GENTAŞ DEKORATİF YÜZEYLER A.Ş.
AND ITS' SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED 31 DECEMBER 2022

(Convenience Translation into English from the
report originally issued Turkish)

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

To the General Assembly of
Gentaş Dekoratif Yüzeyler Sanayi ve Ticaret Anonim Şirketi

A. Audit of Consolidated Financial Statements

1. Opinion

We have audited the consolidated financial statements of Gentaş Dekoratif Yüzeyler Sanayi ve Ticaret Anonim Şirketi ("Company") and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2022, 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 2022, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Turkish Financial Reporting Standards ("TFRS").

2. Basis for Opinion

Our audit was conducted in accordance with the standards on auditing issued by the Capital Markets Board of Turkey and Independent Standards on Auditing (the "ISA") that are part of Turkish Standards on Auditing issued by the Public Oversight Accounting and Auditing Standards Authority (the "POA"). Our responsibilities under these standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We hereby declare that we are independent of the Group in accordance with the Ethical Rules for Independent Auditors (including 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. Emphasis of Matter

Without qualifying our opinion, we would like to draw attention to the following issues;

As disclosed in note 35, the Parent Company applied to the CMB on 24 June 2022 to merge with GBS Gentaş, of which it has a 53.65% share, in accordance with the provisions of the Merger and Division Communiqué No. II-23.2 of the CMB. Based on the financial statements dated 31 December 2021, the announcement regarding the merger with all its assets and liabilities, and the amendment of Article 6 related with the titled capital of the text of amendment to the main contract of the Parent Company, were approved by the CMB on 28 July 2022. The merger was approved by the extraordinary general assembly held on 31 August 2022, and the merger was realized as of the relevant date.

After the merger, the capital of the Parent Company increased by 24.242.255 TL to 224.242.255 TL.

4. Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our 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 addressed in the audit
Revenue Recognition	
The Group's revenue consist of the sales of Werzalit and Laminate products. Revenue is recognized 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. As revenue has been determined as the key audit matter due to the importance of the revenue in the financial statements and is the most important performance indicator criteria the recognition of revenue is considered as a key audit matter. Accounting policies and significant accounting assessments, estimates, assumptions, and amounts used regarding the recognition of the Group's revenue are disclosed in note 2.11 and note 24.	During our audit, the following audit procedures were applied regarding revenue recognition: – By understanding the revenue process of the group; The design and implementation efficiency of the controls in the revenue process has been tested. – Revenue tested analytically. – It was evaluated with the detailed substantive tests to determine whether the control of the invoiced products were transferred to the customer with sampling basis. – Existence and accuracy of trade receivables balances have been tested with confirmation letters provided directly from customers with sampling basis. – In addition, the adequacy of disclosures regarding the revenue recognition in the notes to the consolidated financial statements is evaluated by us in the scope of TFRSs. As a result of these audit test on revenue recognition, we did not have any significant findings.

Key Audit Matters	How the matter was addressed in the audit
Inventories	
As at 31 December 2022, inventories amounting to TL 472.037.921 consist of 36,8 percent of total assets. Inventories are required to be stated in the consolidated financial statements at the lower of cost and net realizable value. The calculation of the provision for inventory impairment is important since it includes management estimates and assumptions. In the calculation of decrease in the value of inventories, data relating to listed prices of the inventories after discount are used and for the inventories of which the prices could not be determined, inventory retaining periods and physical condition of the inventories are evaluated by taking the opinion of the technical personnel. In those cases when projected net realizable value remains lower than the cost, a provision will be set aside for the decrease in the value of inventories. Due to there is required estimations on evaluation for impairment of inventories and inventories is the significant portion composing of total assets, existence and impairment of inventories are identified as key audit matter. Explanations on the Company's accounting policies and amounts related to inventories are disclosed in Note 2 and Note 10.	During our audit, the following audit procedures were applied to inventories; - Inventory turnover is compared with the previous year. - Impairment policy of the inventories was discussed with the Group Management. - We participated in the inventory counting done by the Group as observers and we performed stocktaking for inventories by using the sampling method. We controlled whether there were inactive and obsolete inventories during the stocktaking process that we have participated in. - The amounts included in inventory unit cost calculations and net realizable value calculations were tested by sampling method. - The returns made in subsequent period were examined and by applying substantive procedures, whether the stocks were properly recorded during the year was tested by the sampling method. - In addition, the adequacy of disclosures for the key audit matter in the notes to the consolidated financial statements was evaluated within the scope of TFRS. As a result of these audit works performed regarding the recoverability of trade receivables, we did not have any material findings.

5. 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.

6. 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 standards on auditing issued by Capital Markets Board and ISA 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 ISA, 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 the period from 1 January to 31 December 2022 period are not in compliance with the TCC and provisions of the Company's articles of association related to financial reporting.

2) In accordance with subparagraph 4 of Article 402 of the TCC, the Board of Directors submitted the necessary explanations to us and provided the documents required within the context of our audit.

3) In accordance with subparagraph 4 of Article 398 of the TCC, the auditor's report on the early risk identification system and committee was submitted to the Company's Board of Directors on 3 March 2023.

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

İstanbul,
3 March 2023

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

Taceddin Yazar, CPA
Partner

GENTAŞ DEKORATİF YÜZEYLER SANAYİ VE TİCARET A.Ş. AND ITS' SUBSIDIARIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF 31 DECEMBER 2022
(Amounts are expressed in Turkish Lira ("TL") unless otherwise indicated.)

