27%, and Dalia Garih's share percentage decreased from 15.24% to 14.04%.

There has been no change in the company's capital.

### Related Party Transactions

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

### Purchases or Sales of Material Assets

Notes 3, 18, and 19 to the financial statements include detailed information on the Company's purchases and sales of material assets.

### Profit Distribution Policy

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

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

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

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

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

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

In accordance with the profit distribution policy, dividends are distributed equally to all existing shares without any privileges.

The Board of Directors is authorized by the General Assembly and may distribute profit advances subject to compliance with Capital Market Regulations.

Our company distributed (gross) dividends in the amount of TL 143,550,000 (TL 205,223,742 according to TMS 29) in 2023. Additionally, it distributed TL 556,800,000 (Gross) dividend advance in 2023.

## Additional Information Regarding Our Activities

### Internal Control and Risk Management Systems in Relation to the Preparation of the Consolidated Financial Statements

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

### Risk Management and Internal Control Mechanism

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

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

The Committee for Early Detection of Risks consisting of 3 members has been formed to advise the Board of Directors on issues related to early detection of risks and establishment and implementation of an effective risk management system. The Committee for Early Detection of Risks held 1 meeting in 2023 and the 6 reports of the Committee were submitted to the Board of Directors.

### Risk Management Policy, Applications and Assessment

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

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

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

- Market Risk: Price volatility related to main ingredients
- Credit Risk: Observing credit/equity ratio
- Currency Risk: The exchange rate volatility related to capital and interest
- Liquidity Risk: Keeping the current ratio within acceptable limits

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

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



**BOARD OF DIRECTORS****The Structure and Composition of the Board of Directors****Board of Directors**

<b>Name-Surname</b>	<b>Duty</b>	<b>Starting Date</b>	<b>End Date</b>
İzzet Garih	Chairman	29.05.2023	29.05.2024
Vedat Aksel Alaton	Vice Chairman	29.05.2023	29.05.2024
Ümit Nuri Yıldız	Member, Chief Executive Officer	29.05.2023	29.05.2024
Leyla Alaton	Member	29.05.2023	29.05.2024
Niv Garih	Member	29.05.2023	29.05.2024
Ayhan Yavrucu	Member	29.05.2023	29.05.2024
Neslihan Tonbul	Member (Independent)	29.05.2023	29.05.2024
Nihal Mashaki Seçkin	Member (Independent)	29.05.2023	29.05.2024
Lale Ergin	Member (Independent)	29.05.2023	29.05.2024

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

The Corporate Governance Committee has nominated three candidates for independent membership and evaluated whether the candidates meet the independence criteria. The evaluation results were presented to the Board of Directors in a report on January 19, 2023, and April 13, 2023, respectively, for approval.

Declarations of independence are provided below.

**Declaration of Independence**

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

Name and Last Name: Neslihan Tonbul  
Date: 18.01.2023

**Declaration of Independence**

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

Name and Last Name: Nihal Mashaki Seçkin  
Date: 18.01.2023

## Additional Information Regarding Our Activities

### Declaration of Independence

I kindly would like to inform the board of directors, shareholders, and all relevant parties; I hereby accept and declare that I bear all of the independence criterion stated under Articles 4.3.6 and 4.37 of the Corporate Governance Principles which is the attachment of "Communique on Corporate Governance" No. II-17.1 published by Capital Markets Board, and I am independent in accordance with the relevant legislation and articles of association, and if there will be any change in the matters affecting my independence, I will immediately notify the Board of Directors of Alarko Holding A.Ş. Within this scope; I hereby declare;

- a) No relationship in terms of employment at an administrative level to take upon significant duty and responsibilities was formed within the last five years with the Company or companies on which the Company holds management control or significant effect or shareholders of the Company who have significant effect in the Company or any legal entities which these shareholders hold the management control either by me nor by my spouse, nor by my blood or affinity relatives up to the second degree and within the last five years I did not to own more than 5% of the capital or voting rights or privileged shares either jointly or solely or did not establish a significant commercial relation with the Company,
- b) Not to have been a shareholder (5% and more), an employee at an administrative level to take upon significant duty and responsibilities or member of board of directors within the last five years in companies that the Company purchases or sells goods or service at a significant level within the framework of the contracts executed, especially on audit (including tax audit, statutory audit, internal audit), rating and consulting of the Company, at the time period when the Company purchases or sells services or goods,
- c) To have professional education, knowledge, and experience in order to duly fulfill the duties assigned for being an independent board member,
- ç) Not to be a full-time employee at public authorities and institutions after being elected, except being an academic member at university provided that is in compliance with the relevant legislation,
- d) To be considered as residing in Türkiye in accordance with the Income Tax Law (I.T.L) dated 31 December 1960 and numbered 193,
- e) To be capable to contribute positively to the operations of the Company, to maintain objectivity in conflicts of interests between the Company and the shareholders, to have strong ethical standards, professional reputation and experience to freely take decisions by considering the rights of the shareholders,
- f) To be able to allocate time for the company's business to follow up the activities of the company and duly fulfill the allocated duties,
- g) Not to have conducted membership of board of directors of the Company more than a term of six years in the last ten years,
- ğ) Not to be an independent board member in more than three of the companies which are controlled by the Company or its controlling shareholders and in more than five companies listed on the stock exchange,
- h) Not to be registered and announced as a representative of a legal entity board member of Company.

Name Surname: Lale Ergin

Date: 12.04.2023

The biographies, terms of office, and external positions of the Board of Directors members have been published in previous sections of the Activity Report and on the Company's website. To avoid redundancy, they have not been repeated here.

### Principles of Conduct of the Board of Directors

The Board of Directors is convened at least quarterly within thirty (30) days following the closure of each quarter and/or whenever the Company's business requires. The Chairman sets the agenda of board meetings after consultation with other board members and the President of the Executive Board and ensures that the agenda is sent to all members three (3) calendar days before the meeting. The board members will endeavor to attend all scheduled board meetings and express opinions. Board members may participate in board meetings remotely using electronic means.

The opinions of a member who is not present at a meeting but sent his/her opinions in writing to the Board of Directors will be presented for the consideration of other board members. Each board member has one voting right. The board member associated with a related party is not allowed to vote in the Board meeting concerning transactions with related parties. The quorum required for a board meeting is determined by the articles of association.

43 Board meetings were held in the relevant period. Some of the members could not attend to 6 meetings due to their excuses and all the other members have attended to the meetings held during the period.

All resolutions were made unanimously and without dissent or reservation.

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

In 2022,3, we had no related party transactions and any transaction that had a material effect on our business, financial position which by reason of its nature requires to be submitted for the approval of the independent board members.

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

### Assessment on the Operating Principles of the Board of Directors' Committees and Their Effectiveness

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

All committees consist of non-executive members.

Accordingly,

- A 4-member Corporate Governance Committee was set up to improve corporate government practices, and Independent Member Nihal Mashaki Seçkin was elected as Committee Chair, while members İzzet Garih, Vedat Aksel ALATON and Investor Relations Department Director Özgür KALYONCU were elected as Committee Members. Corporate Governance Committee convened two times in 2022 with the attendance of all its members, and 5 report was submitted to the Board of Directors for their activities.

The Corporate Governance Committee

- revised the operating principles of the Committee
- supervised the activities performed by the Investor Relations department;
- revised the Company's performance assessment system; and
- assessed the corporate governance principles. In the assessment made, information was obtained on the Corporate Governance Principles Compliance Report prepared in line with the Capital Markets Board's Communiqué No. II-17.1 on Corporate Governance.
- A 3-member Early Risk Detection Committee was set up to ensure the early detection of the risks our Company may face and to establish an effective risk management system, and Independent Member Neslihan TONBUL was elected to serve as Committee Chair, while member İzzet GARIH and member Vedat Aksel ALATON were elected to serve as Committee Members. Early Risk Detection Committee convened once in 2023 with the attendance of all its members, and 6 reports were prepared and were submitted to the Board of Directors.

Early Risk Detection Committee carried out activities with the aim of early detecting the risks that may endanger the existence, development and sustainability of the company in relation to the regulations and legal legislation, implementing the necessary measures related to the risks determined and managing risks.

- Neslihan TONBUL, an independent member, has been elected as the Chairperson, and Nihal Mashaki SEÇKİN, also an independent member, has been elected as a member of the Audit Committee within the Board of Directors. The Audit Committee convened twice with its full membership in 2023, preparing 7 reports submitted to the Board of Directors.

Committee in charge of Audit:

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

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

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

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



## Additional Information Regarding Our Activities

### Investor Relations Department

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

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

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

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

### Contact Details

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### Positions Assumed by the Members of the Board Outside the Company

Name and Last Name	Positions Assumed outside the Company
İzzet Garih	Member of the Board at Alarko Group Companies
Vedat Aksel Alaton	-
Ümit Nuri Yıldız	Member of the Board at Alarko Group Companies
Leyla Alaton	Member of the Board at Alvimedica, Member of the Board at Attaş Alarko Turistik Tesisler A.Ş.
Niv Garih	Chair of the Board at Alarko Carrier Sanayi ve Tic. A.Ş.
Ayhan Yavrucu	-
Neslihan Tonbul	Member of the Board at Petkim, Tat Gıda, Tofaş and Vakıfbank AG-Vienna
Nihal Mashaki Seçkin	Member of the Board of Corporate Governance Association of Türkiye
Lale Ergin	Member of the Board Turcas Petrol, Mondi Corrugated Türkiye ve Logo Yazılım

## HUMAN RESOURCES POLICY

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

### **Our Fundamental PEOPLE and ORGANIZATION Policy is;**

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

### **Our Human Resources Values:**

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

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

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

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

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

Personnel recruitment criteria are established in writing and adhered to. In the recruitment process, physiological, psychological, and intellectual characteristics required by the position are taken into account. A written test is always administered to measure and evaluate these traits. Following the initial assessment by the human resources department, the manager of the department responsible for hiring also conducts an interview.

Equal treatment is provided to all employees in terms of education and promotion. Training plans and policies are developed to enhance employees' knowledge, skills, and experiences. Regular training is provided to all employees every year.

A job description is provided for all employees. Performance and reward criteria are established annually, and after reaching consensus with employees, they are implemented. The existing performance evaluation system is used for necessary measurement and evaluation, which is taken into account during compensation and career planning.

Moreover, a "Gold Badge" is awarded annually to a certain number of employees for their high performance, and prizes are given to winners of the "Innovation Award" competition. This encourages high-performing employees and boosts motivation.

A safe working environment is provided for employees, and continuous improvement of this environment is ensured.

# Additional Information Regarding Our Activities

## Rules of Ethic and Social Accountability

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

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

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

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

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

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

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

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

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

## FINANCIAL INDICATORS

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

Financial Indicators	31.12.2023	31.12.2022
Current Ratio	1.19	1.20
Liquidity Ratio	0.99	1.00
Cash Ratio	0.25	0.68
Total Debt/Asset Ratio	0.26	0.27
Total Assets (TL)	59,358,898,142	51,831,923,975

The analysis of key financial indicators for the business year of 2023 shows that the Company's net working capital is sufficient to meet its current requirements for operating and investing activities, and the Company's ability to pay off all of its short term liabilities through its liquid assets including cash and assets that can easily be converted to cash. The Company's total equity is TL 43,947,343,787 and is sufficient to meet all of its financial obligations. The Company has a healthy and sound financial structure which is sufficient to continue to conduct its operations, accordingly no measure is considered necessary to be proposed or taken on the matter.



## RESEARCH AND DEVELOPMENT ACTIVITIES

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

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

## SOCIAL AND INDUSTRIAL ACTIVITIES

### Employment

Alarko Holding A.Ş. and its subsidiaries employed a total of 5,215 individuals in 2023, with the majority being 1,813 white-collar workers, predominantly engineers and architects, and 3,402 technicians and laborers.

Additionally, an average of 1,136 individuals were provided with employment opportunities as subcontractors and external workshop personnel. As of December 31, 2023, the consolidated severance pay liability of Alarko Holding A.Ş. amounted to 80,594,061 TL.

A job description is provided for all employees. Each year, performance and reward criteria are established and implemented after mutual agreement with the employees. The existing performance evaluation system is utilized to conduct necessary measurement and evaluation processes, which are taken into account during compensation and career planning.

### Training

In 2023, a total of 217,550 man-hours of training were conducted. Technical, financial, administrative, and computer training seminars were organized within the company based on the training needs of our personnel. Employees were also encouraged to participate in seminars organized by renowned external training institutions.

Furthermore, at our factories, on-the-job training was provided in welding, assembly and other manufacturing processes, construction, ISO 9000, and Occupational Health and Safety. Training activities for Alarko Carrier Industry and Trade Inc.'s dealers and service centers continued this year as well.

Training is conducted regularly for all employees to enhance their knowledge, skills, and experiences, with equal treatment in terms of promotion. Training plans and policies are formulated to enable employees to enhance their knowledge, skills, and experiences. Regular training is provided to employees every year.

### Employee -Employer Relations and Rights Granted

Considering the economic balances of our country, efforts have been made to establish a realistic balance between employers and employees and to bring solutions that do not oppress workers under economic conditions, within the means available.

The collective bargaining agreement covering the period from September 01, 2023, to August 31, 2025, between the Türkiye Metal Industrialists' Union (MESS), of which our group company Alarko Carrier Industry and Trade Inc. is a member, and the Turkish Metal Union, was signed on January 18, 2024.

### Alarko Education - Culture Foundation

Established in 1986, the Alarko Education and Culture Foundation provided scholarships for the academic year 2023-2024 to a total of 36 students studying in the final year of various engineering, construction, economics, finance, and business departments at different universities. Additionally, scholarships were granted to 25 students from technical and vocational high schools, 97 young female students studying in the final year of education faculties across Türkiye, and 50 children of our members who demonstrated academic success and financial need. Thus far, the Foundation has provided scholarships to approximately 2,150 higher education students and around 1,550 secondary education students, totaling 3,700 scholarships, all of which are provided without any obligation for repayment.

Furthermore, the Foundation continued its contributions to various cultural and artistic activities this year. It maintains collaborations with prominent science and culture foundations.

## Additional Information Regarding Our Activities

### EVENTS AFTER THE REPORTING PERIOD

- a) Alarko Agriculture Industry and Trade Joint Stock Company, a subsidiary company, signed a share transfer agreement on January 8, 2024, with Sanrose Agriculture Industry Trade Joint Stock Company, whose main activity is agriculture and greenhouse farming, to purchase 600 shares with a nominal value of 15,000 TL each, equivalent to 25% of the total capital of Sanrose, for a total price of 5,000,000 US Dollars, subject to the fulfillment of specified closing conditions. It had been previously announced to the public that, pursuant to the share transfer agreement, certain adjustments would be made to the share transfer price on the closing date and the final transfer price would be announced once finalized. As a result of the adjustments made according to the share transfer agreement, the final transfer price has been determined as 4,645,180 US Dollars equivalent in TL, and it has been decided to offset the advance payment of 1,500,000 US Dollars against the final transfer price. In line with this decision, as of January 15, 2024, Alarko Agriculture Industry and Trade Joint Stock Company acquired 600 shares with a nominal value of 15,000 TL each, equivalent to 25% of the total capital of Sanrose Agriculture Industry Trade Joint Stock Company, from its subsidiary companies.
- b) Alarko Holding A.Ş. Board of Directors announced on January 10, 2024, the decision to establish a joint-stock company with a capital of 10,000,000 TL to operate in the information technology sector and to participate in this company with an investment of 10,000,000 TL. The company has been established under the name "Alarko Digital Technology Solutions Joint Stock Company." This matter has been registered by the Istanbul Trade Registry Directorate and announced in the Turkish Trade Registry Gazette on January 17, 2024.
- c) Alarko Aviation Industry Investments Inc., a subsidiary company, decided on January 10, 2024, to purchase a total of 51 shares, each with a nominal value of 51 GBP, representing 51% of the capital of Alfor Aviation and Technical Services Limited, registered with the Companies House of England and Wales, for a total price of 102 GBP.
- d) On March 14, 2024, the Board of Directors of Alarko Holding Inc. decided to extend the duration of the authorized capital ceiling permission, as the authorization for the registered capital ceiling granted by the Capital Markets Board would expire after five years in 2024. Additionally, it was decided to increase the registered capital ceiling of the company from 500,000,000 TL to 2,000,000,000 TL. Therefore, in accordance with the Capital Markets Board's Regulation II-18.1 on the Registered Capital System, it was deemed necessary to obtain reauthorization from the Capital Markets Board. Furthermore, it was decided to amend Article 8 of the Company's Articles of Association as attached, in line with the regulations of the Capital Markets Board regarding the registered capital system. Following the necessary approvals for the amendment of the Articles of Association, the amendment would be submitted to the approval of the first General Assembly Meeting to be held. The company submitted an application to the Capital Markets Board on March 15, 2024, regarding the increase of the existing registered capital ceiling and the updating of its validity date.
- e) On February 14, 2024, a memorandum of understanding was signed between Alarko Gübre Fabrikaları Industry and Trade Inc., Ahmet Koç, Sefa Koç, and Gimak Denizcilik Limited Company, under the guarantee of Negmar Denizcilik Investments Inc. The memorandum aimed at the possible acquisition of all shares of Verim Gübre Joint Stock Company ("Verim Gübre"), subject to the fulfillment of certain conditions. According to the memorandum of understanding, it is envisaged that, upon the fulfillment of conditions, all shares of Sulfert Kimya Industry and Trade Joint Stock Company ("Sulfert Kimya") and Ege Antrepo Lojistik Limited Company ("Ege Antrepo") will be acquired by Verim Gübre. Subsequently, subject to obtaining necessary approvals from the Competition Authority and regulatory authorities, the parties will sign a share transfer agreement reflecting the key terms of the memorandum of understanding regarding the transaction. In the memorandum of understanding, it is anticipated that the share transfer price in the share transfer agreement will be updated subject to certain adjustments, and it is initially set at 38,200,000 US Dollars equivalent in TL.
- f) On March 14, 2024, the Board of Directors of Alarko Holding Inc. decided on capital increases in its wholly-owned subsidiaries: Aldem Alarko Construction and Trade Inc. ("Aldem Alarko"): The company's initial capital of 50,000 TL will be increased by 4,950,000 TL to reach a total of 5,000,000 TL. Out of this increase, 3,500,000 TL will be covered by the cash capital advance allocated by the Company to Aldem Alarko, and the remaining 1,450,000 TL will be covered by cash. The Company will participate with 1,450,000 TL in the cash portion of the capital increase. Alarko Aviation Industry Investments Inc.: The company's initial capital of 30,000,000 TL will be increased by 320,000,000 TL to reach a total of 350,000,000 TL. The Company will participate with 320,000,000 TL in the cash portion of the capital increase. Tüm Tesisat ve İnşaat Joint Stock Company: The company's initial capital of 141,000 TL will be increased by 109,000 TL to reach a total of 250,000 TL. The Company will participate with 109,000 TL in the capital increase due to the increase in capital to 250,000 TL.
- g) Alarko Tarım Sanayi ve Ticaret Inc. ("Alarko Tarım") decided, in accordance with the decision of its Board of Directors dated March 26, 2024, to increase the capital of Beybur Tarım ve Hayvancılık Joint Stock Company ("Beybur Tarım"), operating in the agriculture sector, from 50,000 TL to 300,000,000 TL. It was previously announced to the public that Alarko Tarım would participate in this capital increase, with the entire amount of 299,950,000 TL being covered by cash receivables from Beybur Tarım to Alarko Tarım, and 299,950,000 shares with a nominal value of 299,950,000 TL, representing 99.98% of the company's total capital, would be acquired by Alarko Tarım. According to the new decision of the Alarko Tarım Board of Directors dated April 8, 2024, regarding the acquisition of this financial asset, before participating in the capital increase, it was decided to acquire 50,000 shares equivalent to the existing capital of Beybur Tarım, amounting to 50,000 TL. After the transfer of shares, Alarko Tarım plans to participate in the capital increase, where Beybur Tarım will increase its capital from 50,000 TL to 300,000,000 TL. In this context, the entire amount of 299,950,000 TL of the committed capital will be covered by cash receivables from Beybur Tarım to Alarko Tarım, and 299,950,000 shares with a nominal value of 299,950,000 TL will be acquired by Alarko Tarım through the capital increase.
- h) Alarko Gayrimenkul Yatırım Ortaklığı Inc.'s Board of Directors, in accordance with Capital Markets Legislation, the Company's Articles of Association, and other relevant regulations, has proposed to allocate 16,100,000 TL as the first category general legal reserve from the 1,289,382,689 TL net profit for the year 2023 as stated in the company's financial statements, subject to approval by the General Assembly. After incorporating donations totaling 2,616,661 TL made during the year, the remaining distributable net profit amounts to 1,275,899,350 TL. It was decided to distribute 152,145,000 TL of this amount as dividends to the shareholders, with 7,245,000 TL to be distributed in cash and 144,900,000 TL to be distributed as bonus shares by increasing the capital. The remaining amount will be added to extraordinary reserves. The distribution of cash dividends will commence on June 3, 2024, subject to approval by the General Assembly.) In the meeting of the Board of Directors of Alarko Tarım Sanayi ve Ticaret A.Ş., one of the subsidiaries, dated 3 March 2023; it was decided to purchase 400,000 shares of Gürlük Jeotermal Enerji Tarım Seracılık Gıda Sanayi ve Ticaret Anonim Şirketi with a nominal value of TL 400,000 for TL 75,468,000.
- i) On December 20, 2023, during the Board of Directors meeting of Alarko Gayrimenkul Yatırım Ortaklığı Inc., it was decided to extend the duration of the authorized capital ceiling permission, as the authorization for the registered capital ceiling granted by the Capital Markets Board would expire after five years in 2024. Additionally, it was decided to increase the company's registered capital ceiling from 150,000,000 TL to 500,000,000 TL. An application was submitted to the Capital Markets Board on December 27, 2023. Regarding the amendment of Article 6 of the Company's Articles of Association related to the increase in the registered capital ceiling, necessary approvals were obtained from the Capital Markets Board through their letter dated January 19, 2024, with reference number E-12233903-340.08-48339. This amendment will be presented to the shareholders for approval at the Ordinary General Assembly meeting for the year 2023.

j) The Board of Directors of Alarko Carrier Sanayi ve Ticaret A.Ş., one of the joint ventures has decided since the net loss for the period in the financial statements of the Company for the year 2023 prepared in accordance with the Capital Markets Board's "Communiqué on Principles Regarding Financial Reporting in Capital Markets" numbered II-14.1, which will be submitted to the approval of the General Assembly, is TL 411,416,305 and the net loss for the period according to the legal records kept in accordance with the Tax Procedure Law is TL 70,377,105, there is no net distributable profit for the period in the said financial statements. TL 305, and the net loss for the period according to the legal records kept in accordance with the Tax Procedure Law which is TL 70,377,105, it has been unanimously resolved that there is no net distributable profit for the period in the aforementioned financial statements, therefore, no dividend distribution shall be made and the loss incurred shall be transferred to the accumulated losses account and submitted to the approval of the General Assembly.

k) Considering the operational and legal ease that would result from consolidating companies operating in the greenhouse farming sector into a single legal entity, Alarko Tarım Sanayi ve Ticaret Inc., as the sole shareholder, has orchestrated the amalgamation of several capital companies. These companies include Antsan Tarım Sanayi ve Ticaret Anonim Şirketi, Gürlük Jeotermal Enerji Tarım Seracılık Gıda Sanayi ve Ticaret Anonim Şirketi, Hak Gayrimenkul Tarım Sanayi ve Ticaret Anonim Şirketi, Alurla Jeotermal Sağlık ve Turizm Anonim Şirketi, Alpark Jeotermal Sağlık Turizm ve Depoculuk Anonim Şirketi, Altes Seracılık Tarım Gıda Sanayi ve Ticaret Anonim Şirketi, Alziraat Jeotermal Tarım Gıda Sanayi ve Ticaret Anonim Şirketi, and Alden Jeotermal Tarım Gıda Sanayi ve Ticaret Anonim Şirketi. Through a simplified merger process, all assets and liabilities of these companies have been consolidated into Alsera Jeotermal Tarım Gıda Sanayi ve Ticaret Anonim Şirketi. This merger was announced in the Turkish Trade Registry Gazette dated April 17, 2024, under number 11064.

## STATEMENT OF RESPONSIBILITY FOR FINANCIAL STATEMENTS AND ANNUAL REPORT

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

DECISION DATE: 18.04.2024

DECISION NO: 931

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

- 1 – We have examined the consolidated financial statements and annual report of the Company for the year ending on 31.12.2023 prepared in accordance with the Capital Markets Board's Communiqué II-14.1 "Communiqué on Principles of Financial Reporting in Capital Markets".
- 2 – To the best of our knowledge and information available to us as part of our duties and responsibilities at the Company, the consolidated financial statements, and the annual report do not contain any misstatements in material matters or any omissions that may be construed as misleading as of the date of the disclosure.
- 3 – To the best of our knowledge and information available to us as part of our duties and responsibilities at the Company, the financial statements, prepared in accordance with the applicable financial reporting standards give a true and fair view of the assets, liabilities, financial standing, and profit and loss of the Company and the consolidated entities. The annual report fairly presents the development and performance of the business and the financial position of the Company and the consolidated entities, together with the significant risks and uncertainties they face.

Yours sincerely,

**Neslihan TONBUL**  
Chairman of the Audit Committee

**Nihal MASHAKI SEÇKİN**  
Audit Committee Member

**Ümit Nuri YILDIZ**  
Chief Executive Officer



## Proposal for the Profit Distribution

The earnings for the period included in the 2023 consolidated financial statements of our Company is TL 6,907,066,467. -, and the net period profit is TL 6,578,548,106.33. - after setting aside TL 281,745,307 for non-controlling shares, and TL 46,773,053.67. - for primary statutory reserves in compliance with the Capital Market Board, Articles of Association of the Company, and other applicable legislation, and we hereby propose to

- distribute TL 978,141,000. - (Gross) to shareholders in cash as dividends, corresponding to 14.85% of TL 6,582,929,646.33. -, which is formed by adding donations totaling TL 4,381,540. - to the net profit for the period,
- deduct from the dividend advance of TL 556,800,000. - (Gross) paid in cash in 2023, and distribute the remaining TL 421,341,000. - (Gross) to shareholders in cash as dividends,
- to withhold due taxes over the portion of the profit subject to tax withholding,
- to add the remaining amount to extraordinary reserves,
- to commence the distribution of profit share on 30.05.2024

Board of Directors

## Declaration of Compliance with the Corporate Governance Principles

Our company has taken due care in the observation of Corporate Governance Principles published by the Capital Markets Board. All of the obligatory principles defined in the Communiqué on Corporate Governance have been observed by our Company. Most of the non-obligatory Corporate Governance Principles have also been complied with, while those that could not be complied with have been explained in the annual report in Corporate Governance Compliance Report (CRF), Corporate Governance Information Form ("CGIF") and other relevant sections. Please find the details on the issue in the following sections. The Corporate Governance Committee continues to perform its activities.

# Corporate Governance Compliance Report

Corporate Governance Compliance Report	Company Compliance Status					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
<b>1.1. FACILITATING THE EXERCISE OF SHAREHOLDER RIGHTS</b>						
1.1.2 - Up-to-date information and disclosures which may affect the exercise of shareholder rights are available to investors at the corporate website	X					
<b>1.2. RIGHT TO OBTAIN AND REVIEW INFORMATION</b>						
1.2.1 - Management did not enter into any transaction that would complicate the conduct of special audit.	X					
<b>1.3. GENERAL ASSEMBLY</b>						
1.3.2 - The company ensures the clarity of the General Assembly agenda, and that an item on the agenda does not cover multiple topics.	X					
1.3.7 - Insiders with privileged information have informed the board of directors about transactions conducted on their behalf within the scope of the company's activities in order for these transactions to be presented at the General Shareholders' Meeting					X	There is no action within the scope of this article.
1.3.8 - Members of the board of directors who are concerned with specific agenda items, auditors, and other related persons, as well as the officers who are responsible for the preparation of the financial statements were present at the General Shareholders' Meeting.	X					
1.3.10 - The agenda of the General Shareholders' Meeting included a separate item detailing the amounts and beneficiaries of all donations and contributions	X					
1.3.11 - The General Shareholders' Meeting was held open to the public, including the stakeholders, without having the right to speak.	X					
<b>1.4. VOTING RIGHTS</b>						
1.4.1 - There is no restriction preventing shareholders from exercising their shareholder rights	X					
1.4.2 - The company does not have shares that carry privileged voting rights	X					
1.4.3 - The company withholds from exercising its voting rights at the General Shareholders' Meeting of any company with which it has cross-ownership, in case such cross-ownership provides management control.	X					
<b>1.5. MINORITY RIGHTS</b>						
1.5.1 - The company pays maximum diligence to the exercise of minority rights.	X					
1.5.2 - The Articles of Association extend the use of minority rights to those who own less than one twentieth of the outstanding shares and expand the scope of the minority rights.			X			The articles of association stipulate that minority rights are not less than one-twentieth of the capital.
<b>1.6. DIVIDEND RIGHT</b>						
1.6.1 - The dividend policy approved by the General Shareholders' Meeting is posted on the company website.	X					
1.6.2 - The dividend distribution policy comprises the minimum information to ensure that the shareholders can have an opinion on the procedure and principles of dividend distributions in the future.	X					
1.6.3 - The reasons for retaining earnings, and their allocations, are stated in the relevant agenda item.					X	Dividend distribution made.
1.6.4 - The board reviewed whether the dividend policy balances the benefits of the shareholders and those of the company.	X					

# Corporate Governance Compliance Report

Corporate Governance Compliance Report	Company Compliance Status					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
<b>1.7. TRANSFER OF SHARES</b>						
1.7.1 - There are no restrictions preventing shares from being transferred.	X					
<b>2.1. CORPORATE WEBSITE</b>						
2.1.1 - The company website includes all elements listed in Corporate Governance Principle 2.1.1	X					
2.1.2 - The shareholding structure (names, privileges, number and ratio of shares, and beneficial owners of more than 5% of the issued share capital) is updated on the website at least every 6 months.	X					
2.1.4 - The company website is prepared in other selected foreign languages, in a way to present exactly the same information with the Turkish content.	X					
<b>2.2. ANNUAL REPORT</b>						
2.2.1 - The board of directors ensures that the annual report represents a true and complete view of the company's activities.	X					
2.2.2 - The annual report includes all elements listed in Corporate Governance Principle 2.2.2.	X					
<b>3.1. CORPORATION'S POLICY ON STAKEHOLDERS</b>						
3.1.1 - The rights of the stakeholders are protected pursuant to the relevant regulations, contracts and within the framework of bona fides principles	X					
3.1.3 - Policies or procedures addressing stakeholders' rights are published on the company's website.	X					The stakeholder's policy is explained in PDP and presented to the shareholders on the Alarko Holding corporate website.
3.1.4 - A whistleblowing programme is in place for reporting legal and ethical issues.	X					
3.1.5 - The company addresses conflicts of interest among stakeholders in a balanced manner	X					
<b>3.2. SUPPORTING THE PARTICIPATION OF THE STAKEHOLDERS IN THE CORPORATION'S MANAGEMENT</b>						
3.2.1 - The Articles of Association, or the internal regulations (terms of reference/ manuals), regulate the participation of employees in management.		X				Alarko İstikbal Club stands as an embodiment of employee participation in governance. Regular survey initiatives are employed to solicit and implement employee feedback effectively. Furthermore, initiatives such as Leadership Academy are in place to equip employees with the necessary skills for managerial roles.
3.2.2 - Surveys/other research techniques, consultation, interviews, observation method etc. were conducted to obtain opinions from stakeholders on decisions that significantly affect them.	X					
<b>3.3. HUMAN RESOURCES POLICY</b>						
3.3.1 - The company has adopted an employment policy ensuring equal opportunities, and a succession plan for all key managerial positions.	X					
3.3.2 - Recruitment criteria are documented.	X					



	Company Compliance Status					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
<b>Corporate Governance Compliance Report</b>						
3.3.3 - The company has a policy on human resources development and organises trainings for employees.	X					
3.3.4 - Meetings have been organised to inform employees on the financial status of the company, remuneration, career planning, education and health.	X					
3.3.5 - Employees, or their representatives, were notified of decisions impacting them. The opinion of the related trade unions was also taken.	X					
3.3.6 - Job descriptions and performance criteria have been prepared for all employees, announced to them and taken into account to determine employee remuneration.	X					
3.3.7 - Measures (procedures, trainings, raising awareness, goals, monitoring, complaint mechanisms) have been taken to prevent discrimination, and to protect employees against any physical, mental, and emotional mistreatment.	X					
3.3.8 - The company ensures freedom of association and supports the right for collective bargaining.	X					
3.3.9 - A safe working environment for employees is maintained.	X					
<b>3.4. RELATIONS WITH CUSTOMERS AND SUPPLIERS</b>						
3.4.1 - The company measured its customer satisfaction, and operated to ensure full customer satisfaction.	X					
3.4.2 - Customers are notified of any delays in handling their requests.	X					
3.4.3 - The company complied with the quality standards with respect to its products and services	X					
3.4.4 - The company has in place adequate controls to protect the confidentiality of sensitive information and business secrets of its customers and suppliers.	X					
<b>3.5. ETHICAL RULES AND SOCIAL RESPONSIBILITY</b>						
3.5.1 - The board of the corporation has adopted a code of ethics, disclosed on the corporate website	X					
3.5.2 - The company has been mindful of its social responsibility and has adopted measures to prevent corruption and bribery.	X					

# Corporate Governance Compliance Report

Corporate Governance Compliance Report	Company Compliance Status					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
<b>4.1. ROLE OF THE BOARD OF DIRECTORS</b>						
4.1.1 - The board of directors has ensured strategy and risks do not threaten the long-term interests of the company, and that effective risk management is in place.	X					
4.1.2 - The agenda and minutes of board meetings indicate that the board of directors discussed and approved strategy, ensured resources were adequately allocated, and monitored company and management performance.	X					
<b>4.2. ACTIVITIES OF THE BOARD OF DIRECTORS</b>						
4.2.1 - The board of directors documented its meetings and reported its activities to the shareholders.	X					
4.2.2 - Duties and authorities of the members of the board of directors are disclosed in the annual report.	X					
4.2.3 - The board has ensured the company has an internal control framework adequate for its activities, size, and complexity	X					
4.2.4 - Information on the functioning and effectiveness of the internal control system is provided in the annual report.	X					
4.2.5 - The roles of the Chairman and Chief Executive Officer are separated and defined.	X					
4.2.7 - The board of directors ensures that the Investor Relations Department and the Corporate Governance Committee work effectively. The board works closely with them when communicating and settling disputes with shareholders.	X					
4.2.8 - The company has subscribed to a Directors and Officers liability insurance covering more than 25% of the capital.			X			The insurance to cover the potential damages resulted from the actions of the members of the BoD was not covered
<b>4.3. STRUCTURE OF THE BOARD OF DIRECTORS</b>						
4.3.9 - The board of directors has approved the policy on its own composition, setting a minimal target of 25% for female directors. The board annually evaluates its composition and nominates directors so as to be compliant with the policy.	X					In our board of directors, there presently exist 4 female members, and the candidate selection process is meticulously guided by principles of inclusivity and competence. Looking forward, endeavors are underway to formulate a policy aimed at augmenting adherence to this principle, emphasizing diversity and inclusivity while considering the competencies of prospective members. The Gender Policy for the Board of Directors at Alarko Holding has been disseminated for the perusal of all stakeholders via the Corporate Website.
4.3.10 - At least one member of the audit committee has 5 years of experience in audit/ accounting and finance.	X					

Corporate Governance Compliance Report	Company Compliance Status					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
<b>4.4. BOARD MEETING PROCEDURES</b>						
4.4.1 - Each board member attended the majority of the board meetings in person.		X				A segment of our board of directors' meetings has been conducted via video conferencing method, allowing a member who is currently abroad due to unavoidable circumstances to participate remotely. According to the operational principles of our board of directors, the participation of each board member in meetings is essential, either in person or through electronic means.
4.4.2 - The board has formally approved a minimum time by which information and documents relevant to the agenda items should be supplied to all board members.	X					
4.4.3 - The opinions of board members that could not attend the meeting, but did submit their opinion in written format, were presented to other members.	X					
4.4.4 - Each member of the board has one vote.	X					
4.4.5 - The board has a charter/written internal rules defining the meeting procedures of the board.	X					
4.4.6 - Board minutes document that all items on the agenda are discussed, and board resolutions include director's dissenting opinions if any.	X					
4.4.7 - There are limits to external commitments of board members. Shareholders are informed of board members' external commitments at the General Shareholders' Meeting			X			No rules or restrictions have been laid down for preventing members of the board of directors from serving outside the company, and their services in this scope were not presented to the shareholders in the general assembly meeting for information.
<b>4.5. BOARD COMMITTEES</b>						
4.5.5 - Board members serve in only one of the Board's committees.			X			The chairmen of the Committees and all members of the Audit Committee must be independent members. Some independent members serve in several committees.
4.5.6 - Committees have invited persons to the meetings as deemed necessary to obtain their views.	X					
4.5.7 - If external consultancy services are used, the independence of the provider is stated in the annual report.					X	The committees have not procured consulting services.
4.5.8 - Minutes of all committee meetings are kept and reported to board members.	X					
<b>4.6. FINANCIAL RIGHTS</b>						
4.6.1 - The board of directors has conducted a board performance evaluation to review whether it has discharged all its responsibilities effectively.	X					
4.6.4 - The company did not extend any loans to its board directors or executives, nor extended their lending period or enhanced the amount of those loans, or improve conditions thereon, and did not extend loans under a personal credit title by third parties or provided guarantees such as surety in favour of them.	X					
4.6.5 - The individual remuneration of board members and executives is disclosed in the annual report.		X				The remuneration paid to members of the board of directors and managers with administrative responsibilities are explained in the annual report; however, no explanation has been provided on an individual basis.



# Corporate Governance Information Form

## 1. SHAREHOLDERS

### 1.1. Facilitating the Exercise of Shareholders Rights

The number of investor meetings (conference, seminar/etc.) organized by the company during the year 72 physical, 52 virtual meetings

### 1.2. Right to Obtain and Examine Information

The number of special audit request(s) Request for appointment of special auditor is not governed by our Articles of Association separately, and pursuant to Article 438 of the Turkish Commercial Code, even if it is not included in the agenda, any shareholder may request the general assembly to clarify certain events with a special audit, if it is necessary for the exercise of shareholder rights and the right to receive information or review has already been exercised. No such request has been received in 2023.