ASSETS	Notes	*Audited* 31 December 2022	*Audited* 31 December 2021
Current Assets		**904.340.837**	**612.263.765**
Cash and Cash Equivalents	5	74.412.143	147.471.706
Financial Investments	6	66.690.153	2.862
Trade Receivables		200.161.969	124.645.611
- Trade Receivables from Related Parties	*4-8*	*2.621.724*	*2.614.215*
- Trade Receivables from Third Parties	*8*	*197.540.245*	*122.031.396*
Other Receivables		43.909.182	22.676.138
- Other Receivables from Related Parties	*4-9*	-	-
- Other Receivables from Third Parties	*9*	*43.909.182*	*22.676.138*
Inventories	10	472.037.921	275.823.400
Prepaid Expenses	11	23.425.374	28.591.090
Assets Related Current Period Tax	30	6.392.709	-
Other Current Assets	22	17.311.386	13.052.958
Non-Current Assests		**376.430.081**	**245.719.468**
Other Receivables		90.359	83.557
-Other Receivables from Third Parties	*9*	*90.359*	*83.557*
Financial Investments	6	14.260	14.260
Investments Valued by Equity Method	12	99.431.783	74.348.464
Investment Properties	14	7.228.358	17.087.834
Tangible Assets	15	192.507.571	128.711.713
Right of Use Assets	13	2.043.700	3.011.170
Intangible Assets		2.378.683	2.121.554
- Goodwill	*17*	-	*942.792*
- Other Intangible Assets	*16*	*2.378.683*	*1.178.762*
Deferred Tax Assets	30	72.735.367	20.340.916
TOTAL ASSETS		**1.280.770.918**	**857.983.233**

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

GENTAŞ DEKORATİF YÜZEYLER SANAYİ VE TİCARET A.Ş. AND ITS' SUBSIDIARIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF 31 DECEMBER 2022
(Amounts are expressed in Turkish Lira ("TL") unless otherwise indicated.)

		Audited	***Audited***
LIABILITIES	**Notes**	**31 December 2022**	**31 December 2021**
Short-Term Liabilities		**534.264.066**	**342.098.161**
Short Term Borrowings	7	137.751.552	66.487.122
Short Term Portion of Long Term Borrowings	7	10.696.527	10.373.330
Trade Payables		287.731.712	143.517.026
- Trade Payables to Related Parties	*4-8*	*126.181.442*	*55.925.618*
- Trade Payables to Third Parties	*8*	*161.550.270*	*87.591.408*
Employee Benefits Payables	18	26.029.521	11.334.562
Other Payables		1.784.445	3.591.913
- Other Payables to Related Parties	*4-9*	*88.070*	*86.691*
- Other Payables to Third Parties	*9*	*1.696.375*	*3.505.222*
Deferred Revenue	11	57.975.458	87.248.660
Corporation Tax Payables	30	3.634.140	13.046.469
Short Term Provisions		7.541.307	4.256.946
- Provisions for Employee Benefits	*19*	*7.541.307*	*4.256.946*
Other Short Term Provisions	22	1.119.404	2.242.133
Long-Term Liabilities		**45.148.341**	**32.336.941**
Long Term Borrowings	7	17.731.567	21.622.430
Other Payables	9	107	107
Deferred Revenue	11	2.565.567	-
Long-Term Provisions for Employee Benefits	21	24.851.100	10.714.404
EQUITY		**701.358.511**	**483.548.131**
Parent Shareholders' Equity		**664.810.189**	**399.449.366**
Paid in Capital	23	224.242.255	200.000.000
Capital Adjustments Due to Cross-Ownership		(13.485.691)	(13.485.691)
Accumulated Other Comprehensive Income or Expenses Not to be Reclassified to Profit or Loss			
- Re-Measurements Gains/Losses on Defined Benefit Plans		(9.715.935)	(1.943.380)
- Translation Differences		18.805.181	8.281.245
Effect of Business Combinations Under Common Control		4.544.333	4.544.333
Restricted Reserves	23	35.273.730	27.184.553
Accumulated Profit	23	172.746.476	67.703.602
Profit for The Year		232.399.840	107.164.704
Non-Controlling Interests		**36.548.322**	**84.098.765**
TOTAL LIABILITIES AND EQUITY		**1.280.770.918**	**857.983.233**

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

GENTAŞ DEKORATİF YÜZEYLER SANAYİ VE TİCARET A.Ş. AND ITS' SUBSIDIARIES
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2022
(Amounts are expressed in Turkish Lira ("TL") unless otherwise indicated.)

	Notes	***Audited*** **1 January- 31 December 2022**	***Audited*** **1 January- 31 December 2021**
Revenue,net	24	1.569.220.400	788.037.619
Cost of Sales (-)	24	(1.234.329.693)	(623.327.119)
GROSS PROFIT		**334.890.707**	**164.710.500**
Marketing, Sales and Distribution Expenses (-)	25	(78.691.477)	(39.383.702)
General Administrative Expenses (-)	25	(64.901.202)	(36.398.197)
Research and Development Expenses (-)	25	(6.183.381)	(4.560.910)
Other Operating Income	27	88.511.834	107.419.522
Other Operating Expenses (-)	27	(80.473.495)	(69.578.398)
OPERATING PROFIT		**193.152.986**	**122.208.815**
Income from Investments Valued by Equity Method	12	30.074.820	38.958.771
Income from Investment Activities	28	42.501.858	9.735.218
Expenses from Investment Activities (-)	28	-	(4.347.710)
OPERATING PROFIT BEFORE FINANCING EXPENSE		**265.729.664**	**166.555.094**
Financial Expenses (-)	29	(49.041.769)	(29.285.452)
PROFIT BEFORE TAX		**216.687.895**	**137.269.642**
Tax Income / (Expense)		**30.737.879**	**(4.165.577)**
- Current Tax Income / (Expense)	30	(19.617.964)	(20.474.667)
- Deferred Tax Income / (Expense)	30	50.355.843	16.309.090
PROFIT FOR THE YEAR		**247.425.774**	**133.104.065**
Other Comprehensive Income / Expense			
- Defined Benefit Plans Remeasurement Earnings/ (Losses)		(10.193.036)	(834.630)
- Defined Benefit Plans Remeasurement Earnings/ (Losses), Tax Effect		2.038.607	166.926
- Other comprehensive income from investments valued by equity method		(168.659)	(68.245)
- Translation differences		10.523.936	1.313.454
Other Comprehensive Income (After Tax)		**2.200.848**	**577.505**
TOTAL COMPREHENSIVE INCOME		**249.626.622**	**133.681.570**
Distribution of Profit			
Non-Controlling Interests		15.025.934	25.939.361
Parent Company Shares		232.399.840	107.164.704
Earnings Per 100 Shares	31	0,0103637	0,0047789
Distribution of Comprehensive Income			
Non-Controlling Interests		14.475.401	25.789.458
Parent Company Shares		235.151.221	107.892.112

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

GENTAŞ DEKORATİF YÜZEYLER SANAYİ VE TİCARET ANONİM ŞİRKETİ AND ITS' SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022
(Amounts are expressed in Turkish Lira ("TL") unless otherwise indicated.)