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

### 1.3. General Assembly

Link to the PDP announcement that demonstrates the information requested by Principle 1.3.1. (a-d) <https://www.kap.org.tr/tr/Bildirim/1141391>

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

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

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

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

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

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

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

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

### 1.4. Voting Rights

Whether the shares of the company have differential voting rights No

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

The percentage of ownership of the largest shareholder 17.68%

### 1.5. Minority Rights

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

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

### 1.6. Dividend Right

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

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

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

## General Assembly Meetings

General Meeting Date	The number of information requests received by the company regarding the clarification of the agenda of the General Shareholders' Meeting	Shareholder participation rate to the General Shareholders' Meeting	Percentage of shares directly present at the GSM	Percentage of shares represented by proxy	Specify the name of the page of the corporate website that contains the General Shareholders' Meeting minutes, and also indicates for each resolution the voting levels for or against	Specify the name of the page of the corporate website that contains all questions asked in the general assembly meeting and all responses to them	The number of the relevant item or paragraph of General Shareholders' Meeting minutes in relation to related party transactions	The number of declarations received by the board of directors	The link to the related PDP general shareholder meeting notification
29.05.2023	0	72.75%	67.33%	5.42%	<a href="https://www.alarko.com.tr/en/investorrelations/corporategovernance/general-assembly-participation-and-minutes">https://www.alarko.com.tr/en/investorrelations/corporategovernance/general-assembly-participation-and-minutes</a>	<a href="https://www.alarko.com.tr/en/investor-relations/corporate-governance/general-assembly-participation-and-minutes">https://www.alarko.com.tr/en/investor-relations/corporate-governance/general-assembly-participation-and-minutes</a>	-	0	<a href="https://www.kap.org.tr/tr/Bildirim/1154479">https://www.kap.org.tr/tr/Bildirim/1154479</a>

## 2. DISCLOSURE AND TRANSPARENCY

### 2.1. Corporate Website

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

### 2.2. Annual Report

The page numbers and/or name of the sections in the Annual Report that demonstrate the information requested by principle 2.2.2.	
a) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the duties of the members of the board of directors and executives conducted out of the company and declarations on independence of board members	Board of Directors/Additional Information Regarding Our Activities/ The Structure and Composition of the Board of Directors
b) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on committees formed within the board structure	Additional Information Regarding Our Activities/ Assessment on the Operating Principles of the Board of Directors' Committees and their Effectiveness
c) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the number of board meetings in a year and the attendance of the members to these meetings	Additional Information Regarding Our Activities/Board of Directors/Principles of Conduct of the Board of Directors
ç) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on amendments in the legislation which may significantly affect the activities of the corporation	Additional Information Regarding Our Activities - Page no: 80 Article no: 3
d) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on significant lawsuits filed against the corporation and the possible results thereof	Annual Report of the Board of Directors - Page no: 31 Article no: 10
e) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the conflicts of interest of the corporation among the institutions that it purchases services on matters such as investment consulting and rating and the measures taken by the corporation in order to avoid from these conflicts of interest	Additional Information Regarding Our Activities - Page no: 80 Article no: 8
f) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the cross-ownership subsidiaries that the direct contribution to the capital exceeds 5%	Additional Information Regarding Our Activities/ Shares of Entities Subject to Consolidation in the Parent Capital
g) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on social rights and professional training of the employees and activities of corporate social responsibility in respect of the corporate activities that arises social and environmental results	Additional Information Regarding Our Activities/ Social and Industrial Activities

## 3. STAKEHOLDERS

### 3.1. Corporation's Policy on Stakeholders

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

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

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

### 3.3. Human Resources Policy

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

### 3.5. Ethical Rules and Social Responsibility

The name of the section on the corporate website that demonstrates the code of ethics	<a href="https://www.alarko.com.tr/en/investor-relations/corporate-governance/code-of-ethics-and-standards-of-professional-conduct/">https://www.alarko.com.tr/en/investor-relations/corporate-governance/code-of-ethics-and-standards-of-professional-conduct/</a>
The name of the section on the company website that demonstrates the corporate social responsibility report. If such a report does not exist, provide the information about any measures taken on environmental, social and corporate governance issues	<a href="https://www.alarko.com.tr/en/sustainability/">https://www.alarko.com.tr/en/sustainability/</a>
Any measures combating any kind of corruption including embezzlement and bribery	Annual Report /Corporate Governance / Code of Ethics and Standards of Professional Conduct

# Corporate Governance Information Form

## 4. BOARD OF DIRECTORS-I

### 4.2. Activity of the Board of Directors

Date of the last board evaluation conducted	01.04.2023
Whether the board evaluation was externally facilitated	No
Whether all board members released from their duties at the GSM	Yes
Name(s) of the board member(s) with specific delegated duties and authorities, and descriptions of such duties	-
Number of reports presented by internal auditors to the audit committee or any relevant committee to the board	2
Specify the name of the section or page number of the annual report that provides the summary of the review of the effectiveness of internal controls	Additional Information Regarding Our Activities / Risk Management and Internal Control Mechanism
Name of the Chairman	İzzet GARIH
Name of the CEO/General Manager	President of the Executive Board - Ümit Nuri YILDIZ
If the CEO and Chair functions are combined: provide the link to the relevant PDP announcement providing the rationale for such combined roles	-
Link to the PDP notification stating that any damage that may be caused by the members of the board of directors during the discharge of their duties is insured for an amount exceeding 25% of the company's capital	-
The name of the section on the corporate website that demonstrates current diversity policy targeting women directors	<a href="https://www.alarko.com.tr/en/investor-relations/corporate-governance/policies/policy-on-female-members-of-the-board-of-directors/">https://www.alarko.com.tr/en/investor-relations/corporate-governance/policies/policy-on-female-members-of-the-board-of-directors/</a>
The number and ratio of female directors within the Board of Directors	4 – 44.44%

### Board Members

Name-Surname	Whether Executive Director or not	Independent Board Member or not	The First Election Date to Board	Link to PDP Notification that Includes the Independence Declaration	Whether the Independent Director Considered by the Nomination Committee	Whether She/ He Is the Director Who Ceased to Satisfy the Independence or Not	Whether the Director Has at Least 5 Years' Experience on Audit, Accounting and/ or Finance or not
İzzet GARIH	Non- executive	Not independent	07.04.2000	-	-	-	-
Vedat Aksel ALATON	Non- executive	Not independent	07.04.2000	-	-	-	-
Ayhan YAVRUCU	Executive	Not independent	31.03.1986	-	-	-	-
Leyla ALATON	Non- executive	Not independent	29.03.2002	-	-	-	-
Niv GARIH	Non- executive	Not independent	30.04.2014	-	-	-	-
Ümit Nuri YILDIZ	Executive	Not independent	14.07.2020	-	-	-	-
Neslihan TONBUL	Non- executive	Independent	05.06.2018	<a href="https://www.kap.org.tr/tr/Bildirim/1141391">https://www.kap.org.tr/tr/Bildirim/1141391</a>	Considered	No	Yes
Nihal MASHAKI SEÇKİN	Non- executive	Independent	09.01.2023	<a href="https://www.kap.org.tr/tr/Bildirim/1141391">https://www.kap.org.tr/tr/Bildirim/1141391</a>	Considered	No	No
Lale ERGİN	Non- executive	Independent	13.04.2023	<a href="https://www.kap.org.tr/tr/Bildirim/1137838">https://www.kap.org.tr/tr/Bildirim/1137838</a>	Considered	No	No



**4. BOARD OF DIRECTORS – II****4.4. Meeting Procedures of the Board of Directors**

Number of physical board meetings in the reporting period (meetings in person)	4
Director average attendance rate at board meetings	97%
Whether the board uses an electronic portal to support its work or not	No
Number of minimum days ahead of the board meeting to provide information to directors, as per the board charter	3
The name of the section on the corporate website that demonstrates information about the board charter	Annual Report/Additional Information Regarding Our Activities/ Board of Directors/Principals of Conduct of the Board of Directors
Number of maximum external commitments for board members as per the policy covering the number of external duties held by directors	-

**4.5. Board Committees**

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

**Composition of Board Committees - I**

<b>Names Of The Board Committees</b>	<b>Name of Committees Defined as "Other" in the First Column</b>	<b>Name-Surname of Committee Members</b>	<b>Whether Committee Chair or Not</b>	<b>Whether Board Member or Not</b>
Corporate Governance Committee	-	Nihal Mashaki Seçkin	Yes	Board Member
Corporate Governance Committee	-	İzzet Garih	No	Board Member
Corporate Governance Committee	-	Vedat Aksel Alaton	No	Board Member
Corporate Governance Committee	-	Özgür Kalyoncu	No	Not Board Member
Audit Committee	-	Neslihan Tonbul	Yes	Board Member
Audit Committee	-	Nihal Mashaki Seçkin	No	Board Member
Early Detection of Risk Committee	-	Neslihan Tonbul	Yes	Board Member
Early Detection of Risk Committee	-	İzzet Garih	No	Board Member
Early Detection of Risk Committee	-	Vedat Aksel Alaton	No	Board Member

# Corporate Governance Information Form

## BOARD OF DIRECTORS - III

### 4.5. Board Committees-II

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

### Composition of Board Committees - II

Names of the Board Committees	Name of committees defined as "Other" in the first column	The Percentage of Non-executive Directors	The Percentage of Independent Directors in the Committee	The Number of Meetings Held in Person	The Number of Reports on its Activities Submitted to the Board
Audit Committee	-	100%	100%	2	7
Corporate Governance Committee	-	75%	25%	2	5
Early Detection of Risk Committee	-	100%	33%	1	6

# Sustainability Principles Compliance Declaration

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

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

## A. General Principles

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

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

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

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

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

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

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



# Sustainability Principles Compliance Declaration

## B. Environmental Principles

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

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

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

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

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

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

## C. Social Principles

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

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

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

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

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

## D. Corporate Governance Principles

Sustainability is at the center of the corporate governance strategy.

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

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

# Sustainability Principles Compliance Framework

PRINCIPLE	COMPLIANCE STATUS				EXPLANATIONS	DETAILS OF THE RELEVANT REPORT REGARDING PUBLICLY DISCLOSED INFORMATION (Page number should also be specified)/LINK
	YES	NO	PARTLY	N/A		
<b>A. General Principles</b>						
<b>A1. Strategies, Policies, and Objectives</b>						
A1.1	Material environmental, social, and corporate governance (ESG) issues, risks, and opportunities have been identified by the Company's board of directors.	X			Process-based risk analyses have been conducted. Within the framework of business ethics, there are regulations regarding relationships with shareholders, stakeholders, and the public.	<a href="https://www.alarko.com.tr/en/sustainability/our-sustainability-approach/">https://www.alarko.com.tr/en/sustainability/our-sustainability-approach/</a> and 2022 Sustainability Report Page 36, 37, 38, 39
	ESG policies (e.g. Environmental Policy, Energy Policy, Human Rights and Employee Policy, etc.) have been developed and disclosed to the public by the board of directors.			X	Human and Organizational Policy, as well as Stakeholder Policy, have been formulated	Alarko Corporate Website/Investor Relations/Corporate Governance/Policies
A1.2	Short and long-term objectives set within the scope of ESG policies have been disclosed to the public.	X			Goals have been set under the topics of Planet, People and Culture, Digital Transformation, and Innovation.	<a href="https://www.alarko.com.tr/en/sustainability/our-sustainability-approach/">https://www.alarko.com.tr/en/sustainability/our-sustainability-approach/</a> and 2022 Sustainability Report Page 32
<b>A2. Implementation/Monitoring</b>						
A2.1	Committees and/or units responsible for the implementation of ESG policies, as well as the employees in the Company with the top-level responsibility for ESG issues and the duties of these employees, have been identified and made public.	X			It has been announced on the Public Disclosure Platform (KAP).	2022 Sustainability Report Page 34
	The activities carried out within the scope of the policies by the responsible committee and/or unit were reported to the board of directors at least once a year.	X			It has been reported to the Board of Directors.	Alarko Corporate Website/Investor Relations/Annual Report
A2.2	Implementation and action plans have been developed and disclosed to the public in line with ESG objectives.			X	Annual practices and actions are shared within the scope of the report.	2022 Sustainability Report Page 41-60
A2.3	ESG Key Performance Indicators (KPIs) and the level of achievement of these indicators on an annual basis have been disclosed to the public.	X			The report includes retrospective data from the past 3 years.	2022 Sustainability Report Page 64,65,66,67
A2.4	Activities to improve the sustainability performance of business processes or products and services have been disclosed to the public.	X			The annual practices and actions are shared within the scope of the report.	<a href="https://www.alarko.com.tr/en/sustainability/our-sustainability-approach/">https://www.alarko.com.tr/en/sustainability/our-sustainability-approach/</a> and 2022 Sustainability Report Page 41-60
<b>A3. Reporting</b>						
A3.1	Information on the Company's sustainability performance, objectives, and actions was provided in the annual reports in an understandable, accurate, and sufficient manner.	X				Alarko Corporate Website/Investor Relations/Annual Report
A3.2	The Company has publicly disclosed information on which of the United Nations (UN) 2030 Sustainable Development Goals its activities are related to.	X			The compliance information of the tracked high-priority topics with the UN SDGs has been shared in the report.	2022 Sustainability Report Page 38, 39
A3.3	Lawsuits filed against and/or finalized on ESG issues, which are important in terms of ESG policies and/or may significantly affect operations, have been disclosed to the public.			X	There is no action.	
<b>A4. Verification</b>						
A4.1	ESG Key Performance Measures of the Company have been verified by an independent third party and disclosed to the public.		X		Work on the subject is ongoing.	
<b>B. Environmental Principles</b>						
B1	The Company has publicly disclosed its environmental policies and practices, action plans, environmental management systems (ISO 14001 standard), and programs.	X			ISO 14001 certification has been taken.	Alarko Corporate Website/Investor Relations/Annual Report and 2022 Sustainability Report Page 41
B2	Regarding the environmental reports in which information on environmental management is provided, the scope of the report, reporting period, reporting date as well as restrictions on reporting conditions have been disclosed to the public.		X		Work on the subject is ongoing.	
B3	Explained in A2.1.					
B4	Environmental objectives included in the rewarding criteria as part of the performance incentive systems have been disclosed to the public on the basis of stakeholders (such as board members, managers, and employees).		X		Work on the subject is ongoing.	
B5	How material environmental issues are integrated into business objectives, and strategies has been disclosed to the public.		X		Work on the subject is ongoing.	
B6	Explained in A2.4.					
B7	How environmental issues are managed and integrated into business objectives and strategies across the Company's value chain, including its suppliers and customers as well as into the operation process, have been disclosed to the public.		X		Work on the subject is ongoing.	
B8	It has been disclosed to the public whether relevant institutions and non-governmental organizations were involved in environmental policy-making and the nature of collaborations with these institutions and organizations.		X		Work on the subject is ongoing.	
B9	In the light of environmental indicators (Greenhouse gas emissions (Scope-1 (Direct), Scope-2 (Energy indirect), Scope-3 (Other indirect), air quality, energy management, water and wastewater management, waste management, biodiversity impacts), information on environmental impacts has been disclosed to the public, allowing periodical comparison.	X			The indicator has been comprehensively shared.	2022 Sustainability Report Page 64, 65, 66, 67

# Sustainability Principles Compliance Framework

PRINCIPLE	COMPLIANCE STATUS				EXPLANATIONS	DETAILS OF THE RELEVANT REPORT REGARDING PUBLICLY DISCLOSED INFORMATION (Page number should also be specified)/LINK
	YES	NO	PARTLY	N/A		
B10		X			Work on the subject is ongoing.	
B11		X			Work on the subject is ongoing.	
B12			X		Goals have been set. Practices have been shared.	2022 Sustainability Report Page 32
B13			X		The subject of the Planet has been examined.	2022 Sustainability Report Page 40-44
B14		X			Work on the subject is ongoing.	
B15		X			Work on the subject is ongoing.	
B16	X				The indicator has been comprehensively shared.	2022 Sustainability Report Page 67
B17			X		Information regarding electricity and water consumption has been shared.	2022 Sustainability Report Page 67
B18			X		Within the scope of activities, strategic perspectives and new practices have been shared.	2022 Sustainability Report Page 10,14
B19		X			Work on the subject is ongoing.	
B20		X			Work on the subject is ongoing.	
B21			X		While sharing water consumption data, it has been noted that the goals include reducing water consumption.	2022 Sustainability Report Page 67
B22		X			Work on the subject is ongoing.	
B23		X			Work on the subject is ongoing.	
B24		X			Work on the subject is ongoing.	
B25		X			Work on the subject is ongoing.	
<b>C. Social Principles</b>						
<b>C1. Human Rights and Employee Rights</b>						
C1.1			X		It has been included in the Human and Organizational Policy and Stakeholder Policy.	Alarko Corporate Website/Investor Relations/ Corporate Governance
C1.2	X				It has been included in the Human and Organizational Policy and Stakeholder Policy.	Alarko Corporate Website/Investor Relations/ Corporate Governance
C1.3		X			Work on the subject is ongoing.	
C1.4			X		It has been included in the Code of Ethics and Working Principles.	Alarko Corporate Website/Investor Relations/ Corporate Governance

PRINCIPLE	COMPLIANCE STATUS				EXPLANATIONS	DETAILS OF THE RELEVANT REPORT REGARDING PUBLICLY DISCLOSED INFORMATION (Page number should also be specified)/LINK
	YES	NO	PARTLY	N/A		
			X		Ethical Behavior Rules and Working Principles have been included. In the sustainability report, information has been provided regarding training durations and improvement programs.	Alarko Corporate Website/Investor Relations//Corporate Governance and 2022 Sustainability Report Page 46-52
C1.5			X		A knowledge portal has been provided to enable all employees to submit complaints, feedback, and comments within the company. The intranet has been aligned with these issues.	Alarko Corporate Website / Career and Life
	X				Satisfaction surveys are conducted every two years. Relevant data and studies are included in the report.	Alarko Corporate Website /Career and Life/ 2022 Sustainability Report Page 46-52
C1.6	X				The information has been presented to the public's attention.	2022 Sustainability Report Page 27-28
	X				The information has been presented to the public's attention.	2022 Sustainability Report Page 27-28
C1.7	X				A Data Protection Policy has been established.	Alarko Corporate Website /About Us/GDPR
C1.8	X				Ethical Behavior Rules and Working Principles have been included.	Alarko Corporate Website /Investor Relations/Corporate Governance
C1.9	X				Studies carried out within the scope of social responsibility are presented to stakeholders every year.	<a href="https://www.alarko.com.tr/surdurulebilirlik/toplumsal-yatirimlar/">https://www.alarko.com.tr/surdurulebilirlik/toplumsal-yatirimlar/</a>
C1.10	X				While mandatory participation in catalog trainings is emphasized, annual evaluation and review meetings along with strategic action meetings are organized.	2022 Sustainability Report Page 46-49
<b>C2. Stakeholders, International Standards and Initiatives</b>						
C2.1		X				
C2.2	X				The information has been presented to the public's attention.	2022 Sustainability Report Page 29
C2.3	X				The information has been presented to the public's attention.	2022 Sustainability Report Page 4, 69, 70, 71, 72, 73, 74
C2.4	X				The information has been presented to the public's attention.	2022 Sustainability Report Page 62, 63
C2.5	X				The information has been presented to the public's attention.	Data has been entered through the Borsa Istanbul Index data provider platform, and activities for expanding the scope of the index have been carried out.
<b>D. Corporate Governance Principles</b>						
D1	X				The opinions and ideas of internal and external stakeholders have been solicited in prioritization analyses and incorporated into the strategic objectives.	2022 Sustainability Report Page 36, 37, 38
D2	X				The information has been presented to the public's attention.	Alarko Corporate Website Sustainability Responsibility and 2022 Sustainability Report Page 76, 77



# Auditor's Report on Early Risk Detection System and Its Committee

CONVENIENCE TRANSLATION INTO ENGLISH OF

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

(Originally Issued in Turkish)

To the General Assembly of  
Alarko Holding Anonim Şirketi

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

### Responsibility of the Board of Directors

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

### Auditor's Responsibility

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

### Information on the Early Risk Identification System and its Committee

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

### Conclusion

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

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

Taceddin Yazar, SMMM  
Partner in charge

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# Independent Auditor's Report on the Annual Report of the Board of Directors



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CONVENIENCE TRANSLATION INTO ENGLISH OF  
**INDEPENDENT AUDITOR'S REPORT ON THE ANNUAL REPORT OF THE BOARD OF DIRECTORS**  
(Originally Issued in Turkish)

To the General Assembly of  
Alarko Holding Anonim Şirketi

## 1. Opinion

We have audited the annual report of Alarko Holding Anonim Şirketi ("Company") and its subsidiaries ("Group") for the accounting period 1 January – 31 December 2023.

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

## 2. Basis of the Opinion

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

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

We have expressed an unqualified opinion about the full set of consolidated financial statements concerning the accounting period 1 January – 31 December 2023 in our audit report dated 18 April 2024.

## 4. Responsibility of the Board of Directors about Annual Report

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

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

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

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

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

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

Auditor who conducted and finalized this independent audit is Tacettin Yazar.

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

Tacettin Yazar, SMMM  
Partner in charge



# ALARKO HOLDING A.Ş. AND ITS SUBSIDIARIES

## CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 WITH INDEPENDENT AUDITORS' REPORT

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



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**CONVENIENCE TRANSLATION INTO ENGLISH OF  
INDEPENDENT AUDITOR'S REPORT  
ORIGINALLY ISSUED IN TURKISH**

**To the General Assembly of  
Alarko Holding A.Ş.**

**A. Report To The Consolidated Financial Statements**

**1. Opinion**

We have audited the accompanying consolidated financial statements of Alarko Holding Anonim Şirketi ("the Company") and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as of 31 December 2023, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended and a summary of significant accounting policies and consolidated financial statement notes.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2023, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the Turkish Financial Reporting Standards ("TFRS").

**2. Basis For Opinion**

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

**3. Key Audit Matters**

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



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



Key Audit Matters	How The Matter was Handled During the Audit
<b>Determination of Fair Value of Investment Properties</b>	
<p>The Group presents its investment properties by the fair value method after the initial recognition.</p> <p>The fair values of investment properties are determined by real estate appraisal firms which are authorized by the CMB using their market value. In determining the fair values of the related investment properties, "income reduction", "equal comparison" and "cost approach" methods are used.</p> <p>Since these investment properties constitute a significant part of the Group's total assets and the valuation methods used contain important estimates and assumptions, the valuation of investment properties has been considered as a key audit matter.</p> <p>Accounting policies and important accounting evaluations, estimates and assumptions used in the valuation and recognition of investment properties are presented in Notes 2 and 16.</p>	<p>During our audit, the following audit procedures regarding the fair value of these investment properties were applied:</p> <ul style="list-style-type: none"> <li>- The licenses, competencies and independence of the appraisers appointed by the Group Management have been evaluated.</li> <li>- Appraiser expert has evaluated whether the valuation methods, estimations and assumptions used by the valuation companies in the valuation reports are reasonable.</li> <li>- Discussions were held with the Group Management and department manager.</li> <li>- The disclosures in the consolidated financial statements with regard to the investment properties have been examined and the adequacy of the information contained in these notes has been evaluated in terms of TFRS.</li> </ul> <p>As a result of the audit works we carried out regarding the determination of fair value of investment properties, we did not find any significant findings.</p>





Key Audit Matters	How The Matter was Handled During the Audit
<b>Application of TAS 29, “Financial Reporting in Hyperinflationary Economies”</b>	
<p>Since the Group’s functional currency, Turkish Lira is considered to be the currency of a hyperinflationary economy with 31 December 2023, the Group has adopted TAS 29 ‘Financial Reporting in Hyperinflationary Economies’ (‘TAS 29’) in preparing its consolidated financial statements.</p> <p>In accordance with TAS 29, the Group has used the Turkish Consumer Price Index to prepare its inflation-sensitive consolidated financial statements. The application of TAS 29 has importantly wide and consistent impact on the consolidated financial statements. The preparation of consolidated financial statements in terms of current purchasing power which is requires complex procedures and processes to obtain accurate results.</p> <p>The application of TAS 29 was identified as a key audit matter because of the estimates which are involved in restating many of the accounts and current period transactions in the consolidated statement of financial positions, the complexity of the calculation and the risk that the data used in the restatement may be incomplete or inaccurate.</p> <p>The Group’s accounting policies and related explanations regarding the application of TAS 29 are disclosed in Note 2.1</p>	<p>We performed the following audit procedures in relation to the application of TAS 29 “Financial reporting in hyperinflationary economies”:</p> <ul style="list-style-type: none"> <li>- The Group’s current processes and accounting policies have been discussed with management and the principles considered by management in applying IAS 29, designed and implemented controls have been understood and assessed.</li> <li>- The general price index rates used in the calculations within the scope of TAS 29 application have been checked with the coefficients obtained from the Turkish Consumer Price Index published by the Turkish Statistical Institute.</li> <li>- It has been checked whether the monetary and non-monetary items have been determined correctly.</li> <li>- The mathematical accuracy of the calculations for the inflation effects in the consolidated statement of the financial position, consolidated statement of profit or loss and other comprehensive income and consolidated statement of cash flows are tested.</li> <li>- Evaluating the adequacy of disclosures related to the application of TAS 29 in the notes to the consolidated financial statements in accordance with TFRS.</li> </ul> <p>As a result of these studies on the TAS 29 ‘Financial Reporting in Hyperinflationary Economies’ application, we did not have any significant findings.</p>



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

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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement in the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Assess the internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our independent auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

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

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



### B. Other Responsibilities Arising From Regulatory Requirements

- 1) No matter has come to our attention that is significant according to subparagraph 4 of Article 402 of Turkish Commercial Code ("TCC") No. 6102 and that causes us to believe that the Company's bookkeeping activities concerning from 1 January to 31 December 2023 period are not in compliance with the TCC and provisions of the Company's articles of association related to financial reporting.
- 2) In accordance with subparagraph 4 of Article 402 of the TCC, the Board of Directors submitted the necessary explanations to us and provided the documents required within the context of our audit.
- 3) In accordance with subparagraph 4 of Article 398 of the TCC, the auditor's report on the early risk identification system and committee was submitted to the Company's Board of Directors on 18 April 2024.

The name of the engagement partner who supervised and concluded this audit is Taceddin Yazar.

İstanbul,  
18 April 2024

#### **BDO Denet Bağımsız Denetim ve Danışmanlık A.Ş.**

Member, BDO International Network



Taceddin Yazar, SMMM  
Partner in charge



**ALARKO HOLDİNG A.Ş. AND ITS SUBSIDIARIES****Audited Consolidated Statements of  
Financial Position as of 31 December 2023**

(Amounts expressed in terms of the purchasing power of the Turkish Lira ("TL") as of December 31, 2023, unless otherwise indicated).

**ASSETS**

		<b>Current period</b>	Prior period
		<b>Audited</b>	Audited
	<b>Notes</b>	<b>31 December 2023</b>	31 December 2022
<b>Current assets</b>		<b>15.705.122.361</b>	14.786.673.218
Cash and cash equivalents	5	<b>3.273.867.142</b>	8.385.259.840
Financial investments	6	<b>6.452.864.266</b>	1.188.543.574
Trade receivables		<b>2.928.846.229</b>	2.679.146.138
-Trade receivables from related parties	8, 35	<b>25.257.261</b>	19.877.908
-Trade receivables from other parties	8	<b>2.903.588.968</b>	2.659.268.230
Other receivables		<b>20.048.118</b>	18.700.262
-Other receivables from related parties	9, 35	<b>849.484</b>	2.096.973
-Other receivables from other parties	9	<b>19.198.634</b>	16.603.289
Assets arising from customer contracts		<b>366.943.071</b>	24.404.359
-Contract assets from ongoing construction and contracting works and commitments	12	<b>366.822.075</b>	24.404.359
-Contract assets arising from sales of goods and services	12	<b>120.996</b>	-
Derivative financial instruments	13	-	10.512.951
Inventories	10	<b>1.104.059.909</b>	1.573.259.909
Prepaid expenses	11	<b>820.803.583</b>	636.857.080
Current income tax assets		<b>80.317.990</b>	82.444.964
Other current assets	25	<b>641.765.672</b>	156.033.492
<b>Sub total</b>		<b>15.689.515.980</b>	14.755.162.569
<b>Non-current assets</b>		<b>43.653.775.781</b>	37.045.250.757
Non-current assets held for sale	17	<b>15.606.381</b>	31.510.649
Financial investments	6	<b>1.755.885.048</b>	1.436.505.725
Trade receivables		<b>146.583</b>	147.813
-Trade receivables from other parties	8	<b>146.583</b>	147.813
Other receivables		<b>96.828.123</b>	111.751.894
-Other receivables from related parties	9, 35	<b>93.540.684</b>	110.063.815
-Other receivables from other parties	9	<b>3.287.439</b>	1.688.079
Investments accounted by equity method	15	<b>28.612.552.059</b>	26.715.005.896
Investment properties	16	<b>2.898.139.562</b>	2.587.246.164
Property, plant and equipments	18	<b>6.581.264.937</b>	4.052.767.733
Right of use assets	20	<b>589.682.288</b>	508.431.528
Intangible assets		<b>946.068.136</b>	468.537.447
-Goodwill	21	<b>450.205.491</b>	28.536.270
-Other intangible assets	19	<b>495.862.645</b>	440.001.177
Prepaid expenses	11	<b>564.612.698</b>	35.832.061
Deferred tax asset	33	<b>1.480.568.172</b>	923.772.981
Other non-current assets	25	<b>128.028.175</b>	205.251.515
<b>Total assets</b>		<b>59.358.898.142</b>	51.831.923.975

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

# ALARKO HOLDİNG A.Ş. AND ITS SUBSIDIARIES

## Audited Consolidated Statements of Financial Position as of 31 December 2023

(Amounts expressed in terms of the purchasing power of the Turkish Lira ("TL") as of December 31, 2023, unless otherwise indicated).

### LIABILITIES

		Current period	Prior period
		Audited	Audited
	Notes	31 December 2023	31 December 2022
<b>Current liabilities</b>		<b>13.165.434.202</b>	12.322.880.517
Short term financial liabilities	7	<b>4.957.651.447</b>	2.492.907.576
Short term portion of long term financial liabilities	7	<b>158.373.468</b>	67.443.785
Trade payables		<b>1.944.087.983</b>	1.760.666.838
- Trade payables to related parties	8, 35	<b>3.035.769</b>	5.589.007
- Trade payables to third parties	8	<b>1.941.052.214</b>	1.755.077.831
Payables related to employee benefits	24	<b>84.357.945</b>	59.452.321
Other payables		<b>4.454.130.170</b>	5.267.474.376
- Other payables to related parties	9, 35	<b>4.321.828.294</b>	5.089.651.175
- Other payables to third parties	9	<b>132.301.876</b>	177.823.201
Liabilities arising from customer contracts		<b>778.969.596</b>	1.333.019.175
- Contract liabilities arising from ongoing construction and commitments	12	<b>767.394.215</b>	1.314.625.228
- Contract liabilities arising from sales of goods and services	12	<b>11.575.381</b>	18.393.947
Derivative financial instruments	13	<b>5.303.193</b>	-
Deferred income (Except for obligations arising from customer contracts)	14	<b>595.759.958</b>	1.165.731.083
Current income tax liabilities	33	<b>141.500.781</b>	111.556.771
Short-term provisions		<b>45.294.028</b>	64.622.202
- Other short term provisions	22	<b>45.294.028</b>	64.622.202
Other current liabilities	25	<b>5.633</b>	6.390
<b>Non-current liabilities</b>		<b>2.246.120.153</b>	1.820.669.399
Long-term financial liabilities	7	<b>571.759.180</b>	231.898.067
Other payables		<b>585.924.855</b>	524.752.490
- Other payables to third parties	9	<b>585.924.855</b>	524.752.490
Liabilities arising from customer contracts		<b>143.422.061</b>	167.167.623
- Contract liabilities arising from ongoing construction and commitments	12	<b>143.003.575</b>	167.093.506
- Contract liabilities arising from sales of goods and services	12	<b>418.486</b>	74.117
Investments accounted by equity method liabilities	15	<b>27.895.098</b>	138.222.369
Deferred income (Except for obligations arising from customer contracts)	14	<b>341.318.046</b>	229.986.795
Long-term provisions		<b>118.175.613</b>	129.314.282
- Long-term provisions related to employee benefit obligations	24	<b>118.175.613</b>	129.314.282
Deferred tax liabilities	33	<b>457.625.300</b>	399.327.773
<b>Equity</b>		<b>43.947.343.787</b>	37.688.374.059
<b>Attributable to equity holders of the parents</b>		<b>40.999.003.553</b>	35.004.659.540
Paid-in share capital	26	<b>435.000.000</b>	435.000.000
Inflation adjustment on capital	26	<b>3.839.581.834</b>	3.839.581.834
Repurchased shares (-)	26	<b>(601.896.460)</b>	(289.076.499)
Cross shareholding adjustment (-)	26	<b>(1.535.883)</b>	(1.535.883)
Other comprehensive income / (expense) not to be reclassified to profit or loss		<b>(76.095.218)</b>	(104.207.207)
- Revaluation and measurement gain / (loss)		<b>(76.095.218)</b>	(104.207.207)
Actuarial gain / (loss) arising from defined benefit plans		<b>(76.095.218)</b>	(104.207.207)
Other comprehensive income / (expenses) to be reclassified to profit or loss		<b>1.990.168.168</b>	1.425.832.346
- Foreign currency translation differences		<b>1.994.294.486</b>	1.429.664.509
- Revaluation and reclassification gain / (loss)		<b>(4.126.318)</b>	(3.832.163)
Gains / (losses) from financial assets at fair value through other comprehensive income		<b>(4.126.318)</b>	(3.832.163)
Restricted reserves	26	<b>791.982.432</b>	470.642.952
Dividend advances paid (-)		<b>(686.681.862)</b>	-
Retained earnings or accumulated losses	26	<b>28.683.159.382</b>	12.522.197.296
Net profit or loss for the period		<b>6.625.321.160</b>	16.706.224.701
<b>Non-controlling interest</b>	26	<b>2.948.340.234</b>	2.683.714.519
<b>Total liabilities</b>		<b>59.358.898.142</b>	51.831.923.975

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

# ALARKO HOLDİNG A.Ş. AND ITS SUBSIDIARIES

## Audited Consolidated Statement of Profit or Loss and Other Comprehensive Income for the Period 1 January - 31 December 2023

(Amounts expressed in terms of the purchasing power of the Turkish Lira ("TL") as of December 31, 2023, unless otherwise indicated).

	Notes	Current period Audited 1 January 31 December 2023	Prior period Audited 1 January 31 December 2022
<b>PROFIT OR LOSS</b>			
Revenue	27	<b>8.296.228.097</b>	12.271.876.777
Cost of sales (-)	27	<b>(7.608.084.870)</b>	(10.611.929.198)
<b>Gross profit</b>		<b>688.143.227</b>	1.659.947.579
General administrative expenses (-)	28	<b>(968.433.843)</b>	(773.004.070)
Marketing expenses (-)	28	<b>(84.348.165)</b>	(57.943.956)
Research and development expenses (-)		<b>(237.289)</b>	-
Other income from operating activities	30	<b>4.253.772.683</b>	2.288.664.055
Other expenses from operating activities (-)	30	<b>(1.232.526.474)</b>	(1.124.790.099)
<b>Operating profit / (loss)</b>		<b>2.656.370.139</b>	1.992.873.509
Income from investing activities			
Expenses from investing activities (-)	31	<b>1.813.595.261</b>	1.095.643.645
Share of profits / (losses) of investments accounted by equity method	31	<b>(59.900.650)</b>	(40.741.231)
Income from investing activities	15	<b>5.649.210.973</b>	15.697.958.452
<b>Operating profit / (loss) before financial income / (expense)</b>		<b>10.059.275.723</b>	18.745.734.375
Financial income	32	<b>22.900.000</b>	10.512.951
Financial expenses (-)	32	<b>(858.673.881)</b>	(176.271.892)
Monetary (loss)/gain (Net)		<b>(2.404.407.757)</b>	(2.146.275.758)
<b>Profit / (loss) before tax from continued operations</b>		<b>6.819.094.085</b>	16.433.699.676
Tax (expense) / income of continued operations	33	<b>87.972.382</b>	462.670.062
-Tax (expense) / income for the period	33	<b>(499.035.313)</b>	(180.630.984)
-Deferred tax (expense) / income	33	<b>587.007.695</b>	643.301.046
<b>Net profit / (loss) from continued operations</b>		<b>6.907.066.467</b>	16.896.369.738
<b>Profit / (loss) for the period</b>		<b>6.907.066.467</b>	16.896.369.738
Distribution of profit / (loss) for the period			
-Non-controlling interest	26	<b>281.745.307</b>	190.145.037
-Parent company shares	34	<b>6.625.321.160</b>	16.706.224.701
<b>Earnings per share / (loss)</b>		<b>15,408</b>	38,479
- Earnings / (loss) per share	34	<b>15,408</b>	38,479
<b>OTHER COMPREHENSIVE INCOME</b>			
<b>Items not to be reclassified to profit or loss</b>			
- Actuarial gain / (loss) arising from defined benefit plans	24	<b>27.461.925</b>	(104.512.644)
-Share of other comprehensive income of investments accounted by equity method not to be reclassified to profit / loss		<b>(5.539.774)</b>	(48.708.081)
-Tax of other comprehensive income not to be reclassified to profit or loss		<b>38.621.353</b>	(81.790.327)
Deferred tax income / (expense)		<b>(5.619.654)</b>	25.985.764
		<b>(5.619.654)</b>	25.985.764
<b>Items to be reclassified to profit or loss</b>		<b>603.272.833</b>	802.944.436
- Currency translation differences relate to the translation of businesses abroad		<b>(79.343.208)</b>	843.566.318
- Other comprehensive income/(expense) related to financial assets whose fair value difference is reflected in other comprehensive income		<b>(293.888)</b>	1.523.172
- Share of other comprehensive income of investments accounted by equity method to be reclassified to profit or loss		<b>682.909.929</b>	(42.145.054)
<b>Other comprehensive income / (expense)</b>		<b>630.734.758</b>	698.431.792
<b>Total comprehensive income / (expense)</b>		<b>7.537.801.225</b>	17.594.801.530
Distribution of total comprehensive income / (expense)			
-Non-controlling interest		<b>320.855.743</b>	260.270.638
-Parent company shares		<b>7.216.945.482</b>	17.334.530.892

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

## ALARKO HOLDİNG A.Ş. AND ITS SUBSIDIARIES

## Audited Consolidated Statement of Changes in Equity for the Period 1 January – 31 December 2023

(Amounts expressed in terms of the purchasing power of the Turkish Lira ("TL") as of December 31, 2023, unless otherwise indicated).

	Notes	Paid-in share capital	Inflation adjustments on capital	Repurchased shares	Cross shareholding adjustment	Other comprehensive income/expenses not to be reclassified to profit or loss	Gain / (loss) on remeasurement of defined benefit plans	Currency translation differences	Gain / (loss) from financial assets at fair value through the statement of other comprehensive income	Restricted reserves	Dividend advances paid	Retained earnings / (accumulated losses)	Net profit/(loss) for the period	Attributable to equity holders of the parent	Non-controlling interest	Total equity
Balance as of 1 January 2022	26	435.000.000	3.839.581.834	(49.114.877)	(1.535.883)	(5.356.749)	-	807.506.409	228.930.576	-	12.997.695.916	-	18.252.707.226	2.465.365.916	-	20.718.073.142
Transfers		-	-	-	-	-	-	-	10.024.600	-	-	-	-	-	-	-
Total comprehensive income / (expense)		-	-	-	-	1.524.586	-	730.988.812	-	-	-	16.706.224.701	17.334.530.992	260.270.638	17.594.801.530	-
Net profit / (loss) for the period		-	-	-	-	-	-	-	-	-	-	16.706.224.701	16.706.224.701	190.145.037	16.896.369.738	-
Other comprehensive income / (expense)		-	-	-	-	1.524.586	-	730.988.812	-	-	-	628.306.191	628.306.191	70.125.601	698.431.792	-
The effect of mergers involving undertakings or businesses under common control		-	-	-	-	-	-	(43.183.835)	-	-	-	(277.237.863)	(277.237.863)	(70.907.600)	70.907.600	-
Dividend payments	34	-	-	4.966.859	-	-	-	-	(204.901.923)	-	(199.935.064)	-	(199.935.064)	(105.633.857)	(305.568.921)	-
Increase (decrease) due to share buyback transactions		-	-	(244.928.310)	-	-	-	-	231.687.776	-	(231.687.776)	-	(244.928.310)	(8.824.895)	(253.753.205)	-
Acquisition or disposal of subsidiaries		-	-	-	-	-	-	(65.643.997)	-	-	-	-	(65.643.997)	479.174	(65.164.823)	-
Increase/decrease in shareholding rate changes in subsidiaries that did not result in loss of control		-	-	-	-	-	-	(2.880)	-	-	-	(1.160.556)	(1,163.607)	(36,488)	(1,200,095)	-
Transactions with non-controlling shareholders		-	-	-	-	-	-	-	-	-	-	-	-	1,186,431	1,186,431	-
<b>Balance as of 31 December 2022</b>	26	435.000.000	3.839.581.834	(289.076.499)	(1.535.883)	(3.832.163)	1.429.664.509	1,429,664,509	470,642,952	-	12,522,197,296	16,706,224,701	35,004,659,540	2,683,714,519	37,688,374,059	-
Balance as of 1 January 2023	26	435.000.000	3.839.581.834	(289.076.499)	(1.535.883)	(3.832.163)	1,429,664,509	1,429,664,509	470,642,952	-	12,522,197,296	16,706,224,701	35,004,659,540	2,683,714,519	37,688,374,059	-
Transfers		-	-	-	-	-	-	-	9,613,492	-	-	16,696,611,209	(16,706,224,701)	-	-	-
Total comprehensive income / (expense)		-	-	-	-	(294,155)	27,288,500	564,629,977	-	-	-	6,625,321,160	7,216,945,482	320,855,743	7,537,801,225	-
Net profit / (loss) for the period		-	-	-	-	-	27,288,500	564,629,977	-	-	-	6,625,321,160	6,625,321,160	281,745,307	6,907,066,467	-
Other comprehensive income / (expense)		-	-	-	-	(294,155)	-	-	-	-	-	-	-	39,110,436	630,734,758	-
Advance dividend payments		-	-	-	-	-	-	564,629,977	-	-	(686,681,862)	-	(686,681,862)	(75,919,995)	(273,656,181)	-
Dividends	34	-	-	4,140,413	-	-	-	-	-	-	(201,882,599)	-	(197,742,186)	(316,960,374)	(4,989,451)	(321,949,825)
Increase (decrease) due to share buyback transactions		-	-	(316,960,374)	-	-	-	-	311,725,988	-	-	-	(316,960,374)	23,972,771	23,972,771	-
Acquisition or disposal of subsidiaries		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Increase/decrease in shareholding rate changes in subsidiaries that did not result in loss of control		-	-	-	-	-	-	-	-	-	-	-	(22,040,536)	(21,217,047)	527,635	(20,689,412)
Transactions with non-controlling shareholders		-	-	-	-	-	-	-	-	-	-	-	-	173,012	173,012	-
<b>Balance as of 31 December 2023</b>	26	435.000.000	3.839.581.834	(601.896.460)	(1.535.883)	(4.126.318)	1,994,294,486	1,994,294,486	791,982,432	(686,681,862)	28,683,159,382	6,625,321,160	40,999,003,553	2,948,340,234	43,947,343,787	-

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



# ALARKO HOLDİNG A.Ş. AND ITS SUBSIDIARIES

## Audited Consolidated Statement of Cash Flows for the Period 1 January - 31 December 2023

(Amounts expressed in terms of the purchasing power of the Turkish Lira ("TL") as of December 31, 2023, unless otherwise indicated).

	Notes	Audited	
		Current period	Prior period
		1 January 2023 31 December 2023	1 January 2022 31 December 2022
<b>A. Cash flows arising from principal activities</b>		<b>2.753.781.522</b>	<b>1.693.665.302</b>
<b>Profit/ (loss) for the period</b>		<b>6.907.066.467</b>	<b>16.896.369.738</b>
<b>Adjustments related to reconciliation of profit/ (loss) for the period</b>		<b>(188.306.005)</b>	<b>(17.387.130.263)</b>
-Adjustments related to depreciation and amortization	18,19,20	<b>417.463.689</b>	353.676.725
-Adjustments related to impairment (reversal)		-	(135.793.782)
-Adjustments related to provisions		<b>14.973.385</b>	23.231.334
-Adjustments related to interest (income) / expense		<b>(389.961.409)</b>	(177.015.678)
-Adjustment related to unrealized exchange losses		<b>829.776.868</b>	319.872.498
-Adjustments on losses/(gains) of fair value	13,16	<b>(435.485.257)</b>	(794.465.685)
-Cash flows from investments accounted by equity method	15	<b>(5.649.210.973)</b>	(15.697.958.452)
-Adjustments related to tax expense / (income)	33	<b>(87.972.382)</b>	(462.670.062)
-Adjustments related to (gain) / loss on sale of fixed assets		<b>(152.165.943)</b>	7.840.528
-Adjustments related to losses / (gains) on disposal of non-current assets held for sale or to be distributed to shareholders		<b>(31.821.769)</b>	(3.117.651)
-Other adjustments related to cash flows arising from investment and financing activities		<b>(166.713.640)</b>	(74.406.805)
-Other adjustments for reconciliation of profit / (loss)		<b>(2.485.645)</b>	2.128.855
Adjustments related to monetary gain / (loss)		<b>5.465.297.071</b>	(748.452.088)
<b>Net working capital changes</b>		<b>(3.798.690.570)</b>	<b>2.856.960.886</b>
- Adjustments in decrease / (increase) in trade receivables	8	<b>(264.570.470)</b>	(1.233.082.809)
- Adjustments in decrease / (increase) in other receivables related to operations	9	<b>13.575.915</b>	23.540.024
- Adjustments in decrease / (increase) in assets arising from customer contract	12	<b>(342.538.712)</b>	(11.288.875)
- Adjustments in decrease / (increase) in inventories	10	<b>469.200.000</b>	(300.685.480)
- Adjustments in decrease / (increase) in prepaid expense	11	<b>(712.727.140)</b>	(138.711.611)
- Adjustments in increase / (decrease) in trade payables	8	<b>187.406.758</b>	718.355.154
- Adjustments in increase / (decrease) in employee benefit payables	24	<b>24.905.624</b>	6.943.143
- Adjustments in increase / (decrease) in liabilities arising from customer contracts	12	<b>(577.795.141)</b>	(795.013.789)
- Adjustments in increase / (decrease) in other payables related to operations	9	<b>(752.171.841)</b>	5.086.969.229
- Adjustments in increase / (decrease) in deferred income (except for obligations arising from customer contracts)	14	<b>(458.639.874)</b>	(158.428.731)
- Adjustments in other increase / (decrease) in working capital		<b>(1.385.335.689)</b>	(341.635.369)
<b>Cash flows arising from principal activities</b>		<b>2.920.069.892</b>	<b>2.366.200.361</b>
Interest received	30	<b>392.213.585</b>	171.752.967
Cash outflows arising from capital increase of associates and/or joint ventures		<b>(51.802.291)</b>	(556.754.777)
Payments related to employee benefit obligations	24	<b>(36.593.833)</b>	(13.888.583)
Payments for other provisions	22	<b>(1.014.528)</b>	(23.510.130)
Tax returns / (payments)		<b>(469.091.303)</b>	(250.134.536)
<b>B. Cash flows from investing activities</b>		<b>(4.874.559.478)</b>	<b>1.223.643.608</b>
Cash outflows related to additional share purchases in subsidiaries		<b>(1.187.081.119)</b>	-
Cash inflows from the sale of shares or debt instruments of other business or funds	6	-	886.506.697
Cash disbursements for acquisition of other enterprises' or funds' shares or debt instruments	6	<b>(4.865.113.827)</b>	(1.449.854.976)
Cash proceeds from sale of property, plant and equipment		<b>186.634.975</b>	150.385.537
Cash disbursements from purchase of property, plant and equipment and intangible assets	18,19	<b>(3.208.916.987)</b>	(350.109.289)
Cash proceeds from the sales of investment property		-	65.315.985
Cash proceeds from sale of non-current assets held for sale		<b>44.252.704</b>	20.057.222
Dividends received		<b>4.155.664.776</b>	1.901.342.432
<b>C. Cash flows arising from financing activities</b>		<b>375.643.812</b>	<b>1.253.681.978</b>
Cash outflows related to the acquisition of the entity's own interests and other equity instruments		<b>(321.949.825)</b>	(253.753.205)
Cash inflows arising from borrowing	7	<b>2.334.164.331</b>	2.129.261.171
Cash outflows related to debt payments	7	<b>(620.827.019)</b>	(162.287.796)
Cash outflows from debt payments arising from rental contracts	7	<b>(31.253.930)</b>	(139.548.137)
Dividend paid		<b>(960.338.043)</b>	(305.568.921)
Interest paid	7	<b>(24.151.702)</b>	(14.421.134)
<b>Net increase / (decrease) on cash and cash equivalents before the currency translation differences</b>		<b>(1.745.134.144)</b>	<b>4.170.990.888</b>
<b>D. Effect of currency translation differences on cash and cash equivalents</b>		<b>(79.343.208)</b>	<b>843.566.318</b>
<b>Increase / (decrease) in cash and cash equivalents</b>		<b>(1.824.477.352)</b>	<b>5.014.557.206</b>
<b>Monetary gain (loss) on cash and cash equivalents</b>		<b>(3.286.915.346)</b>	<b>1.096.359.509</b>
<b>Cash and cash equivalents at the beginning of the period</b>	5	<b>8.385.259.840</b>	<b>2.274.343.125</b>
<b>Cash and cash equivalents at the end of the period</b>	5	<b>3.273.867.142</b>	<b>8.385.259.840</b>

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

# ALARKO HOLDİNG A.Ş. AND ITS SUBSIDIARIES

## Notes to the Audited Consolidated Financial Statements as of 31 December 2023

(Amounts expressed in terms of the purchasing power of the Turkish Lira ("TL") as of December 31, 2023, unless otherwise indicated).

### 1. ORGANIZATION AND PRINCIPLE ACTIVITIES

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

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

Company Name	Principle Activities	Shareholding of the Group (%)	
		31 December 2023	31 December 2022
<i>Subsidiaries (*) :</i>			
Alsim Alarko San. Tes. ve Tic. A.Ş. (Turkey)	Contracting and Construction	99,91	99,91
Aldem Alarko Konut İnşaat ve Tic. A.Ş. (Turkey)	Residence, Construction	100,00	99,91
Attaş Alarko Turistik Tesisler A.Ş. (Turkey)	Tourism Facility Management	99,91	99,91
Alarko Fenni Malzeme Satış ve İmalat A.Ş. (Turkey)	Marketing of Industrial Products and After Sales Services	99,99	99,99
Alen Alarko Enerji Tic. A.Ş. (Turkey)	Electrical Power Purchase and Sale Import and Export	99,94	99,94
Alarko Gayrimenkul Yatırım Ort. A.Ş. (Turkey) (**)	Purchase and Sales of Real Estates and Market Tools Related to Real Estates	51,20	51,20
Alsim – TCDD (Turkey)	TCDD Ankara- Eskişehir High Speed Railway Project	99,91	99,91
Astana Su- Taldykol Göl Arıtma Projesi (Kazakhstan)	Supply of Water and Cleaning of Lake Projects	99,91	99,91
Alarko Tarım Sanayi ve Ticaret A.Ş. (Turkey)	Agriculture and Food Production Processing and Trading Service	100,00	100,00
Alarko Enerji A.Ş. (Turkey)	Power Generation	99,93	99,93
Garanti Koza – Alsim Ortak Girişimi (Turkey)	Subway Construction Project	99,91	99,91
Altek Alarko Elektrik Sant. Tes. İşl. ve Tic. A.Ş. (Turkey)	Production of Electrical Energy	99,94	99,96
Bozshakol Bakır Tesisi Projesi (Kazakhstan)	Copper Facility Project	99,91	99,91
AO Mosalarko (Russia)	Russia-Real Estate Project, Construction and Utilization	51,20	51,20
Aktau Manasha Yol Projesi (Kazakhstan)	Road Construction Project	99,91	99,91
Aktogay Bakır Konsantr Tesisi Projesi (Kazakhstan)	Copper Processing Plant Project	99,91	99,91
Alarko Konut Projeleri Geliştirme A.Ş. (Turkey)	Purchase and Sales of Real Estates and Market Tools Related to Real Estates	99,91	99,91
Alsim Alarko Sanayi Tes. ve Tic. A.Ş. Astana No: 2 Şubesi(Kazakhstan)	Construction and Montage Work	99,91	99,91
Tüm Tesisat ve İnşaat A.Ş. (Turkey)	Construction and Installation Works	50,15	50,15
Alsim Alarko S.R.L. (Romania)	Construction	99,91	99,91
Saret KZ (Kazakhstan)	Construction Works	100,00	100,00
Alsim Almaty Şubesi (Kazakhstan)	Construction Works	99,91	99,91
Alsim Alarko San. Tes. ve Ticaret Bükreş Şubesi (Romania)	Highway Construction Project	99,91	99,91
Alyat Teknoloji Yatırımları Holding A.Ş. (Turkey)	Financial Holding	99,50	99,50

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

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

# ALARKO HOLDİNG A.Ş. AND ITS SUBSIDIARIES

## Notes to the Audited Consolidated Financial Statements as of 31 December 2023

(Amounts expressed in terms of the purchasing power of the Turkish Lira ("TL") as of December 31, 2023, unless otherwise indicated).

### 1. ORGANIZATION AND PRINCIPLE ACTIVITIES (CONTINUED)

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

Company Name	Principle Activities	Shareholding of the Group (%)	
		31 December 2023	31 December 2022
<u>Subsidiaries (*)</u> :			
Alsera Jeotermal Tarım Gıda San.ve Tic. A.Ş. (Turkey) (***)	Greenhouse Based on Geothermal Energy	100,00	-
Alser Alarko Sermaye Yatırımları Holding A.Ş. (Turkey) (****)	Financial Holding	99,97	-
Palmira Agro Gübre Sanayi ve Ticaret A.Ş. (Turkey) (****)	Micro Granular Fertilizer Production	80,00	-
Antsan Tarım Sanayi ve Ticaret A.Ş. (Turkey) (****)	Greenhouse Based on Geothermal Energy	100,00	-
Alarko Gübre Fabrikaları Sanayi ve Ticaret A.Ş. (Turkey) (*****)	Manure Production and Marketing	100,00	-
Alarko Gıda Sanayi ve Ticaret A.Ş. (Turkey) (*****) (*****)	Food, Food Management	100,00	-
Alarko Havacılık Endüstri Yatırımları A.Ş. (Turkey) (*****)	Aviation and Aircraft Technical Maintenance	100,00	-
Alden Jeotermal Tarım Gıda Sanayi ve Ticaret A.Ş. (Turkey) (*****)	Agriculture, Food, Food Business and Geothermal Energy Activities	100,00	-
Gürlük Jeotermal Enerji Tarım Seracılık Gıda Sanayi ve Ticaret A.Ş. (Turkey) (*****)	Agriculture, Food, Food Business and Geothermal Energy Activities	100,00	-
Alpark Jeotermal Sağlık Turizm ve Depoculuk A.Ş. (Turkey) (*****)	Geothermal Energy Activities	100,00	-
Alurla Jeotermal Sağlık Turizm A.Ş. (Turkey) (*****)	Geothermal Energy Activities	100,00	-
Albi Bitkisel İlaç Ham Maddeleri Üretim Sanayi ve Ticaret A.Ş. (Turkey) (*****)	Herbal Pharmaceutical Raw Materials	100,00	-
Hak Gayrimenkul Tarım Sanayi ve Ticaret A.Ş. (Turkey) (*****)	Geothermal Energy Activities	100,00	-
Altas Seracılık Tarım Gıda Sanayi ve Ticaret A.Ş. (Turkey) (*****)	Greenhouse Cultivation	100,00	-
Alziraat Jeotermal Tarım Gıda Sanayi ve Ticaret A.Ş. (Turkey) (*****)	Agriculture, Greenhouse	100,00	-
Genseed Tohum Islah ve Üretim A.Ş. (Turkey) (*****)	Seed Breeding and Production	80,00	-

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

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

(\*\*\*) Included in the consolidation as of 31 March 2023.

(\*\*\*\*) Included in the consolidation as of 30 June 2023.

(\*\*\*\*\*) Included in the consolidation as of 30 September 2023.

(\*\*\*\*\*) Included in the consolidation as of 31 December 2023.

(\*\*\*\*\*) As of 18 December 2023, the company title of Ereğli Agrosan Doğal Ürünler ve Türevleri Tarım Üretim ve Ticaret A.Ş. has been registered as Alarko Gıda Sanayi ve Ticaret A.Ş.

# ALARKO HOLDİNG A.Ş. AND ITS SUBSIDIARIES

## Notes to the Audited Consolidated Financial Statements as of 31 December 2023

(Amounts expressed in terms of the purchasing power of the Turkish Lira ("TL") as of December 31, 2023, unless otherwise indicated).

### 1. ORGANIZATION AND PRINCIPLE ACTIVITIES (CONTINUED)

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

Company Name	Principle Activities	Shareholding of the Group (%)	
		31 December 2023	31 December 2022
<u>Joint Controlled Entities (*) :</u>			
Alarko Carrier Sanayi ve Ticaret A.Ş. (Turkey) (***)	Heating, Cooling , Air Conditioning Equipment Manufacturing	42,03	43,12
Obrascon Huarte Lain SA – Alsim Alarko San.Tes.ve Ticaret A.Ş. (Spain)	TCDD Ankara – Eskişehir High Speed Railway Project	44,96	44,96
Alarko – Makyol Adi Ortaklığı (Turkey)	Subway Construction Project	49,95	49,95
Alcen Enerji Dağıtım ve Perakende Satış Hiz.A.Ş.(Turkey)	Establishing, Transferring or Operating Electrical Power Distribution Facility	49,96	49,96
Meram Elektrik Dağıtım A.Ş. (Turkey)	Electrical Power Distribution	49,96	49,96
Meram Elektrik Enerjisi Toptan Satış A.Ş. (Turkey)	Electrical Power Sale	49,96	49,96
Cenal Elektrik Üretim A.Ş. (Turkey)	Constructing and Administrating Electricity Power Generation	49,96	49,96
Meram Elektrik Perakende Satış A.Ş.(Turkey)	Electrical Power Sale	49,96	49,96
Algiz Enerji A.Ş. (Turkey) (*****)	Constructing and Administrating Electricity Power Generation	-	49,96
Panel Enerji A.Ş. (Turkey) (*****)	Constructing and Administrating Electricity Power Generation	-	49,96
UtiliteK Bilgi Teknolojileri A.Ş.(Turkey) (*****)	Computer Programming Activities	49,96	-
Obrascon Huarte Lain SA – Alsim Alarko San.Tes.ve Ticaret A.Ş. (Turkey)	TCDD Ankara-Eskişehir High Speed Train Project	45,00	45,00
Bakad Investment & Operation LLP (Kazakhstan)	Construction Works	33,27	33,27
Bakad International B.V. (Holland)	Non-Financial Holding	33,27	33,27
Barr Operation and Maintenance LLP (Kazakhstan) (****)	Highway Maintenance and Operation	24,98	-
<u>Joint Ventures (**):</u>			
Alarko Cengiz Metro Ortak Girişimi (Turkey)	Subway Construction Project	49,95	49,95
Bükreş Uluslararası Havalimanı Demiryolu Bağlantısı 6. Metro Kesimi (Romania)	Subway Construction Project	49,95	49,95
(*)	Included in the consolidation by equity method.		
(**)	It has been included in consolidation by proportional consolidation method.		
(***)	Public company listed in the Borsa İstanbul A.Ş. (BIST).		
(****)	Included in the consolidation with 30 September 2023.		
(*****)	With 31 December 2023, it was transferred to Cenal Elektrik Üretim A.Ş.		

Company Name	Principle Activities	Shareholding of the Group (%)	
		31 December 2023	31 December 2022
<u>Affiliates (*):</u>			
Al-Riva Projesi Arazi Değ. Konut İnş. ve Tic. A.Ş (Turkey) (**)	Residence, Construction	12,13	12,13
Al-Riva Arazi Değ. Konut İnş. ve Tic. A.Ş. (Turkey) (**)	Residence, Construction	2,63	2,63
Al-Riva Arazi Değ. Konut İnş., Tur. Tes. Golf İşl. ve Tic. A.Ş. (Turkey) (**)	Residence, Construction and Tourism Facility Management	2,28	2,28

(\*) Included in the consolidation by equity method.

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



## ALARKO HOLDİNG A.Ş. AND ITS SUBSIDIARIES

### Notes to the Audited Consolidated Financial Statements as of 31 December 2023

(Amounts expressed in terms of the purchasing power of the Turkish Lira ("TL") as of December 31, 2023, unless otherwise indicated).

#### 1. ORGANIZATION AND PRINCIPLE ACTIVITIES (CONTINUED)

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

Muallim Naci Cad. No : 69 Ortaköy / İSTANBUL

As of 31 December 2023 and 2022, the shareholding structure is as follows:

Name	31 December 2023	31 December 2022
	Shareholding	Shareholding
Alaton Family	<b>%31,54</b>	%34,36
Garih Family	<b>%31,72</b>	%32,92
Other (*)	<b>%36,74</b>	%32,72
<b>Total</b>	<b>%100,00</b>	%100,00

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

The shares of Alarko Holding A.Ş. are traded in the Borsa Istanbul A.Ş. (BIST) since May 24, 1989, and as of 31 December 2023, 33,63 % of the Company shares are offered to public.

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

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

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

	31 December 2023	31 December 2022
Salary earners	<b>1.813</b>	1.676
Wage earners	<b>3.402</b>	3.456
<b>Total</b>	<b>5.215</b>	5.132

#### 2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

##### i. Basis of presentation

###### Statement of compliance to TFRS

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

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

# ALARKO HOLDİNG A.Ş. AND ITS SUBSIDIARIES

## Notes to the Audited Consolidated Financial Statements as of 31 December 2023

(Amounts expressed in terms of the purchasing power of the Turkish Lira ("TL") as of December 31, 2023, unless otherwise indicated).

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

#### i. Basis of presentation (continued)

##### Statement of compliance to TFRS (continued)

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

#### Restatement Of Financial Statements During The Hyperinflationary Periods

The Public Oversight Accounting and Auditing Standards Authority (POA), with announcement made on 23 November 2023 and the published "Implementation Guide on Financial Reporting in Hyperinflation Economies", [the Capital Market Board (CMB) decision dated 28 December 2023 and numbered 81/1820, issuers and capital market institutions which subject to financial reporting regulations applying Turkish Accounting/Financial Reporting Standards] are decided to apply inflation accounting by applying the provisions of TAS 29 "Financial Reporting in Hyperinflationary Economies" to their annual financial statements by 31 December 2023. Group has prepared the financial statements by 31 December 2023 and according to TAS 29 "Financial Reporting in Hyperinflation Economies" Standard, financial statements prepared in the currency of a hyperinflationary eco for the annual reporting period ending on the same date by applying inflation accounting. In accordance with the standard, financial statements prepared in the currency of a hyperinflationary economy have to be prepared on purchasing power on to the reporting date and comparative period information is expressed in terms of current measurement unit at the end of the reporting period. Therefore, the Group has presented the financial statements by 31 December 2022 on the basis of purchasing power by 31 December 2023.

One of the features that makes the application of TAS 29 mandatory is the cumulative three-year inflation rate approaching or exceeding 100%. Based on the Turkey-wide Consumer Price Index ("CPI") announced by the Turkish Statistical Institute ("TurkStat"), the cumulative three-year inflation rate in Turkey reached 268,3% as of 31 December 2023. However, TAS 29 does not specify 100% as the absolute rate at which hyperinflation occurs and it is a matter of judgement whether the consolidated financial statements should be restated in accordance with TAS 29. Hyperinflation is also determined by the characteristics of a country's economic environment.

The table in down below shows the development of CPI over the last three years by 31 December 2023:

	2023	2022	2021
<b>Annual Index</b>	1.859,38	1.128,45	686,95
<b>Annual Inflation</b>	%64,77	%64,3	%36,1
<b>Cumulative Inflation</b>	%55,9	%156,2	%268
<b>Adjusment Coefficient</b>	1,0000	1,64773	2,70672

## ALARKO HOLDİNG A.Ş. AND ITS SUBSIDIARIES

### Notes to the Audited Consolidated Financial Statements as of 31 December 2023

(Amounts expressed in terms of the purchasing power of the Turkish Lira ("TL") as of December 31, 2023, unless otherwise indicated).

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

##### i. Basis of presentation (continued)

###### Financial Reporting in Hyperinflationary Economies (continued)

During an inflationary period, an entity whose monetary assets exceed its monetary liabilities loses purchasing power, while an entity, whose monetary liabilities exceed its monetary assets gains purchasing power to the extent which its assets and liabilities are not linked to a price level. The gain or loss which arises on the net monetary position is recognised in the statement of profit or loss as monetary gain (loss).

The Group has restated all non-monetary items to reflect the effect of inflation adjustment reporting in terms of the current measurement unit by 31 December 2023. Monetary items have not been restated since they are expressed in terms of the current measuring unit by 31 December 2023.

The main components of the restatement made by the Company for the purpose of financial reporting in hyperinflationary economies are as follows

- i. The consolidated financial statements for the current period which presented in TL, expressed in terms of the purchasing power of TL at the date of the consolidated statement of financial position and the amounts for previous reporting periods are also restated in terms of the purchasing power of TL at the end of the reporting period.
- ii. Non-monetary assets, liabilities and equity items which are not expressed in the current purchasing power at the date of the financial position's consolidated statement are restated by applying the relevant conversion factors.
- iii. Monetary assets and liabilities are not restated, because they are currently expressed in terms of the purchasing power at the date of the financial position's consolidated statement. Monetary items include cash and items which are received or paid in cash.
- iv. Where the inflation-adjusted carrying amount of a non-monetary item exceeds its recoverable amount or fair value, the non-monetary item is recognised at fair value.
- v. All items in the statement of comprehensive income, except for the non-monetary items in the financial position's consolidated statement that have an effect on the statement of comprehensive expense accounts were initially recognised in the financial statements.
- vi. All items in the consolidated statement of cash flows are expressed in terms of the measuring unit current at the end of the reporting period.

###### Currency used

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

# ALARKO HOLDİNG A.Ş. AND ITS SUBSIDIARIES

## Notes to the Audited Consolidated Financial Statements as of 31 December 2023

(Amounts expressed in terms of the purchasing power of the Turkish Lira ("TL") as of December 31, 2023, unless otherwise indicated).

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

#### i. Basis of presentation (continued)

##### Approval of consolidated financial statements

Consolidated financial statements as of 31 December 2023 are approved at 18 April 2024 by the Company's Board of Directors. General Assembly and other regulatory organs reserve their right to modify and change these consolidated financial statements.

##### Comparative information and restatement of prior period financial statements

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

##### Going concern

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

#### ii. Consolidation principles:

- (a) The consolidated financial statements include the accounts of the parent company, Alarko Holding A.Ş. its Subsidiaries and its Associates on the basis set out in sections (b) to (f) below. The financial statements of the companies included in the scope of consolidation have been prepared as of the date of the consolidated financial statements with adjustments and reclassifications for the purpose of fair presentation in accordance with Turkish Accounting Standards published by the Public Oversight Accounting and Auditing Standards Authority of Turkey and the application of uniform accounting policies and presentation.
- (b) Subsidiaries are companies over which Alarko Holding A.Ş. has the power to control directly and indirectly by themselves. Control is normally evidenced when the Company controls an investee if and only if the company has all the following; a) power over the investee b) exposure, or rights, to variable returns from its involvement with the investee and c) the ability to use its power over the investee to affect the amount of company's returns.

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



## ALARKO HOLDİNG A.Ş. AND ITS SUBSIDIARIES

### Notes to the Audited Consolidated Financial Statements as of 31 December 2023

(Amounts expressed in terms of the purchasing power of the Turkish Lira ("TL") as of December 31, 2023, unless otherwise indicated).

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

##### ii. Consolidation principles (continued)

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

- (c) Jointly controlled entities are companies in respect of which there are contractual arrangements through which an economic activity is undertaken subject to joint control by Alarko Holding A.Ş. and one or more other parties. Alarko Holding A.Ş. exercises such joint control through the power to exercise the voting rights relating to shares in the companies as a result of ownership interest directly and indirectly by itself. The Group's interest in jointly controlled entities is investments accounted by equity method, the Group's interest in joint operations is accounted by proportional consolidation method.
- (d) Associates are accounted for using the equity method, The Group has power to participate in the financial and operating policy decisions but not control them. Unrealised gains or losses arising from transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates.
- (e) Available-for-sale financial assets in which the Group does not exercise a significant influence or which are immaterial and do not have quoted market prices in active markets and whose fair values can not be reliably measured, are carried at cost, less any accumulated impairment loss.
- (f) Shares of uncontrollable companies on all balances and transactions of/with the Subsidiaries in the notes to the consolidated financial statements are presented with the Total ownership interest of the Group in the non-controlling interest.

##### iii. Changes in accounting estimates and errors

Consolidated statements of financial position as of 31 December 2023 and 2022 and notes selected in relation to these consolidated statements of financial position as well as the consolidated statements of profit or loss and other comprehensive income, consolidated cash flows and consolidated changes in equity for the years ended have been presented comparatively.

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

##### iv. New and revised Turkish Accounting Standards

The accounting policies adopted in preparation of the consolidated financial statements as of 31 December 2023 are consistent with those of the previous financial year, except for the adoption of new and amended TFRS and TFRIC interpretations effective as of January 1, 2023. The effects of these standards and interpretations on the Group's financial position and performance have been disclosed in the related paragraphs.

# ALARKO HOLDİNG A.Ş. AND ITS SUBSIDIARIES

## Notes to the Audited Consolidated Financial Statements as of 31 December 2023

(Amounts expressed in terms of the purchasing power of the Turkish Lira ("TL") as of December 31, 2023, unless otherwise indicated).

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

#### iv. New and revised Turkish Accounting Standards (continued)

##### i) New and revised standards effective from 1 January 2023

Effective for annual periods beginning on or after 1 January 2023. These amendments are intended to improve accounting policy disclosures and help users of financial statements to distinguish between changes in accounting estimates and changes in accounting policies.

##### **Amendment to TAS 12, Deferred tax on assets and liabilities arising from a single transaction**

Effective for annual periods beginning on or after 1 January 2023. These amendments are intended to improve accounting policy disclosures and help users of financial statements to distinguish between changes in accounting estimates and changes in accounting policies.

##### **Amendment to TAS 12, International tax reform**

Effective for annual periods beginning on or after 1 January 2023. These amendments are intended to improve accounting policy disclosures and help users of financial statements to distinguish between changes in accounting estimates and changes in accounting policies.

The application of the amendments did not have a significant impact on the consolidated financial statements of the Group.

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

The new standards, interpretations and amendments are existing standards that are issued but not yet effective up to the reporting date and not early adopted by the Group, although earlier application is permitted are as follows;

##### **Amendment to TAS 1, Non-current liabilities with contractual terms**

Effective for annual periods beginning on or after 1 January 2024. These amendments clarify how conditions that an entity must comply with within twelve months after the reporting period affect the classification of a liability. The amendments also aim to improve the information that an entity provides about liabilities subject to these conditions.

## ALARKO HOLDİNG A.Ş. AND ITS SUBSIDIARIES

### Notes to the Audited Consolidated Financial Statements as of 31 December 2023

(Amounts expressed in terms of the purchasing power of the Turkish Lira ("TL") as of December 31, 2023, unless otherwise indicated).

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

##### iv. New and revised Turkish Accounting Standards (continued)

##### ii) Standards, amendments and interpretations that are issued but not effective as at 31 December 2023 (continued)

##### **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 IFRS 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 which is not depend on an index or rate are most likely to be impacted.

##### **Amendments to TMS 7 and TFRS 7 on Supplier finance arrangements**

Effective from annual periods beginning on or after 1 January 2024. These amendments require disclosures to enhance the transparency of supplier finance arrangements and their effects on a company's liabilities, cash flows and exposure to liquidity risk. The disclosure requirements are the IASB's response to investors' concerns that some companies' supplier finance arrangements are not sufficiently visible, hindering investors' analysis.

##### **TAS 21 Lack of Changeability**

Effective for annual periods beginning on or after January 1, 2025. An entity is affected when it has a transaction or activity in a foreign currency that is not convertible into another currency at a particular measurement date for a particular purpose. A currency can be exchanged when the ability to acquire another currency is available (with a normal administrative delay) and the transaction occurs through a market or clearing mechanism that creates enforceable rights and obligations.

##### **TSRS 1, General requirements for disclosure of sustainability-related financial information**

Effective for annual periods beginning on or after January 1, 2024. These amendments clarify how conditions that an entity must comply within twelve months after the reporting period affect to the classification of a liability. The amendments are also intended to improve the information which has an entity provides about liabilities subject to these conditions.

##### **TSRS 2, Climate-related disclosures**

Effective for annual periods beginning on or after January 1, 2024. This is the first standard to establish disclosure requirements for companies about climate-related risks and opportunities.

# ALARKO HOLDİNG A.Ş. AND ITS SUBSIDIARIES

## Notes to the Audited Consolidated Financial Statements as of 31 December 2023

(Amounts expressed in terms of the purchasing power of the Turkish Lira ("TL") as of December 31, 2023, unless otherwise indicated).

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

#### v. Summary of Significant Accounting Policies and Evaluation Methods

##### Financial instruments

##### **Financial assets**

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

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

##### Classification of financial assets

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

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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



## ALARKO HOLDİNG A.Ş. AND ITS SUBSIDIARIES

### Notes to the Audited Consolidated Financial Statements as of 31 December 2023

(Amounts expressed in terms of the purchasing power of the Turkish Lira ("TL") as of December 31, 2023, unless otherwise indicated).

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

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

###### Financial instruments (continued)

###### Financial assets (continued)

###### (i) *Amortised cost and effective interest method*

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

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

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

###### (ii) *Financial assets classified as at FVTOCI*

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

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

###### (iii) *Equity instruments designated as at FVTOCI*

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

# ALARKO HOLDİNG A.Ş. AND ITS SUBSIDIARIES

## Notes to the Audited Consolidated Financial Statements as of 31 December 2023

(Amounts expressed in terms of the purchasing power of the Turkish Lira ("TL") as of December 31, 2023, unless otherwise indicated).

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

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

##### Financial instruments (continued)

##### Financial assets (continued)

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

A financial asset is held for trading if:

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

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

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

##### (iv) *Financial assets at FVTPL*

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

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

## ALARKO HOLDİNG A.Ş. AND ITS SUBSIDIARIES

### Notes to the Audited Consolidated Financial Statements as of 31 December 2023

(Amounts expressed in terms of the purchasing power of the Turkish Lira ("TL") as of December 31, 2023, unless otherwise indicated).

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

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

###### Financial instruments (continued)

###### Financial assets (continued)

###### Foreign exchange gains and losses

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

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

###### Impairment of financial assets

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

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

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

###### Measurement and recognition of expected credit losses

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

# ALARKO HOLDİNG A.Ş. AND ITS SUBSIDIARIES

## Notes to the Audited Consolidated Financial Statements as of 31 December 2023

(Amounts expressed in terms of the purchasing power of the Turkish Lira ("TL") as of December 31, 2023, unless otherwise indicated).

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

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

##### Financial instruments (continued)

##### **Financial assets (continued)**

##### Measurement and recognition of expected credit losses (continued)

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

##### Derecognition of financial assets

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

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

##### **Financial liabilities**

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

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

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



## ALARKO HOLDİNG A.Ş. AND ITS SUBSIDIARIES

### Notes to the Audited Consolidated Financial Statements as of 31 December 2023

(Amounts expressed in terms of the purchasing power of the Turkish Lira ("TL") as of December 31, 2023, unless otherwise indicated).

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

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

##### Financial instruments (continued)

##### Financial liabilities (continued)

(c) A contingent consideration recognized in the financial statements by the entity acquired in a business combination where TFRS 3 is applied: After initial recognition, the related contingent consideration is measured as at FVTPL.

The entity does not reclassify any financial liability.

##### Derecognition of financial liabilities

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

##### Derivative financial instruments

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

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

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

##### Borrowing costs

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

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

# ALARKO HOLDİNG A.Ş. AND ITS SUBSIDIARIES

## Notes to the Audited Consolidated Financial Statements as of 31 December 2023

(Amounts expressed in terms of the purchasing power of the Turkish Lira ("TL") as of December 31, 2023, unless otherwise indicated).

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

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

##### Inventories

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

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

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

##### Property, plant and equipment

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

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

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

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

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

# ALARKO HOLDİNG A.Ş. AND ITS SUBSIDIARIES

## Notes to the Audited Consolidated Financial Statements as of 31 December 2023

(Amounts expressed in terms of the purchasing power of the Turkish Lira ("TL") as of December 31, 2023, unless otherwise indicated).

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

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

##### Property, plant and equipment (continued)

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

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

##### Intangible assets

###### Intangible assets acquired separately

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

###### Computer software

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

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

Rights	2-32 years
Leasehold improvements	5-19 years

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

Other intangible assets	5 years
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###### Derecognition of intangible assets

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

## ALARKO HOLDİNG A.Ş. AND ITS SUBSIDIARIES

### Notes to the Audited Consolidated Financial Statements as of 31 December 2023

(Amounts expressed in terms of the purchasing power of the Turkish Lira ("TL") as of December 31, 2023, unless otherwise indicated).

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

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

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

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

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired. Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

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

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

##### Investment properties

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

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



## ALARKO HOLDİNG A.Ş. AND ITS SUBSIDIARIES

### Notes to the Audited Consolidated Financial Statements as of 31 December 2023

(Amounts expressed in terms of the purchasing power of the Turkish Lira ("TL") as of December 31, 2023, unless otherwise indicated).

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

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

###### Investment properties (continued)

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

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

###### Leased assets and leasing liabilities

###### Right of use assets

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

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

- (a) initial measurement of lease liability,
- (b) lease payments made at or before the commencement date less any lease incentives received, and
- (c) all initial direct costs incurred by the Group.

At the end of the lease term of the underlying asset's service, the transfer of the Group is reasonably finalized, and the Group depreciates the asset until the end of the life of the underlying asset on which the lease actually began.

Right-of-use assets are subject to impairment.

###### Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of unpaid lease payments to be made over the lease term.

Lease payments included in the measurement of the lease obligation on the date that the lease actually commences, consists of the following payments to be made for the right of use of the underlying asset during the lease period and not paid on the date the lease actually starts:

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

# ALARKO HOLDİNG A.Ş. AND ITS SUBSIDIARIES

## Notes to the Audited Consolidated Financial Statements as of 31 December 2023

(Amounts expressed in terms of the purchasing power of the Turkish Lira ("TL") as of December 31, 2023, unless otherwise indicated).

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

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

##### Leased assets and leasing liabilities (continued)

##### **Lease liabilities (continued)**

The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable, the Group determines the alternative borrowing interest rate at the date of the revaluation.

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

- (a) Increase the carrying amount to reflect the interest on the lease obligation, and
- (b) Decreases book value to reflect rental payments.

In addition, in the situation of a change in the lease term, in essence a change in fixed lease payments or a change in the assessment of the option to buy the underlying asset, the value of the lease obligations is remeasured.

##### **Short-term leases and leases of low-value assets**

The Group applies the short-term lease recognition exemption to its short-term leases of low value assets. The lease contracts within this scope are accounted for in the profit or loss statement as expense according to the linear method during the lease period.

##### Effects of changes in exchange rates

##### Foreign exchange transactions and balances

The individual financial statements of each Group entity are presented in TL which is the currency of the primary economic environment in which the entity operates (its functional currency). The results and financial position of each entity are expressed in TL, which is the functional currency of Alarko Holding A.Ş., and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than TL (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

## ALARKO HOLDİNG A.Ş. AND ITS SUBSIDIARIES

### Notes to the Audited Consolidated Financial Statements as of 31 December 2023

(Amounts expressed in terms of the purchasing power of the Turkish Lira ("TL") as of December 31, 2023, unless otherwise indicated).

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

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

##### Effects of changes in exchange rates (continued)

##### Foreign exchange transactions and balances (continued)

Exchange differences are recognized in profit or loss in the period in which they arise except for:

- Exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets where they are regarded as an adjustment to interest costs on those foreign currency borrowings,
- Exchange differences on transactions entered into in order to hedge certain foreign currency risks (see below for hedging accounting policies); and
- Exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur, which form part of the net investment in a foreign operation, and which are recognized in the foreign currency translation reserve and recognized in profit or loss on disposal of the net investment.

##### *Financial statements of subsidiaries, joint ventures and associates operated in foreign countries*

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into TL using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognized in other comprehensive income and accumulated in equity.

##### **Business combinations and goodwill**

A business combination is evaluated as the bringing together of separate entities or businesses into one reporting entity.

Business combinations realised before 1 January 2011 have been accounted for by using the purchase method in the scope of TFRS 3 "Business combinations" prior to the amendment. Under this method, the cost of a business combination is the fair value, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the acquirer, in exchange for control of the acquiree and in addition, any costs directly attributable to the business combination. If a business combination contract includes clauses that enable adjustments in the cost of business combination depending on events after the acquisition date; in case the adjustment is measurable and more probable than not, than cost of business combination at acquisition date is adjusted.

Any excess of the cost of acquisition over the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities is accounted for as goodwill in the consolidated financial statements.

# ALARKO HOLDİNG A.Ş. AND ITS SUBSIDIARIES

## Notes to the Audited Consolidated Financial Statements as of 31 December 2023

(Amounts expressed in terms of the purchasing power of the Turkish Lira ("TL") as of December 31, 2023, unless otherwise indicated).

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

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

##### Business combinations and goodwill (continued)

Goodwill recognised in business combinations is tested for impairment annually (as of 31 December) or more frequently if events or changes in circumstances indicate impairment, instead of amortisation. Impairment losses on goodwill are not reversed. Goodwill is allocated to cash-generating units for the purpose of impairment testing.

Any excess of the Group's share in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of the business combination is accounted for as income in the related period.

##### Related parties

Parties are considered related to the company (will be used as reporting entity in this standard) if;

- (a) A person or a close member of that person's family is related to a reporting entity if that person:
- (i) has control or joint control over the reporting entity;
  - (ii) has significant influence over the reporting entity; or
  - (iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.
- (b) An entity is related to a reporting entity if any of the following conditions applies:
- (i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
  - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
  - (iii) Both entities are joint ventures of the same third party.
  - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
  - (v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
  - (vi) The entity is controlled or jointly controlled by a person identified in (a).
  - (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).



## ALARKO HOLDİNG A.Ş. AND ITS SUBSIDIARIES

### Notes to the Audited Consolidated Financial Statements as of 31 December 2023

(Amounts expressed in terms of the purchasing power of the Turkish Lira ("TL") as of December 31, 2023, unless otherwise indicated).

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

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

###### Related parties (continued)

A related party transaction is a transfer of resources, services or obligations between related parties, regardless of whether a price is charged.

Board Members, General Manager and Assistant General Managers are stated as executive managers by the Group.

###### Income taxes

Turkish tax legislation does not permit a parent Group and its subsidiary to file a consolidated tax return. Therefore, provisions for taxes, as reflected in the accompanying consolidated financial statements, have been calculated on a separate-entity basis.

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

###### Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the consolidated statement of profit or loss because of items of income or expense that are taxable or deductible in other years and it excludes items that are never taxable or deductible. The Group's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

###### Deferred tax

Deferred tax liability or asset is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases which are used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

# ALARKO HOLDİNG A.Ş. AND ITS SUBSIDIARIES

## Notes to the Audited Consolidated Financial Statements as of 31 December 2023

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

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

##### Income taxes (continued)

###### Deferred tax (continued)

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

###### Current and deferred tax for the period

Current and deferred tax are recognized as in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity.

##### Employee benefits

###### Defined contribution plan

The Group has to compensate the Social Security Contribution of the employees. As long as this is compensated, there is no any other obligation for the Group. Social Security Contributions are classified as personnel expenses as of the accrual date.

###### Defined benefit plan

Under Turkish Labour Law Article 25/II, the Group is required to pay termination indemnities to each employee who completes one year of service and whose employment is terminated upon causes that qualify the employee to receive retirement pay liability is called up for military service, leaves within one year after marriage (women only), and to those employees who retire or die. The amount payable consists of one month's salary limited to a maximum of TL 23.489,83 for each period of service at 31 December 2023 (31 December 2022: TL 15.371,40).

Ceiling amount of TL 35.058,58 which is in effect since 1 January 2024 is used in the calculation of retirement pay liability.

The Group has determined the retirement pay liability stated in the accompanying financial statements as per the recognition and valuation principles stated in TAS 19 "Employee Benefits". As the characteristics of the retirement pay liabilities are similar to the "Post Employment Benefit Plans" stated in this standard, these liabilities are calculated and stated in the financial statements on the basis of below mentioned "Proposed Unit Loan Method" and other various assumptions.

## ALARKO HOLDİNG A.Ş. AND ITS SUBSIDIARIES

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(Amounts expressed in terms of the purchasing power of the Turkish Lira ("TL") as of December 31, 2023, unless otherwise indicated).

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

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

###### Employee benefits (continued)

The dates that the employees will gain their pension rights are determined with respect to the prevailing social security laws with consideration to their past employment durations.

In calculating the current value of future liabilities that may arise due to the retirement or contract termination of an employee, it is assumed that the current salaries and wages or, if higher than the value of the retirement pay liability upper limit determined by the Labour Law for 31 December 2023, the retirement pay liability upper limit, to remain constant for restatement purposes and this value is reduced by the actual discount rate of %2,12 (31 December 2022 - %0,49) calculated based upon the assumption that the expected annual interest rate will be %27,47 (31 December 2022 - %9,34) and the expected inflation rate will be %24,82 (31 December 2022 - %8,80) which represents the proposed average interest rate per annum of the government bonds, in order to determine the current net value of the retirement pay liability at the balance sheet date.

###### Revenue

When the Group fulfills or fulfills its performance obligation by transferring a promised good or service to its customer, the revenue is recognized in the financial statements. An asset is transferred when (or when) control of an asset is transferred to the customer. The Group records the revenue in the financial statements in line with the following five basic principles:

- Determination of customer contracts,
- Determination of performance obligations in contracts,
- Determining the transaction price in the contracts,
- Allocating the transaction price to the performance obligations in the contracts,
- Recognition of revenue when each performance obligation is satisfied.

The Group recognizes a contract with a customer as revenue if all of the following conditions are met:

- The parties to the contract have approved the contract (written, verbal or in accordance with other commercial practices) and have committed to fulfill their own obligations,
- The Community can define the rights of each party regarding the goods or services to be transferred,
- The Group can define the payment terms for the goods or services to be transferred,
- The contract is commercial in nature,
- It is possible that the Group will collect a price for the goods or services to be transferred to the customer.

At the beginning of the contract, the Group evaluates the goods or services it has committed in the contract with the customer and defines each commitment given to the customer as a performance obligation.

The Group takes into account the contractual provisions and commercial practices in order to determine the transaction price. The transaction price is the price that the Group expects to be entitled to in return for the transfer of the promised goods or services to the customer, excluding the amounts collected on behalf of third parties (for example, some sales taxes). The promised consideration in a contract with a customer can include fixed amounts, variable amounts, or both.