			Accumulated Other Comprehensive Income or Expenses not to be Reclassified to Profit or Loss				**Retained Earnings**				
	Equity	**Capital Adjustments Due to Cross-Ownership**	**Defined Benefit Plans Remeasurement Earnings / (Losses)**	**Translation Differences**	**Business Combination Under Common Control**	**Reserves**	**Accumulated Profit/Loss**	**Net Profit**	**Total Equity**	**Non-Controlling Interests**	**Total Equity**
01 January 2021	**154.000.000**	**(10.238.623)**	**(1.357.334)**	**6.967.791**	**4.544.333**	**23.328.033**	**57.073.411**	**67.524.692**	**301.842.303**	**63.317.307**	**365.159.610**
Transfers	-	-	-	-	-	3.856.520	54.279.780	(58.136.300)	-	-	-
Dividend Payment	-	-	-	-	-	-	-	(9.388.392)	**(9.388.392)**	(5.008.000)	**(14.396.392)**
Capital Adjustments Due to Cross-Ownership	-	(3.247.068)	-	-	-	-	2.350.411	-	**(896.657)**	-	**(896.657)**
Capital Increases	46.000.000	-	-	-	-	-	(46.000.000)	-	-	-	-
Total Comprehensive Income	**-**	**-**	**(586.046)**	**1.313.454**	**-**	**-**	**-**	**107.164.704**	**107.892.112**	**25.789.458**	**133.681.570**
Profit for the Year	-	-	-	-	-	-	-	*107.164.704*	*107.164.704*	*25.939.361*	***113.104.065***
Other Comprehensive Income	-	-	*(586.046)*	*1.313.454*	-	-	-	-	*727.408*	*(149.903)*	***577.505***
Balance as of 31 December 2021	**200.000.000**	**(13.485.691)**	**(1.943.380)**	**8.281.245**	**4.544.333**	**27.184.553**	**67.703.602**	**107.164.704**	**399.449.366**	**84.098.765**	**483.548.131**
Balances as of 01 January 2022	**200.000.000**	**(13.485.691)**	**(1.943.380)**	**8.281.245**	**4.544.333**	**27.184.553**	**67.703.602**	**107.164.704**	**399.449.366**	**84.098.765**	**483.548.131**
Transfers	-	-	-	-	-	8.089.177	99.075.527	(107.164.704)	**-**	-	**-**
Dividend Payment	-	-	-	-	-	-	(23.459.288)	-	**(23.459.288)**	(8.537.699)	**(31.996.987)**
Business Combination	24.242.255	-	-	-	-	-	29.426.635		**53.668.890**	(54.611.682)	**(942.792)**
Affiliate Capital Increase	-	-	-	-	-	-		-	**-**	722.575	**722.575**
Subsidiary Acquisition	-	-	-	-	-	-	-	-	**-**	400.962	**400.962**
Total Comprehensive Income	**-**	**-**	**(7.772.555)**	**10.523.936**	**-**	**-**	**-**	**232.399.840**	**235.151.221**	**14.475.401**	**249.626.622**
Profit for the Year	-	-	-	-	-	-	-	232.399.840	**232.399.840**	15.025.934	**247.425.774**
Other Comprehensive Income	-	-	(7.772.555)	10.523.936	-	-	-	-	2.751.381	(550.533)	**2.200.848**
Balance as of 31 December 2022	**224.242.255**	**(13.485.691)**	**(9.715.935)**	**18.805.181**	**4.544.333**	**35.273.730**	**172.746.476**	**232.399.840**	**664.810.189**	**36.548.322**	**701.358.511**

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

GENTAŞ DEKORATİF YÜZEYLER SANAYİ VE TİCARET A.Ş. AND ITS' SUBSIDIARIES
CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2022
(Amounts are expressed in Turkish Lira ("TL") unless otherwise indicated.)

	Notes	***Audited*** **1 January- 31 December 2022**	***Audited*** **1 January- 31 December 2022**
CASH FLOW PROVIDED BY OPERATIONS		**(15.504.848)**	**95.180.411**
Period Income		**247.425.774**	**133.104.065**
Profit from Continuing Operations		247.425.774	133.104.065
Adjustments Regarding Net Profit Reconciliation for the Period		**(72.732.220)**	**(17.175.448)**
Adjustments Regarding Depreciation and Amortization Expenses	13-14-15-16-26	15.058.616	14.017.354
Adjustments Related to Impairment		(3.273.686)	2.380.388
Adjustments for Impairment(Reversal) of Receivables	*8*	*219.201*	*1.321.633*
Adjustments for Impairment (Reversal) of Inventory	*10*	*(3.492.887)*	*1.058.755*
Adjustments for Provisions		11.138.451	4.612.250
Adjustments for Provisions (Cancellation) for Employee Benefits	*19-21*	*11.138.451*	*4.612.250*
Adjustments for Interest (Income) and Expenses		(3.232.806)	2.245.278
Adjustments for Interest Income	*28*	*(7.663.916)*	*(1.541.717)*
Adjustments for Interest Expenses	*29*	*13.084.078*	*4.304.929*
Deferred Financing Expenses	*4-8*	*(9.941.785)*	*(1.728.514)*
Deferred Financing Income	*4-8*	*1.288.817*	*1.210.580*
Adjustments for Retained Earnings of Affiliates		(30.074.820)	(38.958.771)
Adjustments for Tax (Income) Expense	30	(30.737.879)	4.165.577
Adjustments for Losses (Earnings) Arising from the Disposal of Fixed Assets		(31.610.096)	(2.137.524)
Adjustments for Losses (Earnings) Arising from the Disposal of Tangible Fixed Assets	*15-28*	(31.610.096)	*(2.137.524)*
Adjustment for Cash Outflow from Financial or Investment Activities	28	-	(3.500.000)
Changes in Working Capital		**(157.257.676)**	**(2.915.302)**
Adjustments for Decrease (Increase) in Trade Receivables	4-8	(77.024.376)	(21.790.123)
Adjustments for Decrease (Increase) in Other Receivables	4-9	(21.239.846)	(2.583.548)
Adjustments for Decrease (Increase) in Inventories	10	(192.721.634)	(108.913.936)
Decrease (Increase) in Prepaid Expenses	11	5.165.716	(21.394.440)
Adjustments for Increase (Decrease) in Accounts Payable	4-8	154.156.471	87.898.971
Adjustments for Increase (Decrease) in Other Payables	4-9	(1.807.468)	775.288
Increase (Decrease) in Deferred Income	11	(29.273.202)	70.487.377
Adjustments for Other Increase (Decrease) in Working Capital		5.486.663	(7.394.891)
Decrease (Increase) in Other Assets	*22*	*(10.651.134)*	*(6.997.858)*
Increase (Decrease) in Other Liabilities	*22*	*16.137.797*	*(397.033)*
Cash Flow Provided by Operations		**17.435.878**	**113.013.315**
Payables of Employee Benefits	21	(3.910.432)	(1.533.742)
Tax Returns (Payments)	30	(29.030.294)	(16.299.162)
CASH FLOWS FROM INVESTING ACTIVITIES		**(83.032.051)**	**(38.265.462)**
Cash inflows / (Outflows) from Sales of Shares or Debt Instruments of Other Businesses or Funds		(66.687.291)	3.467.083
Cash Inflows from Sale of Tangible and Intangible Assets		35.621.124	2.643.864
Cash Inflows from the Sale of Tangible Assets	*15*	*35.621.124*	*2.643.864*
Cash Outflows from Purchase of Tangible and Intangible Assets		(64.414.800)	(47.197.538)
Cash Outflows from Purchase of Tangible Assets	*15*	*(62.868.639)*	*(46.804.268)*
Cash Outflows from Purchase of Intangible Assets	*16*	*(1.546.161)*	*(393.270)*
Dividends Received		4.785.000	1.279.412
Interest Received	28	7.663.916	1.541.717
CASH FLOWS FROM FINANCING ACTIVITIES		**23.777.077**	**49.517.138**
Cash Inflows from Borrowing	7	145.999.230	81.266.378
Cash Outflows Related to Debt Payments	7	(89.297.809)	(16.003.807)
Cash Outflows Related to Debt Payments from Lease Contract		(927.357)	(1.349.041)
Dividends Paid		(31.996.987)	(14.396.392)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS BEFORE EFFECT OF FOREIGN CURRENCY		**(74.759.822)**	**106.432.087**
The Effect of Foreign Currency Conversion Adjustments on Cash and Cash Equivalents		1.700.259	(8.730.691)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**(73.059.563)**	**97.701.396**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	5	**147.471.706**	**49.770.310**
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	**5**	**74.412.143**	**147.471.706**

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

NOTE 1 - ORGANIZATION AND PRINCIPAL ACTIVITIES OF THE GROUP

Gentaş Dekoratif Yüzeyler San. ve Tic. A.Ş. ("Parent Company") (formerly Gentaş Genel Metal San. Ve Tic. A.Ş.) was established in 1972 and its is the production and sale, using the license of WERZALIT Company from Germany, of table sheets, school desks, chair seats and back pieces, structural sections, impregnated board and laminate. The company is registered in Mengen- Bolu, and its head office is located at the address Dolantı Sokak No: 21 Siteler / Ankara.

The Parent Company is registered with the Capital Markets Board (CMB) and its shares have been quoted on the Istanbul Stock Exchange (ISE) since 1990.

The ultimate parent and controlling party of the Company is the members of Kahraman Family.

The areas of activity of the investment in equities and subsidiaries of the Company (altogether shall be referred to as the "Group") are specified as follows:

Subsidiaries;
GBS Gentaş Bolu Lam.Lif Levha Entegre Ağaç.San.A.Ş. ("GBS Gentaş"): The company joined the Group on August 9, 2000, as a result of privatization. The registered address of the company is Mudurnu Yolu 5, km. Falconer. Its village is Bolu, Turkey. The main activity of the company is the production and sale of HPL decorative laminate and HPL compact laminate. Merged with the parent company on August 31, 2022 (Note 35).

Genmar Yapı Ürünleri Dağıtım Pazarlama Sanayi ve Ticaret A.Ş. ("Genmar Yapı"): The main activity of the company is the production and sales of educational equipment and hotel and restaurant furniture.

Gentas Italy SRL ("Gentas Italy"): was established in Italy in May 2014 with a capital of 10.000 Euros to support the Company's growth in the European market. Following the establishment of Gentas Italy, Liri Industriale S.P.A., one of the first laminate producers in Italy, acquired its assets (production facility, stock, brand) in 2015 for 3.100.000 Euro.

Gendepo Mobilya Tasarım Ürünleri Sanayi ve Ticaret A.Ş. ("Gendepo"): The main activity of the company is the purchase and sale of all kinds of furnitures and accessories, tables, chairs, wardrobes, sofas, bedrooms, teen rooms, armchair and sofa sets.

Gentaş İnşaat ve Turizm A.Ş. ("Genmar İnşaat"): It was established in 2022 and has had no activity yet.

The area of activities of the Group's investments are as follows.

Investment in Equities;
Gentaş Kimya A.Ş ("Gentaş Kimya"): The main area of activity of the Company is the production and sale of chemical substances.

As of 31 December 2022, the average number of personnel employed within the Group is 776 (31 December 2021: 775).

Approval of Financial Statements

Consolidated financial statements were approved by the board of directors on March 3, 2023. The General Assembly and certain regulatory authorities have the authority to make changes after the legal financial statements are published.

NOTE 2 - PRINCIPLES OF PRESENTATION OF FINANCIAL STATEMENTS

2.1 Main Principles Regarding Presentation

The accompanying consolidated financial statements have been prepared in accordance with the provisions of the "Communiqué on Principles Regarding Financial Reporting in the Capital Markets" ("Communiqué"), Series II, numbered 14.1, published in the Official Gazette dated June 13, 2013 and numbered 28676 of the Capital Markets Board ("CMB").