# ALARKO HOLDİNG A.Ş. AND ITS SUBSIDIARIES

## Notes to the Audited Consolidated Financial Statements as of 31 December 2023

(Amounts expressed in terms of the purchasing power of the Turkish Lira ("TL") as of December 31, 2023, unless otherwise indicated).

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

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

##### Revenue (continued)

In case the price promised in the contract is a variable amount, the Group determines the amount that it will be entitled to collect in return for the transfer of the promised goods or services to the customer, by estimating. In order for the Group to include some or all of the estimated variable price in the transaction price, it must be highly probable that there will not be a significant cancellation in the amount of the cumulative revenue taken into the financial statements when the uncertainty regarding the variable price is eliminated later. While assessing whether it is highly probable that there will not be a significant reversal in the amount of the cumulative revenue recognized when the uncertainty regarding the variable price subsequently disappears, the Group considers both the probability and size of the said revenue reversal. The Group includes the revenue obtained from the following sources in its financial statements:

##### Service sales

When revenue from services can be measured reliably, it is recognized based on the degree of completion of the service. Where the result cannot be measured reliably, revenue is recognized by the recoverable amount of incurred expenses attributable to that revenue. The revenue arising from the sale and delivery of electricity is measured over the fair value of the amount of receivables delivered or to be delivered. The estimated value of the electricity supplied to all subscriber groups but not billed is taken into account in the measurement of revenue. Revenues are recorded on an accrual basis at the invoiced amounts at the time of electricity delivery.

##### Interest income

Interest income is accrued in the relevant period at the rate of the effective interest rate that reduces the remaining principal balance and the estimated cash inflows to be obtained from the related financial asset during its expected life to the book value of the said asset.

##### Dividend income

Dividend income from equity investments is recognized when the shareholders' right to receive dividends arises.

##### Construction contracts revenues

Because the outcome of construction contracts cannot be estimated reliably, contract costs are recognized in full in the period incurred, and contract revenue is recognized only to the extent that the incurred contract costs can be recovered. If there is an important financing element in the sales, the reasonable price is determined by discounting the future cash flows with the hidden interest rate included in the financing element. The difference is recognized in the consolidated financial statements on an accrual basis.

##### Earnings / (loss) per share

Earnings / (loss) per share is calculated by dividing the net profit or loss for the period attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period.

Companies in Turkey can increase their share capital through distributing shares (bonus shares) from Prior years' income and differences arising from inflation adjustment in changes in equity to their current shareholders on a pro rata basis. When calculating profit/(loss) per share, these bonus shares are recognized as issued shares. Therefore, the weighted average of shares used in the calculation of profit / (loss) per share is derived through retroactive application with respect to bonus shares.



## ALARKO HOLDİNG A.Ş. AND ITS SUBSIDIARIES

### Notes to the Audited Consolidated Financial Statements as of 31 December 2023

(Amounts expressed in terms of the purchasing power of the Turkish Lira ("TL") as of December 31, 2023, unless otherwise indicated).

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

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

###### Events after the reporting period

The Group updates disclosures that relate to conditions that existed at the end of the reporting period to reflect any new information that is received after the reporting period about those conditions. Non-adjusting events should be disclosed if they are of material importance.

###### Non-current assets held for sale

The Group classifies a non-current asset as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use and does not depreciate a non-current asset while it is classified as held for sale. The Group measures assets held for sale at the lower of its carrying amount and fair value less costs to sell.

###### Provisions, contingent assets and liabilities

Provisions are recognized when the Group has a present obligation as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

###### Segment reportings

For the years ended 31 December 2023 and 2022, the principle activities of Alarko Group is classified in six sectors, namely, holding, tourism, agriculture, industry and merchandising, energy, contracting/land development.

###### Service concession agreements

TFRS Comment 12 addresses how the infrastructural investments made and services provided by the entities (operators) who have gained operating right for a defined period of time by signing public service concession agreements should be accounted for. TFRS Comment 12 expresses that the investments realized by operators related to projects deemed within the scope of the Comment are required to be accounted for as financial assets and/or intangible assets as per the terms of agreement and not as buildings, fixed assets, or properties.

# ALARKO HOLDİNG A.Ş. AND ITS SUBSIDIARIES

## Notes to the Audited Consolidated Financial Statements as of 31 December 2023

(Amounts expressed in terms of the purchasing power of the Turkish Lira ("TL") as of December 31, 2023, unless otherwise indicated).

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

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

##### Cash flow statement

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

##### Capital and dividends

Ordinary shares are classified as equity. Dividends on ordinary shares are recognized in equity in the period in which they are declared.

##### Significant accounting estimates, assumptions and decisions

Preparation of consolidated financial statements requires the usage of estimations and assumptions which may affect the reported amounts of assets and liabilities as of the balance sheet date, disclosure of contingent assets and liabilities and reported amounts of income and expenses during the financial period. The estimations and assumptions may differ from the actual results. Estimations and assumptions are reviewed periodically, adjusted if deemed necessary and reflected to the consolidated statement of profit or loss and other comprehensive income in the period they occurred.

Assumptions which might have a material effect on the amounts reflected in statement of financial position or might have a material effect in the future are summarized below:

- a) The Group's contracts related to contracting works are subject to assessment under Revenue from Contracts with Customers (IFRS 15). The revenue from the construction contracts is recognized in the consolidated financial statements as extended over time if the control of the asset is held by the customer over the construction process after the assessment performed. The Management considers that the method currently used in order to measure prospective development in terms of the complete fulfillment of its performance obligations is in accordance with IFRS 15.
- b) Group management have made significant assumptions on determining useful lives of tangible and intangible assets based on the experiences of the technical employees.
- c) Debtors credibilities, historical payment performances and restructuring conditions if there is debt restructuring is considered to determine the impairment of trade receivables factors.
- d) In order to measure expected loss provisions, the Group uses reasonable and confirmable prospective information based on assumptions on different economic conditions in the future and the possible effects of these conditions to each other. Probability of default is a significant input in the measurement of expected credit losses. Probability of default is an estimate of default in a fixed time; and its calculation includes prior data, assumptions and expectations of future conditions.
- e) The possibilities of losing the case and the liabilities that will arise if the case is lost is evaluated by the Group's legal counselor and by the management team taking into account expert opinions. The management determines the amount of the provisions based on the best estimate to calculate the legal case provisions.

## ALARKO HOLDİNG A.Ş. AND ITS SUBSIDIARIES

### Notes to the Audited Consolidated Financial Statements as of 31 December 2023

(Amounts expressed in terms of the purchasing power of the Turkish Lira ("TL") as of December 31, 2023, unless otherwise indicated).

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

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

- f) Discounted inventory price list is used to calculate inventory impairment. Where the sales price cannot be predicted, technical personnel's opinion and inventory waiting time is considered. If expected net realizable value is less than cost, the Company should allocate provisions for inventory impairment.
- g) Group performs impairment test for goodwill annually or if there is an indication of impairment often. Goodwill has been tested for impairment as of 31 December 2023 by comparing book value of the goodwill with recoverable amount. Recoverable amount has been determined by value in use method. Before tax free cash flows which is based on financial budgets approved by the board of directors has been used in the calculation of recoverable amount. Estimated cash flow growth after the five-year period is not provided. Data such as growth rate of the market, gross domestic income per capita and price index has been obtained from external sources. Assumptions regarding sales prices, operating capital necessities and property, plant and equipment investments has been determined using the Group's expectations and actual figures of prior periods.
- h) The Group's derivative financial instruments, comprise forward, options trading and interest rate swaps. Derivative financial instruments are initially recognized at fair value and subsequently fair value is calculated separately for each derivative financial instrument.
- i) The Group uses fair value method as an accounting policy in the recognition of investment properties. The fair values of investment properties are determined by independent valuation firms authorized by CMB. These firms and/or appraisers uses assumptions (such as real discount rates, market rents, market values, etc.) in the works they perform.
- j) The Group's property, plant and equipment and intangible assets are subject to impairment test when there are signs of impairment, in accordance with the accounting policies applied. There is an impairment risk on the assets of the Group's operating natural gas conversion plant due to the increase in natural gas costs, variable market conditions and falling profitability. Accordingly, an impairment analysis has been performed in relation with these assets in the consolidated financial statements as of the end of each year and machinery and plant valuations are made. In the scope of this analysis, the difference between estimated recoverable amount and the value of assets relative to records is considered as impairment when it is negative. If the difference is positive, the previously recorded impairment loss is canceled at this difference amount. The increased book value of an asset due to the cancellation of the impairment loss cannot exceed the book value it would have reached if the impairment loss had not been accounted for the asset in previous periods. The estimated recoverable amount calculation includes basic assumptions such as future production levels and commodity prices, and economic assumptions such as discount rate, inflation rate and exchange rate in the estimation and discounting of future cash flows. In addition, the reports of Independent Valuation Firms contain estimates and assumptions.

## ALARKO HOLDİNG A.Ş. AND ITS SUBSIDIARIES

### Notes to the Audited Consolidated Financial Statements as of 31 December 2023

(Amounts expressed in terms of the purchasing power of the Turkish Lira ("TL") as of December 31, 2023, unless otherwise indicated).

#### 3. BUSINESS COMBINATIONS

The business combinations realized within the accounting period of 1 January – 31 December 2023 are as follows;

Subsidiaries of Alarko Tarım Sanayi ve Ticaret Anonim Şirketi; the field of activity of which is greenhouse farming based on geothermal energy for a price of 76.406.800 TL by 16 March 2023, it has purchased all of the 17.425.000 shares (100%) with a nominal value of 17.425.000 TL of Alsera Jeotermal Tarım Gıda Sanayi ve Ticaret Anonim Şirketi. Due to the ongoing studies to determine the fair values of the identifiable assets and liabilities taken over in relation to this acquisition, the acquisition has been provisionally accounted by 31 December 2023. Pursuant to TFRS 3 "Business Combinations", the acquisition accounted for temporarily must be adjusted within 12 months following the merger date. As a result of the final recognition of the acquisition, it is possible that there will be adjustments in the recorded fair values of the identifiable assets and liabilities acquired accordingly, the recorded amount of goodwill.

	<b>Fair value (TL)</b>
Cash and cash equivalents	3.579
Other receivables	221.267
Prepaid expenses	290.465
Property, plant and equipments	119.731.200
Intangible assets	1.462.781
Deferred tax asset	(19.501.047)
<b>Fair value (TL)</b>	<b>102.208.245</b>
Purchase price	111.887.597
Less : Fair value of net assets acquired	(102.208.245)
<b>Goodwill, 31 December 2023</b>	<b>9.679.352</b>



## ALARKO HOLDİNG A.Ş. AND ITS SUBSIDIARIES

### Notes to the Audited Consolidated Financial Statements as of 31 December 2023

(Amounts expressed in terms of the purchasing power of the Turkish Lira ("TL") as of December 31, 2023, unless otherwise indicated).

#### 3. BUSINESS COMBINATIONS (CONTINUED)

One of the subsidiaries Alarko Tarım Sanayi ve Ticaret A.Ş. at the meeting of the Board of Directors on 8 May 2023; Participating in the capital increase of Palmira Agro Gübre Sanayi ve Ticaret A.Ş, which operates in the field of micro granular fertilizer production and has 1.500.000 shares, each with a nominal value of 1 TL, in which the capital will increase from 1.500.000 TL to 7.500.000 TL with an emission premium to acquire 6.000.000 shares with a nominal value of 6.000.000 TL, corresponding to 80% of the company's total capital, to be issued with a capital increase, for a total consideration of 60.000.000 TL, including emission premium of 54.000.000 TL, in this regard, a participation agreement and it was decided to sign the shareholders' agreement. Due to the ongoing studies to determine the fair values of the identifiable assets and liabilities taken over in relation to this acquisition, the acquisition has been provisionally accounted for as of 30 June 2023. Pursuant to TFRS 3 "Business Combinations", the acquisition accounted for temporarily must be adjusted within 12 months following the merger date. As a result of the final accounting of the acquisition, it is possible that there will be adjustments in the recorded fair values of the identifiable assets and liabilities acquired accordingly, the recorded amount of goodwill.

	<b>Fair value of net assets</b>
Cash and cash equivalents	3.624.878
Trade receivables	24.681.975
Inventories	11.883.243
Prepaid expenses	71.895.774
Other current assets	814.986
Property, plant and equipments	2.271.124
Intangible assets	14.289
Deferred tax asset	257.569
Short term liabilities	(7.937.427)
Trade payables	(14.855.593)
Other payables	(86.842)
Current income tax liabilities	(1.688.898)
Long-term liabilities	(4.516.970)
<b>Fair value of net assets</b>	<b>86.358.108</b>
Purchase price	82.541.895
Ownership rate	%80
Less : Fair value of net assets acquired	(69.086.486)
<b>Goodwill, 31 December 2023</b>	<b>13.455.409</b>

## ALARKO HOLDİNG A.Ş. AND ITS SUBSIDIARIES

### Notes to the Audited Consolidated Financial Statements as of 31 December 2023

(Amounts expressed in terms of the purchasing power of the Turkish Lira ("TL") as of December 31, 2023, unless otherwise indicated).

#### 3. BUSINESS COMBINATIONS (CONTINUED)

Subsidiaries Alarko Tarım Sanayi ve Ticaret Anonim Şirketi; decided to purchase all of the 20 shares (100%) of Antsan Tarım Sanayi ve Ticaret Anonim Şirketi with a nominal value of 1.000.000 TL, the field of activity of which is greenhouse farming based on geothermal energy, as of 16 May 2023, for 1.780.000 USD equivalent in Turkish Lira. The ownership of the company in question has approximately 30.000 m<sup>2</sup> of standing greenhouse and approximately 73.500 m<sup>2</sup> of land suitable for geothermal greenhouse construction. Due to the ongoing studies to determine the fair values of the identifiable assets and liabilities taken over in relation to this acquisition, the acquisition has been provisionally accounted for as of 30 June 2023. Pursuant to TFRS 3 "Business Combinations", the acquisition accounted for temporarily must be adjusted within 12 months following the merger date. As a result of the final accounting of the acquisition, it is possible that there will be adjustments in the recorded fair values of the identifiable assets and liabilities acquired accordingly, the recorded amount of goodwill.

	<b>Fair value (TL)</b>
Cash and cash equivalents	10.955
Trade receivables	5.615.609
Other receivables	298.568
Inventories	1.895.836
Prepaid expenses	7.425.305
Other current assets	3.086.230
Property, plant and equipments	76.538.052
Short term liabilities	(4.323.622)
Trade payables	(47.631.040)
Other payables	(454.667)
Long-term liabilities	(25.941.740)
Deferred tax liabilities	(3.624.838)
<b>Fair value of net assets</b>	<b>12.894.648</b>
Purchase price	51.392.229
Less : Fair value of net assets acquired	(12.894.648)
<b>Goodwill, 31 December 2023</b>	<b>38.497.581</b>

## ALARKO HOLDİNG A.Ş. AND ITS SUBSIDIARIES

### Notes to the Audited Consolidated Financial Statements as of 31 December 2023

(Amounts expressed in terms of the purchasing power of the Turkish Lira ("TL") as of December 31, 2023, unless otherwise indicated).

#### 3. BUSINESS COMBINATIONS (CONTINUED)

It was announced to the public on March 3, 2023 that Alarko Tarım Sanayi ve Ticaret Anonim Şirketi, a subsidiary of Alarko Tarım Sanayi ve Ticaret Anonim Şirketi, has decided to purchase 400,000 shares with a nominal value of TL 400,000 corresponding to 40% of the shares of Gürlük Jeotermal Enerji Tarım Seracılık Gıda Sanayi ve Ticaret Anonim Şirketi for TL 75,468,000. In the meeting of the Board of Directors dated July 10, 2023, it was decided to purchase all (100%) of the shares of Gürlük Jeotermal Enerji Tarım Seracılık Gıda Sanayi ve Ticaret Anonim Şirketi for USD 9.830.000 equivalent of Turkish Lira and to offset the advance payment of TL 75.468.000, which was previously paid for the purchase of 400.000 shares with a nominal value of TL 400.000, from the determined share purchase price and the share transfer transaction was realized on the same date. The acquisition has been provisionally accounted for as of December 31, 2023 due to the ongoing work to determine the fair value of the identifiable assets and liabilities acquired in relation to this acquisition. In accordance with TFRS 3 "Business Combinations", the acquisition transaction recognized on a provisional basis is required to be adjusted within 12 months following the acquisition date. As a result of the final accounting of the acquisition, it is possible that there may be adjustments to the fair values of the identifiable assets acquired and liabilities assumed and accordingly to the carrying amount of goodwill."

	<b>Fair value (TL)</b>
Cash and cash equivalents	
Trade receivables	9.252.140
Other receivables	5.649.468
Cash and cash equivalents	1.853.613
Prepaid expenses	63.832.297
Other current assets	4.567.699
Property, plant and equipments	330.206.924
Intangible assets	5.810
Trade payables	(117.374.427)
Other payables	(9.869.748)
Deferred tax liabilities	(66.310.566)
<b>Fair value of net assets</b>	<b>221.813.210</b>
Purchase price	281.941.258
Less : Fair value of net assets acquired	(221.813.210)
<b>Goodwill, 31 Dcember 2023</b>	<b>60.128.048</b>

## ALARKO HOLDİNG A.Ş. AND ITS SUBSIDIARIES

### Notes to the Audited Consolidated Financial Statements as of 31 December 2023

(Amounts expressed in terms of the purchasing power of the Turkish Lira ("TL") as of December 31, 2023, unless otherwise indicated).

#### 3. BUSINESS COMBINATIONS (CONTINUED)

It was previously announced to the public that a preliminary protocol was signed on July 14, 2023 between Alarko Tarım Sanayi ve Ticaret Anonim Şirketi, a subsidiary of Alarko Tarım Sanayi ve Ticaret A.Ş., and Halil Pekdemir Çiftliği Gıda ve İhtiyaç Maddeleri Ticaret ve Sanayi Limited Şirketi in order to transfer the shares of the new company to be established by partial spin-off of Halil Pekdemir Çiftliği Gıda ve İhtiyaç Maddeleri Ticaret ve Sanayi Limited Şirketi ("Pekdemir") to Alarko Tarım Sanayi ve Ticaret A.Ş. The Share Transfer Agreement regarding the purchase of all (100%) shares of Alden Jeotermal Tarım Gıda Sanayi ve Ticaret Anonim Şirketi, which was established through the partial spin-off of Pekdemir, at a price of Turkish Lira equivalent to USD 12,269,500 and the offsetting of the Turkish Lira equivalent of USD 2,000,000 previously paid in advance against the determined share purchase price was signed on August 4, 2023 and the share transfer transaction was realized on the same date. Due to the ongoing work to determine the fair value of the identifiable assets and liabilities acquired in relation to this acquisition, the acquisition transaction has been provisionally accounted for as of December 31, 2023. In accordance with TFRS 3 "Business Combinations", the acquisition transaction recognized on a provisional basis is required to be adjusted within 12 months following the acquisition date. As a result of the final accounting of the acquisition transaction, the identifiable assets acquired and the It is possible that the final accounting for the acquisition will result in adjustments to the carrying amounts of the identifiable assets acquired and liabilities assumed and accordingly to the carrying amount of goodwill.

	Fair value (TL)
Cash and cash equivalents	85.062
Trade receivables	1.533.541
Other receivables	54.977
Inventories	17.572.763
Prepaid expenses	64.410.344
Other current assets	1.149.880
Property, plant and equipments	329.419.145
Trade payables	(83.084.791)
Other payables	(2.214.811)
Deferred tax liabilities	(76.458.521)
<b>Fair value of net assets</b>	<b>252.467.589</b>
Purchase price	364.556.147
Less : Fair value of net assets acquired	(252.467.589)
<b>Goodwill, 31 December 2023</b>	<b>112.088.558</b>

## ALARKO HOLDİNG A.Ş. AND ITS SUBSIDIARIES

### Notes to the Audited Consolidated Financial Statements as of 31 December 2023

(Amounts expressed in terms of the purchasing power of the Turkish Lira ("TL") as of December 31, 2023, unless otherwise indicated).

#### 3. BUSINESS COMBINATIONS (CONTINUED)

Alarko Tarım Sanayi ve Ticaret Anonim Şirketi, a subsidiary of Alarko Tarım Sanayi ve Ticaret Anonim Şirketi, acquired 62.124.000 shares of Ereğli Agrosan Doğal Ürünler ve Türevleri Tarım Üretim ve Ticaret Anonim Şirketi with a nominal value of TL 62.124.000 (100%) for a consideration of TL 36.401.331 as of August 31, 2023. The acquisition has been provisionally accounted for as of December 31, 2023 due to the ongoing work to determine the fair value of the identifiable assets and liabilities acquired in relation to this acquisition. In accordance with TFRS 3 "Business Combinations", the acquisition transaction recognized on a provisional basis is required to be adjusted within 12 months following the acquisition date. As a result of the final accounting of the acquisition, it is possible that there may be adjustments to the carrying amounts of the identifiable assets acquired and liabilities assumed and, accordingly, to the carrying amount of goodwill.

	<b>Fair value (TL)</b>
Cash and cash equivalents	707.029
Trade receivables	3.911.081
Other receivables	41.392
Inventories	24.555.248
Prepaid expenses	13.797.633
Other current assets	6.514.514
Property, plant and equipments	34.403.967
Intangible assets	314.420
Deferred tax asset	701.117
Short term liabilities	(2.290.350)
Trade payables	(40.383.503)
Other payables	(951.774)
Long-term liabilities	(2.618.652)
<b>Fair value of net assets</b>	<b>38.702.122</b>
Purchase price	40.025.018
Less : Fair value of net assets acquired	(38.702.122)
<b>Goodwill, 31 December 2023</b>	<b>1.322.896</b>



## ALARKO HOLDİNG A.Ş. AND ITS SUBSIDIARIES

### Notes to the Audited Consolidated Financial Statements as of 31 December 2023

(Amounts expressed in terms of the purchasing power of the Turkish Lira ("TL") as of December 31, 2023, unless otherwise indicated).

#### 3. BUSINESS COMBINATIONS (CONTINUED)

Alarko Tarım Sanayi ve Ticaret A.Ş., a subsidiary of Alarko Tarım Sanayi ve Ticaret A.Ş., acquired 50.000.000 shares (100%) of Altes Seracılık Tarım Gıda Sanayi ve Ticaret Anonim Şirketi with a nominal value of TL 50.000.000 with a consideration of TL 50.000.000 as of 12 October 2023. The acquisition transaction has been accounted for provisionally as of 31 December 2023 due to the ongoing studies to determine the fair value of the identifiable assets and liabilities acquired in relation to this acquisition. In accordance with TFRS 3 "Business Combinations", the acquisition transaction recognized on a provisional basis is required to be adjusted within 12 months following the acquisition date. As a result of the final accounting of the acquisition, it is possible that there may be adjustments to the carrying amounts of the identifiable assets acquired and liabilities assumed and, accordingly, to the carrying amount of goodwill.

	<b>Fair value (TL)</b>
Cash and cash equivalents	428.475
Trade receivables	3.982.992
Inventories	1.231.442
Prepaid expenses	38.287
Other current assets	74.157.598
Property, plant and equipments	7.560.483
Cash and cash equivalents	107.271.916
Deferred tax asset	24.182.611
Trade payables	(231.650.320)
Other payables	(583.096)
<b>Fair value of net assets</b>	<b>(13.379.612)</b>
Purchase price	53.152.175
Less : Fair value of net assets acquired	13.379.612
<b>Goodwill, 31 December 2023</b>	<b>66.531.787</b>

## ALARKO HOLDİNG A.Ş. AND ITS SUBSIDIARIES

### Notes to the Audited Consolidated Financial Statements as of 31 December 2023

(Amounts expressed in terms of the purchasing power of the Turkish Lira ("TL") as of December 31, 2023, unless otherwise indicated).

#### 3. BUSINESS COMBINATIONS (CONTINUED)

Alarko Tarım Sanayi ve Ticaret Anonim Şirketi, a subsidiary of Alarko Tarım Sanayi ve Ticaret Anonim Şirketi, acquired 77.711.864 shares (100%) of Alziraat Jeotermal Tarım Gıda Sanayi ve Ticaret Anonim Şirketi with a nominal value of TL 777.119 for a consideration of TL 69.416.000 as of October 13, 2023. Due to the ongoing studies to determine the fair value of the identifiable assets and liabilities acquired in relation to this acquisition, the acquisition has been provisionally accounted for as of December 31, 2023. In accordance with TFRS 3 "Business Combinations", the acquisition transaction recognized on a provisional basis is required to be adjusted within 12 months following the acquisition date. As a result of the final accounting of the acquisition, it is possible that there will be adjustments to the carrying amounts of the identifiable assets acquired and liabilities assumed, and accordingly to the carrying amount of goodwill.

	<b>Fair value (TL)</b>
Cash and cash equivalents	32.417
Prepaid expenses	1.063.043
Other current assets	1.186.923
Property, plant and equipments	86.843.007
Trade payables	(51.061.549)
Other payables	(472)
Deferred tax asset	(7.894.151)
<b>Fair value of net assets</b>	<b>30.169.218</b>
Purchase price	73.793.113
Less : Fair value of net assets acquired	(30.169.218)
<b>Goodwill, 31 December 2023</b>	<b>43.623.895</b>

## ALARKO HOLDİNG A.Ş. AND ITS SUBSIDIARIES

### Notes to the Audited Consolidated Financial Statements as of 31 December 2023

(Amounts expressed in terms of the purchasing power of the Turkish Lira ("TL") as of December 31, 2023, unless otherwise indicated).

#### 3. BUSINESS COMBINATIONS (CONTINUED)

It was previously announced to the public that Alarko Tarım Sanayi ve Ticaret Anonim Şirketi, a subsidiary of Alarko Tarım Sanayi ve Ticaret Anonim Şirketi, signed a share transfer agreement on September 13, 2023 for the purchase of 80.000 shares with a nominal value of TL 80.000, which corresponds to 80% of the total capital of Genseed Tohum Islah ve Üretim Anonim Şirketi, for a consideration of TL equivalent of USD 3.720.241, provided that the specified closing conditions are fulfilled, and that, in accordance with the share transfer agreement, the share transfer price will be subject to certain adjustments on the closing date and the final transfer price will be announced when finalized. As a result of the negotiations between the parties and the adjustments made, it has been decided that the final transfer price will be determined as TL equivalent of USD 4.277.725 and TL equivalent of USD 1.000.000 paid in advance will be deducted from the final transfer price. Accordingly, 80.000 shares with a nominal value of TL 80.000, corresponding to 80% of the total capital of Genseed Tohum Islah ve Üretim Anonim Şirketi, were taken over as of October 27, 2023. It is possible that the final accounting for the acquisition will result in adjustments to the carrying amounts of the identifiable assets acquired and liabilities assumed and, accordingly, to the carrying amount of goodwill.

	Fair value (TL)
Cash and cash equivalents	177.377
Other receivables	85.444
Inventories	468.110
Other current assets	809.284
Property, plant and equipments	100.337.000
Trade payables	(21.788.516)
Other payables	(281.568)
Long-term liabilities	(14.750.000)
Deferred tax liabilities	(744.641)
<b>Fair value of net assets</b>	<b>64.312.490</b>
Purchase price	127.791.687
Ownership rate	80%
Less : Fair value of net assets acquired	(51.449.992)
<b>Goodwill, 31 December 2023</b>	<b>76.341.695</b>

The business merger that took place during the accounting period from January 1 to December 31, 2022 is as follows;

Alarko Gayrimenkul Yatırım Ortaklığı A.Ş., the owner of the real estate at the address of Marksistskaya Sok., No.16, 109147 Moscow / Russian Federation, purchased for USD 8.000.000 from Alarko Holding A.Ş. 50% of the shares of Mosalarko OJSC company located in the Russian Federation, whose activity is only real estate. The purchase of the said share was registered in the Moscow Trade Registry of the Russian Federation on January 27, 2022. As a result of the merger, the control of Alarko Holding A.Ş. over Mosalarko OJSC has not changed and has been evaluated within the scope of the principle decision titled "Accounting for business combinations subject to joint control" published by POA. Business combinations under common control should be accounted for using the combination of rights method and goodwill should not be included in the financial statements.

## ALARKO HOLDİNG A.Ş. AND ITS SUBSIDIARIES

Notes to the Audited Consolidated Financial Statements  
as of 31 December 2023

(Amounts expressed in terms of the purchasing power of the Turkish Lira ("TL") as of December 31, 2023, unless otherwise indicated).

## 4. SEGMENT REPORTING

Alarko Groups' sectors are classified; tourism, industry and merchandising, energy and contracting/land development. Alyat Teknoloji Yatırımları Holding A.Ş., Alser Alarko Sermaye Yatırımları Holding A.Ş. and Alarko Havacılık Endüstri Yatırımları A.Ş. to Holding sektors, Alarko Tarım Sanayi ve Ticaret A.Ş., Palmira Agro Gübre Sanayi ve Ticaret A.Ş., Antsan Tarım Sanayi ve Ticaret A.Ş. ve Alsera Jeotermal Tarım Gıda San. Tic. A.Ş. Ereğli Agrosan Doğal Ürünler ve Türevleri Tarım Üretim ve Ticaret A.Ş., Alarko Gübre Fabrikaları Sanayi ve Ticaret A.Ş., Alden Jeotermal Tarım Gıda Sanayi ve Ticaret A.Ş., Gürlük Jeotermal Enerji Tarım Seracılık Gıda Sanayi ve Ticaret A.Ş., Alpark Jeotermal Sağlık Turizm ve Depoculuk A.Ş., Alurla Jeotermal Sağlık Turizm A.Ş., Albi Birkisel İlaç Ham Maddeleri Üretim Sanayi ve Ticaret A.Ş. and Hak Gayrimenkul Tarım Sanayi ve Ticaret A.Ş. to Agriculture sector is included. These fields of activity are taken as a basis while preparing the report according to the departments.

As of 31 December 2023, segment reporting is as follows (TL):

Assets	Holding	Tourism	Industry and merchandising	Energy	Contracting and land development	Agriculture	Elimination and classification	Total
<b>Current assets</b>								
Cash and cash equivalents	122.048.550	569.912.276	89.618.872	1.781.972.060	625.611.693	84.703.691	-	3.273.867.142
Financial investments	1.210.644.788	99.004.217	-	4.104.612.653	1.038.602.608	-	-	6.452.864.266
Trade receivables	62.073.386	7.824.667	264.360	241.493.112	7.045.424.846	1.102.591.621	(5.530.825.763)	2.928.846.229
Other receivables	23.855.806	8.538	-	2.080.231.787	238.758.503	8.674.893	(2.331.481.409)	20.048.118
Assets arising from customer contracts	-	120.996	-	-	366.822.075	-	-	366.943.071
Inventories	88.565	14.581.481	1.820.446	26.892.775	934.923.277	126.970.148	(1.216.783)	1.104.059.909
Prepaid expenses	4.592.140	19.424.632	7.310	4.295.368	612.526.736	179.957.397	-	820.803.583
Current income tax assets	17.939.669	1.212.501	-	20.998	59.704.350	1.440.472	-	80.317.990
Other current assets	47.020.994	40.139.318	704.636	88.494.883	378.300.773	87.105.068	-	641.765.672
Non-current assets held for sale	-	122.044	-	-	27.523.939	-	(12.039.602)	15.606.381
<b>Non-current assets</b>								
Financial investments	7.679.846.274	482.186	9.140.074	2.108.529.687	3.139.296.266	2.309.028.388	(13.490.437.827)	1.755.885.048
Trade receivables	-	-	-	-	146.583	-	-	146.583
Other receivables	113.665	695.706	-	9.547	93.658.771	2.350.434	-	96.828.123
Investments accounted for by equity method	4.808.949.859	-	626.750.485	27.063.830.954	3.288.204.076	-	(7.175.183.315)	28.612.552.059
Investment properties	549.810.000	-	6.480.000	244.265.000	9.869.676.459	-	(7.772.091.897)	2.898.139.562
Property, plant and equipment	14.606.817	459.349.355	-	1.546.600.772	697.234.451	1.423.570.663	2.439.902.879	6.581.264.937
Right of use assets	7.351.155	1.624.195.708	-	37.493.073	61.891.292	13.021.537	(1.154.270.477)	589.682.288
Intangible assets	709.031	3.478.472	-	383.291.736	79.188.196	29.336.753	450.063.948	946.068.136
Prepaid expenses	260.805	2.391.417	-	72.976	28.163.451	533.724.049	-	564.612.698
Deferred tax asset	15.837.851	81.159.568	-	377.226.116	1.007.671.149	68.257.595	(69.584.107)	1.480.568.172
Other non-current assets	26	558.939	-	-	127.469.210	-	-	128.028.175
<b>Total assets</b>	<b>14.565.749.381</b>	<b>2.924.662.021</b>	<b>734.786.183</b>	<b>40.089.333.497</b>	<b>29.720.798.704</b>	<b>5.970.732.709</b>	<b>(34.647.164.353)</b>	<b>59.358.898.142</b>

# ALARKO HOLDİNG A.Ş. AND ITS SUBSIDIARIES

## Notes to the Audited Consolidated Financial Statements as of 31 December 2023

(Amounts expressed in terms of the purchasing power of the Turkish Lira ("TL") as of December 31, 2023, unless otherwise indicated).

### 4. SEGMENT REPORTING (CONTINUED)

As of 31 December 2023, segment reporting is as follows (TL) :

Liabilities	Holding	Tourism	Industry and merchandising	Energy, land development	Contracting and development	Agriculture	Elimination and classification	Total
<b>Current liabilities</b>								
Short-term financial liabilities	4.548.077	1.379.677	-	5.242.872	3.075.527.790	1.870.953.031	-	4.957.651.447
Short-term portion of long-term financial liabilities	-	-	-	-	156.373.468	-	-	156.373.468
Trade payables	9.814.423	319.051.869	1.080.068	23.124.405	5.878.737.837	1.392.887.146	(5.680.607.765)	1.944.087.983
Payables related to employee benefits	6.350.422	13.687.193	71.797	2.693.514	43.262.719	18.292.300	-	84.357.945
Other payables	1.774.888.810	1.819.901	18.366	4.322.418.578	481.621.833	55.492.388	(2.182.129.706)	4.454.130.170
Liabilities arising from customer contracts	-	11.575.381	-	-	767.394.215	-	-	778.969.596
Derivative instruments	-	-	-	5.303.193	-	-	-	5.303.193
Deferred income (Except for obligations arising from customer contracts)	-	73.276.936	24.592	-	520.502.538	1.955.892	-	595.759.958
Current income tax liabilities	227.791	-	2.213.764	78.646.481	59.569.452	843.293	-	141.500.781
Short-term provisions	-	-	-	28.264.138	17.029.890	-	-	45.294.028
Other current liabilities	850.001.889	89.036	-	3.571.351.682	2.464.430	100.725.817	(4.524.627.221)	5.633
<b>Non-current liabilities</b>								
Long-term financial liabilities	680.180	1.964.553.748	-	18.341.122	490.861.991	39.490.632	(1.942.168.493)	571.759.180
Other payables	-	-	-	-	585.924.855	-	-	585.924.855
Liabilities arising from customer contracts	-	418.486	-	-	143.003.575	-	-	143.422.061
Investments accounted for by equity method liabilities	-	-	-	-	27.895.098	-	-	27.895.098
Deferred income (excluding obligations arising from customer contracts)	9.578.871	49.515.550	-	-	341.318.046	-	-	341.318.046
Long-term provisions	162.816.373	-	-	4.170.370	54.577.996	332.826	-	118.175.613
Deferred tax liabilities	-	-	893.768	3.727.832	144.574.521	1.065.543	144.547.263	457.625.300
<b>Equity</b>								
Paid-in share capital	1.218.500.000	21.500.000	230.000	578.975.276	402.261.733	1.582.693.565	(3.369.160.574)	435.000.000
Inflation adjustment on capital	4.171.718.427	178.439.983	64.995.589	1.712.777.328	3.017.642.855	406.232.047	(5.712.224.395)	3.839.581.834
Capital advance	(543.413.761)	-	-	-	(114.228.790)	39.159.518	(39.159.518)	(601.896.460)
Repurchased shares (-)	-	-	-	-	-	-	55.746.091	(1.535.863)
Gross shareholding adjustment	-	-	-	-	-	-	(1.535.863)	-
Premiums/discounts on shares	-	-	-	-	-	77.200.154	(77.200.154)	-
Actuarial gain / (loss) arising from defined benefit plans	(3.180.512)	(24.532.281)	(21.707.867)	(14.009.615)	(13.058.846)	75	393.828	(76.095.218)
Foreign currency translation differences	-	-	-	-	2.127.753.214	-	(133.458.728)	1.994.294.486
Gains / (losses) from financial assets at fair value through other comprehensive income	5.133.216.455	-	1.360.142	4.599	1.681.160.602	-	(6.819.868.116)	(4.126.318)
Restricted reserves	384.698.172	10.202.191	12.671	163.986.258	94.850.346	924.331	137.308.463	791.982.432
Dividend advances paid (-)	(697.242.012)	-	-	(942.676.037)	-	-	953.236.187	(686.681.862)
Retained earnings or accumulated losses	87.368.735	45.250.910	803.769.142	23.363.842.628	8.744.003.370	120.592.714	(4.481.668.117)	28.683.159.382
Net profit or loss for the period	1.995.177.041	258.433.441	(118.175.849)	7.163.148.873	987.773.966	261.891.437	(3.922.927.749)	6.625.321.160
Non-controlling interest	-	-	-	-	-	-	2.948.340.234	2.948.340.234
<b>Total liabilities</b>	<b>14.565.749.381</b>	<b>2.924.662.021</b>	<b>734.786.183</b>	<b>40.089.333.497</b>	<b>29.720.798.704</b>	<b>5.970.732.709</b>	<b>(34.647.164.353)</b>	<b>59.358.898.142</b>



# ALARKO HOLDİNG A.Ş. AND ITS SUBSIDIARIES

## Notes to the Audited Consolidated Financial Statements as of 31 December 2023

(Amounts expressed in terms of the purchasing power of the Turkish Lira ("TL") as of December 31, 2023, unless otherwise indicated).

### 4. SEGMENT REPORTING (CONTINUED)

As of 31 December 2023, segment reporting is as follows (TL) :

	Holding	Tourism	Industry and merchandising	Energy	Contracting and land development	Agriculture	Elimination and classification	Total
Revenue (Outside the Group) (net)	101,153,561	1,356,340,970	209,617,928	494,361,875	5,905,756,039	275,753,536	(46,755,812)	8,296,228,097
Revenue (Within the Group)	161,957,596	-	-	7,077,368	360,992,472	49,215,913	(579,243,349)	-
Cost of sales (Outside the Group) (-)	(84,031,827)	(662,487,674)	(132,874,520)	(315,481,973)	(6,205,207,057)	(201,740,762)	(6,261,027)	(7,608,084,870)
Cost of sales (Within the Group) (-)	(173,975,370)	(173,450,853)	(1,612,245)	(8,356,711)	(109,056,446)	(50,943,514)	561,395,139	-
<b>Gross profit / (loss)</b>	<b>5,103,960</b>	<b>476,402,443</b>	<b>75,131,163</b>	<b>177,600,559</b>	<b>(47,515,022)</b>	<b>72,285,173</b>	<b>(70,865,049)</b>	<b>688,143,227</b>
General administrative expenses (-)	(96,896,553)	(183,033,394)	(290,834)	(60,809,625)	(533,345,798)	(113,380,846)	19,323,208	(968,433,843)
Marketing expenses (-)	-	(71,844,870)	(2,339,814)	-	-	(10,743,932)	580,451	(84,348,165)
Research and development expenses (-)	-	-	-	-	-	(291,965)	54,676	(237,289)
Other income from operating activities	684,913,363	206,348,361	62,664,900	2,649,843,566	1,179,964,830	231,973,583	(761,835,920)	4,253,772,683
Other expense from operating activities (-)	(471,919,264)	(109,299,961)	(21,055,777)	(1,087,974,220)	(520,390,637)	(271,265,086)	1,249,378,473	(1,232,526,474)
<b>Operating profit / (loss)</b>	<b>121,201,506</b>	<b>318,572,579</b>	<b>114,109,638</b>	<b>1,678,660,279</b>	<b>78,713,373</b>	<b>(91,423,075)</b>	<b>436,535,839</b>	<b>2,656,370,139</b>
Income from investing activities	1,879,152,954	116,349,533	4,038,593	1,372,914,622	1,443,334,786	141,447,612	(3,143,642,839)	1,813,595,261
Expenses from investing activities (-)	-	(107,317)	(4,682)	(60,672,059)	(60,672,059)	(1,135,795)	2,023,701	(59,900,650)
Share of profits / (losses) of investments accounted by equity method	-	-	(172,914,282)	5,971,766,368	34,777,562	-	(497,413,675)	5,649,210,973
<b>Operating profit / (loss) before financial income / (expense)</b>	<b>2,000,354,460</b>	<b>434,814,795</b>	<b>(54,770,733)</b>	<b>9,023,336,771</b>	<b>1,809,148,662</b>	<b>48,888,742</b>	<b>(3,202,496,974)</b>	<b>10,059,275,723</b>
Financial income	-	-	-	-	22,900,000	-	-	22,900,000
Financial expenses (-)	(886,634)	(771,999,467)	(3,835,455)	(16,558,247)	(613,441,952)	(224,578,680)	772,626,680	(858,673,881)
Monetary (loss)/gain (Net)	92,543,631	669,139,667	(38,644,253)	(1,570,297,445)	(733,012,295)	373,660,405	(1,197,877,504)	(2,404,407,757)
<b>Profit / (loss) before tax from continued operations</b>	<b>2,092,011,457</b>	<b>331,954,995</b>	<b>(97,250,441)</b>	<b>7,436,481,079</b>	<b>485,594,452</b>	<b>197,990,341</b>	<b>(3,627,687,798)</b>	<b>6,819,094,085</b>
Tax (expense) / income for the period	(51,154,714)	(48,042,092)	(20,560,722)	(323,071,013)	(55,753,075)	(1,482,395)	1,028,698	(489,035,313)
Deferred tax (expense) / income	(48,678,702)	(25,479,462)	(3,644,666)	49,738,807	557,932,589	65,383,491	(14,523,342)	587,007,695
<b>Tax (expense) / income from continued operations</b>	<b>(99,834,416)</b>	<b>(73,521,554)</b>	<b>(20,925,408)</b>	<b>(273,332,206)</b>	<b>502,179,514</b>	<b>63,901,096</b>	<b>(13,494,644)</b>	<b>87,972,382</b>
Net profit / (loss) from continued operations	1,995,177,041	258,433,441	(118,175,849)	7,163,148,873	987,773,966	261,891,437	(3,641,182,442)	6,907,066,467
<b>Net income / (loss) for the period</b>	<b>1,995,177,041</b>	<b>258,433,441</b>	<b>(118,175,849)</b>	<b>7,163,148,873</b>	<b>987,773,966</b>	<b>261,891,437</b>	<b>(3,641,182,442)</b>	<b>6,907,066,467</b>
<b>Other comprehensive income not to be reclassified to profit or loss</b>	<b>740,582</b>	<b>(15,520,915)</b>	<b>1,521</b>	<b>1,404,846</b>	<b>7,834,093</b>	<b>99</b>	<b>-</b>	<b>(5,539,774)</b>
Actuarial gain / (loss) arising from defined benefit plans	-	-	-	-	-	-	-	-
Share of other comprehensive income of investments accounted by equity method not to be reclassified to profit or loss	-	-	12,772,992	25,844,938	3,423	-	-	38,621,353
Deferred tax income for other comprehensive income not to be reclassified to profit or loss	(90,886)	4,204,940	(2,391,337)	(5,939,531)	(1,402,815)	(25)	-	(5,619,684)
<b>Other comprehensive income to be reclassified to profit or loss</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(79,343,208)</b>	<b>-</b>	<b>-</b>	<b>(79,343,208)</b>
Foreign currency translation differences	-	-	-	-	-	-	-	-
Other comprehensive income/(expense) for financial assets at fair value	-	-	-	-	(293,886)	-	-	(293,886)
difference is through other comprehensive income	-	-	-	-	-	-	-	-
Share of other comprehensive income of investments accounted by equity method to be reclassified to profit or loss	-	-	-	-	682,909,929	-	-	682,909,929
<b>Total comprehensive income / (expense)</b>	<b>1,995,826,737</b>	<b>247,117,466</b>	<b>(107,922,673)</b>	<b>7,184,459,126</b>	<b>1,597,481,500</b>	<b>261,891,511</b>	<b>(3,641,182,442)</b>	<b>7,537,801,225</b>
Distribution of profit / (loss) for the period	-	-	-	-	-	-	-	-
Non-controlling interest	1,995,177,041	258,433,441	(118,175,849)	7,163,148,873	987,773,966	261,891,437	(3,641,182,442)	281,745,307
Parent company shares	-	-	-	-	-	-	-	-
Distribution of total comprehensive income / (expense)	1,995,826,737	247,117,466	(107,922,673)	7,184,459,126	1,597,481,500	261,891,511	(3,641,182,442)	7,216,945,482
Non-controlling interest	-	-	-	-	-	-	-	-
Parent company shares	-	-	-	-	-	-	-	-

# ALARKO HOLDİNG A.Ş. AND ITS SUBSIDIARIES

## Notes to the Audited Consolidated Financial Statements as of 31 December 2023

(Amounts expressed in terms of the purchasing power of the Turkish Lira ("TL") as of December 31, 2023, unless otherwise indicated).