The Group applies the Turkish Accounting Standards and Turkish Financial Reporting Standards and their annexes and comments ("TMS/TFRS") published by the Public Oversight Accounting and Auditing Standards Authority ("POA") in accordance with Article 5 of the Communiqué. Consolidated financial statements and footnotes are presented in accordance with the formats specified in the Financial Statement Examples and User Guide published by the CMB and in accordance with the TAS Taxonomy published by the POA.

The Parent Company (and its subsidiaries operating in Turkey) are based on the Turkish Commercial Code ("TCC"), tax legislation, and the Uniform Chart of Accounts issued by the Republic of Turkey Ministry of Treasury and Finance in keeping their accounting records and preparing their statutory financial statements. Certain adjustments and reclassifications have been made in order to comply with TFRS in the preparation of the accompanying consolidated financial statements.

2.2 Correction of Financial Statements in Hyperinflation Periods

According to TAS 29, organizations preparing their financial statements using the currency of a country dominated by a high inflation economy are required to show the items in these statements with the unit values indexed as of the balance sheet date and reflect the same practice as previous periods. In accordance with the Capital Markets Board's (CMB) Decision dated March 17, 2005, and numbered 11/367, the practice of adjusting financial statements according to inflation ended in 2005. Therefore, the financial statements are expressed in terms of the purchasing power of the Turkish Lira as of December 31, 2004. Entries for non-monetary items after January 1, 2005 are shown at their nominal value.

POA made a statement on January 20, 2022, in order to eliminate the hesitations about whether the companies applying Turkish Financial Reporting Standards (TFRS) will apply TAS 29 Financial Reporting in High Inflation Economies in the 2021 financial reporting period. Accordingly, it has been stated that the enterprises applying TFRS do not need to make any adjustments within the scope of TAS 29 Financial Reporting in High Inflation Economies ("TAS 29"), and no new statement has been made by the POA on the application of TAS 29 afterwards. Considering that no new disclosure has been made as of the date these financial statements were prepared, no inflation adjustment was made in accordance with TAS 29 while preparing the financial statements as of December 31, 2022.

2.3 Functional Currency and Financial Statement Presentation Currency

Financial statements of companies whose functional currency is not TL have been prepared in their functional currencies, and these financial statements have been translated into TL for consolidation purposes in accordance with TAS 21 (Effects of Exchange Rates). The Group has determined TL as the reporting unit for the purpose of presenting the consolidated financial statements and footnotes. All currencies are treated as foreign currencies, except for the currency selected for measurement of items in the consolidated financial statements. The functional currency of the Group is the Turkish Lira (TL), and the accompanying consolidated financial statements and footnotes are presented in Turkish Lira (TL).

NOTE 2 - PRINCIPLES OF PRESENTATION OF FINANCIAL STATEMENTS (Cont.)

2.4 Financial Statements of Subsidiaries Operating in Foreign Countries

Gentas Italy operates and locate in Italy. Gentas Italy's financial statements are modified with certain out- of-book adjustments and reclassifications to comply with Group's accounting policies. The assets and liabilities of the Group's foreign operations are expressed in TL using exchange rates prevailing at the balance sheet date. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising, if any, are classified as equity and recognized in the Group's foreign currency translation reserve**.**

2.5 Basis of Consolidation

The accompanying financial statements include the accounts of the parent company and its subsidiaries and investments in equity. The basis of consolidated financial statement preparation is as follows;

- The Subsidiary is the Company in which the Company has the power to control the financial and operating policies for the benefit of the Company either through the power to exercise more than 50% of voting rights relating to shares in the companies as a result of shares owned directly and indirectly by itself; or although not having the power to exercise more than 50% of the voting rights, through the exercise of an actual dominant influence over the financial and operating policies. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.
- The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition of control or up to the effective date of disposal, as appropriate. Where necessary adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.
- The financial statements of subsidiaries are consolidated using the full consolidation method. In this context, subsidiaries' shareholders equity and their book value are offsetting. The book value of the Company's shares and dividends that arise from these shares are offsetting from related shareholders and income statement accounts.
- The receivables and liabilities of subsidiaries included in consolidation with each other, they are made to each other sales of goods and services, income and expense items with each other is formed due to the transactions are eliminated as a mutual.
- Consolidation of subsidiaries under the equity share capital account, including all items of the group, the parent company and subsidiaries to minority interests deducted from the amounts accrued and it is indicated under the name of "Non-Controlling Interest" in the consolidated financial position statement equity group.
- Investments in equity accounted through the equity method are expressed initially at their historical values. After the date of purchase, the amount carried forward is increased or decreased from the profits or losses of the partnership according to the share ratio of the affiliating company. The distribution of profits from partnership decreases the value of the partnership. In the event that the change in the equity capital result from the equity items outside of profit or loss, relevant changes in relation to these items are made in the equity capital of the Company. In the event that the decrease in the value of net assets of the partnership is not temporary, the value of partnership is shown with the decreased value in the financial statements. In the event that the value of the net assets turns to negative, the relevant amount is not classified as asset or liability and displayed as zero in the financial statements.

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

NOTE 2 – PRINCIPLES OF PRESENTATION OF FINANCIAL STATEMENTS (Cont.)

2.5 Basis of Consolidation (Cont.)

The subsidiaries included in consolidation and the shareholding percentage for the years ended 31 December 2022 and 2021 is set out below:

Title	**Effective Share (%)**	
	31 December 2022	**31 December 2021**
GBS Gentaş(*)	-	53,65
Gentas Italy	100,00	100,00
Genmar Yapı	62,70	62,70
Gentaş Kimya(**)	14,50	14,50
Gendepo	54,68	54,68
Genmar İnşaat	100,00	-

(*) merged with the company (Note 35)
(**) associate

2.6 New and amended standards and interpretations

The accounting policies adopted in preparation of the consolidated financial statements as at December 31, 2022 are consistent with those of the previous financial year, except for the adoption of new and amended Turkish Accounting Standards (“TAS”)/TFRS interpretations effective as of January 1, 2021. The effects of these standards and interpretations on the Group’s financial position and performance have been disclosed in the related paragraphs.

a) New Standard, Amendments, and Interpretations Effective January 1, 2022

TFRS 3 Amendments: Amendments to References to the Conceptual Framework
POA published an amendment regarding the references to the Conceptual Framework in July 2020. With the amendment, in TFRS 3, references to an earlier version of the Conceptual Framework for Financial Reporting have been replaced by references to the latest version released in March 2018. The Group is required to apply these changes for reporting periods beginning on or after January 1, 2022, but early application is permitted. This change did not have a material impact on the consolidated financial statements of the Group.

TAS 37 Amendments: Economically Disadvantaged Contracts and Contract Fulfillment Costs

In July 2020, POA published "Economically Disadvantageous Contracts—Costs of Fulfilling the Contract," amending TAS 37 Provisions, Contingent Liabilities, and Contingent Assets. The amendments have determined what costs an entity may include in determining the cost of fulfilling a contract in order to evaluate whether a contract has been fulfilled.

The Group is required to apply these changes for reporting periods beginning on or after January 1, 2022, but early application is permitted. The change in question did not have a significant impact on the consolidated financial statements of the Group.

NOTE 2 – PRINCIPLES OF PRESENTATION OF FINANCIAL STATEMENTS (Cont.)

2.6 New and amended standards and interpretations (Cont.)

a) New Standard, Amendments, and Interpretations Effective January 1, 2022 (Cont.)

TAS 16 Amendments—Adaptation for Intended Use

In July 2020, POA published "Tangible Fixed Assets: Making them Fit for Purpose," amending the TAS 16 Tangible Fixed Assets standard. With the change, a company is no longer allowed to deduct the proceeds from the sale of the products obtained from the cost of the item of property, plant, or equipment in the process of making an asset fit for its intended use. Instead, the company will recognize such sales revenue and costs of selling the products in profit or loss.

The amendment clarifies the accounting requirements in this regard and increases transparency and consistency—in particular, with the amendment, it no longer allows the income from the sale of manufactured products to be deducted from the cost of the item of property, plant, and equipment, while making the asset fit for its intended use. Instead, a company will now recognize such sales revenues and related costs in profit or loss. The Group is required to apply these changes for reporting periods beginning on or after January 1, 2022, but early application is permitted. The change in question did not have a significant impact on the consolidated financial statements of the Group.

Annual Improvements 2018-2020 Period-Improvements in TFRS

The "Annual Improvements in TFRS for the 2018-2020 Period" published for the standards in force is presented below. These amendments are effective from January 1, 2022, and the application of these changes in TFRS did not have a significant impact on the consolidated financial statements of the Group.

TFRS 1: First Application of Turkish Financial Reporting Standards

This amendment simplifies the application of TFRS 1 if a subsidiary begins to apply TFRSs later than the parent; for example, measure the accumulated foreign currency translation differences for all foreign currency transactions at the amounts included in the parent's financial statements based on the parent's transition date to IFRS, taking advantage of the exemption in paragraph D16(a) of IFRS D16(a) if a subsidiary later adopts IFRS from the parent. With this amendment, this optional exemption for subsidiaries will facilitate the transition to IFRS by (i) reducing unnecessary costs and (ii) eliminating the need to keep similar simultaneous accounting records.

TFRS 9: Financial Instruments

This amendment clarifies that when determining fees charged on a net amount less fees paid for such transactions, fees to be considered include only the debtor and lender roles and fees paid or received reciprocally between or on behalf of them.

TAS 41: Agricultural Activities

This amendment aligns the fair value measurement provisions in TAS 41 with the transaction costs required to be taken into account in determining fair value in TFRS 13 Fair Value Measurement by removing the provision for not taking into account payments for taxes in determining fair value. This amendment provides flexibility in using TFRS 13 where appropriate.

NOTE 2 – PRINCIPLES OF PRESENTATION OF FINANCIAL STATEMENTS (Cont.)

2.6 New and amended standards and interpretations (Cont.)

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

TFRS 17 – Insurance Contracts

In February 2019, POA published TFRS 17, a comprehensive new accounting standard covering recognition and measurement, presentation and disclosure for insurance contracts. TFRS 17 introduces a model that provides both the measurement of liabilities arising from insurance contracts with current balance sheet values and the recognition of profits throughout the period in which the services are provided. Some changes in future cash flow estimates and risk adjustment are also recognized during the period in which the services are provided. Entities may choose to recognize the effects of changes in discount rates in profit or loss or other comprehensive income. The standard contains specific guidance for the measurement and presentation of insurance contracts with participation features. TFRS 17 will enter into force for annual periods beginning on or after 1 January 2023, and early application is permitted for entities that have applied TFRS 9 Financial Instruments and TFRS 15 Revenue from Contracts with Customers on or before this date. According to the amendments published by POA in December 2021, businesses have the option to "overlap classification" in order to eliminate possible accounting mismatches between financial assets and insurance contract liabilities in the comparative information presented when TFRS 17 is first applied. The application of TFRS 17 is not expected to have a significant impact on the Group's consolidated financial statements**.**

TAS 1 Amendments – Classification of Liabilities as Short and Long Term

In January 2021, POA made changes to the "TAS 1 Presentation of Financial Statements" standard. These amendments, which are effective for the annual reporting periods beginning on or after January 1, 2023, clarify the criteria for long and short term classification of liabilities. Changes made should be applied retrospectively according to TAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors". Early application is permitted.

The Group is evaluating the possible effects of this amendment in TAS 1 on its consolidated financial statements.

TAS 1 Amendments – Disclosure of Accounting Policies

In August 2021, POA published amendments to TAS 1, providing guidance and examples to help businesses apply materiality estimates to accounting policy disclosures. Due to the lack of a definition of the term "significant" in TFRS, POA has decided to replace this term with "significant" in the context of disclosure of accounting policy information. 'Significant' is a term defined in TFRS and is widely understood by users of financial statements, according to POA. When assessing the materiality of accounting policy information, entities need to consider both the size of transactions and other events or conditions as well as their nature. In addition, examples of situations in which the entity may consider accounting policy information to be important are included.

The amendments published in TAS 1 are valid for annual accounting periods beginning on or after January 1, 2023. The Group is evaluating the possible effects of this amendment in TAS 1 on its consolidated financial statements.