### 4. SEGMENT REPORTING (CONTINUED)

As of 31 December 2022, segment reporting is as follows (TL) :

Assets	Holding	Tourism	Industry and merchandising	Energy	Contracting and land development	Elimination and classification	Total
<b>Current assets</b>							
Cash and cash equivalents	3.177.609.301	479.731.250	112.155.658	2.090.821.580	2.524.942.051	-	8.385.259.840
Financial investments	489.265.230	67.702.207	-	546.056.757	85.519.380	-	1.188.543.574
Trade receivables	39.956.728	5.480.211	30.652.082	90.469.668	6.130.710.372	(3.618.122.923)	2.679.146.138
Other receivables	258.601	8.539	29.229	3.931.113.849	270.073.905	(4.182.783.861)	18.700.262
Assets arising from customer contracts	-	-	-	-	24.404.359	-	24.404.359
Derivative instruments	-	-	-	10.512.951	-	-	10.512.951
Inventories	58.854	17.403.078	4.259.912	26.848.211	1.524.849.830	(159.976)	1.573.259.909
Prepaid expenses	902.155	4.671.559	8.417	4.506.320	626.768.629	-	636.857.080
Current income tax assets	9.120.880	5.972.898	-	2.039.467	65.311.719	-	82.444.964
Other current assets	13.334.042	29.201.378	-	11.324.340	101.596.009	577.723	156.033.492
Non-current assets held for sale	-	142.214	-	-	43.447.908	(12.079.473)	31.510.649
<b>Non-current assets</b>							
Financial investments	6.149.368.969	482.187	10.359.525	1.231.311.777	4.764.038.285	(10.719.055.018)	1.436.505.725
Trade receivables	-	-	-	-	147.813	-	147.813
Other receivables	285.692	1.192.083	-	15.731	110.258.388	-	111.751.894
Investments accounted for by equity method	5.232.178.180	-	865.472.752	25.209.875.460	3.552.956.626	(8.145.477.122)	26.715.005.896
Investment properties	476.605.667	-	6.409.667	208.929.390	8.084.586.787	(6.189.285.347)	2.587.246.164
Property, plant and equipment	13.586.615	446.737.532	-	1.678.261.911	517.427.508	1.396.754.167	4.052.767.733
Right of use assets	1.877.423	1.655.776.995	-	30.197.295	60.116.668	(1.239.536.853)	508.431.528
Intangible assets	618.450	3.821.390	-	392.874.168	42.814.068	28.409.371	468.537.447
Prepaid expenses	494.327	1.986.048	-	131.685	33.220.001	-	35.832.061
Deferred tax asset	-	101.135.243	-	381.530.007	525.731.840	(84.624.109)	923.772.981
Other non-current assets	249	908.299	-	-	204.342.967	-	205.251.515
<b>Total assets</b>	<b>15.605.521.363</b>	<b>2.822.353.111</b>	<b>1.029.347.242</b>	<b>35.846.820.567</b>	<b>29.293.265.113</b>	<b>(32.765.383.421)</b>	<b>51.831.923.975</b>

## ALARKO HOLDİNG A.Ş. AND ITS SUBSIDIARIES

Notes to the Audited Consolidated Financial Statements  
as of 31 December 2023

(Amounts expressed in terms of the purchasing power of the Turkish Lira ("TL") as of December 31, 2023, unless otherwise indicated).

## 4. SEGMENT REPORTING (CONTINUED)

As of 31 December 2022, segment reporting is as follows (TL) :

Liabilities	Holding	Tourism	Industry and merchandising	Energy	Contracting and land development	Elimination and classification	Total
<b>Current liabilities</b>							
Short-term financial liabilities	714,006	1,899,566	-	4,791,473	2,485,502,531	-	2,492,907,576
Short-term portion of long-term financial liabilities	-	-	-	47,834,050	19,609,735	-	67,443,785
Trade payables	5,158,613	274,993,050	14,137,418	7,569,161	5,188,461,991	(3,729,653,395)	1,760,666,838
Payables related to employee benefits	3,897,957	11,872,569	71,831	909,498	42,700,466	-	59,452,321
Other payables	3,280,317,471	1,947,510	3,990,039	5,120,692,034	932,162,047	(4,071,634,725)	5,267,474,376
Liabilities arising from customer contracts	-	18,393,947	-	-	1,314,625,228	-	1,333,019,175
Deferred income (Except for obligations arising from customer contracts)	-	65,671,595	85,418,368	-	1,014,641,120	-	1,165,731,083
Current income tax liabilities	-	3,703,869	9,518,945	77,723,976	20,609,981	-	111,556,771
Short-term provisions	-	-	-	40,402,430	24,219,772	-	64,622,202
Other current liabilities	713,644,573	75,476	-	6,074	84,501,269	(798,221,002)	6,390
<b>Non-current liabilities</b>							
Long-term financial liabilities	371,495	2,076,726,361	-	18,924,512	192,306,538	(2,056,430,839)	231,898,067
Other payables	-	-	-	-	524,752,490	-	524,752,490
Liabilities arising from customer contracts	-	74,117	-	-	167,093,506	-	167,167,623
Investments accounted for by equity method liabilities	-	-	-	-	138,222,369	-	138,222,369
Deferred income (Except for obligations arising from customer contracts)	-	-	-	-	229,986,795	-	229,986,795
Long-term provisions	11,289,197	39,360,935	32,444	6,225,013	72,406,693	-	129,314,282
Deferred tax liabilities	101,584,963	-	528,898	57,731,596	241,148,205	(1,665,889)	399,327,773
<b>Equity</b>							
Paid-in share capital	634,000,000	10,250,001	230,000	321,475,275	310,586,733	(841,542,009)	435,000,000
Inflation adjustment on capital	4,059,168,284	171,153,030	64,995,589	1,712,777,325	2,980,737,264	(5,149,249,658)	3,839,581,834
Repurchased shares (-)	(231,687,776)	-	-	-	(112,092,035)	54,703,312	(289,076,499)
Cross shareholding adjustment	-	-	-	-	-	(1,535,883)	(1,535,883)
Actuarial gain / (loss) arising from defined benefit plans	(3,830,207)	(13,216,307)	(31,826,229)	(26,623,104)	(19,493,544)	(9,217,816)	(104,207,207)
Foreign currency translation differences	-	-	-	-	1,585,411,141	(155,746,632)	1,429,664,509
Gains / (losses) from financial assets at fair value through other comprehensive income	6,155,726,366	-	2,542,992	108,886,865	2,978,487,098	(9,249,475,484)	(3,832,163)
Restricted reserves	470,642,952	23,520,918	45,001	53,529,798	323,801,441	(400,897,158)	470,642,952
Dividend advances paid (-)	-	-	-	(799,681,852)	-	799,681,852	-
Retained earnings or accumulated losses	93,961,182	(304,387,154)	637,495,092	10,276,867,078	7,916,162,516	(6,097,901,418)	12,522,197,296
Net profit or loss for the period	310,562,287	440,313,628	242,166,854	18,816,779,365	636,713,763	(3,740,311,196)	16,706,224,701
Non-controlling interest	-	-	-	-	-	2,683,714,519	2,683,714,519
<b>Total liabilities</b>	<b>15,605,521,363</b>	<b>2,822,353,111</b>	<b>1,029,347,242</b>	<b>35,846,820,567</b>	<b>29,293,265,113</b>	<b>(32,765,383,421)</b>	<b>51,831,923,975</b>

# ALARKO HOLDİNG A.Ş. AND ITS SUBSIDIARIES

## Notes to the Audited Consolidated Financial Statements as of 31 December 2023

(Amounts expressed in terms of the purchasing power of the Turkish Lira ("TL") as of December 31, 2023, unless otherwise indicated).

### 4. SEGMENT REPORTING (CONTINUED)

As of 31 December 2022, segment reporting is as follows (TL) :

	Holding	Tourism	Industry and merchandising	Energy	Contracting and land development	Elimination and classification	Total
Revenue (Outside the Group) (net)	39.302.189	1.120.143.796	86.006.064	1.862.612.770	9.163.811.958	-	12.271.876.777
Revenue (Within the Group)	7.110.099	-	-	567.530.575	238.874.787	(877.515.461)	-
Cost of sales (Outside the Group) (-)	(24.913.833)	(588.912.565)	(48.129.885)	(948.550.167)	(8.989.116.773)	(32.305.975)	(10.611.929.198)
Cost of sales (Within the Group) (-)	(79.696.782)	(141.403.963)	(757.572)	(828.219.996)	(47.017.372)	1.097.095.685	-
<b>Gross profit / (loss)</b>	<b>5.801.673</b>	<b>409.827.268</b>	<b>37.118.607</b>	<b>653.373.182</b>	<b>366.552.600</b>	<b>187.274.249</b>	<b>1.659.947.579</b>
General administrative expenses (-)	(49.265.156)	(144.405.666)	(193.241)	(78.557.611)	(571.397.509)	70.814.683	(773.004.070)
Marketing expenses (-)	-	(52.978.618)	(4.965.336)	-	-	-	(579.433.956)
Other income from operating activities	114.175.762	131.840.312	10.094.338	381.586.020	1.815.103.712	(164.136.089)	2.288.664.055
Other expenses from operating activities (-)	(101.619.575)	(67.268.696)	(2.729.750)	(206.523.704)	(941.858.054)	195.209.660	(1.124.790.099)
<b>Operating profit / (loss)</b>	<b>(30.907.296)</b>	<b>277.014.600</b>	<b>39.324.616</b>	<b>749.878.317</b>	<b>668.400.749</b>	<b>289.162.523</b>	<b>1.992.873.509</b>
Income from investing activities	573.984.877	19.573.871	2.551.855	2.139.756.741	1.616.374.317	(3.256.598.016)	1.095.643.645
Expenses from investing activities (-)	(828.287)	-	-	(39.912.944)	(39.912.944)	-	(40.741.231)
Share of profits/ (losses) of investments accounted by equity method	-	-	208.189.316	15.694.086.210	183.077.290	(387.396.364)	15.697.958.452
<b>Operating profit/ (loss) before financial income / (expense)</b>	<b>543.077.581</b>	<b>295.760.184</b>	<b>250.065.787</b>	<b>18.583.723.268</b>	<b>2.427.939.412</b>	<b>(3.354.831.857)</b>	<b>18.745.734.375</b>
Financial incomes	-	-	-	10.512.951	-	-	10.512.951
Financial expenses (-)	(247.141)	(665.980.664)	(288.641)	(18.859.168)	(152.812.757)	661.916.479	(76.271.892)
Monetary (loss)/gain (Net)	(159.030.424)	887.699.141	1.761.459	(179.446.504)	(1.771.120.229)	(926.139.201)	(2.146.275.758)
<b>Profit / (loss) before tax from continued operations</b>	<b>383.800.016</b>	<b>517.478.661</b>	<b>251.538.605</b>	<b>18.395.930.547</b>	<b>504.006.426</b>	<b>(3.619.054.579)</b>	<b>16.433.699.676</b>
Tax (expense) / income for the period	(25.426.094)	(36.799.787)	(9.681.091)	(94.976.829)	(13.747.183)	-	(180.630.964)
Deferred tax (expense) / income	(47.811.635)	(40.365.246)	309.340	515.825.647	146.454.520	68.888.420	643.301.046
<b>Tax (expense) / income from continued operations</b>	<b>(73.237.729)</b>	<b>(77.165.033)</b>	<b>(9.371.751)</b>	<b>420.848.818</b>	<b>132.707.337</b>	<b>68.888.420</b>	<b>462.670.062</b>
Net profit / (loss) from continued operations	310.562.287	440.313.628	242.166.854	18.816.779.365	636.713.763	(3.550.166.159)	16.896.369.738
<b>Net income / (loss) for the period</b>	<b>310.562.287</b>	<b>440.313.628</b>	<b>242.166.854</b>	<b>18.816.779.365</b>	<b>636.713.763</b>	<b>(3.550.166.159)</b>	<b>16.896.369.738</b>
<b>Other comprehensive income not to be reclassified to profit or loss</b>	<b>(4.787.759)</b>	<b>(16.520.383)</b>	<b>(1.521)</b>	<b>(3.174.952)</b>	<b>(24.223.466)</b>	<b>-</b>	<b>(48.708.081)</b>
Actuarial gain / (loss) arising from defined benefit plans	-	-	-	-	-	-	-
Share of other comprehensive income of investments accounted by equity method not to be reclassified to profit or loss	-	-	(40.814.377)	(40.974.881)	(1.069)	-	(81.790.327)
Deferred tax income for other comprehensive income not to be reclassified to profit or loss	957.551	3.304.076	8.163.178	8.829.967	4.730.992	-	25.985.764
<b>Other comprehensive income to be reclassified to profit or loss</b>	<b>957.551</b>	<b>3.304.076</b>	<b>8.163.178</b>	<b>8.829.967</b>	<b>4.730.992</b>	<b>-</b>	<b>843.566.318</b>
Foreign currency translation differences	-	-	-	-	843.566.318	-	843.566.318
Other comprehensive income (expense) for financial assets at fair value difference is through other comprehensive income	-	-	-	-	152.3172	-	152.3172
Share of other comprehensive income of investments accounted by equity method to be reclassified to profit or loss	-	-	-	-	(42.145.054)	-	(42.145.054)
<b>Total comprehensive income/ (expense)</b>	<b>306.732.079</b>	<b>427.097.321</b>	<b>209.514.134</b>	<b>18.781.459.499</b>	<b>1.420.164.656</b>	<b>(3.550.166.159)</b>	<b>17.594.801.530</b>
Distribution of profit / (loss) for the period	-	-	-	-	-	190.145.037	190.145.037
Non-controlling interest	-	-	-	-	636.713.763	(3.740.311.196)	16.706.224.701
Parent company shares	310.562.287	440.313.628	242.166.854	18.816.779.365	-	-	-
Distribution of total comprehensive income/ (expense)	-	-	-	-	-	-	-
Non-controlling interest	306.732.079	427.097.321	209.514.134	18.781.459.499	1.420.164.656	(3.810.436.797)	260.270.638
Parent company shares	-	-	-	-	-	-	17.334.530.892

## ALARKO HOLDİNG A.Ş. AND ITS SUBSIDIARIES

Notes to the Audited Consolidated Financial Statements  
as of 31 December 2023

(Amounts expressed in terms of the purchasing power of the Turkish Lira ("TL") as of December 31, 2023, unless otherwise indicated).

## 4. SEGMENT REPORTING (CONTINUED)

Distribution of depreciation and retirement pay liability expenses stated by segment in the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2023 is as follows (TL):

	Contracting and land development					Elimination	Total
	Holding	Tourism	Industry and merchandising	Energy	Agriculture		
Right of use assets (Note 20, 29)	4.810.721	38.719.361	-	2.073.853	31.561.852	959.719	40.727.743
Property, plant and equipment (Note 18, 29)	3.603.996	44.602.530	-	169.940.843	97.100.866	45.481.845	360.730.080
Intangible assets (Note 19, 29)	187.989	1.413.229	-	9.876.850	2.495.630	2.032.168	16.005.866
<b>Current period depreciation expenses</b>	<b>8.602.706</b>	<b>84.735.120</b>	<b>-</b>	<b>181.891.546</b>	<b>131.158.348</b>	<b>48.473.732</b>	<b>417.463.689</b>
Provision no longer required for termination indemnity (Note 30)	(2.797.281)	(17.468.836)	(10.074)	(1.511.880)	(19.693.680)	-	(41.481.751)
Current period termination indemnity expenses	3.916.224	25.714.246	1.521	2.975.750	24.624.802	21.518	57.254.061
<b>Total termination indemnity expense for the period</b>	<b>1.118.943</b>	<b>8.245.410</b>	<b>(8.553)</b>	<b>1.463.870</b>	<b>4.931.122</b>	<b>21.518</b>	<b>15.772.310</b>
Distribution of depreciation and retirement pay liability expenses stated by segment in the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2022 is as follows (TL):							
	Contracting and land development					Elimination	Total
	Holding	Tourism	Industry and merchandising	Energy	Contracting and land development		
Right of use assets (Note 20, 29)	1.072.784	38.382.292	-	566.246	29.612.571	(35.820.729)	33.813.164
Property, plant and equipment (Note 18, 29)	1.852.763	42.768.121	-	172.411.994	87.977.181	-	305.010.059
Intangible assets (Note 19, 29)	114.227	2.833.962	-	9.877.156	2.028.157	-	14.853.502
<b>Current period depreciation expenses</b>	<b>3.039.774</b>	<b>83.984.375</b>	<b>-</b>	<b>182.855.396</b>	<b>119.617.909</b>	<b>(35.820.729)</b>	<b>353.676.725</b>
Provision no longer required for termination indemnity (Note 30)	(16.929)	(2.447.952)	-	(113.601)	(8,709,366)	-	(11,287,850)
Current period termination indemnity expense	1,540,739	7,001,986	15,078	11,450,800	9,007,321	-	18,710,204
<b>Total termination indemnity expense for the period</b>	<b>1,523,810</b>	<b>4,554,034</b>	<b>15,078</b>	<b>1,031,479</b>	<b>297,953</b>	<b>-</b>	<b>7,422,354</b>



# ALARKO HOLDİNG A.Ş. AND ITS SUBSIDIARIES

## Notes to the Audited Consolidated Financial Statements as of 31 December 2023

(Amounts expressed in terms of the purchasing power of the Turkish Lira ("TL") as of December 31, 2023, unless otherwise indicated).

### 5. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of the following (TL) :

	31 December 2023	31 December 2022
Cash	<b>192.439</b>	467.107
Checks Received	<b>15.556.100</b>	692.046
Banks	<b>3.041.534.369</b>	8.237.821.176
-TL demand deposits	<b>6.610.906</b>	175.759.395
-foreign currency demand deposits	<b>69.739.062</b>	337.865.230
-TL time deposit	<b>1.046.376.357</b>	54.239.556
-foreign currency time deposit	<b>1.918.808.044</b>	7.669.956.995
Other liquid assets	<b>50</b>	165
Investment funds (*)	<b>216.584.184</b>	146.279.346
<b>Total</b>	<b>3.273.867.142</b>	8.385.259.840

As of 31 December 2023, the interest rates applied to time deposits are %19,00– %45,00 for TL deposits (31 December 2022 - %10,00 – %23,00); %2,25–%3,00 for Euro deposits (31 December 2022 - 1,35–%3,25); için %3,00 – %4,75 for deposits denominated in US dollars (31 December 2022 - %0,03 – %4,25) no deposits RON (31 December 2022 - %4,80–%8,40.); for GBP deposits %2,00–%2,75 (31 December 2022 , no GBP deposits)

TL 782.582 consists of blocked deposit loans and has been classified to demand account since it is shorter than 3 months ( 31 December 2022: TL 812.073).

### 6. FINANCIAL INVESTMENTS

Short term financial investments consist of the following (TL) :

	31 December 2023	31 December 2022
Financial assets at fair value through profit / (loss)		
-Investment funds (*)	<b>831.527.917</b>	311.528.677
Value increase in marketable securities (Note 31)	<b>291.873.638</b>	69.631.265
- Public sector notes, promissory notes and bonds (*)	<b>599.442.986</b>	33.546.701
- Currency protected deposit account	<b>1.856.266.929</b>	745.413.717
- Foreign currency government debt securities (**)	<b>2.379.118.294</b>	-
Financial assets at amortized cost		
- Public sector notes, promissory notes and bonds (*)	<b>494.634.502</b>	28.423.214
<b>Total</b>	<b>6.452.864.266</b>	1.188.543.574

(\*) As of the 31 December 2023 public sector notes, promissory notes and bonds interest rate is %3,18, %4,75, %2,38 ve %2,88 (31 December 2022 -3,18% - 2,88%).

(\*\*) As of the 31 December 2023 foreign currency government debt securities interest rate is %3,74.

**ALARKO HOLDİNG A.Ş. AND ITS SUBSIDIARIES****Notes to the Audited Consolidated Financial Statements  
as of 31 December 2023**

(Amounts expressed in terms of the purchasing power of the Turkish Lira ("TL") as of December 31, 2023, unless otherwise indicated).

**6. FINANCIAL INVESTMENTS (CONTINUED)**

Long term financial assets consist of the following (TL):

	31 December 2023		31 December 2022	
	Participaton rate %	Participation amount	Participation rate %	Participation amount
Financial assets at fair value through other comprehensive income				
-TSKB A.Ş.	< %1	<b>3.035.753</b>	< %1	3.329.641
Financial assets at fair value through profit / (loss)				
- Public sector notes, promissory notes and bonds (*)		<b>1.157.463.955</b>		501.087.349
-Investments in foreign companies		<b>595.385.340</b>		450.074.536
- Barr Operation and Maintenance LLP (**)		-		395.532
Financial assets at amortized cost				
- Public sector notes, promissory notes and bonds (*)		-		481.618.667
<b>Total</b>		<b>1.755.885.048</b>		<b>1.436.505.725</b>

(\*) As of the 31 December 2023 public sector notes, promissory notes and bonds interest rate is %3,18 and %4,75, %2,38 (31 December 2022 - %3,18-%2,88)

(\*\*) Included in consolidation as of September 30, 2023.

**7. FINANCIAL LIABILITIES**

Short-term financial liabilities consist of the following (TL) :

	31 December 2023	31 December 2022
Short term financial liabilities	<b>4.937.976.145</b>	2.470.332.109
Shot term lease obligations	<b>19.675.302</b>	22.575.467
Short term parts of long term borrowings	<b>158.373.468</b>	67.443.785
<b>Total</b>	<b>5.116.024.915</b>	<b>2.560.351.361</b>

Long-term financial liabilities are as follows (TL) :

	31 December 2023	31 December 2022
Long-term borrowings	<b>516.018.527</b>	186.928.083
Long-term lease obligations	<b>55.740.653</b>	44.969.984
<b>Total</b>	<b>571.759.180</b>	<b>231.898.067</b>

# ALARKO HOLDİNG A.Ş. AND ITS SUBSIDIARIES

## Notes to the Audited Consolidated Financial Statements as of 31 December 2023

(Amounts expressed in terms of the purchasing power of the Turkish Lira ("TL") as of December 31, 2023, unless otherwise indicated).

### 7. FINANCIAL LIABILITIES (CONTINUED)

As of 31 December 2023 and 2022, the maturities and interest rates of short term bank loans are as follows:

31 December 2023						
	Maturity date	Effective interest rate	Currency	Original amount of foreign currency	Foreign exchange rate	TL Amount
Bank loans	19.02.2024-18.12.2024	%8,32-%36,00	TL	386.253.693	-	386.253.693
Bank loans	28.03.2024-12.08.2024	%7,20-%8,00	USD	26.091.553	29,4913	769.473.817
Bank loans	24.02.2024-27.11.2024	%2,10-%8,75	Euro	120.757.221	32,6326	3.940.622.103
Leases	1.01.2024-31.12.2024	%14,59-%37,94	TL	17.076.162	-	17.076.162
Leases	1.01.2024-31.12.2024	%4,00	Euro	79.649	32,6326	2.599.140
<b>Total</b>						<b>5.116.024.915</b>
31 December 2022						
	Maturity date	Effective interest rate	Currency	Original amount of foreign currency	Foreign exchange rate	TL Amount
Bank loans	03.03.2023-15.12.2023	%10,00-%11,00	TL	40.938.183	-	67.455.039
Bank loans	28.03.2023	%5,10	USD	15.184.226	18,732	468.665.123
Bank loans	27.02.2023-14.03.2023	%1,70-%7,50	Euro	60.828.637	19,9708	2.001.655.732
Leases	01.01.2023-31.12.2023	%9,00-%24,00	TL	8.773.158	-	14.455.789
Leases	01.03.2023	%5,40	USD	3.001	18,732	92.640
Leases	01.03.2023	%1,80	Ron	1.200.309	4,0586	8.027.038
<b>Total</b>						<b>2.560.351.361</b>

As of 31 December 2023 and 2022, the maturities and interest rates of long term bank loans are as follows:

31 December 2023						
	Maturity date	Effective interest rate	Currency	Original amount of foreign currency	Foreign exchange rate	TL Amount
Bank loans	27.01.2025-18.08.2033	%8,32-%36,00	TL	516.018.527	-	516.018.527
Leases	1.01.2025-28.02.2062	%14,59-%50,97	TL	50.555.321	-	50.555.321
Leases	1.01.2025-19.10.2025	%4,00	Euro	158.900	32,6326	5.185.332
<b>Total</b>						<b>571.759.180</b>
31 December 2022						
	Maturity date	Effective interest rate	Currency	Original amount of foreign currency	Foreign exchange rate	TL Amount
Bank loans	15.03.2024-15.12.2032	%10,00	TL	113.445.877	-	186.928.083
Leases	01.01.2024-28.02.2062	%9,00-%24,00	TL	27.292.097	-	44.969.984
<b>Total</b>						<b>231.898.067</b>

# ALARKO HOLDİNG A.Ş. AND ITS SUBSIDIARIES

## Notes to the Audited Consolidated Financial Statements as of 31 December 2023

(Amounts expressed in terms of the purchasing power of the Turkish Lira ("TL") as of December 31, 2023, unless otherwise indicated).

### 7. FINANCIAL LIABILITIES (CONTINUED)

As of 31 December 2023 and 2022, the distribution of short and long term financial liabilities according to their maturities are as follows (TL):

	<b>Bank loans</b> <b>31 December 2023</b> <b>(TL)</b>	<b>Leases</b> <b>31 December 2023</b> <b>(TL)</b>	Bank loans and other financial liabilities 31 December 2022 (TL)	Leases 31 December 2022 (TL)
Within 1 year	<b>5.096.349.613</b>	<b>19.675.302</b>	2.537.775.894	22.575.467
Within 1 – 2 years	<b>154.663.052</b>	<b>15.147.337</b>	22.962.657	8.223.996
Within 2 – 3 years	<b>113.593.119</b>	<b>8.061.354</b>	34.082.174	6.352.309
Within 3 – 4 years	<b>81.460.926</b>	<b>6.582.106</b>	29.124.712	5.561.748
4 years and longer	<b>166.301.430</b>	<b>25.949.856</b>	100.758.540	24.831.931
<b>Total (Note 36 (ii))</b>	<b>5.612.368.140</b>	<b>75.415.955</b>	2.724.703.977	67.545.451

As of 31 December 2023, the movement schedule of financial liabilities is as follows (TL) :

	<b>Bank</b> <b>loans</b>	<b>Leases</b>	<b>Other</b> <b>financial liabilities</b>
Opening balance, 1 January 2023	2.724.703.977	67.545.451	-
Uses	3.346.935.149	58.052.571	-
Business combinations effect	33.078.695	-	-
Interest accruals	93.870.075	14.746.066	-
Principal payments	(620.827.019)	(31.253.930)	-
Interest payments	(22.543.126)	-	-
Effective interest rate effect	(1.608.576)	-	-
Adjustments related to unrealized exchange rate differences	1.129.851.414	(864.568)	-
Monetary gain/(loss)	(1.071.092.449)	(32.809.635)	-
<b>Closing balance, 31 December 2023</b>	<b>5.612.368.140</b>	<b>75.415.955</b>	<b>-</b>

As of 31 December 2022, the movement schedule of financial liabilities is as follows (TL) :

	<b>Bank</b> <b>loans</b>	<b>Leases</b>	<b>Other</b> <b>financial liabilities</b>
Opening balance, 1 January 2022	492.811.391	94.332.387	28.722.196
Uses	2.226.847.423	143.368.002	-
Interest accruals	38.022.097	5.074.932	2.059.222
Principal payments	(142.743.948)	(139.548.137)	(19.543.848)
Interest payments	(14.421.134)	-	-
Effective interest rate effect	232.325	-	(165)
Adjustments related to unrealized exchange rate differences	316.765.632	1.225.307	-
Monetary gain/(loss)	(192.809.809)	(36.907.040)	(11.237.405)
<b>Closing balance, 31 December 2022</b>	<b>2.724.703.977</b>	<b>67.545.451</b>	<b>-</b>

## ALARKO HOLDİNG A.Ş. AND ITS SUBSIDIARIES

### Notes to the Audited Consolidated Financial Statements as of 31 December 2023

(Amounts expressed in terms of the purchasing power of the Turkish Lira ("TL") as of December 31, 2023, unless otherwise indicated).

#### 8. TRADE RECEIVABLES AND PAYABLES

Short term trade receivables consist of the following (TL) :

	31 December 2023	31 December 2022
Customers	<b>2.607.877.038</b>	2.127.041.950
Rediscount on receivables (-)	<b>(4.709.431)</b>	(3.209.463)
Other short term receivables	<b>300.421.361</b>	535.435.743
Doubtful trade receivables	<b>18.976.288</b>	7.120.535
Provision for doubtful trade receivables (-)	<b>(18.976.288)</b>	(7.120.535)
<b>Total</b>	<b>2.903.588.968</b>	2.659.268.230
Trade receivables from related parties	<b>25.257.261</b>	19.877.908
<b>Total trade receivables from related parties (Note 35)</b>	<b>25.257.261</b>	19.877.908
<b>Grand Total (Note 36 (i))</b>	<b>2.928.846.229</b>	2.679.146.138

Long term trade receivables consist of the following (TL) :

	31 December 2023	31 December 2022
Customers	<b>146.583</b>	147.813
<b>Total (Note 36 (i))</b>	<b>146.583</b>	147.813

Changes in provision for doubtful trade receivables are set out in the table below (TL) :

	31 December 2023	31 December 2022
Opening balance	<b>7.120.535</b>	28.763.895
Expense for the current period (Note 28)	<b>13.371.641</b>	94.189
Collections / provisions no longer required (Note 30)	<b>(25.129)</b>	(374)
Bad debt cancellation	-	(11.093.808)
Currency translation difference	<b>1.308.352</b>	10.483.456
Monetary gain/(loss)	<b>(2.799.111)</b>	(21.126.823)
<b>Closing balance</b>	<b>18.976.288</b>	7.120.535



## ALARKO HOLDİNG A.Ş. AND ITS SUBSIDIARIES

### Notes to the Audited Consolidated Financial Statements as of 31 December 2023

(Amounts expressed in terms of the purchasing power of the Turkish Lira ("TL") as of December 31, 2023, unless otherwise indicated).

#### 8. TRADE RECEIVABLES AND PAYABLES (CONTINUED)

Short term trade payables consist of the following (TL) :

	31 December 2023	31 December 2022
Suppliers	1.894.300.030	1.751.021.247
Rediscount for payables (-)	(6.350.941)	(2.365.328)
Other trade payables	53.103.125	6.421.912
<b>Total</b>	<b>1.941.052.214</b>	<b>1.755.077.831</b>
Trade payables to related parties	3.035.769	5.589.007
<b>Total trade payables to related parties (Note 35)</b>	<b>3.035.769</b>	<b>5.589.007</b>
<b>Grand Total (Note 36(ii))</b>	<b>1.944.087.983</b>	<b>1.760.666.838</b>

#### 9. OTHER RECEIVABLES AND PAYABLES

Short term other receivables consist of the following (TL) :

	31 December 2023	31 December 2022
Deposits and guarantees given	10.131.888	7.707.589
Other miscellaneous receivables	9.066.746	8.895.700
<b>Total</b>	<b>19.198.634</b>	<b>16.603.289</b>
Other receivables from related parties	849.484	2.096.973
<b>Total other receivables from related parties (Note 35)</b>	<b>849.484</b>	<b>2.096.973</b>
<b>Grand Total (Note 36(ii))</b>	<b>20.048.118</b>	<b>18.700.262</b>

Long term other receivables consist of the following (TL):

	31 December 2023	31 December 2022
Deposits and guarantees given	3.287.439	1.529.197
Other miscellaneous receivables	-	158.882
<b>Total</b>	<b>3.287.439</b>	<b>1.688.079</b>
Other receivables from related parties	93.540.684	110.063.815
<b>Total other receivables from related parties (Note 35)</b>	<b>93.540.684</b>	<b>110.063.815</b>
<b>Grand Total (Note 36(ii))</b>	<b>96.828.123</b>	<b>111.751.894</b>

## ALARKO HOLDİNG A.Ş. AND ITS SUBSIDIARIES

### Notes to the Audited Consolidated Financial Statements as of 31 December 2023

(Amounts expressed in terms of the purchasing power of the Turkish Lira ("TL") as of December 31, 2023, unless otherwise indicated).

#### 9. OTHER RECEIVABLES AND PAYABLES (CONTINUED)

Short term other payables consist of the following (TL) :

	31 December 2023	31 December 2022
Taxes, duties, and other withholdings payable	100.933.011	162.064.019
Deposits and guarantees received	12.310.751	2.004.441
Other miscellaneous payables	19.058.114	13.754.741
<b>Total</b>	<b>132.301.876</b>	<b>177.823.201</b>
Other payables to related parties	4.321.828.294	5.089.651.175
<b>Total other receivables from related parties (Note 35)</b>	<b>4.321.828.294</b>	<b>5.089.651.175</b>
<b>Grand Total (Note 36(ii))</b>	<b>4.454.130.170</b>	<b>5.267.474.376</b>

Long term other receivables consist of the following (TL):

	31 December 2023	31 December 2022
Deposits and guarantees given	585.924.855	524.752.490
<b>Grand Total (Note 36(ii))</b>	<b>585.924.855</b>	<b>524.752.490</b>

#### 10. INVENTORIES

Inventories consist of the following (TL) :

	31 December 2023	31 December 2022
Raw materials and supplies	307.369.796	843.502.328
Semi-finished Goods in Production	15.283.258	-
Finished Goods	34.313.335	-
Merchandise (*)	746.922.300	729.793.775
Other inventories	215.424	8.010
Inventory impairment provision (-)	(44.204)	(44.204)
<b>Total</b>	<b>1.104.059.909</b>	<b>1.573.259.909</b>

(\*) TL 724.916.261 (31 December 2022 – 724.916.261 TL) part of merchandise balance, having a total amount of TL 746.922.300 (31 December 2022 – TL 729.793.775) as of 31 December 2023, consists of real estates.

## ALARKO HOLDİNG A.Ş. AND ITS SUBSIDIARIES

### Notes to the Audited Consolidated Financial Statements as of 31 December 2023

(Amounts expressed in terms of the purchasing power of the Turkish Lira ("TL") as of December 31, 2023, unless otherwise indicated).

#### 10. INVENTORIES (CONTINUED)

As of 31 December 2023 and 2022, details of real estates consist of the following (TL) :

	31 December 2023		31 December 2022	
	Adjusted book value (TL)	Sales value (TL)	Expertise value (TL)	Expertise date
<b>Land in Büyükçekmece</b>				
Land cost (3 parcels)	53.426.899	-	678.390.000	29.12.2023
			Adjusted book value (TL)	Expertise value (TL)
			53.426.899	-
				Sales value (TL)
				-
<b>Land in Orhanlı and Kocataş</b>				
Land Cost	671.489.362	-	2.803.230.000	29.12.2023-
			671.489.362	9.10.2023
				Expertise date
				05.01.2023
<b>Total</b>	<b>724.916.261</b>	<b>-</b>	<b>3.481.620.000</b>	<b>2.924.422.714</b>

**Land in Büyükçekmece:** There are 3 parcels of land with a total area of 622.651 m<sup>2</sup>. According to the appraisal report dated 29 December 2022 and 29 December 2023, equal comparison and income reduction methods have been used and equal comparison has been taken into consideration

**Lands in Orhanlı and Kocataş:** There is a land of 103.820,54 m<sup>2</sup> located in Orhanlı Village of Tuzla District in Istanbul, and a land of 369.411 m<sup>2</sup> located in Kocataş Village of Maden District in Sarıyer. In accordance with the appraisal report dated 9 October 2023, cost approach method is used in the determination of appraiser value, in accordance with the appraisal report dated 29 December 2023 equal comparison method is used in the determination of appraiser value

As of 31 December 2023 the real estates in the inventories have been valued by Reel Gayrimenkul Değerleme A.Ş. (31 December 2022 TSKB Gayrimenkul Değerleme A.Ş.).

## ALARKO HOLDİNG A.Ş. AND ITS SUBSIDIARIES

### Notes to the Audited Consolidated Financial Statements as of 31 December 2023

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#### 11. PREPAID EXPENSES

Short-term prepaid expenses consist of the following (TL):

	31 December 2023	31 December 2022
Advances given	<b>320.067.351</b>	257.993.743
Advances given to sub-contractors	<b>388.197.141</b>	289.975.042
Prepaid expenses	<b>112.539.091</b>	88.888.295
<b>Total</b>	<b>820.803.583</b>	636.857.080

Long-term prepaid expenses consist of the following (TL):

	31 December 2023	31 December 2022
Advances given	<b>530.966.498</b>	11.066.632
Prepaid expenses	<b>33.646.200</b>	24.765.429
<b>Total</b>	<b>564.612.698</b>	35.832.061

#### 12. ASSETS AND LIABILITIES ARISING FROM CUSTOMER CONTRACTS

Costs and estimated earnings related to on-going constructions and commitments are as follows (TL) :

	31 December 2023	31 December 2022
Costs related to on-going constructions		
Estimated earnings	<b>21.918.934.193</b>	18.180.845.302
Costs related to on-going constructions	<b>1.051.427.235</b>	1.140.522.423
Less: Total invoiced progress payment for the end of period	<b>(23.227.929.993)</b>	(20.082.459.158)
<b>Total</b>	<b>(257.568.565)</b>	(761.091.433)

Net balance reclassified enclosed in the accompanying consolidated statements of financial position is as follows (TL):

	31 December 2023	31 December 2022
Receivables from on-going constructions	<b>366.822.075</b>	24.404.359
Progress payments from on-going constructions contracts	<b>(624.390.640)</b>	(785.495.792)
<b>Total</b>	<b>(257.568.565)</b>	(761.091.433)

Total amount of short and long term advances received by the subsidiaries of the Group related to on-going constructions contracts is TL 861.586.083 as of 31 December 2023 (31 December 2022 – TL 1.244.427.459) and aforementioned amounts is recognized under deferred income account.

## ALARKO HOLDİNG A.Ş. AND ITS SUBSIDIARIES

### Notes to the Audited Consolidated Financial Statements as of 31 December 2023

(Amounts expressed in terms of the purchasing power of the Turkish Lira ("TL") as of December 31, 2023, unless otherwise indicated).

#### 12. ASSETS AND LIABILITIES ARISING FROM CUSTOMER CONTRACTS (CONTINUED)

Assets arising from short-term customer contracts are as follows (TL):

	31 December 2023	31 December 2022
Contractual assets arising from ongoing construction and contracting works	<b>366.822.075</b>	24.404.359
Contract assets arising from sales of goods and services	<b>120.996</b>	-
<b>Total</b>	<b>366.943.071</b>	24.404.359

Liabilities arising from short-term customer contracts are as follows (TL):

	31 December 2023	31 December 2022
Progress payments for ongoing construction contracts	<b>624.390.640</b>	785.495.792
Payables arising from ongoing construction and contracting works	<b>143.003.575</b>	529.129.436
Contract liabilities arising from sales of goods and services	<b>11.575.381</b>	18.393.947
<b>Total</b>	<b>778.969.596</b>	1.333.019.175

Liabilities arising from long-term customer contracts are as follows (TL):

	31 December 2023	31 December 2022
Payables arising from ongoing construction and contracting works	<b>143.003.575</b>	167.093.506
Contract liabilities arising from sales of goods and services	<b>418.486</b>	74.117
<b>Total</b>	<b>143.422.061</b>	167.167.623

#### 13. DERIVATIVE INSTRUMENTS

The details of short-term derivative instruments as of 31 December 2023 and 2022 are as follows;

				31 December 2023	31 December 2022
	Contract amount	Currency type	Maturity date	Asset / (liability) amount at fair value (TL)	Asset / (liability) amount at fair value (TL)
Forward transactions	207.250.000	Euro	31.12.2024	<b>(2.754.037)</b>	-
Forward transactions	168.200.000	Euro	30.04.2024	<b>(2.549.156)</b>	-
Forward transactions	119.310.000	TL	31.05.2023	-	10.512.951
<b>Total</b>				<b>(5.303.193)</b>	10.512.951



**ALARKO HOLDİNG A.Ş. AND ITS SUBSIDIARIES****Notes to the Audited Consolidated Financial Statements  
as of 31 December 2023**

(Amounts expressed in terms of the purchasing power of the Turkish Lira ("TL") as of December 31, 2023, unless otherwise indicated).

**14. DEFERRED INCOME (EXCLUDING LIABILITIES FROM CUSTOMER CONTRACTS)**

Short-term deferred income consist of the following (TL):

	<b>31 December 2023</b>	31 December 2022
Advances received from commitment works	<b>520.268.037</b>	1.014.440.664
Advances received	<b>75.257.421</b>	146.800.403
Deferred income related to following months	<b>234.500</b>	4.490.016
<b>Total</b>	<b>595.759.958</b>	1.165.731.083

Long-term deferred income consist of the following (TL):

	<b>31 December 2023</b>	31 December 2022
Advances received from commitment works	<b>341.318.046</b>	229.986.795
<b>Total</b>	<b>341.318.046</b>	229.986.795

## ALARKO HOLDİNG A.Ş. AND ITS SUBSIDIARIES

### Notes to the Audited Consolidated Financial Statements as of 31 December 2023

(Amounts expressed in terms of the purchasing power of the Turkish Lira ("TL") as of December 31, 2023, unless otherwise indicated).

#### 15. INVESTMENTS ACCOUNTED BY USING EQUITY METHOD

Investments accounted by equity method assets consist of the following (TL):

	31 December 2023		31 December 2022	
	Partnership rate%	Partnership amount	Partnership rate%	Partnership amount
Alarko Carrier Sanayi ve Ticaret A.Ş.	43,03	626.698.016	43,12	865.420.285
Bakad International B.V. (*)	33,27	1.835.115.111	33,27	1.774.176.451
Obrascon Huarte Lain SA – Alsim Alarko San.Tes.ve Ticaret A.Ş. (Spain)	44,96	59.461.013	44,96	73.394.885
Alcen Enerji Dağıtım ve Perakende Satış Hiz.A.Ş. (**)	49,96	25.892.410.574	49,96	24.002.014.275
Al-Riva Projesi Ar. Değ.Konut İnş. ve Tic. A.Ş. (***)	12,13	95.006.000	12,13	-
Al-Riva Arazi Değ. Konut İnş. Turistik Tes.Golf İşl. ve Tic. A.Ş. (***)	2,28	81.358.805	2,28	-
Al-Riva Arazi Ar. Değ. Konut İnş. ve Tic. A.Ş. (***)	2,63	22.502.540	2,63	-
<b>Total</b>		<b>28.612.552.059</b>		<b>26.715.005.896</b>

Investments accounted by equity method liabilities consist of the following (TL):

	31 December 2023		31 December 2022	
	Partnership rate%	Partnership amount	Partnership rate%	Partnership amount
Obrascon Huarte Lain SA – Alsim Alarko San.Tes.ve Ticaret A.Ş. (Turkey)	45,00	25.372.495	45,00	41.778.392
Alarko – Makyol Adi Ortaklığı	49,95	1.503.032	49,95	1.796.926
Barr Operation and Maintenance LLP	24,98	1.019.571	-	-
Al-Riva Arazi Ar. Değ. Konut İnş. ve Tic. A.Ş. (***)	2,63	-	2,63	24.459.261
Al-Riva Arazi Değ. Konut İnş. Turistik Tes.Golf İşl. ve Tic. A.Ş. (***)	2,28	-	2,28	65.406.678
Al-Riva Projesi Ar. Değ.Konut İnş. ve Tic. A.Ş. (***)	12,13	-	12,13	4.781.112
<b>Total</b>		<b>27.895.098</b>		<b>138.222.369</b>
<b>Net</b>		<b>28.584.656.961</b>		<b>26.576.783.527</b>

(\*) Since Bakad International B.V. owns the %100 shares of Bakad Investment & Operation LLP these entities are included in the carried investment amount in consolidated financial statements.

(\*\*) Since Alcen Enerji Dağıtım ve Perakende Satış Hiz. A.Ş., owns the 100% shares of Meram Elektrik Dağıtım A.Ş., Cenal Elektrik Üretim A.Ş., Algiz Enerji A.Ş., Panel Enerji A.Ş., UtiliteK Bilgi Teknolojileri A.Ş and 99,99% shares of Meram Elektrik Perakende Satış A.Ş., and 99,60% of Meram Elektrik Enerjisi Tiptan Satış A.Ş., these entities are included in the carried investment amount in consolidated financial statements.

(\*\*\*) The shareholding and controlling rate of the Parent Company in these affiliates is 40%.

# ALARKO HOLDİNG A.Ş. AND ITS SUBSIDIARIES

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### 15. INVESTMENTS ACCOUNTED BY USING EQUITY METHOD (CONTINUED)

Changes in investments accounted by using the equity method are as follows (TL) :

	31 December 2023	31 December 2022
Opening balance	<b>26.576.783.527</b>	12.277.840.288
Net profit / (loss) for the period	<b>6.146.624.648</b>	16.085.354.817
Dividends received	<b>(4.155.664.781)</b>	(1.901.342.432)
Other comprehensive income	<b>713.488.434</b>	(107.577.316)
Capital increase	<b>51.802.291</b>	556.754.777
Effects of rate changes	<b>(22.089.193)</b>	(1.183.446)
Investment valued according to the equity method exiting the consolidation (*)	-	(260.918)
Monetary gain/(loss)	<b>(726.287.965)</b>	(332.802.243)
<b>Closing Balance</b>	<b>28.584.656.961</b>	26.576.783.527

Shares of profit/loss of investments accounted by using equity method are as follows (TL) :

	31 December 2023 before elimination	Elimination	31 December 2023	31 December 2022 before elimination	Elimination	31 December 2022
Alarko Carrier Sanayi ve Ticaret A.Ş.	<b>(172.914.282)</b>	<b>(1.014.498)</b>	<b>(173.928.780)</b>	208.189.316	197.321	208.386.637
Obrascon Huarte Lain SA – Alsim Alarko San. Tes.ve Ticaret A.Ş. (Spain)	-	-	-	(992)	-	(992)
Obrascon Huarte Lain SA – Alsim Alarko San. Tes.ve Ticaret A.Ş. (Turkey)	<b>16.405.897</b>	-	<b>16.405.897</b>	26.962.737	-	26.962.737
Bakad International B.V. (*)	<b>38.521.979</b>	-	<b>38.521.979</b>	156.597.148	-	156.597.148
Barr Operation and Maintenance LLP	<b>(961.017)</b>	-	<b>(961.017)</b>	-	-	-
Alarko – Makyol Adi Ortaklığı	<b>293.895</b>	-	<b>293.895</b>	521.060	-	521.060
Doğuş-Alarko-YDA İnş. Adi Ortaklığı	-	-	-	14.717	-	14.717
Alcen Enerji Dağıtım ve Perakende Satış Hiz.A.Ş. (**)	<b>5.971.766.368</b>	<b>(506.150.079)</b>	<b>5.465.616.289</b>	15.694.088.210	(397.154.207)	15.296.934.003
Al-Riva Projesi Ar. Değ.Konut İnş. ve Tic. A.Ş. (***)	<b>99.784.524</b>	<b>8.318.698</b>	<b>108.103.222</b>	4.952.033	8.051.370	13.003.403
Al-Riva Arazi Değ. Konut İnş.Turistik Tes.Golf İşl. ve Tic. A.Ş. (***)	<b>146.765.483</b>	<b>272.964</b>	<b>147.038.447</b>	(5.673.347)	285.677	(5.387.670)
Al-Riva Arazi Ar. Değ. Konut İnş. ve Tic. A.Ş. (***)	<b>46.961.801</b>	<b>1.159.240</b>	<b>48.121.041</b>	(296.066)	1.223.475	927.409
<b>Total</b>	<b>6.146.624.648</b>	<b>(497.413.675)</b>	<b>5.649.210.973</b>	16.085.354.816	(387.396.364)	15.697.958.452

(\*) Since Bakad International B.V. owns the %100 shares of Bakad Investment & Operation LLP these entities are included in the carried investment amount in consolidated financial statements.

(\*\*) Since Alcen Enerji Dağıtım ve Perakende Satış Hiz. A.Ş., owns the 100% shares of Meram Elektrik Dağıtım A.Ş., Cenal Elektrik Üretim A.Ş., Algiz Enerji A.Ş., Utilitek Bilgi Teknolojileri A.Ş Panel Enerji A.Ş., and 99,99% shares of Meram Elektrik Perakende Satış A.Ş. and 99,60% shares of Meram Elektrik Enerjisi Toptan Satış A.Ş., these entities are included in the carried investment amount in consolidated financial statements.

(\*\*\*) The shareholding and controlling rate of the Parent Company in these affiliates is 40%.

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### Notes to the Audited Consolidated Financial Statements as of 31 December 2023

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#### 15. INVESTMENTS ACCOUNTED BY USING EQUITY METHOD (CONTINUED)

Investments accounted by using equity method financial statement summary consist of the following (TL) :

	Cash and cash equivalents	Other current assets	Other non-current assets	Total assets	Short-term financial liabilities	Other short-term liabilities	Long-term financial liabilities	Other long-term liabilities	Total liabilities	31 December 2023
Alarko Carrier Sanayi ve Ticaret A.Ş.	372.962.862	2.606.489.090	882.270.309	3.861.722.261	993.753.131	1.122.133.713	153.437.379	101.290.542	2.370.614.765	
Obrascon Huarte Lain SA – Alsim Alarko San.Tes.ve Ticaret A.Ş.(Spain)	769.799	1.482.112.450	-	1.482.902.249	-	526.897.130	-	-	526.897.130	
Alarko – Makyol Adli Ortaklığı	27.718	-	691.508	719.226	-	3.560.702	-	167.327	3.728.029	
Alcen Enerji Dağıtım ve Perakende Satış Hiz.A.Ş. (*)	1.243.745.288	21.843.076.818	45.852.888.485	68.939.710.591	5.593.967.499	6.815.962.805	1.481.826.794	3.225.861.203	17.117.618.301	
Al-Riva Projesi Ar. Değ.Konut İnş. ve Tic. A.Ş. (**)	-	11.080.970	799.188.250	810.269.220	-	78.935.488	-	877.837	79.813.325	
Al-Riva Arazi Değ. Konut İnş. Turistik Tes.Golf İşl. ve Tic. A.Ş. (**)	-	399.808	1.320.710.228	1.321.110.036	-	2.825.864	-	385.278	3.211.142	
Al-Riva Arazi Ar. Değ. Konut İnş. ve Tic. A.Ş. (**)	-	1.622.688	414.069.102	415.691.790	-	11.934.969	-	168.074	12.103.043	
Obrascon Huarte Lain SA – Alsim Alarko San.Tes.ve Ticaret A.Ş.(Turkey)	8.415	-	-	8.415	-	56.391.738	-	-	56.391.738	
Bakad International B.V. (***)	1.010.411.990	294.276.230	20.977.583.927	22.282.271.147	189.885.014	34.983.980	16.219.509.244	322.920.770	16.766.399.008	
Barr Operation and Maintenance LLP	36.603.226	35.737.871	156.639.871	228.980.968	-	233.062.968	-	-	233.062.968	

	Cash and cash equivalents	Other current assets	Other non-current assets	Total assets	Short-term financial liabilities	Other short-term liabilities	Long-term financial liabilities	Other long-term liabilities	Total liabilities	31 December 2022
Alarko Carrier Sanayi ve Ticaret A.Ş.	911.309.540	2.628.815.531	418.638.071	3.958.763.142	797.300.136	913.942.438	66.063.014	174.300.260	1.951.595.848	
Obrascon Huarte Lain SA – Alsim Alarko San.Tes.ve Ticaret A.Ş.(Spain)	796.428	1,494,552,903	-	1,495,349,331	-	531,319,129	-	-	531,319,129	
Alarko – Makyol Adli Ortaklığı	11.554	-	1.021.412	1.032.966	-	4.483.402	-	146.691	4.630.093	
Alcen Enerji Dağıtım ve Perakende Satış Hiz.A.Ş. (*)	6,925,596,536	22,219,022,786	41,951,512,112	71,096,131,434	4,283,374,749	8,869,069,225	713,659,960	2,768,516,607	23,057,553,541	
Al-Riva Projesi Ar. Değ.Konut İnş. ve Tic. A.Ş. (**)	-	12,439,363	684,352,684	696,792,047	-	92,004,970	-	123,852,034	215,857,004	
Al-Riva Arazi Değ. Konut İnş. Turistik Tes.Golf İşl. ve Tic. A.Ş. (**)	-	459,583	1,163,655,684	1,164,115,267	-	3,460,910	-	209,669,169	213,130,079	
Al-Riva Arazi Ar. Değ. Konut İnş. ve Tic. A.Ş. (**)	-	1,866,905	364,850,612	366,717,517	-	14,742,370	-	65,790,902	80,533,272	
Obrascon Huarte Lain SA – Alsim Alarko San.Tes.ve Ticaret A.Ş.(Turkey)	36,875	-	-	36,875	-	92,877,748	-	-	92,877,748	
Bakad International B.V. (***)	875,628,463	46,052,327	20,913,504,885	21,835,185,675	186,507,457	1,047,360,636	14,976,110,056	292,498,031	16,502,476,180	

(\*) Since Alcen Enerji Dağıtım ve Perakende Satış Hiz. A.Ş., owns the 100% shares of Meram Elektrik Dağıtım A.Ş., Cenal Elektrik Üretim A.Ş., Panel Enerji A.Ş., 99,99% shares of Meram Elektrik Perakende Satış A.Ş. and 99,60% shares of Meram Elektrik Enerjisi Toptan Satış A.Ş., these entities are included in the carried investment amount in consolidated financial statements.

(\*\*) The shareholding and controlling rate of the Parent Company in these affiliates is 40%.

(\*\*\*) Since Bakad International B.V. owns the %100 shares of Bakad Investment & Operation LLP these entities are included in the carried investment amount in consolidated financial statements.

# ALARKO HOLDİNG A.Ş. AND ITS SUBSIDIARIES

## Notes to the Audited Consolidated Financial Statements as of 31 December 2023

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### 15. INVESTMENTS ACCOUNTED BY USING EQUITY METHOD (CONTINUED)

Investments accounted by using equity method financial statement summary consist of the following (TL) :

	1 January 2023- 31 December 2023		1 January 2022- 31 December 2022	
	Revenue	Net profit / loss	Revenue	Net profit / loss
Alarko Carrier Sanayi ve Ticaret A.Ş.	5.542.863.421	(411.416.305)	4.160.312.244	482.853.004
Obrascon Huarte Lain SA – Alsim Alarko San.Tes.ve Ticaret A.Ş.(Spain)	-	-	-	(2.205)
Obrascon Huarte Lain SA – Alsim Alarko San.Tes.ve Ticaret A.Ş.(Turkey)	-	36.457.549	-	59.917.194
Alarko – Makyol Adi Ortaklığı	-	588.325	-	1.043.070
Doğuş-Alarko-YDA İnş. Adi Ortaklığı	-	-	-	39.282
Alcen Enerji Dağıtım ve Perakende Satış Hiz.A.Ş.	64.388.086.992	11.952.128.717	102.835.090.776	31.410.767.058
Al-Riva Projesi Ar. Değ.Konut İnş. ve Tic. A.Ş.	-	249.461.312	358	12.380.083
Al-Riva Arazi Değ. Konut İnş.Turistik Tes.Golf İşl. ve Tic. A.Ş.	-	366.913.707	-	(14.183.368)
Al-Riva Arazi Ar. Değ. Konut İnş. ve Tic. A.Ş.	-	117.404.502	-	(740.163)
Bakad International B.V.	1.232.209.222	115.786.975	8.082.791.349	470.689.990
Barr Operation and Maintenance LLP	105.893.889	(3.847.570)	-	-
	1 January 2023- 31 December 2023		1 January 2022- 31 December 2022	
	Other comprehensive income	Deferred tax expense / income	Other comprehensive income	Deferred tax expense / income
Alarko Carrier Sanayi ve Ticaret A.Ş.	29.624.372	(5.545.518)	(94.660.690)	18.932.138
Obrascon Huarte Lain SA – Alsim Alarko San.Tes.ve Ticaret A.Ş.(Spain)	33.181.223	-	(178.557.215)	-
Obrascon Huarte Lain SA – Alsim Alarko San.Tes.ve Ticaret A.Ş.(Turkey)	-	-	-	-
Alarko – Makyol Adi Ortaklığı	-	-	-	-
Alcen Enerji Dağıtım ve Perakende Satış Hiz.A.Ş.	51.727.079	(11.310.092)	(82.008.744)	16.401.749
Al-Riva Projesi Ar. Değ.Konut İnş. ve Tic. A.Ş.	28.201	(6.877)	(8.815)	1.763
Al-Riva Arazi Değ. Konut İnş.Turistik Tes.Golf İşl. ve Tic. A.Ş.	-	-	-	-
Al-Riva Arazi Ar. Değ. Konut İnş. ve Tic. A.Ş.	-	-	-	-
Bakad International B.V.	2.008.677.350	-	889.069.860	-
Barr Operation and Maintenance LLP	(1.156.898)	-	-	-



**ALARKO HOLDİNG A.Ş. AND ITS SUBSIDIARIES****Notes to the Audited Consolidated Financial Statements  
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(Amounts expressed in terms of the purchasing power of the Turkish Lira ("TL") as of December 31, 2023, unless otherwise indicated).

**16. INVESTMENT PROPERTIES**

As of 31 December 2023 and 2022, investment properties are as follows (TL):

Fair value	Investment properties
As of 1 January 2022	1.967.742.569
Increase arising from change in fair value (Note 31)	722.817.018
Foreign currency translation difference	(51.616.959)
Sale of investment property (*)	(51.630.648)
Disposals	(65.816)
<b>As of 31 December 2022</b>	<b>2.587.246.164</b>
Increase arising from change in fair value (Note 31)	451.301.401
Foreign currency translation difference	(140.408.003)
<b>As of 31 December 2023</b>	<b>2.898.139.562</b>

(\*) Alarko Gayrimenkul Yatırım Ortaklığı A.Ş., one of subsidiaries, at the meeting of the Board of Directors at the company headquarters on September 27, 2022; The independent sections no. 1-2-3-4 of Alarko-DİM Business Center located in Istanbul Province, Beyoğlu District, Evliyaçelebi District, Şimal Kuytu Street, island 299, parcel no. 29, are sold at a price of 39.640.000 TL + VAT. It was unanimously decided to sell it to Sürgü Gayrimenkul Yatırım A.Ş. and to collect the sales price in cash during the title deed transfer. The title deed transfer procedures for the sale in question were completed on September 30, 2022, and the entire sales price of 39.640.000 TL + VAT was collected.

As of 31 December 2023 and 2022, fair values of investment properties are as follows:

Name of Property	31 December 2023		31 December 2022	
	Expertise report date	Fair Value (TL)	Expertise report date	Fair Value (TL)
Maslak Land	29.12.2023	561.080.000	29.12.2022	453.043.140
Eyüp Topçular – Factory	29.12.2023	416.000.000	29.12.2022	338.303.518
Ankara Çankaya Business Center	29.12.2023	44.200.000	29.12.2022	35.945.212
İstanbul Karaköy Business Center	29.12.2023	108.800.000	29.12.2022	82.122.823
Büyükçekmece Alkent 2000-Stores	29.12.2023	68.040.000	29.12.2022	53.888.983
Antalya Land	29.12.2023	225.765.000	05.01.2023	194.000.953
İstanbul Sarıyer Land	29.12.2023	549.810.000	05.01.2023	476.605.667
Etiler Alkent Site Stores	29.12.2023	352.800.000	29.12.2022	275.953.445
İstanbul Büyükçekmece Land	29.12.2023	6.760.000	05.01.2023	5.165.631
Sanayi Mah. Store	29.12.2023	18.500.000	05.01.2023	14.928.426
Adana Office Building	29.12.2023	6.480.000	05.01.2023	6.409.667
Mosalarko Office Building	22.12.2023	478.404.562	27.12.2022	603.951.372
Tuzla Land	29.12.2023	61.500.000	05.01.2023	46.927.327
<b>Total</b>		<b>2.898.139.562</b>		<b>2.587.246.164</b>

## ALARKO HOLDİNG A.Ş. AND ITS SUBSIDIARIES

### Notes to the Audited Consolidated Financial Statements as of 31 December 2023

(Amounts expressed in terms of the purchasing power of the Turkish Lira ("TL") as of December 31, 2023, unless otherwise indicated).

#### 16. INVESTMENT PROPERTIES (CONTINUED)

As of 31 December 2023, the methods of the fair value of the investment properties calculation as follows:

Name of Property	Valuation Methods Applied	Basis of Valuation Method
Maslak Land	Equal Comparison	Equal Comparison
Eyüp Topçular – Factory	Equal Comparison , Cost Analysis	Cost Approach
Ankara Çankaya Business Center	Equal Comparison, Income Reduction	Equal Comparison
İstanbul Karaköy Business Center	Equal Comparison	Equal Comparison
Büyükçekmece Alkent 2000-Stores	Equal Comparison, Income Reduction	Income Reduction
Antalya Land	Equal Comparison	Equal Comparison
İstanbul Sarıyer Land	Equal Comparison	Equal Comparison
Etiler Alkent Site Stores	Equal Comparison, Income Reduction	Income Reduction
İstanbul Büyükçekmece Land	Equal Comparison	Equal Comparison
Sanayi Mah Store	Equal Comparison, Income Reduction	Equal Comparison
Adana Office Building	Equal Comparison	Equal Comparison
Mosalarko Office Building	Equal Comparison, Income Reduction	Average
Tuzla Land	Equal Comparison	Equal Comparison

As of 31 December 2022, the methods of the fair value of the investment properties calculation as follows:

Name of Property	Valuation Methods Applied	Basis of Valuation Method
Maslak Land	Equal Comparison	Equal Comparison
Eyüp Topçular – Factory	Income Reduction, Cost Analysis	Cost Approach
Ankara Çankaya Business Center	Equal Comparison, Income Reduction	Equal Comparison
İstanbul Karaköy Business Center	Equal Comparison, Income Reduction	Income Reduction
Büyükçekmece Alkent 2000-Stores	Equal Comparison, Income Reduction	Income Reduction
Antalya Land	Equal Comparison	Equal Comparison
İstanbul Sarıyer Land	Equal Comparison	Equal Comparison
Etiler Alkent Site Stores	Equal Comparison, Income Reduction	Income Reduction
İstanbul Büyükçekmece Land	Equal Comparison	Equal Comparison
Sanayi Mah Store	Equal Comparison, Income Reduction	Equal Comparison
Adana Office Building	Equal Comparison, Income Reduction	Equal Comparison
Mosalarko Office Building	Equal Comparison, Income Reduction	Average
Tuzla Land	Equal Comparison	Equal Comparison

In years 2023 and 2022 Mosalarko Office Building that is an investment property has been valued by Nexia Pacioli Consulting LLC. In years 2023 other investment properties have been valued by Reel Gayrimenkul Değerleme A.Ş. (31 December 2022 TSKB Gayrimenkul Değerleme A.Ş.)

**ALARKO HOLDİNG A.Ş. AND ITS SUBSIDIARIES****Notes to the Audited Consolidated Financial Statements  
as of 31 December 2023**

(Amounts expressed in terms of the purchasing power of the Turkish Lira ("TL") as of December 31, 2023, unless otherwise indicated).

**16. INVESTMENT PROPERTIES (CONTINUED)**

As of 31 December 2023, the Group's investment properties and fair value hierarchy of the related assets are as follows (TL):

<b>Name of Property</b>	<b>Fair Value</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Maslak Land	<b>561.080.000</b>	-	<b>561.080.000</b>	-
Eyüp Topçular – Factory	<b>416.000.000</b>	-	<b>416.000.000</b>	-
Ankara Çankaya Business Center	<b>44.200.000</b>	-	<b>44.200.000</b>	-
İstanbul Karaköy Business Center	<b>108.800.000</b>	-	<b>108.800.000</b>	-
Büyükçekmece Alkent 2000-Stores	<b>68.040.000</b>	-	-	<b>68.040.000</b>
Antalya Land	<b>225.765.000</b>	-	<b>225.765.000</b>	-
İstanbul Sarıyer Land	<b>549.810.000</b>	-	<b>549.810.000</b>	-
Etiler Alkent Site Stores	<b>352.800.000</b>	-	-	<b>352.800.000</b>
İstanbul Büyükçekmece Land	<b>6.760.000</b>	-	<b>6.760.000</b>	-
Sanayi Mah. Store	<b>18.500.000</b>	-	<b>18.500.000</b>	-
Adana Office Building	<b>6.480.000</b>	-	<b>6.480.000</b>	-
Mosalarko Office Building	<b>478.404.562</b>	-	-	<b>478.404.562</b>
Tuzla Land	<b>61.500.000</b>	-	<b>61.500.000</b>	-
<b>Total</b>	<b>2.898.139.562</b>	-	<b>1.998.895.000</b>	<b>899.244.562</b>

As of 31 December 2022, the Group's investment properties and fair value hierarchy of the related assets are as follows (TL):

<b>Name of Property</b>	<b>Fair Value</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Maslak Land	453.043.140	-	453.043.140	-
Eyüp Topçular – Factory	338.303.518	-	338.303.518	-
Ankara Çankaya Business Center	35.945.212	-	35.945.212	-
İstanbul Karaköy Business Center	82.122.823	-	-	82.122.823
Büyükçekmece Alkent 2000-Stores	53.888.983	-	-	53.888.983
Antalya Land	194.000.953	-	194.000.953	-
İstanbul Sarıyer Land	476.605.667	-	476.605.667	-
Etiler Alkent Site Stores	275.953.445	-	-	275.953.445
İstanbul Büyükçekmece Land	5.165.631	-	5.165.631	-
Sanayi Mah. Store	14.928.426	-	14.928.426	-
Adana Office Building	6.409.667	-	6.409.667	-
Mosalarko Office Building	603.951.372	-	-	603.951.372
Tuzla Land	46.927.327	-	46.927.327	-
<b>Total</b>	<b>2.587.246.164</b>	-	<b>1.571.329.541</b>	<b>1.015.916.623</b>

**17. NON-CURRENT ASSETS HELD FOR SALE**

Non-current assets held for sale are as follows (TL) :

	<b>31 December 2023</b>	<b>31 December 2022</b>
Property, plant and equipment	<b>15.606.381</b>	31.510.649
<b>Total</b>	<b>15.606.381</b>	31.510.649

Property, plant and equipment with net carrying value of TL 15.606.381 is classified as non-current assets held for sale as of 31 December 2023 (31 December 2022- TL 31.510.649).

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(Amounts expressed in terms of the purchasing power of the Turkish Lira ("TL") as of December 31, 2023, unless otherwise indicated).

#### 18. PROPERTY, PLANT AND EQUIPMENT

Movements of cost and accumulated depreciation of property, plant and equipment for the years ended 31 December 2023 and 2022 are as follows (TL):

As of 31 December 2023;

Cost	Opening 1 January 2023	Additions	Currency translation difference	Disposals and transfers	Business combinations effect	Total 31 December 2023
Land	47.046.063	530.894.796	(1.364.161)	(31.695.951)	19.635.765	564.516.512
Land improvements	47.481.621	1.697.421	-	(16.905.070)	29.886.472	62.160.444
Buildings	2.242.070.466	86.978.972	(2.521.580)	(16.207.643)	253.030.466	2.563.350.681
Plant, machinery and equipment	4.014.820.343	208.538.595	23.260.248	(77.110.115)	229.775.551	4.399.284.622
Motor vehicles	24.800.797	14.871.356	(557.450)	(9.859.400)	2.657.085	31.912.388
Furniture and fixtures	576.733.272	44.243.648	(4.709.324)	(17.920.627)	36.082.150	634.429.119
Leasehold improvements	320.057.458	17.960.337	-	-	-	338.017.795
Other tangible assets	49.550.073	26.309.499	-	(4.751.400)	-	71.108.172
Construction in progress	338.665.290	1.473.285.853	-	-	81.153.411	1.893.104.554
<b>Total</b>	<b>7.661.225.383</b>	<b>2.404.780.477</b>	<b>14.107.733</b>	<b>(174.450.206)</b>	<b>652.220.900</b>	<b>10.557.884.287</b>

Accumulated Depreciation	Opening 1 January 2023	Depreciation expense for the period	Currency translation difference	Depreciation of sales and transfers	Business combinations effect	Total 31 December 2023
Land improvements	40.985.415	3.176.582	-	-	156.881	44.318.878
Buildings	329.237.247	67.002.169	(4.559.672)	(171.465)	-	391.508.279
Plant, machinery, and equipment	2.419.355.006	221.992.494	(48.847.532)	(4.596.076)	91.547.782	2.679.451.674
Motor vehicles	23.662.018	2.698.420	(8.543.973)	(1.741.025)	97.182	16.172.622
Furniture and fixtures	469.056.628	44.737.529	(2.349.662)	(16.946.722)	3.755.553	498.253.326
Leasehold improvements	292.803.402	19.997.308	-	-	-	312.800.710
Other tangible assets	33.357.934	1.125.578	-	(369.651)	-	34.113.861
<b>Total accumulated depreciation (Note 29)</b>	<b>3.608.457.650</b>	<b>360.730.080</b>	<b>(64.300.839)</b>	<b>(23.824.939)</b>	<b>95.557.398</b>	<b>3.976.619.350</b>
<b>Property, plant, and equipment, (net)</b>	<b>4.052.767.733</b>					<b>6.581.264.937</b>

As of 31 December 2023, there is no capitalized borrowing costs.

As of 31 December 2023, total insurance amount of asset values is TL 15.665.398.820.

## ALARKO HOLDİNG A.Ş. AND ITS SUBSIDIARIES

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**18. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)**

As of 31 December 2022;

Cost	Opening 1 January 2022	Additions	translation difference	Currency	Disposals and transfers	Reversal of Impairment (*)	Total 31 December 2022
Land	11.922.851	32.744.529	2.378.683	-	-	-	47.046.063
Land improvements	47.481.621	-	-	-	-	-	47.481.621
Buildings	2.226.391.548	3.941.595	19.103.670	(7.366.347)	-	-	2.242.070.466
Plant, machinery and equipment	3.999.414.123	19.113.809	60.996.054	(200.497.425)	135.793.782	-	4.014.820.343
Motor vehicles	24.105.168	485.151	5.477.095	(5.266.617)	-	-	24.800.797
Furniture and fixtures	545.093.099	58.234.268	5.968.336	(32.562.431)	-	-	576.733.272
Leasehold improvements	349.085.182	13.071.902	-	(42.099.626)	-	-	320.057.458
Other tangible assets	49.547.178	2.895	-	-	-	-	49.550.073
Construction in progress	220.862.253	119.485.441	-	(1.682.404)	-	-	338.665.290
<b>Total</b>	<b>7.473.903.023</b>	<b>247.079.590</b>	<b>93.923.838</b>	<b>(289.474.850)</b>	<b>135.793.782</b>	<b>-</b>	<b>7.661.225.383</b>

Accumulated Depreciation	Opening 1 January 2022	Depreciation expense for the period	translation difference	Currency	Depreciation of sales and transfers	Reversal of Impairment (*)	Total 31 December 2022
Land improvements	35.658.186	5.327.229	-	-	-	-	40.985.415
Buildings	272.437.623	53.574.337	5.045.035	(1.819.748)	-	-	329.237.247
Plant, machinery, and equipment	2.260.473.034	198.282.270	43.339.581	(82.739.879)	-	-	2.419.355.006
Motor vehicles	19.640.750	1.213.246	2.808.022	-	-	-	23.662.018
Furniture and fixtures	444.169.926	34.021.222	4.398.147	(13.532.667)	-	-	469.056.628
Leasehold improvements	325.134.174	9.574.264	-	(41.905.036)	-	-	292.803.402
Other tangible assets	30.340.443	3.017.491	-	-	-	-	33.357.934
<b>Total accumulated depreciation (Note 29)</b>	<b>3.387.854.136</b>	<b>305.010.059</b>	<b>55.590.785</b>	<b>(139.997.330)</b>	<b>-</b>	<b>-</b>	<b>3.608.457.650</b>
<b>Property, plant, and equipment, (net)</b>	<b>4.086.048.887</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4.052.767.733</b>

As of 31 December 2021, there is no capitalized borrowing costs.

As of 31 December 2021, total insurance amount of asset values is TL 14.117.332.408.

(\*) As of 31 December 2022, the impairment loss of reserved for tangible fixed assets of Kirklareli natural gas combined cycle power plant has been canceled.



# ALARKO HOLDİNG A.Ş. AND ITS SUBSIDIARIES

## Notes to the Audited Consolidated Financial Statements as of 31 December 2023

(Amounts expressed in terms of the purchasing power of the Turkish Lira ("TL") as of December 31, 2023, unless otherwise indicated).

### 19. INTANGIBLE ASSETS

Movements of the cost and accumulated amortization of Group's intangible assets for the year ended 31 December 2023 (TL):

Cost	Rights	Other intangible assets	Total
<b>As of 1 January 2023</b>	<b>559.251.801</b>	<b>2.613.837</b>	<b>561.865.638</b>
<b>Additions</b>	<b>108.393.597</b>	<b>5.247</b>	<b>108.398.844</b>
<b>Disposals</b>	<b>(38.482.672)</b>	<b>-</b>	<b>(38.482.672)</b>
<b>Currency translation difference</b>	<b>(811.709)</b>	<b>-</b>	<b>(811.709)</b>
<b>Business combinations effect</b>	<b>3.417.600</b>	<b>-</b>	<b>3.417.600</b>
<b>As of 31 December 2023</b>	<b>631.768.617</b>	<b>2.619.084</b>	<b>634.387.701</b>
Accumulated amortization	Rights	Other intangible assets	Total
<b>As of 1 January 2023</b>	<b>119.578.502</b>	<b>2.285.959</b>	<b>121.864.461</b>
<b>Charge for the current period (Note 29)</b>	<b>15.914.364</b>	<b>91.502</b>	<b>16.005.866</b>
<b>Currency translation difference</b>	<b>(1.073.221)</b>	<b>-</b>	<b>(1.073.221)</b>
<b>Business combinations effect</b>	<b>1.727.950</b>	<b>-</b>	<b>1.727.950</b>
<b>As of 31 December 2023</b>	<b>136.147.595</b>	<b>2.377.461</b>	<b>138.525.056</b>
<b>Intangible assets (net)</b>			<b>495.862.645</b>

Movements of the cost and accumulated amortization of Group's intangible assets for the year ended 31 December 2022 (TL):

Cost	Rights	Other intangible assets	Total
<b>As of 1 January 2022</b>	<b>527.637.674</b>	<b>2.613.837</b>	<b>530.251.511</b>
<b>Additions</b>	<b>25.393.517</b>	<b>-</b>	<b>25.393.517</b>
<b>Disposals</b>	<b>(5.850.227)</b>	<b>-</b>	<b>(5.850.227)</b>
<b>Currency translation difference</b>	<b>12.070.837</b>	<b>-</b>	<b>12.070.837</b>
<b>As of 31 December 2022</b>	<b>559.251.801</b>	<b>2.613.837</b>	<b>561.865.638</b>
Accumulated amortization	Rights	Other intangible assets	Total
<b>As of 1 January 2022</b>	<b>104.322.659</b>	<b>2.194.459</b>	<b>106.517.118</b>
<b>Charge for the current period (Note 29)</b>	<b>14.762.002</b>	<b>91.500</b>	<b>14.853.502</b>
<b>Disposals</b>	<b>(379.335)</b>	<b>-</b>	<b>(379.335)</b>
<b>Currency translation difference</b>	<b>873.176</b>	<b>-</b>	<b>873.176</b>
<b>As of 31 December 2022</b>	<b>119.578.502</b>	<b>2.285.959</b>	<b>121.864.461</b>
<b>Intangible assets (net)</b>			<b>440.001.177</b>

**ALARKO HOLDİNG A.Ş. AND ITS SUBSIDIARIES****Notes to the Audited Consolidated Financial Statements  
as of 31 December 2023**

(Amounts expressed in terms of the purchasing power of the Turkish Lira ("TL") as of December 31, 2023, unless otherwise indicated).

**20. RIGHT OF USE ASSETS**

As of 31 December 2023 and 2022, Right of use assets are as follows (TL) :

	1 January 2023 Opening balance	Additions	Disposals	Currency translation difference	31 December 2023 Closing balance
<b>Cost value</b>					
Right of use assets	1.117.866.517	137.384.514	(17.281.014)	(463.720)	1.237.506.297
Accumulated depreciation (-)	(609.434.989)	(41.453.653)	3.191.640	(127.007)	(647.824.009)
<b>Net book value</b>	<b>508.431.528</b>	<b>95.930.861</b>	<b>(14.089.374)</b>	<b>(590.727)</b>	<b>589.682.288</b>

	1 January 2022 Opening balance	Additions	Disposals	Currency translation difference	31 December 2022 Closing balance
<b>Cost value</b>					
Right of use assets	1.083.115.141	77.636.182	(41.498.307)	(1.386.499)	1.117.866.517
Accumulated depreciation (-)	(585.681.798)	(34.425.070)	9.430.139	1.241.740	(609.434.989)
<b>Net book value</b>	<b>497.433.343</b>	<b>43.211.112</b>	<b>(32.068.168)</b>	<b>(144.759)</b>	<b>508.431.528</b>

**21. GOODWILL**

As of 31 December 2023 and 2022, goodwill consists of the following (TL) :

	31 December 2023	31 December 2022
Opening Balance	28.536.270	28.536.270
Additions (*)	421.669.221	-
<b>Closing Balance</b>	<b>450.205.491</b>	<b>28.536.270</b>

(\*) TL 9.679.352 from the purchase of Alsera Jeotermal Tarım Gıda Sanayi ve Ticaret A.Ş. shares (100%) on March 16, 2023, TL 13.455.409 from the purchase of Palmira Agro Gübre Sanayi ve Ticaret A.Ş. shares (80%) on May 8, 2023, TL 38.497.581 from the purchase of Antsan Tarım Sanayi ve Ticaret A.Ş. shares (100%) on May 16, 2023, TL 60.128.048 from the purchase of Gürlük Jeotermal Enerji Tarım Seracılık Gıda Sanayi ve Ticaret A.Ş. shares (100%) on July 10, 2023, TL 112.088.558 from the purchase of Alden Jeotermal Tarım Gıda Sanayi ve Ticaret A.Ş. shares (100%) on August 4, 2023, which was established by the partial spin-off of Halil Pekdemir Çiftliği Gıda ve İhtiyaç Maddeleri Ticaret ve Sanayi Limited Şirketi A.Ş. (100%) TL 1.322.896 from the purchase of Ereğli Agrosan Doğal Ürünler ve Türevleri Tarım Üretim ve Ticaret A.Ş. shares (100%) on August 31, 2023, TL 66.531.787 from the purchase of Altes Seracılık Tarım Gıda Sanayi ve Ticaret A.Ş. shares (100%) on October 12, 2023. TL 43.623.895 from the purchase of Alziraat Jeotermal Tarım Gıda Sanayi ve Ticaret A.Ş. shares (100%) on October 13, 2023 and TL 76.341.695 from the purchase of Genseed Tohum Islah ve Üretim A.Ş. shares (80%) on October 27, 2023.

## ALARKO HOLDİNG A.Ş. AND ITS SUBSIDIARIES

### Notes to the Audited Consolidated Financial Statements as of 31 December 2023

(Amounts expressed in terms of the purchasing power of the Turkish Lira ("TL") as of December 31, 2023, unless otherwise indicated).

#### 22. PROVISIONS, CONDITIONAL ASSETS AND LIABILITIES

Short term debt provisions consist of the following (TL) :

	31 December 2023	31 December 2022
Provisions for litigation	<b>45.294.028</b>	64.622.202
<b>Total</b>	<b>45.294.028</b>	64.622.202

Changes in provisions for litigation as of 31 December 2023 and 2022 are set out below (TL) :

	31 December 2023	31 December 2022
Opening balance	<b>64.622.202</b>	69.511.272
Charge for the current period (Note 28 )	<b>5.888.172</b>	45.923.449
Payments during the year	<b>(1.014.528)</b>	(23.510.130)
Provisions no longer required	<b>(1.766.487)</b>	(106.476)
Monetary gain/(loss)	<b>(22.435.331)</b>	(27.195.913)
<b>Provision for litigation at the end of the period</b>	<b>45.294.028</b>	64.622.202

Contingent assets and liabilities are as follows (TL) :

a) Mortgage on the assets:

As of 31 December 2023, there is a right of easement in relation to the stores in Etiler Alkent Sitesi in Beşiktaş District dated 14 October 1987 nr. 6430 to be utilized on behalf of the real estate of its subsidiary Alarko Gayrimenkul Yatırım Ortaklığı A.Ş. (Alarko Gayrimenkul) on section 1411, parcel 1 and against that on section 1408, parcel 1 for benefiting from the central heating; and there is a right of easement for a period of 49 years at a fee of 7,72 TL to construct 1,5 m wide channels in some parts of the heating installations. Furthermore, there is a personal right of easement for the owners of the property on section 1410 parcel 1 to benefit from the unused parking lot as stated in the project against the same parcel by voucher dated 26 February 1992 nr 784.

b) As of 31 December 2023, guarantees received for short term trade receivables amount to TL 2.220 (31 December 2022 – TL 3.658). The guarantees received other than those received for short term trade receivables amount to TL 3.865.046.144 (31 December 2022 – TL 3.947.834.955).

c) As of 31 December 2023, the overdue receivables and the related provisions stated in the Group's accounting records amount to TL 18.976.288 (31 December 2022 – TL 7.120.535).

d) As of 31 December 2022, the mortgage on the group assets is TL 2.330.055.000. amount (31 December 2022 – 2.056.366.025).