NOTE 2 – PRINCIPLES OF PRESENTATION OF FINANCIAL STATEMENTS (Cont.)

2.6 New and amended standards and interpretations (Cont.)

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

TAS 8 Amendments – Definition of Accounting Estimates

In August 2021, POA published amendments to TAS 8 that introduce a new definition for "accounting forecasts". The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and correction of errors. It also clarifies how businesses can use measurement techniques and inputs to improve accounting estimates. The amended standard clarifies that the effects of a change in input or a change in a measurement technique on the accounting estimate are changes in accounting estimates unless they result from a correction for prior period errors. The previous definition of change in accounting estimate stated that changes in accounting estimates could result from new information or new developments. Therefore, such changes are not considered as corrections of errors.

The amendments published for TAS 8 are valid for annual accounting periods beginning on or after January 1, 2023. The Group is evaluating the possible effects of this amendment to TAS 8 on its consolidated financial statements.

TAS 12 Amendments: Deferred Tax on Assets and Liabilities Arising from a Single Transaction

In August 2021, POA published amendments to TAS 12 that narrow the scope of the initial recognition exemption and thus ensure that the exemption is not applied to transactions that result in equal taxable and deductible temporary differences. Changes require a judgment (given applicable tax law) as to whether such deductions are attributable to the recognized liability (and interest expense) or related asset component (and interest expense) for tax purposes. clarifies the issue. This judgment is important in determining whether there is any temporary difference in the initial recognition of the asset and liability.

Amendments to TAS 12 are valid for annual accounting periods beginning on or after January 1, 2023. The Group is evaluating the possible effects of this amendment to TAS 12 on its consolidated financial statements.

Long-Term Liabilities Containing Terms of Loan Agreements—Amendments to TAS 1

The amendments to Long-Term Liabilities Containing the Terms of Loan Agreements clarify whether, at the reporting date, the entity is required to consider future loan agreement terms when assessing the classification of debt as short-term or long-term. Businesses have the right to defer payment of obligations arising from loan agreements. Such liabilities may be classified as long-term if they are subject to compliance with the terms of the loan agreement within twelve months after the reporting period. In such cases, the entity discloses information in the notes to enable users of its financial statements to understand that liabilities carry a risk of being repaid within twelve months of the reporting period. With this change, the information provided about long-term debt has been improved to help investors understand the risk that such debts may become payable prematurely.

These changes are applied to annual accounting periods beginning on or after January 1, 2024. Early application is permitted. The Group is evaluating the possible effects of this change on its consolidated financial statements.

NOTE 2 – PRINCIPLES OF PRESENTATION OF FINANCIAL STATEMENTS (Cont.)

2.6 New and amended standards and interpretations (Cont.)

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

Lease Obligation in Sale and Lease-Back Transactions Amendments to TFRS 16

On December 20, 2022, POA published changes that clarify how a seller-lessee measures sales and leaseback transactions that meet the requirements in TFRS 15 to be accounted for as sales. The amendments to TFRS 16 are valid for annual accounting periods beginning on or after January 1, 2024. The Group is evaluating the possible effects of this change in TFRS 16 on its consolidated financial statements

TFRS 10 and TAS 28 Amendments: Asset Sales or Contributions by an Investor to an Associate or Joint Venture

POA has indefinitely postponed the validity date of the amendments made to TFRS 10 and TAS 28 in December 2017, which will be changed depending on the ongoing research project outputs related to the equity method. However, it still allows for early application. The Group is evaluating the possible effects of the said change on its consolidated financial statements.

2.7 Changes and Errors in Accounting Policies and Estimates

Accounting policy changes resulting from the first application of a new standard are applied retrospectively or prospectively in accordance with the transition provisions, if any. Changes without any transition requirement, optional significant changes in accounting policies or identified accounting errors are applied retrospectively and the financial statements of the previous period are rearranged. Changes in accounting estimates are applied in the current period if the change is related to only one period, and for future periods, they are applied both in the period of change and prospectively.

2.8 Offsetting

Financial assets and liabilities are offset and the net amount reported in the financial position statement when there is a legally enforceable right to set off the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

2.9 Comparative Information and Correction 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 reclassed and significant changes are disclosed if necessary.

2.10 Going Concern

The consolidated financial statements have been prepared assuming that the Group will continue as a going concern on the basis that the entities will be able to realize its assets and discharge its liabilities in the normal course of business.

NOTE 2 – PRINCIPLES OF PRESENTATION OF FINANCIAL STATEMENTS (Cont.)

2.11 Summary of Significant Accounting Policies

The significant accounting policies implemented during the preparation of the accompanying consolidated financial statements are as follows:

Cash and Cash Equivalents
Cash and cash equivalents comprise cash at banks and on hand and cash in transit. Cash and cash equivalents consist of short-term highly liquid investments including time deposits generally having original maturities of three months or less. Foreign currency bank deposits valued at the end of period rate. Recorded value is estimated market value of other cash and bank deposits on the balance.

Inventories
Inventories are valued at the lower of cost or net realizable value. The costs of inventories are determined using the “monthly moving weighted average cost” method. Inventories include all purchasing costs, costs of conversion and other costs incurred in order for the inventories to be brought into their existing situation and position. The costs of conversion of the inventories include the costs directly related to production overhead, such as direct labor costs. These costs also include the amounts distributed systematically from the fixed and variable production overheads incurred during the conversion of the raw materials and supplies into finished goods. Net realizable value is yielded by the estimated sales price in the ordinary course of business, less the total estimated costs of the completion and sales to be undertaken.

Trade Receivables
Trade receivables originating from the Group, which arise directly from the supply of goods or services to a debtor, are valued at discounted cost (reduced cost) using the effective interest method. Short-term trade receivables without a specified interest rate are evaluated from the invoice amount if the effect of accrual of interest is insignificant.

In the event of a situation indicating that the Group will not be able to collect the amounts due, a receivable risk provision is created for trade receivables. The amount of this provision is the difference between the registered value of the receivable and the possible amount of the receivable. The collectible amount is the value of all cash flows, including the amounts that can be collected from guarantees and assurances, discounted on the basis of the effective interest rate. If the amount of impairment decreases due to a situation that will occur after the loss is written off, the respective amount is reflected in the profit and loss statement in the current period.