# ALARKO HOLDİNG A.Ş. AND ITS SUBSIDIARIES

## Notes to the Audited Consolidated Financial Statements as of 31 December 2023

(Amounts expressed in terms of the purchasing power of the Turkish Lira ("TL") as of December 31, 2023, unless otherwise indicated).

### 23. COMMITMENTS

As of 31 December 2023 and 2022, the Group's guarantees-sureties-mortgage ("GSM") position is as follows (TL):

	31 December 2023		31 December 2022	
Guarantee letters given	7.559.143.905		7.204.950.162	
Mortgages given	2.330.055.000		2.056.366.025	
Sureties given	4.571.648.190		9.525.112.612	
Pledges given	1.659.650.450		473.035.451	
<b>Total</b>	<b>16.120.497.545</b>		<b>19.259.464.250</b>	
Sureties received	2.660.766.320		3.084.552.859	
Guarantee letters received	1.175.531.571		831.934.992	
Mortgages received	13.150		21.668	
Notes received	28.737.323		31.329.094	
<b>Total</b>	<b>3.865.048.364</b>		<b>3.947.838.613</b>	
	31 December 2023		31 December 2022	
Guarantees, sureties, mortgages given by the Company				
A. Total guarantees, sureties, mortgages given in the name of its own corporate body	Foreign Currency	TL Equivalent	Foreign Currency	TL Equivalent
	-	-	-	-
B. Total guarantees, sureties, mortgages given in the name of entities included in the consolidation by full consolidation method	Foreign Currency	TL Equivalent	Foreign Currency	TL Equivalent
TL	2.074.416.849	2.074.416.849	1.872.000.220	3.084.549.399
USD	20.000.000	588.764.000	-	-
EURO	1.958.077	63.782.209	-	-
C. Total guarantees, sureties, mortgages given as collateral for other third parties' liabilities to ensure continuity of ordinary trade operations	Foreign Currency	TL Equivalent	Foreign Currency	TL Equivalent
TL	3.979.034.823	3.979.034.823	1.599.510.397	2.635.559.964
USD	84.311.784	2.481.987.152	135.102.779	4.162.480.757
EURO	130.558.319	4.252.793.619	204.462.194	6.716.034.403
RON	411.548.983	2.679.718.893	403.088.358	2.660.839.727
	<b>13.393.534.487</b>		<b>16.174.914.851</b>	
D. Total other guarantees, sureties, mortgages given	Foreign Currency	TL Equivalent	Foreign Currency	TL Equivalent
i. in the name of the Parent Company	-	-	-	-
ii. in the name of other group companies that are not included in the scope of items B and C	-	-	-	-
iii. in the name of third parties that are not included in the scope of item C	-	-	-	-
<b>Grand Total</b>	<b>16.120.497.545</b>		<b>19.259.464.250</b>	

The rate of other guarantees, sureties and mortgages given by the Group to the equity of the Group is 0% as of 31 December 2023 (31 December 2022: 0%).

## ALARKO HOLDİNG A.Ş. AND ITS SUBSIDIARIES

### Notes to the Audited Consolidated Financial Statements as of 31 December 2023

(Amounts expressed in terms of the purchasing power of the Turkish Lira ("TL") as of December 31, 2023, unless otherwise indicated).

#### 24. EMPLOYEE BENEFITS

Long term debt provisions consist of the following (TL) :

	31 December 2023	31 December 2022
Provision for unused vacation	<b>37.581.552</b>	30.191.772
Provision for termination indemnity	<b>80.594.061</b>	99.122.510
<b>Total</b>	<b>118.175.613</b>	129.314.282

i) Provision for termination indemnity

Movements of provision for termination indemnity during the year are as follows (TL) :

	31 December 2023	31 December 2022
Opening balance	<b>99.122.510</b>	72.308.938
Interest cost	<b>16.517.071</b>	4.106.258
Current service cost	<b>15.846.929</b>	16.158.638
Payments during the year	<b>(36.593.833)</b>	(13.888.583)
Gain / (loss) on remeasurement of defined benefit plans	<b>5.539.774</b>	48.708.081
Monetary gain/(loss)	<b>(19.838.390)</b>	(28.270.822)
<b>Provision for termination indemnity at the end of the period</b>	<b>80.594.061</b>	99.122.510

ii) Provision for unused vacation

Movements of provision for unused vacation during the year are as follows (TL) :

	31 December 2023	31 December 2022
Unused vacation allowance at the beginning of the period	<b>30.191.772</b>	17.664.349
Increase / (decrease) during the period	<b>19.172.693</b>	19.091.789
Monetary gain/(loss)	<b>(11.782.913)</b>	(6.564.366)
<b>Provision for unused vacation at the end of the period</b>	<b>37.581.552</b>	30.191.772

Payables related to employee benefits are as follows (TL):

	31 December 2023	31 December 2022
Social security withholding payable	<b>18.581.241</b>	11.404.955
Reverse charge taxes and funds withheld	<b>44.522.575</b>	40.275.821
Payables related to other employee benefits	<b>21.254.129</b>	7.771.545
<b>Total</b>	<b>84.357.945</b>	59.452.321



## ALARKO HOLDİNG A.Ş. AND ITS SUBSIDIARIES

### Notes to the Audited Consolidated Financial Statements as of 31 December 2023

(Amounts expressed in terms of the purchasing power of the Turkish Lira ("TL") as of December 31, 2023, unless otherwise indicated).

#### 25. OTHER ASSETS AND LIABILITIES

Other current assets consist of the following (TL) :

	31 December 2023	31 December 2022
Deferred VAT	<b>635.523.694</b>	154.873.818
Other current assets	<b>6.241.978</b>	1.159.674
<b>Total</b>	<b>641.765.672</b>	156.033.492

Other non-current assets consist of the following (TL):

	31 December 2023	31 December 2022
Prepaid taxes and funds	<b>128.028.175</b>	205.251.515
<b>Total</b>	<b>128.028.175</b>	205.251.515

Other short term liabilities consist of the following (TL):

	31 December 2023	31 December 2022
Provisions for other liabilities and expenses	<b>5.633</b>	6.390
<b>Total</b>	<b>5.633</b>	6.390

#### 26. EQUITY

##### (a) Share capital :

As of 31 December 2023 and 2022, the Parent Company's shareholding structure is as follows (TL) :

Name	31 December 2023		31 December 2022	
	Shareholding	Nominal value	Shareholding	Nominal value
Alaton Family	<b>%31,54</b>	<b>137.203.121</b>	%34,36	149.492.491
Garih Family	<b>%31,72</b>	<b>137.999.254</b>	%32,92	143.219.254
Other	<b>%36,74</b>	<b>159.797.625</b>	%32,72	142.288.255
<b>Total</b>	<b>%100,00</b>	<b>435.000.000</b>	%100,00	435.000.000

As of December 31, 2023 and 2022, the difference arising from the inflation adjustment of nominal capital amounts to TL 3.839.581.834.

The registered capital limit of the Parent Company is TL 500.000.000. As of 31 December 2023, the paid-in capital of the Parent Company is TL 435.000.000 (31 December 2022 – TL 435.000.000) consisting of 43.500.000.000 shares of Kr 1 nominal value each (31 December 2022 – 43.500.000.000 shares).

## ALARKO HOLDİNG A.Ş. AND ITS SUBSIDIARIES

### Notes to the Audited Consolidated Financial Statements as of 31 December 2023

(Amounts expressed in terms of the purchasing power of the Turkish Lira ("TL") as of December 31, 2023, unless otherwise indicated).

#### 26. EQUITY (CONTINUED)

##### (b) Cross shareholding adjustment (-) :

Capital adjustment made upon participation of subsidiaries having interest in the Parent Company capital is as follows (TL) :

	31 December 2023	31 December 2022
Parent Company capital	435.000.000	435.000.000
Parent Company shares acquired by the Subsidiary at nominal value (-)	(1.535.883)	(1.535.883)
<b>Total share capital</b>	<b>433.464.117</b>	433.464.117

As of December 31, 2023, Alarko Gayrimenkul Yatırım Ortaklığı A.Ş. has acquired the investment amounting to TL 1.183.962, which belongs to the Parent Company, from Alsim Alarko San. Tes. ve Tic. A.Ş. amounting to TL 348.778 as of December 31, 2023 and Tüm Tesisat ve İnşaat A.Ş. amounting to TL 3.143 as of December 31, 2023.

##### (c) Restricted reserves:

As of 31 December 2023 and 2022, restricted reserves consist of legal reserves.

Restricted reserves are as follows (TL) :

	31 December 2023	31 December 2022
Legal reserves	384.698.172	165.282.802
Legal reserves inflation difference	407.284.260	305.360.150
<b>Total</b>	<b>791.982.432</b>	470.642.952

Legal reserves, which are divided as First Legal Reserve and Second Legal Reserve as per the Turkish Commercial Code, are appropriated as below :

- First Legal Reserve: Appropriated out of net profit at the rate of 5% until such reserve is equal to 20% of issued and fully paid capital.
- Second Legal Reserve: Appropriated out of net profit at the rate of 10% of distributions after providing for First Legal Reserve and an amount equal to 5% of capital as dividends.

Legal reserves which do not exceed one half of share capital may only be used to absorb losses or for purposes of continuity of the business in times of business difficulties and to prevent unemployment or lessen its effects.

## ALARKO HOLDİNG A.Ş. AND ITS SUBSIDIARIES

### Notes to the Audited Consolidated Financial Statements as of 31 December 2023

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#### 26. EQUITY (CONTINUED)

##### (d) Repurchased shares (-)

On 18 March 2022, Alarko Holding A.Ş. Board of Directors resolved that, taking into account the economic developments worldwide, in order to protect the interests of all stakeholders, especially small stakeholders, and to contribute to healthy price formation; within the framework of the Capital Markets Board's II-22. 1 numbered Buy-Back Shares Communiqué of the Capital Markets Board and the announcements dated 21 July 2016 and 25 July 2016 on the subject, to determine the maximum amount of funds that can be allocated for share buy-back as TL 180,000,000 to be covered from internal resources, to determine the maximum amount of shares that can be subject to share buy-back as 8,700,000 nominal value, to submit the share buy-back programme and the purchases to be made within the scope of the programme to the information of the shareholders at the first General Assembly Meeting.

Within the scope of the aforementioned share buy-back programme, TL 131,780,306 corresponding to 2,601,787 shares were purchased in 2022. Between 3 January 2023 and 2 February 2023, TL 46,965,318 corresponding to 629,586 shares were purchased.

On 16 February 2023, Alarko Holding A.Ş. Board of Directors decided to make share repurchase in addition to the existing share repurchase programme in order to protect the interests of all our stakeholders and to contribute to the healthy price formation in the share value of our Company within the framework of the announcement made by the Capital Markets Board with the Communiqué on II-22.1 Repurchased Shares and the principle decision numbered 9/177 dated 14 February 2023, and to make a share repurchase of TL 180. 000,000 TL to be revised as TL 380,000,000 to be covered from internal resources, the maximum amount of shares that can be subject to share repurchase to be revised as TL 5,600,000 nominal value, the share repurchase programme and the purchases to be made within the scope of the programme to be submitted for the information of the shareholders at the first General Assembly Meeting. Within the scope of the share buy-back programme, TL 165,725,602 corresponding to 2,368,627 shares were purchased between 15 March 2023 and 17 April 2023 and the ratio of the repurchased shares in the Company's capital reached 1.287%. As of 17 April 2023, the share purchase transaction has been completed.

The total amount of the purchases of Alarko Gayrimenkul Yatırım Ortaklığı A.Ş., one of the subsidiaries, from internal resources is TL 152.300.345 corresponding to 7.269.840 shares and is shown in the 'Repurchased Shares (-)' account.

As of 31 December 2023, there are TL 601.896.460 of treasury shares (31 December 2022- TL 289.076.499). The Company has set aside a reserve fund equal to the repurchase price of the repurchased shares and classified it as restricted reserves allocated from profit under equity.

##### (e) Retained earnings or accumulated losses :

Distribution of retained earnings or accumulated losses is as follows (TL) :

	31 December 2023	31 December 2022
Retained earnings or accumulated losses	<b>22.291.511.026</b>	6.115.006.936
Extraordinary reserves inflation differences	<b>5.398.383.155</b>	5.476.828.950
Extraordinary reserves	<b>993.265.201</b>	930.361.410
<b>Total</b>	<b>28.683.159.382</b>	12.522.197.296

In accordance with the Tax Procedure Law and the related Communiqué published in the Official Gazette dated 30 December 2023 and numbered 32415 (2nd Repeated), the balance sheet as of 31 December 2023 prepared in accordance with the Tax Procedure Law has been adjusted by using the Producer Price Index (PPI) published by the Turkish Statistical Institute within the scope of inflation accounting. The accompanying consolidated financial statements are restated for the effects of inflation in accordance with TAS 29 by using the Consumer Price Index (CPI) published by the Turkish Statistical Institute and consequently the amounts for the current and prior reporting period are expressed in terms of the purchasing power at 31 December 2023.

## ALARKO HOLDİNG A.Ş. AND ITS SUBSIDIARIES

### Notes to the Audited Consolidated Financial Statements as of 31 December 2023

(Amounts expressed in terms of the purchasing power of the Turkish Lira ("TL") as of December 31, 2023, unless otherwise indicated).

#### 26. EQUITY (CONTINUED)

##### (e) Retained earnings or accumulated losses :

Distribution of retained earnings or accumulated losses is as follows (TL) :

As per the Communiqué Nr. II-14.1 "Paid-in Capital and Restricted Reserves" are recognized over the totals stated in the legal books, and the differences arising upon valuations made in accordance with TAS/TFRS are associated with the retained earnings or accumulated losses. As per the same Communiqué, Retained earnings or accumulated losses other than the net profit for the period, are stated in the "Retained Earnings or Accumulated Losses" account together with the extraordinary reserves regarded in essence as accumulated losses.

	31 December 2023			
	Capital adjustment differences	Legal reserves	Reserves for repurchased shares	Extraordinary reserves
<b>According to TAS/TFRS Financial Statements</b>	3.839.581.834	407.284.260	241.212.812	5.398.383.155
<b>According to Tax Procedural Law</b>	6.504.189.660	302.961.548	298.765.977	8.612.799.960

Within the scope of the first transition to inflation, retained earnings in the balance sheet prepared after TAS 29 inflation adjustment is TL 4.802.013.149 as of 1 January 2022 and the amount calculated on the purchasing power basis as of 31 December 2023 is TL 12.997.695.916.

##### (f) Non-controlling interest :

Non-controlling interest consists of the following (TL) :

	31 December 2023	31 December 2022
Share capital	<b>73.682.414</b>	32.902.194
Adjustment to share capital	<b>504.996.250</b>	486.593.371
Repurchased shares(-)	<b>(55.746.094)</b>	(54.703.311)
Premiums/discounts for shares	<b>10.800.000</b>	-
Legal reserves	<b>149.279.811</b>	134.528.827
Other comprehensive income	<b>133.330.500</b>	155.444.680
Retained earnings or (accumulated losses)	<b>1.850.252.046</b>	1.738.803.721
Profit / (loss) for the period	<b>281.745.307</b>	190.145.037
<b>Total</b>	<b>2.948.340.234</b>	2.683.714.519

As of 31 December 2023 a portion of TL 281.745.307 (31 December 2022 – 190.145.037 TL ) of non-controlling share that is related to the profit for the period amounting to TL 281.745.307 (31 December 2022 – TL 190.145.037) represents 48,80% rate of share of Alarko Gayrimenkul Yatırım Ortaklığı A.Ş., (a subsidiary) that the Group has no control.

As of 31 December 2023, TL 2.326.695.703 (31 December 2022 – TL 2.134.936.327) portion of the non-controlling interests amounting to TL 2.948.340.234 (31 December 2022 – TL 2.683.714.519) in the consolidated statement of financial position represents 48,80% rate of share of Alarko Gayrimenkul Yatırım Ortaklığı A.Ş. (a subsidiary) that the Group has no control.

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**26. EQUITY (CONTINUED)****(f) Non-controlling interest (continued):**

The total assets, liabilities and equity of Alarko Gayrimenkul Yatırım Ortaklığı A.Ş. as of 31 December 2023 and 2022 and summary statement of profit and loss for the years ended is as follows :

	<b>31 December 2023</b>	31 December 2022
Current assets	<b>1.791.600.146</b>	821.034.125
Non-current assets	<b>3.707.216.215</b>	3.831.271.131
<b>Total assets</b>	<b>5.498.816.361</b>	4.652.305.256
Current liabilities	<b>240.253.959</b>	83.099.106
Non-current liabilities	<b>490.952.410</b>	194.528.468
Equity	<b>4.767.609.992</b>	4.374.677.682
<b>Total liabilities</b>	<b>5.498.816.361</b>	4.652.305.256
	<b>31 December 2023</b>	31 December 2022
Gross profit / (loss)	<b>223.943.025</b>	186.197.864
Operating income / (expenses)	<b>332.023.276</b>	129.633.745
<b>Net income / (loss)</b>	<b>555.966.301</b>	315.831.609

**27. REVENUE AND COST OF SALES**

Revenues consist of the following (TL) :

	<b>31 December 2023</b>	31 December 2022
Domestic sales	<b>2.532.852.214</b>	4.568.643.438
Exports sales	<b>5.930.372.475</b>	7.851.819.288
Other sales	<b>42.288.172</b>	26.858.531
Sales returns (-)	<b>(4.261.299)</b>	(3.857.990)
Sales discounts (-)	<b>(205.012.105)</b>	(171.586.490)
Other Discounts (-)	<b>(11.360)</b>	-
<b>Total</b>	<b>8.296.228.097</b>	12.271.876.777

Cost of sales consists of the following (TL) :

	<b>31 December 2023</b>	31 December 2022
Cost of Goods Solds	<b>172.381.135</b>	-
Cost of trade goods sold	<b>219.982.968</b>	46.032.823
Cost of services sold	<b>7.215.720.767</b>	10.565.896.375
<b>Total</b>	<b>7.608.084.870</b>	10.611.929.198



# ALARKO HOLDİNG A.Ş. AND ITS SUBSIDIARIES

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### 28. MARKETING EXPENSES, GENERAL ADMINISTRATION EXPENSES

Marketing expenses and general administrative expenses are as follows (TL) :

Marketing expenses consist of the following (TL) :

	31 December 2023	31 December 2022
Personnel expenses (Note 29)	<b>24.387.591</b>	15.555.849
Outsourced benefits and services	<b>20.698.194</b>	13.994.596
Exhibition, advertisement, presentation expenses	<b>3.480.644</b>	1.651.796
Transportation and travelling expenses	<b>2.395.937</b>	2.154.389
Material expenses	<b>4.258.251</b>	3.903.548
Miscellaneous expenses	<b>29.127.548</b>	20.683.778
<b>Total</b>	<b>84.348.165</b>	57.943.956

General administration expenses consist of the following (TL):

	31 December 2023	31 December 2022
Personnel expenses (Note 29)	<b>491.077.715</b>	331.766.865
Outsourced benefits and services	<b>208.322.086</b>	174.717.955
Depreciation and amortisation (Note 29)	<b>72.200.352</b>	39.976.136
Rental expenses	<b>21.722.980</b>	11.269.688
Provision for termination indemnity (Note 29)	<b>21.708.626</b>	15.464.978
Taxes, duties, and fees	<b>37.724.307</b>	29.436.356
Provision for litigation (Note 22)	<b>5.888.172</b>	45.923.449
Doubtful receivables expense (Note 8)	<b>13.371.641</b>	94.189
Communication expenses	<b>1.182.957</b>	904.215
Bank expenses	<b>12.685.116</b>	11.411.322
Provision for unused vacation (Note 29)	<b>19.172.693</b>	19.061.789
Miscellaneous expenses	<b>63.377.198</b>	92.977.128
<b>Total</b>	<b>968.433.843</b>	773.004.070

### 29. EXPENSES BY NATURE

Depreciation and amortisation expenses consist of the following (TL) :

	31 December 2023	31 December 2022
General production expenses	<b>46.093.391</b>	-
Cost expenses	<b>299.169.946</b>	313.700.589
General administrative expenses (Note 28)	<b>72.200.352</b>	39.976.136
<b>Total</b>	<b>417.463.689</b>	353.676.725

	31 December 2023	31 December 2022
Right of use assets (Note 20)	<b>40.727.743</b>	33.813.164
Depreciation of plant, property and equipment (Note 18)	<b>360.730.080</b>	305.010.059
Amortisation of intangible assets (Note 19)	<b>16.005.866</b>	14.853.502
<b>Total</b>	<b>417.463.689</b>	353.676.725

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**29. EXPENSES BY NATURE (CONTINUED)**

Employee benefits consist of the following (TL) :

	<b>31 December 2023</b>	31 December 2022
General production expenses	<b>56.320.026</b>	-
Cost of production of services	<b>278.366.206</b>	200.320.706
Research and Development Expenses (-)	<b>237.289</b>	-
General administration expenses (Note 28)	<b>531.959.034</b>	366.293.632
Marketing, sales, and distribution expenses (Note 28)	<b>24.387.591</b>	15.555.849
<b>Total</b>	<b>891.270.146</b>	582.170.187
Wages and salaries	<b>652.819.749</b>	441.264.946
Social security premiums	<b>56.664.445</b>	28.242.086
Other personnel expenses	<b>160.077.326</b>	97.198.177
Provision for termination indemnity (Note 28)	<b>21.708.626</b>	15.464.978
<b>Total</b>	<b>891.270.146</b>	582.170.187

**30. OTHER INCOME/EXPENSES FROM OPERATING ACTIVITIES**

Other income from operating activities is as follows (TL):

	<b>31 December 2023</b>	31 December 2022
Foreign exchange income	<b>3.527.906.927</b>	1.651.883.421
Interest income	<b>414.113.111</b>	191.436.812
Rental income	<b>18.861.567</b>	17.119.087
Provisions for termination indemnity no longer required	<b>41.481.752</b>	11.287.850
Rediscounted interest income	<b>7.539.432</b>	2.327.869
Provisions for doubtful trade receivables no longer required (Note 8)	<b>25.129</b>	374
Maturity differences received	<b>31.674.355</b>	27.545.109
Compensation received	<b>861.611</b>	4.935.091
Other income and profit	<b>211.308.799</b>	382.128.442
<b>Total</b>	<b>4.253.772.683</b>	2.288.664.055

Other expense from operating activities is as follows (TL):

	<b>31 December 2023</b>	31 December 2022
Foreign exchange losses	<b>482.108.149</b>	645.480.020
Expenses before the commitment	<b>5.491</b>	61.367.096
Commercial cost	<b>144.439.892</b>	61.512.945
Rediscounted interest expense	<b>4.456.182</b>	3.860.578
Commitment costs for completed projects	<b>40.638.379</b>	27.699.952
Other expenses and losses	<b>497.204.078</b>	95.597.182
Interest rates given	<b>63.674.303</b>	229.272.326
<b>Total</b>	<b>1.232.526.474</b>	1.124.790.099

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#### 31. INCOME / EXPENSE FROM INVESTING ACTIVITIES

Income from investing activities are as follows (TL) :

	31 December 2023	31 December 2022
Fair value increase (Note 16)		
Investment property sales profit		
Value increase in marketable securities (Note 6)	<b>451.301.401</b>	722.817.018
Gain on sale of marketable securities	-	33.885.551
Gain on sale of fixed assets	<b>291.873.638</b>	69.631.265
Fair value increase (Note 16)		
Investment property sales profit		
Value increase in marketable securities (Note 6)	<b>89.933.618</b>	4.775.539
Gain on sale of marketable securities	<b>75.638.027</b>	171.812.136
Gain on sale of fixed assets	<b>168.728.281</b>	9.182.979
Exchange rate protected deposits fair value difference	<b>604.195.251</b>	83.539.157
Income from public sector bonds, notes and shares	<b>131.925.045</b>	-
<b>Total</b>	<b>1.813.595.261</b>	1.095.643.645

Expenses from investing activities are as follows (TL) :

	31 December 2023	31 December 2022
Loss on sale of fixed assets	<b>59.900.650</b>	40.741.231
<b>Total</b>	<b>59.900.650</b>	40.741.231

#### 32. FINANCIAL EXPENSES

Financial income is as follows (TL):

	31 December 2023	31 December 2022
Derivative instrument income	<b>22.900.000</b>	10.512.951
<b>Total</b>	<b>22.900.000</b>	10.512.951

Financial expenses consist of the following (TL) :

	31 December 2023	31 December 2022
Borrowing expenses	<b>834.283.757</b>	116.375.590
Interest expenses related to leases	<b>12.706.665</b>	9.714.649
Derivative instrument expenses	<b>11.683.459</b>	50.181.653
<b>Total</b>	<b>858.673.881</b>	176.271.892

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#### 33. TAX ASSETS AND LIABILITIES

##### a) Corporation tax;

The effective tax rate in 2023 is 25% (2022: 23%).

The corporate tax rate to be accrued over the taxable corporate income is based on the remaining tax after deducting the expenses that cannot be deducted from the tax base and the tax exemptions, non-taxable income and other discounts (if any, previous year losses and investment discounts used if preferred). It is calculated.

In Turkey, advance tax is calculated and accrued on a quarterly basis. On 15 July 2023, the corporate tax rate has been increased from 20% to 25% with the 'Law on Additional Motor Vehicles Tax for the Compensation of Economic Losses Caused by the Earthquakes Occurred on 6 February 2023 and Amendments to Certain Laws and Decree Law No. 375' published in the Official Gazette dated 15 July 2023. Accordingly, the provision for corporate tax and deferred tax calculations have been made by taking into account the corporate tax rate applicable in the relevant year. Losses can be carried forward to offset against future taxable income for a maximum period of 5 years. However, losses incurred cannot be deducted retrospectively from the profits of previous years.

Law No. 7061 'Law Amending Certain Tax Laws and Certain Other Laws' was published in the Official Gazette dated 5 December 2017 and numbered 30261. Article 89 of this Law amends Article 5 titled 'Exemptions' of the Corporate Tax Law. With the subparagraph (a) of the first paragraph of the Article, the 75% exemption applied to the gains arising from the sale of immovable properties in the assets of the corporations for two full years has been reduced to 50%. This regulation entered into force as of 5 December 2017.

Furthermore, there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax returns between 1-30 April following the close of the accounting year to which they relate. Tax authorities may, however, examine such returns and the underlying accounting records and may revise assessments within five years.

##### Income Withholding Tax

In addition to corporate taxes, companies should also calculate income withholding taxes on any dividends distributed, except for companies receiving dividends who are Turkish residents and Turkish branches of foreign companies. Income withholding tax applied in between 24 April 2003 – 22 July 2006 is 10% and commencing from 23 July 2006, this rate has been changed to 15% upon the Council of Minister's' Resolution No: 2006/10731. Undistributed dividends incorporated in share capital are not subject to income withholding tax.

Based on the investment incentive certificates received before April 24, 2003, 19,8% tax withholding is required over the investment allowance amount. No tax withholding is made from investment expenditures without incentive certificate made after this date.

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### 33. TAX ASSETS AND LIABILITIES (CONTINUED)

#### a) Corporation tax (continued)

##### Taxation of The Operations of Foreign Subsidiaries

The subsidiaries, affiliates and joint venture included in full consolidation and equity pick-up methods in the accompanying consolidated financial statements are subject to corporate tax and withholding tax effective in the relevant country. Effective tax rates in Russia, Romania, Ukraine and Spain in which the Group operates are 20%, 16%, 18% and 25% respectively, and Kazakhstan countries in tax rate 28%.

Tax liability of the profit for the period is as follows (TL):

	31 December 2023	31 December 2022
Current period corporation tax (*)	<b>507.349.902</b>	192.329.433
Prepaid taxes and funds	<b>(365.849.121)</b>	(80.772.662)
<b>Total</b>	<b>141.500.781</b>	111.556.771

Tax income and expenses recognized in the consolidated statement of profit or loss and other comprehensive income are summarized in the following (TL) :

	31 December 2023	31 December 2022
Current period corporation tax (*)	<b>(499.035.313)</b>	(180.630.984)
Deferred tax income / (expense) (Note 33(b))	<b>587.007.695</b>	643.301.046
<b>Total tax expense</b>	<b>87.972.382</b>	462.670.062

(\*) The difference between foreign subsidiaries' current tax provision and current period corporate tax is the effect of currency translation differences.

As of 31 December 2023 and 2022, the reconciliation between the tax expense calculated by applying the legal tax rate on the profit before tax and the total tax provision stated in the consolidated statement of profit or loss and other comprehensive income is as follows (TL) :

	31 December 2023	31 December 2022
Profit/ (loss) before tax	<b>6.819.094.085</b>	16.433.699.676
Share of profits / (losses) of investments accounted by equity method	<b>5.649.210.973</b>	15.697.958.452
Profit / (loss) before tax (share of profits / (losses) of investments accounted by equity method excluded)	<b>1.169.883.112</b>	735.741.224
Local tax rate	<b>%25</b>	%23
Tax expense calculated by using the tax rate	<b>292.470.778</b>	169.220.482
Disallowable expenses and other additions	<b>80.391.003</b>	65.887.295
Tax-exempt earnings and other deductions	<b>(564.800.383)</b>	(847.439.535)
The effect of changes in tax rates	<b>103.966.220</b>	149.661.696
<b>Total tax expense</b>	<b>(87.972.382)</b>	(462.670.062)



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### 33. TAX ASSETS AND LIABILITIES (CONTINUED)

#### b) Deferred tax assets and liabilities;

The Group accounts for deferred tax assets and liabilities for temporary timing differences arising from differences between tax-based financial statements and financial statements prepared in accordance with TFRS. These differences are generally caused by the fact that some income and expense items are included in different periods in tax-based financial statements and financial statements prepared in accordance with TFRS. These differences are stated below.

The tax rate used in the calculation of deferred tax assets and liabilities is 25% over temporary timing differences that are expected to reverse.

Temporary differences creating a basis for deferred tax calculations and deferred tax assets/liabilities and deferred tax income/expenses are as follows (TL) :

Temporary income / (expense) differences

	Accumulated temporary differences		Deferred tax assets / liabilities	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
<b>Tax assets</b>				
Tax losses of carry forward (*)	293.990.174	82.032.215	70.683.000	16.406.443
Cost of long term construction contracts	18.973.413.470	6.856.410.401	4.743.353.368	1.371.282.080
Provision for litigation expenses	45.294.028	64.622.201	11.323.507	12.924.440
Derivative instruments	5.303.193	-	1.325.798	-
Unused vacation provision	36.823.069	29.711.698	9.205.767	5.942.340
Termination indemnity	38.086.008	40.327.551	9.521.502	8.065.510
Difference between carrying value and tax bases of property, plant and equipment and intangible assets	1.075.386.059	1.875.535.307	268.783.149	375.107.061
Leases	67.631.485	55.674.699	16.907.871	11.134.940
Other	289.149.195	-	72.287.299	-
<b>Total</b>			<b>5.203.391.261</b>	<b>1.800.862.814</b>
	Accumulated temporary differences		Deferred tax assets / liabilities	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
<b>Tax liabilities</b>				
Temporary differences on inventory	(131.138.293)	(646.244.978)	(32.925.049)	(129.248.996)
Right of use asset	(112.609.594)	(85.604.321)	(28.152.399)	(17.120.864)
Derivative instruments	-	(10.512.950)	-	(2.102.590)
Contract progress income	(15.162.941.179)	(4.170.752.752)	(3.806.486.279)	(844.054.173)
Investment properties	(1.347.219.562)	(1.347.989.053)	(312.884.662)	(269.597.811)
Other	-	(71.465.856)	-	(14.293.172)
<b>Total</b>			<b>(4.180.448.389)</b>	<b>(1.276.417.606)</b>
<b>Net deferred tax liability</b>			<b>1.022.942.872</b>	<b>524.445.208</b>
Deferred tax asset on financial position			<b>1.480.568.172</b>	923.772.981
Deferred tax liability on financial position			<b>(457.625.300)</b>	(399.327.773)
<b>Net effect of deferred tax</b>			<b>1.022.942.872</b>	<b>524.445.208</b>

(\*) As of 31 December 2023, of the prior years and current period losses subject to deferred tax calculation, TL 828.985 belongs to energy group companies, TL 56.388.121 belongs to contracting group companies, and TL 12.414.151 belongs to holding group companies (As of 31 December 2022, of the previous years and current period losses subject to deferred tax calculation, TL 5.936.855 belongs to energy group companies and TL 69.674.771 belongs to contracting group companies and 6.420.589 TL belongs to holding group companies.).

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### 33. TAX ASSETS AND LIABILITIES (CONTINUED)

#### b) Deferred tax assets and liabilities (continued);

Deferred tax income / (expense) (TL) :

	31 December 2023	31 December 2022
Prior period deferred tax liability	<b>524.445.208</b>	(88.182.683)
Deferred tax (expense) / income (Note 33(a))	<b>587.007.695</b>	643.301.046
Business combinations effect	<b>(116.649.805)</b>	-
Foreign currency translation differences	<b>25.716.581</b>	(40.300.855)
Actuarial deferred tax income / (expense)	<b>2.423.193</b>	9.627.700
Current period deferred tax liability (-)	<b>1.022.942.872</b>	524.445.208

### 34. EARNINGS / (LOSS) PER SHARE

Earnings / (loss) per share is calculated as follows :

	31 December 2023	31 December 2022
Parent company profit / (loss) for the period (TL)	<b>6.625.321.160</b>	16.706.224.701
Weighted average number of ordinary shares at the beginning of the period *	<b>430.003.387</b>	434.168.375
<b>Earnings / (loss) per share</b>		
Earnings / (loss) per parent company share (TL)	<b>15,408</b>	38,479

(\*) Per share of TL 1 nominal.

According to the Ordinary General Assembly of Alarko Holding A.Ş. held on 29 May 2023, dividend paid per share from retained earnings is gross TL 0,33 and total dividend paid is gross TL 143.550.000. According to the Ordinary General Assembly of Alarko Holding A.Ş. held on 27 April 2022, dividend paid per share from retained earnings is gross TL 0,23 and total dividend paid is gross TL 100.050.000. (The value of dividend distribution amounting to TL 143.550.000 adjusted to 31 December 2023 purchasing power is TL 205.223.742).

From the net profit for the period 1 January 2023 - 31 March 2023 according to the interim financial statements dated 1 January 2023 - 31 March 2023, it has been decided to distribute TL 304.500.000 ('gross') of the amount remaining after deducting the reserves required to be set aside in accordance with the Turkish Commercial Code and the articles of association, to be distributed to the shareholders representing the capital of TL 435.000.000 at the rate of 70% gross and 63% net per share as of 1 June 2023 as 'Dividend Advance'. As of 25 August 2023, it has been decided to distribute TL 152.250.000 ('gross') of the amount remaining after deducting the reserves required to be set aside in accordance with the Turkish Commercial Code and the Articles of Association from the net profit for the period according to the interim financial statements dated 1 January 2023 - 30 June 2023, to be distributed to the shareholders representing the capital of TL 435.000.000 at the rate of 35% gross and 31,5% net per share as 'Advance Dividend'. TL 100.050.000 ('gross') of the amount remaining after deducting the reserves required to be set aside in accordance with the Turkish Commercial Code and the Articles of Association from the net profit for the period according to the interim consolidated financial statements dated 1 January 2023 - 30 September 2023 will be distributed to the shareholders representing TL 435.000.000. 000 of the amount remaining after deducting the reserves set aside in accordance with the Articles of Association and the Articles of Association, to be distributed to the shareholders representing the capital of TL 435.000.000, as of 15 November 2023 at the rate of 23% gross and 20,70% net per share. (The value of the dividend advance amounting to TL 556.800.000 brought to the purchasing power of 31 December 2023 is TL 697.242.012).

According to the accompanying consolidated financial statements of Alarko Group by 31 December 2023, the Parent Company's profit for the period is TL 6.625.321.160 and the total amount of other resources that may be subject to profit distribution is TL 29.090.443.642 (Note 26). According to the statutory records of the Parent Company as at 31 December 2023, net profit for the period is TL 1.025.518.936 and the total amount of other resources available for profit distribution in the statutory records is TL 61.008.348.

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**35. RELATED PARTY DISCLOSURES**

Trade receivables from related parties consist of the following (TL) :

	31 December 2023	31 December 2022
Meram Elektrik Perakende Satış A.Ş. <sup>(1)</sup>	13.170.699	5.225.063
Alarko Carrier San. ve Tic. A.Ş. <sup>(1)</sup>	3.730.270	1.611.008
Cenal Elektrik Üretim A.Ş. <sup>(1)</sup>	2.564.702	1.074.431
Meram Elektrik Enerjisi Toptan Satış A.Ş. <sup>(1)</sup>	2.136.588	938.235
Alarko Cengiz Metro Ortak Girişimi <sup>(2)</sup>	3.654.571	11.028.461
Alarko-Makyol Adi Ortaklığı <sup>(1)</sup>	431	710
<b>Total (Note 8)</b>	<b>25.257.261</b>	<b>19.877.908</b>

Trade payables to related parties consist of the following (TL) :

	31 December 2023	31 December 2022
Alarko Carrier San. ve Tic. A.Ş. <sup>(1)</sup>	1.233.069	3.744.909
Meram Elektrik Dağıtım A.Ş. <sup>(1)</sup>	108.433	48.244
Meram Elektrik Enerjisi Toptan Satış A.Ş. <sup>(1)</sup>	1.694.267	1.176.145
Alarko Cengiz Metro Ortak Girişimi <sup>(2)</sup>	-	619.709
<b>Total (Note 8)</b>	<b>3.035.769</b>	<b>5.589.007</b>

Other short-term receivables from related parties consist of the following (TL) :

	31 December 2023	31 December 2022
Alarko-Makyol Adi Ortaklığı <sup>(1)</sup>	845.298	1.315.809
Alarko Cengiz Metro Ortak Girişimi <sup>(2)</sup>	-	758.156
Al-Riva Projesi Ar.Değ.Konut İnş. Tic. A.Ş. <sup>(3)</sup>	1.448	7.677
Al-Riva Arazi Değer.Konut İnş.ve Tic. A.Ş. <sup>(3)</sup>	679	3.743
Al-Riva Ar.Değ.Kon. İnş. Tur. Tes. Golf A.Ş. <sup>(3)</sup>	2.059	11.588
<b>Total (Note 9)</b>	<b>849.484</b>	<b>2.096.973</b>

Non-trade long term receivables from related parties is as follows (TL):

	31 December 2023	31 December 2022
Al-Riva Projesi Ar.Değ.Konut İnş. Tic. A.Ş. <sup>(3)</sup>	78.785.745	91.875.866
Al-Riva Arazi Değer.Konut İnş.ve Tic. A.Ş. <sup>(3)</sup>	11.932.399	14.738.626
Al-Riva Ar.Değ.Kon. İnş. Tur. Tes. Golf A.Ş. <sup>(3)</sup>	2.822.540	3.449.323
<b>Total (Note 9)</b>	<b>93.540.684</b>	<b>110.063.815</b>

# ALARKO HOLDİNG A.Ş. AND ITS SUBSIDIARIES

## Notes to the Audited Consolidated Financial Statements as of 31 December 2023

(Amounts expressed in terms of the purchasing power of the Turkish Lira ("TL") as of December 31, 2023, unless otherwise indicated).

### 35. RELATED PARTY DISCLOSURES (CONTINUED)

Short term non-trade payables to related parties are as follows (TL):

	31 December 2023	31 December 2022
Alcen Enerji Dağıtım ve Perakende Satış Hizm. A.Ş. <sup>(1)</sup>	4.321.828.294	5.089.651.175
<b>Total (Note 9)</b>	<b>4.321.828.294</b>	<b>5.089.651.175</b>

Sales to related parties consist of the following (TL) :

As of 31 December 2023	Rent	Service	Trade good	Maturity difference	Other	Total
Al-Riva Projesi Ar.Değ. Konut Ins.Tic.A.Ş. <sup>(3)</sup>	2.870	2.124	-	12.462.349	-	12.467.343
Al-Riva Arazi Değ. Konut Ins.ve Tic.A.Ş. <sup>(3)</sup>	2.870	895	-	1.738.860	-	1.742.625
Al-Riva Ar.Değ.Kon.Inş.Tur.Tes.Golf A.Ş. <sup>(3)</sup>	2.870	2.715	-	409.446	-	415.031
Alarko Carrier San. ve Tic. A.Ş. <sup>(1)</sup>	559.780	17.253.053	1.749	-	1.778.896	19.593.478
Alcen Enerji Dağıtım ve Perakende Satış Hiz. A.Ş. <sup>(1)</sup>	2.394	20.093	-	-	-	22.487
Meram Elektrik Enerjisi Toptan Satış A.Ş. <sup>(1)</sup>	2.394	11.019.461	6.638.251	-	-	17.660.106
Cenal Elektrik Üretim A.Ş. <sup>(1)</sup>	2.394	12.537.917	-	-	-	12.540.311
Meram Elektrik Perakende Satış A.Ş. <sup>(1)</sup>	-	60.157.993	-	-	-	60.157.993
Alarko Makyol Adi Ortaklığı <sup>(1)</sup>	-	7.446	-	-	-	7.446
Alhan Holding A.Ş. <sup>(4)</sup>	4.784	-	-	-	-	4.784
Bükrüş Uluslararası Havalimanı Demiryolu Bağlantısı 6. Metro Kesimi <sup>(2)</sup>	-	-	96.597.151	-	-	96.597.151
Alarko Cengiz Metro Ortak Girişimi <sup>(2)</sup>	-	211.055	-	-	-	211.055
<b>Total</b>	<b>580.356</b>	<b>101.212.752</b>	<b>103.237.151</b>	<b>14.610.655</b>	<b>1.778.896</b>	<b>221.419.810</b>
As of 31 December 2022	Rent	Service	Trade good	Maturity difference	Other	Total
Al-Riva Projesi Ar.Değ. Konut Ins.Tic.A.Ş. <sup>(3)</sup>	2.574	3.903	-	12.077.054	-	12.083.531
Al-Riva Arazi Değ. Konut Ins.ve Tic.A.Ş. <sup>(3)</sup>	2.574	1.903	-	1.835.213	-	1.839.690
Al-Riva Ar.Değ.Kon.Inş.Tur.Tes.Golf A.Ş. <sup>(3)</sup>	2.574	5.892	-	428.515	-	436.981
Alarko Carrier San. ve Tic. A.Ş. <sup>(1)</sup>	1.782.159	7.577.211	4.821	-	-	9.364.191
Alcen Enerji Dağıtım ve Perakende Satış Hiz. A.Ş. <sup>(1)</sup>	2.145	3.585	-	-	-	5.730
Meram Elektrik Enerjisi Toptan Satış A.Ş. <sup>(1)</sup>	2.145	4.345.373	13.680.941	-	-	18.028.459
Cenal Elektrik Üretim A.Ş. <sup>(1)</sup>	2.145	4.798.118	124.657	-	-	4.924.920
Meram Elektrik Perakende Satış A.Ş. <sup>(1)</sup>	-	23.012.993	545.016.845	13.131.573	-	581.161.411
Alhan Holding A.Ş. <sup>(4)</sup>	4.289	-	-	-	-	4.289
Algiz Enerji A.Ş. <sup>(1)</sup>	2.145	-	-	-	-	2.145
Alarko Cengiz Metro Ortak Girişimi <sup>(2)</sup>	4.185.464	-	33.732	-	3.600.315	7.819.511
<b>Total</b>	<b>5.988.214</b>	<b>39.748.978</b>	<b>558.860.996</b>	<b>27.472.355</b>	<b>3.600.315</b>	<b>635.670.858</b>

Purchases from related parties consist of the following (TL) :

As of 31 December 2023	Rent	Service	Trade good	Maturity difference	Other	Total
Alarko Carrier San. ve Tic. A.Ş. <sup>(1)</sup>	232.477	803.692	29.832.900	-	76.832	30.945.901
Meram Elektrik Dağıtım A.Ş. <sup>(1)</sup>	-	-	-	-	95.460	95.460
Meram Elektrik Enerjisi Toptan Satış A.Ş. <sup>(1)</sup>	-	7.775.862	14.977.291	-	-	22.753.153
Alcen Enerji Dağıtım ve Perakende Satış Hiz. A.Ş. <sup>(1)</sup>	-	-	-	497.634.712	3.502	497.638.214
Alarko Makyol Adi Ortaklığı <sup>(1)</sup>	-	5.999	-	-	-	5.999
Alarko Cengiz Metro Ortak Girişimi <sup>(2)</sup>	-	-	-	-	45.925	45.925
<b>Total</b>	<b>232.477</b>	<b>8.585.553</b>	<b>44.810.191</b>	<b>497.634.712</b>	<b>221.719</b>	<b>551.484.652</b>
As of 31 December 2022	Rent	Service	Trade good	Maturity difference	Other	Total
Alarko Carrier San. ve Tic. A.Ş. <sup>(1)</sup>	211.949	1.105.659	3.930.381	-	444.546	5.692.535
Alcen Enerji Dağıtım ve Perakende Satış Hiz. A.Ş. <sup>(1)</sup>	-	-	-	76.634.013	-	76.634.013
Meram Elektrik Dağıtım A.Ş. <sup>(1)</sup>	-	-	-	-	152.656	152.656
Meram Elektrik Enerjisi Toptan Satış A.Ş. <sup>(1)</sup>	-	21.146.584	23.424.752	-	8.108	44.579.444
Cenal Elektrik Üretim A.Ş. <sup>(1)</sup>	-	-	541.126.497	13.306.562	-	554.433.059
Alarko Cengiz Metro Ortak Girişimi <sup>(2)</sup>	-	979.277	545.807	-	539.722	2.064.806
<b>Total</b>	<b>211.949</b>	<b>23.231.520</b>	<b>569.027.437</b>	<b>89.940.575</b>	<b>1.145.032</b>	<b>683.556.513</b>

(1) Jointly controlled entity

(2) Joint operation

(3) Affiliate

(4) Parent company's shareholder

## ALARKO HOLDİNG A.Ş. AND ITS SUBSIDIARIES

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#### 35. RELATED PARTY DISCLOSURES (CONTINUED)

As of 31 December 2023, remuneration provided to top executives such as the General Manager, Assistant General Manager and members of the Board of Directors amount to TL 425.455.817 (31 December 2022 – TL 223.309.915). The entire amount consists of short term benefits.

As of 31 December 2023, the guarantees, mortgages, and sureties received from Group companies amount to TL 2.660.766.320 (31 December 2022 – TL 3.084.552.859). As of 31 December 2023 the guarantees, mortgages, and sureties given to Group companies amount to TL 6.896.753.808 (31 December 2022 – TL 11.359.626.854).



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#### 36. NATURE AND EXTENT OF RISK ARISING FROM FINANCIAL INSTRUMENTS

##### i. Credit risk

Credit risks incurred by type of financial instruments are as follows (TL) :

31 December 2023	Trade receivables			Other receivables			Other (*)
	Related party	Third party	Related party	Third party	Related party	Third party	
<b>Maximum credit risk incurred as of the reporting date (A+B+C+D+E)(**)</b> (Note 5, 8 and 9)	<b>25.257.261</b>	<b>2.903.735.551</b>	<b>94.390.168</b>	<b>22.486.073</b>	<b>3.041.534.369</b>	<b>7.842.468.555</b>	
- Part of the maximum risk covered by collaterals	-	-	-	-	-	-	-
<b>A. Net book value of financial assets that are neither overdue nor impaired</b> (Note 5, 8 and 9)	<b>25.257.261</b>	<b>2.893.372.132</b>	<b>849.484</b>	<b>22.486.073</b>	<b>3.041.534.369</b>	<b>7.842.468.555</b>	
<b>B. Book value of financial assets with conditions revised which otherwise would be considered as overdue or impaired</b>	-	-	-	-	-	-	-
<b>C. Net book value of overdue assets that are not impaired</b> (Note 8)	-	<b>10.363.419</b>	<b>93.540.684</b>	-	-	-	-
- Portion covered by collaterals	-	-	-	-	-	-	-
<b>D. Net book value of impaired assets</b>	-	-	-	-	-	-	-
- Overdue (gross book value)	-	<b>18.976.288</b>	-	-	-	-	-
- Impairment (-) (Note 8)	-	<b>(18.976.288)</b>	-	-	-	-	-
- Part of net value covered by collaterals	-	-	-	-	-	-	-
- Not overdue (gross book value)	-	-	-	-	-	-	-
- Impairment (-) (Note 8)	-	-	-	-	-	-	-
- Part of net value covered by collaterals	-	-	-	-	-	-	-
<b>E. Derecognized elements involving credit risk (***)</b>	-	-	-	-	-	-	-

(\*) Consists of the sum of cheques received, other liquid assets, financial assets held for trading in cash and cash equivalents, short term financial assets, long-term public sector notes, promissory notes and bonds.

(\*\*) In determining the amount of credit risk to be incurred, factors that increase credit reliability, i.e. the guarantees received, are not taken into consideration.

(\*\*\*) The related amounts consist of guarantees and sureties given.

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as of 31 December 2023

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## 36. NATURE AND EXTENT OF RISK ARISING FROM FINANCIAL INSTRUMENTS (CONTINUED)

## i. Credit Risk (continued)

Credit risks incurred by type of financial instruments are as follows (TL) :

31 December 2022	Trade receivables			Other receivables			Other (*)
	Related party	Third party	Related party	Third party	Related party	Third party	
<b>Maximum credit risk incurred as of the reporting date (A+B+C+D+E)**</b> (Note 5, 8 and 9)	19,877,908	2,659,416,043	112,160,788	18,291,368	8,237,821,176	2,318,221,147	-
- Part of the maximum risk covered by collaterals	-	-	-	-	-	-	-
<b>A. Net book value of financial assets that are neither overdue nor impaired</b> (Note 5, 8 and 9)	19,877,908	2,402,159,585	2,096,973	18,291,368	8,237,821,176	2,318,221,147	-
<b>B. Book value of financial assets with conditions revised which otherwise would be considered as overdue or impaired</b>	-	-	-	-	-	-	-
<b>C. Net book value of overdue assets that are not impaired</b> (Note 8)	-	257,256,458	110,063,815	-	-	-	-
- Portion covered by collaterals	-	137,692	-	-	-	-	-
<b>D. Net book value of impaired assets</b>	-	-	-	-	-	-	-
- Overdue (gross book value)	-	7,120,535	-	-	-	-	-
- Impairment (-) (Note 8)	-	(7,120,535)	-	-	-	-	-
- Part of net value covered by collaterals	-	-	-	-	-	-	-
- Not overdue (gross book value)	-	-	-	-	-	-	-
- Impairment (-) (Note 8)	-	-	-	-	-	-	-
- Part of net value covered by collaterals	-	-	-	-	-	-	-
<b>E. Derecognized elements involving credit risk (***)</b>	-	-	-	-	-	-	-

(\*) Consists of the sum of cheques received, other liquid assets, financial assets held for trading in cash and cash equivalents, short term financial assets, long-term public sector notes, promissory notes and bonds.

(\*\*) In determining the amount of credit risk to be incurred, factors that increase credit reliability, i.e. the guarantees received, are not taken into consideration.

(\*\*\*) The related amounts consist of guarantees and sureties given.

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#### 36. NATURE AND EXTENT OF RISK ARISING FROM FINANCIAL INSTRUMENTS (CONTINUED)

##### i. Credit Risk (continued)

Distribution of net book values by maturity of the overdue assets that are not impaired is as follows (TL) :

31 December 2023	Trade receivables		Other receivables	
	Related party	Third party	Related party	Third party
1-30 days past due (*)	-	9.321.807	-	-
1-3 months past due	-	284.708	-	-
3-12 months past due	-	756.904	-	-
1-5 years past due	-	-	-	-
More than 5 years past due (***)	-	-	93.540.684	-
Total	-	10.363.419	93.540.684	-
Portion covered by collaterals	-	-	-	-

31 December 2022	Trade receivables		Other receivables	
	Related party	Related party	Related party	Related party
1-30 days past due	-	39.054.187	-	-
1-3 months past due	-	11.821.610	-	-
3-12 months past due	-	103.326	-	-
1-5 years past due (**)	-	206.277.335	-	-
More than 5 years past due (***)	-	-	110.063.815	-
Total	-	257.256.458	110.063.815	-
Portion covered by collaterals	-	137.692	-	-

The credit risk of Alarko Group may arise basically from its trade receivables. The Group management evaluates trade receivables taking into consideration the collaterals received, past experience, and current economic outlook; and states them as net in the statement of financial position after making provisions for doubtful receivables when deemed necessary. The Group has made provisions for doubtful receivables formed until the reporting date.

(\*) Some of the receivables that are over due 1-30 days and 1-3 months consist of Teiaş receivables of Altek Alarko Elektrik Santralları Tesis İşletme ve Ticaret A.Ş.

(\*\*) Some of the trade receivables that are past due 1-30 days are receivables to Alsım Alarko San. Tes. ve Tic. A.Ş. It consists of the receivables of Kabataş Mahmutbey Metro Project related to the VAT amounts of the progress payments.

(\*\*\*) Other receivables that are more than 5 years past due Al-Riva Projesi, Arazi Değ. Konut İnş. ve Tic. A.Ş., Al-Riva Arazi Değ. Konut İnş. ve Tic. A.Ş., Al-Riva Arazi Değ. Konut İnş., Tur. Tes. Golf İşl. ve Tic. A.Ş., consists of receivables.

##### ii. Liquidity risk

Holding financial instruments may lead to failure of the counterparty to fulfill the terms and conditions of the agreement. The Group management takes measures to prevent such risks through limiting the average risk for the counterparty (except for the related parties) at each agreement, and receiving collaterals if necessary.

The Group creates funds through converting short term financial instruments, i.e. trade receivables, into cash as of 31 December 2023 and 2022, the Group's liquid assets (current assets –inventories) exceed its short term liabilities by TL 1.435.628.250 and TL 890.532.792, respectively.

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## 36. NATURE AND EXTENT OF RISK ARISING FROM FINANCIAL INSTRUMENTS (CONTINUED)

## ii. Liquidity risk (continued)

31 December 2023							
Maturities per contract	Book value	Total cash outflows per contract (+I+II+III+IV+V)	Less than 3 months (I)	3-12 months (II)	1-5 years (III)	More than 5 years (IV)	Eliminations and adjustments (V)
<b>Non-derivative financial liabilities</b>							
Lease liabilities (Note 7)	75.415.955	175.977.952	7.256.434	15.429.694	52.727.540	100.564.284	-
Bank loans (Note 7)	5.612.368.140	6.566.276.960	383.000.463	4.840.269.834	836.746.017	506.260.646	-
Trade payables (Note 8)	938.042.811	941.107.206	1.980.529.520	530.320.951	1.417.124.108	-	(2.986.867.373)
Other payables (Note 9)	4.932.286.053	4.932.286.053	6.006.394.988	12.439.346	585.924.855	-	(1.672.473.136)
<b>Expected maturities</b>	<b>Deffer değeri</b>	<b>Expected cash outflows (+I+II+III+IV+V)</b>	<b>Less than 3 months (I)</b>	<b>3-12 months (II)</b>	<b>1-5 years (III)</b>	<b>More than 5 years (IV)</b>	<b>Eliminations and adjustments (V)</b>
<b>Non-derivative financial liabilities</b>							
Trade payables (Note 8)	1.006.045.172	1.009.331.718	184.353.554	4.028.375.137	-	-	(3.203.396.973)
Other payables (Note 9)	107.768.972	107.768.972	75.059.900	32.709.072	-	-	-
31 December 2022							
Maturities per contract	Book value	Total cash outflows per contract (+I+II+III+IV+V)	Less than 3 months (I)	3-12 months (II)	1-5 years (III)	More than 5 years (IV)	Eliminations and adjustments (V)
<b>Non-derivative financial liabilities</b>							
Lease liabilities (Note 7)	67.545.450	311.353.171	11.592.472	24.009.885	69.652.401	206.098.413	-
Bank loans (Note 7)	2.724.703.978	2.884.623.070	11.683.756	2.563.335.025	151.880.288	157.724.001	-
Other financial liabilities (Note 7)	-	-	-	-	-	-	-
Trade payables (Note 8)	1.010.945.404	1.012.303.561	1.555.797.486	2.139.053.214	-	-	(2.682.547.139)
Other payables (Note 9)	5.679.662.551	5.679.662.551	5.152.882.967	3.282.333.361	524.752.493	-	(3.280.306.270)
<b>Expected maturities</b>	<b>Book value</b>	<b>Expected cash outflows (+I+II+III+IV+V)</b>	<b>Less than 3 months (I)</b>	<b>3-12 months (II)</b>	<b>1-5 years (III)</b>	<b>More than 5 years (IV)</b>	<b>Eliminations and adjustments (V)</b>
<b>Non-derivative financial liabilities</b>							
Trade payables (Note 8)	749.721.434	750.728.649	6.783.107	2.733.333.971	-	-	(1.989.388.429)
Other payables (Note 9)	112.564.315	112.564.315	96.221.888	16.342.427	-	-	-

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#### 36. NATURE AND EXTENT OF RISK ARISING FROM FINANCIAL INSTRUMENTS (CONTINUED)

##### iii. Interest risk

Interest risk arises from the probability of interest rate changes to affect financial statements. The loan agreements made by the Group are denominated in USD, TL and Euro with fixed interest rates, and their average maturities vary between 1 months and 10 years. As the payments are denominated in foreign currency, it is assumed that the interest rate will not be subject to material changes during the maturity period; hence, the interest rate risk is regarded immaterial.

	31 December 2023	31 December 2022
Financial instruments with fixed interest		
Financial assets		
Time deposits (Note 5)	<b>2.965.184.401</b>	7.724.196.551
Currency protected deposit account (Note 6)	<b>1.856.266.929</b>	745.413.717
Assets of which the fair value differences are reflected to profit/loss (Note 6)	<b>4.136.025.235</b>	534.634.050
Assets shown at amortized cost (Note 6)	<b>494.634.502</b>	510.041.881
Financial liabilities (Note 7) (*)	<b>3.396.728.546</b>	2.792.249.428
	<b>31 December 2023</b>	31 December 2022
Financial instruments with variable interest		
Financial liabilities (Note 7)	<b>2.291.055.549</b>	-
Investment funds (Note 5)	<b>216.584.184</b>	146.279.346

(\*) Financial liabilities stated under financial instruments with fixed interests consist of short and long term bank loans, other financial liabilities and lease obligations.

By 31 December 2023, if interest rates on foreign currency borrowings with floating interest rates had increased/decreased by 0,5% and interest rates on TL borrowings had increased/decreased by 1% with all other variables held constant, profit/(loss) before tax would have decreased/increased by TL 802.142 as a result of the change in interest expense (31 December 2022 is not available).

##### iv. Foreign currency risk

Balances of foreign currency transactions of Alarko Group originating from operating, investing, and financing activities as of the reporting date are stated below. In relation to the foreign currency receivables and payables, the Group may be exposed to foreign currency risk in parallel with the exchange rate fluctuations. The foreign currency risk is controlled through continuous analysis and monitoring of the foreign exchange position.



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### 36. NATURE AND EXTENT OF RISK ARISING FROM FINANCIAL INSTRUMENTS (CONTINUED)

#### iv. Foreign currency risk (continued)

As of 31 December 2023, the foreign currency assets and liabilities of the Group consist of the following (TL):

Foreign currency position table					
31 December 2023					
	TL Equivalent (Functional currency)	USD	EURO	GBP	Other
1. Trade receivables	489.295.724	7.864.965	1.203.544	2.645	33.551.235
2a. Monetary financial assets (Incl. Cash and Banks)	5.092.440.015	158.203.299	11.766.236	1.384.195	18.560
2b. Non-monetary financial assets	32.937.195	1.118.859	-	-	-
3. Other	482.443	6.568	8.875	-	-
<b>4. Current assets (1+2+3)</b>	<b>5.615.155.377</b>	<b>167.193.691</b>	<b>12.978.655</b>	<b>1.386.840</b>	<b>33.569.795</b>
5. Trade receivables	146.583	-	4.500	-	-
6a. Monetary financial assets	1.157.463.955	39.318.435	-	-	-
6b. Non-monetary financial assets	1.472	50	-	-	-
7. Other	-	-	-	-	-
<b>8. Non-current assets (5+6+7)</b>	<b>1.157.612.010</b>	<b>39.318.485</b>	<b>4.500</b>	-	-
<b>9. Total assets (4+8)</b>	<b>6.772.767.387</b>	<b>206.512.176</b>	<b>12.983.155</b>	<b>1.386.840</b>	<b>33.569.795</b>
10. Trade payables	387.037.388	1.990.790	7.999.290	14.388	10.118.586
11. Financial liabilities	4.712.695.060	26.091.553	120.836.870	-	-
12.a Other monetary liabilities	90.826	2.750	298	-	-
12.b Other non-monetary liabilities	246.404.143	490.560	6.183.855	800.853	-
<b>13. Short term liabilities (10+11+12)</b>	<b>5.346.227.417</b>	<b>28.575.653</b>	<b>135.020.313</b>	<b>815.241</b>	<b>10.118.586</b>
14. Trade payables	-	-	-	-	-
15. Financial liabilities	5.185.332	-	158.900	-	-
16a. Other monetary liabilities	-	-	-	-	-
16b. Other non-monetary liabilities	-	-	-	-	-
<b>17. Long term liabilities (14+15+16)</b>	<b>5.185.332</b>	-	<b>158.900</b>	-	-
<b>18. Total liabilities (13+17)</b>	<b>5.351.412.749</b>	<b>28.575.653</b>	<b>135.179.213</b>	<b>815.241</b>	<b>10.118.586</b>
<b>19. Net foreign currency asset / (liability) position (9-18)</b>	<b>1.421.354.638</b>	<b>177.936.523</b>	<b>(122.196.058)</b>	<b>571.599</b>	<b>23.451.209</b>
<b>20. Monetary items net foreign currency asset / (liability) position (1+2a+5+6a-10-11-12a-14-15-16a)</b>	<b>1.634.337.671</b>	<b>177.301.606</b>	<b>(116.021.078)</b>	<b>1.372.452</b>	<b>23.451.209</b>
<b>21. Exports (*)</b>	<b>293.592.145</b>	<b>5.750</b>	<b>9.063.873</b>	-	-
<b>22. Imports (*)</b>	<b>32.831.296</b>	<b>598.604</b>	<b>449.660</b>	<b>166.827</b>	-

(\*) Average exchange rate is used and represents pre-elimination balances.

As of 31 December 2022, the foreign currency assets and liabilities of the Group consist of the following (TL):

Foreign currency position table					
31 December 2022					
	TL Equivalent (Functional currency)	USD	EURO	GBP	Other
1. Trade receivables	755.028.683	147.607	22.806.173	36.684	-
2a. Monetary financial assets (Incl. Cash and Banks)	6.783.291.676	206.835.313	12.446.629	51.246	2.004
2b. Non-monetary financial assets	101.048.073	3.279.745	-	-	-
3. Other	552.831	59	16.775	-	-
<b>4. Current assets (1+2+3)</b>	<b>7.639.921.263</b>	<b>210.262.724</b>	<b>35.269.577</b>	<b>87.930</b>	<b>2.004</b>
5. Trade receivables	147.813	-	4.500	-	-
6a. Monetary financial assets	982.706.016	31.895.958	-	-	-
6b. Non-monetary financial assets	1.541	50	-	-	-
7. Other	-	-	-	-	-
<b>8. Non-current assets (5+6+7)</b>	<b>982.855.370</b>	<b>31.896.008</b>	<b>4.500</b>	-	-
<b>9. Total assets (4+8)</b>	<b>8.622.776.633</b>	<b>242.158.732</b>	<b>35.274.077</b>	<b>87.930</b>	<b>2.004</b>
10. Trade payables	290.498.022	1.195.761	7.684.217	19.600	-
11. Financial liabilities	2.470.413.478	15.187.227	60.828.637	-	-
12.a Other monetary liabilities	3.291	-	100	-	-
12.b Other non-monetary liabilities	259.498.123	945.027	6.316.545	603.350	-
<b>13. Short term liabilities (10+11+12)</b>	<b>3.020.412.914</b>	<b>17.328.015</b>	<b>74.829.499</b>	<b>622.950</b>	-
14. Trade payables	-	-	-	-	-
15. Financial liabilities	-	-	-	-	-
16a. Other monetary liabilities	-	-	-	-	-
16b. Other non-monetary liabilities	-	-	-	-	-
<b>17. Long term liabilities (14+15+16)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>18. Total liabilities (13+17)</b>	<b>3.020.412.914</b>	<b>17.328.015</b>	<b>74.829.499</b>	<b>622.950</b>	<b>-</b>
<b>19. Net foreign currency asset / (liability) position (9-18)</b>	<b>5.602.363.719</b>	<b>224.830.717</b>	<b>(39.555.422)</b>	<b>(535.020)</b>	<b>2.004</b>
<b>20. Monetary items net foreign currency asset / (liability) position (1+2a+5+6a-10-11-12a-14-15-16a)</b>	<b>5.760.259.397</b>	<b>222.495.890</b>	<b>(33.255.652)</b>	<b>68.330</b>	<b>2.004</b>
<b>21. Exports (*)</b>	<b>13.641.969</b>	-	<b>484.016</b>	-	-
<b>22. Imports (*)</b>	<b>533.483.365</b>	<b>13.620.055</b>	<b>3.414.061</b>	<b>169.016</b>	-

(\*) Average exchange rate is used and represents pre-elimination balances.

# ALARKO HOLDİNG A.Ş. AND ITS SUBSIDIARIES

## Notes to the Audited Consolidated Financial Statements as of 31 December 2023

(Amounts expressed in terms of the purchasing power of the Turkish Lira ("TL") as of December 31, 2023, unless otherwise indicated).

### 36. NATURE AND EXTENT OF RISK ARISING FROM FINANCIAL INSTRUMENTS (CONTINUED)

#### iv. Foreign currency risk (continued)

The following table details the Group's sensitivity to a 10% appreciation in the exchange rate of foreign currency against TL. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the possible change in the foreign exchange rates.

As of 31 December 2023 and 2022, the currency risk analysis of Alarko Group is as follows (TL):

Foreign currency sensitivity analysis chart				
31 December 2023				
	Profit / Loss		Equity	
	Value increase in foreign currency	Value decrease in foreign currency	Value increase in foreign currency	Value decrease in foreign currency
When USD changes by 10% against TL				
1- Net Assets/ Liabilities in USD	523.661.357	(523.661.357)	-	-
2- Hedged from USD risk (-)	-	-	-	-
<b>3- USD Net Effect (1+2)</b>	<b>523.661.357</b>	<b>(523.661.357)</b>	<b>-</b>	<b>-</b>
When Euro changes by 10% against TL				
4- Net Assets/ Liabilities in Euro	(398.833.720)	398.833.720	-	-
5- Hedged from Euro risk(-)	-	-	-	-
<b>6- Euro Net Effect (4+5)</b>	<b>(398.833.720)</b>	<b>398.833.720</b>	<b>-</b>	<b>-</b>
When GBP changes by 10% against TL				
7- Net Assets/ Liabilities in GBP	2.124.251	(2.124.251)	-	-
8- Hedged from GBP risk (-)	-	-	-	-
<b>9- GBP Net Effect (7+8)</b>	<b>2.124.251</b>	<b>(2.124.251)</b>	<b>-</b>	<b>-</b>
When other foreign currencies changes by 10% against TL				
10- Net Assets/ Liabilities in other currencies	15.183.576	(15.183.576)	-	-
11- Hedged from other currency risks(-)	-	-	-	-
<b>12- Net Effect of Other Currencies (10+11)</b>	<b>15.183.576</b>	<b>(15.183.576)</b>	<b>-</b>	<b>-</b>
<b>Total (3+6+9+12)</b>	<b>142.135.464</b>	<b>(142.135.464)</b>		

Foreign currency sensitivity analysis chart				
31 December 2022				
	Profit / Loss		Equity Value	
	Value increase in foreign currency	Value decrease in foreign currency	Value increase in foreign currency	decrease in foreign currency
When USD changes by 10% against TL				
1- Net Assets/ Liabilities in USD	692.601.248	(692.601.248)	-	-
2- Hedged from USD risk (-)	-	-	-	-
<b>3- USD Net Effect (1+2)</b>	<b>692.601.248</b>	<b>(692.601.248)</b>	<b>-</b>	<b>-</b>
When Euro changes by 10% against TL				
4- Net Assets/ Liabilities in Euro	(130.371.587)	130.371.587	-	-
5- Hedged from Euro risk(-)	-	-	-	-
<b>6- Euro Net Effect (4+5)</b>	<b>(130.371.587)</b>	<b>130.371.587</b>	<b>-</b>	<b>-</b>
When GBP changes by 10% against TL				
7- Net Assets/ Liabilities in GBP	(1.994.616)	1.994.616	-	-
8- Hedged from GBP risk (-)	-	-	-	-
<b>9- GBP Net Effect (7+8)</b>	<b>(1.994.616)</b>	<b>1.994.616</b>	<b>-</b>	<b>-</b>
When other foreign currencies changes by 10% against TL				
10- Net Assets/ Liabilities in other currencies	1.327	(1.327)	-	-
11- Hedged from other currency risks(-)	-	-	-	-
<b>12- Net Effect of Other Currencies (10+11)</b>	<b>1.327</b>	<b>(1.327)</b>	<b>-</b>	<b>-</b>
<b>Total (3+6+9+12)</b>	<b>560.236.372</b>	<b>(560.236.372)</b>		

## ALARKO HOLDİNG A.Ş. AND ITS SUBSIDIARIES

### Notes to the Audited Consolidated Financial Statements as of 31 December 2023

(Amounts expressed in terms of the purchasing power of the Turkish Lira ("TL") as of December 31, 2023, unless otherwise indicated).

#### 36. NATURE AND EXTENT OF RISK ARISING FROM FINANCIAL INSTRUMENTS (CONTINUED)

##### v. Capital risk management

For proper management of capital risk, the Group aims;

- To maintain continuity of operations so as to provide earnings to partners and benefits to other shareholders.
- To increase profitability through determining a service pricing policy that is commensurate with the level of risks inherent in the market.

The Group determines the amount of share capital in proportion to the risk level. The equity structure of the Group is arranged in accordance with the economic outlook and the risk attributes of assets.

The Group monitors capital management by using the debt/equity ratio. This ratio is calculated by dividing the debt, net, by the total share capital. The net debt is calculated by deducting the value of cash and cash equivalents from the total debt (the sum of short and long term liabilities stated in the statement of financial position). The total share capital is the sum of all equity items stated in the statement of financial position.

The Group's general strategy has not changed with respect to last year. As of 31 December 2023 and 2022, the ratios of the total share capital to total net liabilities are as follows (TL):

	31 December 2023	31 December 2022
Total debt	<b>15.411.554.355</b>	14.143.549.916
Less: cash and cash equivalents	<b>(3.273.867.142)</b>	(8.385.259.840)
Net debt	<b>12.137.687.213</b>	5.758.290.076
Total capital	<b>43.947.343.787</b>	37.688.374.059
Debt / equity ratio	<b>28%</b>	15%

#### 37. AUDIT FEES

Fees for the services received from the independent auditor/independent audit firm The Group's statement regarding the fees for the services rendered by the independent audit firms, which is prepared by the POA pursuant to the Board Decision published in the Official Gazette on 30 March 2021, and the preparation principles are based on the POA letter dated 19 August 2021 as follows:

	31 December 2023	31 December 2022
Independent audit fee for the reporting period (*)	<b>10.490.549</b>	5.530.974
Fee for other assurance services	<b>53.621</b>	49.321
Fee for tax consultancy services	-	-
Fees for other non-audit services	-	-
Total	<b>10.544.170</b>	5.580.295

(\*) Foreign currency fees of foreign subsidiaries have been converted into TL using the annual average rates of the relevant years.

## ALARKO HOLDİNG A.Ş. AND ITS SUBSIDIARIES

### Notes to the Audited Consolidated Financial Statements as of 31 December 2023

(Amounts expressed in terms of the purchasing power of the Turkish Lira ("TL") as of December 31, 2023, unless otherwise indicated).

#### 38. SUBSEQUENT EVENTS

- a) Alarko Tarım Sanayi ve Ticaret Anonim Şirketi, one of the Subsidiaries, signed a share transfer agreement on 8 January 2024 for the purchase of 600 shares with a nominal value of TL 15.000, corresponding to 25% of the total capital of Sanrose Tarım Sanayi Ticaret Anonim Şirketi, whose main field of activity is agriculture and greenhouse cultivation, for USD 5.000.000 USD equivalent of Turkish Lira was signed on 8 January 2024, and it was previously announced to the public that the share transfer price would be subject to certain adjustments on the closing date in accordance with the share transfer agreement and that the final transfer price would be announced when it finalised. As a result of the adjustments made in accordance with the share transfer agreement, it has been decided that the final transfer price will be determined as TL equivalent of USD 4.645.180 and the TL equivalent of USD 1.500.000 paid in advance will be deducted from the final transfer price. Accordingly, 600 shares with a nominal value of TL 15.000, corresponding to 25% of the total capital of Sanrose Tarım Sanayi Ticaret Anonim Şirketi, were taken over by Alarko Tarım Sanayi ve Ticaret Anonim Şirketi, one of the Subsidiaries, as of 15 January 2024.
- b) It was announced to the public on 10 January 2024 that the Board of Directors of Alarko Holding A.Ş. decided to establish a joint stock company with a capital of TL 10.000.000 to operate in the information technologies sector and to participate in the company which said with TL 10.000.000. The said company was established with the title "Alarko Dijital Teknoloji Çözümleri Anonim Şirketi". This matter was registered by Istanbul Trade Registry Office and announced in the Turkish Trade Registry Gazette on 17 January 2024.
- c) On 10 January 2024, Alarko Havacılık Endüstri Yatırımları A.Ş., one of the Subsidiaries, decided to purchase 51 shares with a nominal value of GBP 51 representing 51% of the capital of Alfor Aviation and Technical Services Limited, which was registered with the England and Wales Company Registry, for a total consideration of GBP 102.
- d) Alarko Holding A.Ş. Board of Directors resolved on 14 March 2024 to obtain an extension permit for the registered capital ceiling permission granted by the Capital Markets Board due to the expiry of the 5-year period in 2024, to increase the registered capital ceiling of the company, which has a registered capital of TL 500.000.000.000, to TL 2.000.000.000 and therefore to increase the registered capital ceiling of the company, which has a registered capital of TL 500.000.000, to TL 2.000.000.000, in accordance with the Capital Markets Board's II-18. 1 numbered "Communiqué on Registered Capital System" of the Capital Markets Board, to amend Article 8 of the Company's Articles of Association as attached, submit the registered capital ceiling to the approval of the first General Assembly to be held after obtaining the necessary approvals regarding the amendment of the Articles of Association. The Company has applied to the Capital Markets Board on 15 March 2024 regarding the increase of the current registered capital ceiling and updating the validity date.
- e) A preliminary protocol was signed on 14 February 2024 between Alarko Gübre Fabrikaları Sanayi ve Ticaret A.Ş., one of the Subsidiaries, and Ahmet Koç, Sefa Koç and Gimak Denizcilik Limited Şirketi under the guarantee of Negmar Denizcilik Yatırım A.Ş. in order to take over all of the shares of Verim Gübre Anonim Şirketi ("Verim Gübre") in case the specified conditions are met. Pursuant to the preliminary protocol, it is envisaged that Verim Gübre will take over 100% of the shares of Sulfert Kimya Sanayi Ticaret Anonim Şirketi ("Sulfert Kimya") and Ege Antrepo Lojistik Limited Şirketi ("Ege Antrepo") and a share transfer agreement reflecting the basic conditions in the Preliminary Protocol will be signed between the parties, subject to the conditions of obtaining the necessary permissions from the Competition Authority and regulatory authorities regarding the transfer. In the preliminary protocol, it is envisaged that the share transfer price in the share transfer agreement will be determined as TL equivalent of USD 38.200.000 to be updated subject to certain adjustments.

## ALARKO HOLDİNG A.Ş. AND ITS SUBSIDIARIES

### Notes to the Audited Consolidated Financial Statements as of 31 December 2023

(Amounts expressed in terms of the purchasing power of the Turkish Lira ("TL") as of December 31, 2023, unless otherwise indicated).

#### 38. SUBSEQUENT EVENTS (CONTINUED)

- f) On 14 March 2024, the Board of Directors of Alarko Holding A.Ş. decided to increase the share capital of Aldem Alarko Konut İnşaat ve Ticaret A.Ş. ("Aldem Alarko"), a wholly-owned subsidiary of the Company, from TL 50.000 to TL 4.950.000 by increasing (i) TL 3.500.000 from the cash capital advance allocated to Aldem Alarko and (ii) TL 1.450.000 from cash capital advance allocated by the Company to Aldem Alarko and (iii) TL 1.450.000 from the cash capital advance allocated by the Company to Aldem Alarko, and (iii) TL 4.950.000 to TL 5.000.000. 450.000; to participate in the capital increase of Alarko Havacılık Endüstri Yatırımları A.Ş., a wholly-owned subsidiary, by TL 320.000.000 due to the increase of its share capital from TL 30.000.000 to TL 350.000.000 by increasing its share capital by TL 320.000.000; to participate in the capital increase of Tüm Tesisat ve İnşaat Anonim Şirketi by TL 109.000 due to the increase of its share capital from TL 141.000 to TL 250.000.
- g) In accordance with the decision of the Board of Directors of Alarko Tarım Sanayi ve Ticaret A.Ş. ("Alarko Tarım"), a subsidiary dated 26 March 2024; Beybur Tarım ve Hayvancılık Anonim Şirketi ("Beybur Tarım"), which operates in the field of agriculture has decided to increase its capital from 50.000.000 TL to TL 300.000.000 and to participate in the capital increase in question, to cover the capital amount of TL 299.950.000 TL is covered by Alarko Tarım's cash receivables from Beybur Tarım and to acquire 299.950.000 shares with a nominal value of TL 299.950.000 to be issued with the capital increase and corresponding to 99,98% of the total capital of the company by Alarko Tarım. In accordance with the new decision of the Board of Directors of Alarko Tarım dated 8 April 2024 regarding the acquisition of the aforementioned financial fixed asset, before participating in the capital increase, 50.000 shares corresponding to 100% of the existing capital of Beybur Tarım amounting to TL 50.000 will be taken over at a price of TL 50.000 and after the share transfer, Beybur Tarım will increase its capital from TL 50.000 to TL 300.000.000. The capital increase planned by Beybur Tarım to its capital from TL 50.000.000 to TL 300.000.000, the capital amounting to TL 299.950.000 committed within this scope will be covered by Alarko Tarım's cash receivables from Beybur Tarım and 299.950.000 shares with a nominal value of TL 299.950.000 to be issued with the capital increase will be acquired by Alarko Tarım.
- h) It has been resolved by the Board of Directors of Alarko Gayrimenkul Yatırım Ortaklığı A.Ş., one of the subsidiaries, to allocate 16.100.000 TL of first order general legal reserves from the period profit of 1.289.382.689 TL in the financial statements of the company for the year 2023, which will be submitted to the approval of the General Assembly. In accordance with the provisions of the Capital Markets Legislation, the Company's Articles of Association and other legislation, and to allocate 1.275.899.350 TL of the net distributable profit for the period, 152.145.000 TL to be distributed to shareholders as dividend, 7.245.000 TL to be distributed in cash and 144.900.000 TL to be distributed as bonus shares by adding to the capital, the remaining amount to be added to the extraordinary reserves, the cash dividend distribution to start on 3 June 2024, to be submitted to the approval of the General Assembly.
- i) At the Board of Directors meeting of Alarko Gayrimenkul Yatırım Ortaklığı A.Ş., one of the subsidiaries which dated 20 December 2023, it was resolved to obtain an extension permission since the registered capital ceiling permission granted by the Capital Markets Board will expire in 2024 for a period of 5 years, and to increase the registered capital ceiling of the company, whose registered capital is 150.000.000 TL to 500.000.000 TL. On 27 December 2023, an application was made to the Capital Markets Board. The necessary permissions have been obtained with the Capital Markets Board's letter which is dated 19 January 2024 and numbered E-12233903-340.08-48339 regarding the amendment text of Article 6 of the Company's Articles of Association, the increase of the registered capital ceiling, and will be submitted to the approval of the shareholders at the Ordinary General Assembly meeting for 2023.



## ALARKO HOLDİNG A.Ş. AND ITS SUBSIDIARIES

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(Amounts expressed in terms of the purchasing power of the Turkish Lira ("TL") as of December 31, 2023, unless otherwise indicated).

#### 38. SUBSEQUENT EVENTS (CONTINUED)

- j) The Board of Directors of Alarko Carrier Sanayi ve Ticaret A.Ş., one of the joint ventures has decided since the net loss for the period in the financial statements of the Company for the year 2023 prepared in accordance with the Capital Markets Board's "Communiqué on Principles Regarding Financial Reporting in Capital Markets" numbered II-14.1, which will be submitted to the approval of the General Assembly, is TL 411.416.305 and the net loss for the period according to the legal records kept in accordance with the Tax Procedure Law is TL 70.377.105, there is no net distributable profit for the period in the said financial statements. 305 TL, and the net loss for the period according to the legal records kept in accordance with the Tax Procedure Law which is 70.377.105 TL, it has been unanimously resolved that there is no net distributable profit for the period in the aforementioned financial statements, therefore, no dividend distribution shall be made and the loss incurred shall be transferred to the accumulated losses account and submitted to the approval of the General Assembly.
- k) Considering the operational and legal convenience which will be provided by the companies operating in the greenhouse sector that operating as a single legal entity, Alarko Tarım Sanayi ve Ticaret A.Ş. in which Alarko Tarım Sanayi ve Ticaret A.Ş. is a 100% shareholder; Antsan Tarım Sanayi ve Ticaret Anonim Şirketi, Gürlük Jeotermal Enerji Tarım Seracılık Gıda Sanayi ve Ticaret Anonim Şirketi, Hak Gayrimenkul Tarım Sanayi ve Ticaret Anonim Şirketi, Alurla Jeotermal Sağlık ve Turizm Anonim Şirketi, Alpark Jeotermal Sağlık Turizm ve Depoculuk Anonim Şirketi, Altes Seracılık Tarım Gıda Sanayi ve Ticaret Anonim Şirketi, Alziraat Jeotermal Tarım Gıda Sanayi ve Ticaret Anonim Şirketi and Alden Jeotermal Tarım Gıda Sanayi ve Ticaret Anonim Şirketi have been transferred to Alsera Jeotermal Tarım Gıda Sanayi ve Ticaret Anonim Şirketi, one of the other subsidiaries, as a whole with all its assets and liabilities through the facilitated merger of the capital companies, and merger transaction was announced which said, in the Turkish Trade Registry Gazette date.

## Conclusion

Distinguished shareholders,

We have prepared our Annual Report to provide you with detailed information on the activities of our Company. We closed 2023 with a strong performance thanks to the dedicated and tireless efforts of all our employees. Our Group will achieve its sustainable growth objective also in 2024 thanks to its flexible and competitive organizational structure. We hope 2024 brings health, peace and happiness to all of you and our valuable employees.

Board of Directors

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## Note