The Group uses the simplified approach in TFRS 9 to calculate the expected credit losses of these financial assets. In cases where trade receivables are not impaired for certain reasons, the Group measures the expected credit loss allowance at an amount equal to lifetime expected credit losses. In the calculation of expected credit losses, past credit loss experiences and the Group's future forecasts are also taken into account.

Trade Payables
Trade and other payables are recorded at a reduced cost, which represents the fair value of the invoiced or unbilled amount that will arise in the future related to the purchase of goods and services.

Borrowing Costs
Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognized in the statement of profit or loss in the period in which they are incurred.

NOTE 2 – PRINCIPLES OF PRESENTATION OF FINANCIAL STATEMENTS (Cont.)

2.11 Summary of Significant Accounting Policies (Cont.)

Financial Instruments
Classification and Measurement

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

Financial instruments measured at amortized cost", are non-derivative assets that are held within a business model whose objective is to hold assets in order to collect contractual cash flows and the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The Group's financial assets measured at amortized cost include "cash and cash equivalents" and "trade receivables." Certain financial assets, including cash and cash equivalents, are carried at their cost values and their carrying values are approximately it is assumed that the values of trade receivables discounted and provision for doubtful receivables are equal to the fair value of the assets within the scope of TFRS 9. Measured at amortized cost. Earnings and losses resulting from the valuation of most and non-derivative financial assets are recognized in the income statement.

Financial Liabilities
Loans are recorded with their values after the transaction costs are subtracted from the loan amount on the date they are received. If the difference between the discounted value and the first recorded value is significant, the credits are stated over the discounted cost value by using the effective interest method. The difference between the amount remaining after deducting the transaction costs and the discounted cost value is reflected in the income statement as financing cost during the loan period. Financing costs arising from loans are recorded in the income statement when they occur.

Related Parties
Related parties are the person or businesses associated with the business that prepared its financial statements (reporting entity).

(a) A person or a member of that person's immediate family is deemed to be associated with the reporting entity in the following cases:

i. in the event of control or joint control over the reporting entity,
ii. in the event of a significant influence on the reporting entity.
iii. Is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

NOTE 2 – PRINCIPLES OF PRESENTATION OF FINANCIAL STATEMENTS (Cont.)

2.11 Summary of Significant Accounting Policies (Cont.)

Related Parties(cont)

(b) An entity is deemed to be related to the reporting entity if any of the following conditions exist:

i. If the entity and the reporting entity are members of the same group (each parent company, subsidiary and other subsidiary is associated with the others).
ii. In the event that the business is the affiliate or business partnership of the other business (or a member of a group to which the other business is a member).
iii. In the event of both businesses are joint ventures of the same third party.
iv. In the event of one of the entities is a joint venture of a third enterprise and the other entity is an affiliate of that third entity.
v. In the event of the company has post-employment benefit plans for the employees of the reporting enterprise or an enterprise associated with the reporting enterprise. In the event of the reporting enterprise itself has such a plan, the sponsoring employers are also associated with the reporting enterprise.
vi. In the event of the business is controlled or jointly controlled by a person identified in (a).
vii. In the event of a person defined in subparagraph (i) of article (a) has a significant influence on the entity or is a member of the key management personnel of that entity (or the parent company of this enterprise).

Transaction with a related party is the transfer of resources, services or obligations between the reporting entity and a related party, regardless of whether a price is charged.

Tangible Assets
The tangible assets are shown as cost of purchasing value less accumulated depletion and permanent depreciation. The historical cost of the tangible asset consists of the purchase price and non-refundable taxes and expenses to make the tangible asset available. The costs of tangible assets in except for land, landed property and construction in progress, are subjected to pro rata depreciation using straight-line method of depreciation based on their expected useful lives. The expected useful life, residual value and method of depreciation are reviewed each and every year for the possible effects of the changes that may occur in the estimations and accounted prospectively in case of a change in the estimations. The estimated useful lives of such assets, are stated as follows:

	Useful Life
Land and Land Improvements	3-25 year
Buildings	10-50 year
Plant, Machinery and Equipments	4-25 year
Other Tangible Assets	4-20 year
Vehicles and Equipment	4-10 year
Fixtures and Fittings	2-15 year

Profits and losses arising from the sale of tangible fixed assets are included in the operating income and expense accounts. Tangible assets purchased before 1 January 2005 are carried at cost adjusted for inflationary effects.

NOTE 2 – PRINCIPLES OF PRESENTATION OF FINANCIAL STATEMENTS (Cont.)

2.11 Summary of Significant Accounting Policies (Cont.)

Intangible Assets
Intangible assets are assets consisting of primary rights and computer software, and they were first valued at the purchase price.Intangible assets are capitalized in order to obtain economic benefits in the future and to be able to accurately determine the cost. In the first records, there are intangible assets, accumulated amortization and cost. Intangible assets are subject to linear depreciation at estimated rates.

	Useful Life
Rights and Sofwares	3-15 year

Investment properties
Land and buildings or a part of the building or both, which are held in order to earn rentals or for capital appreciation or both (by the owner or by the lessee according to the leasing agreement), rather than for use in the production or supply of goods and services, or for administrative purposes or sale in the ordinary course of business, are classified as investment property.

An investment property is recognized as an asset in the event that there is a possibility of an inflow of future economic benefits pertaining to the property to the entity and that the cost of the investment property is reliably measurable.

The Group monitors investment property with historical cost value. Historical cost value denotes the amount of the cash or cash equivalents paid during the acquisition or construction of an asset or the fair value of other payments outside thereof or if possible to implement, the cost attributed to the relevant asset during the initial recognition.

Impairment on assets
The Group assesses whether there is any indication of impairment in relation to an asset at each balance sheet date. If there is any such indication, the recoverable amount of that asset is estimated. Impairment occurs if the book value of the said asset or any cash generating unit pertaining to that asset is higher than the amount to be recovered through use or sale. The recoverable amount is found out by selecting the higher of its fair value less costs to sell and its value in use. Value in use is the estimated present value of the future cash flows expected to be derived from an asset after its continuous use and disposal at the end of its useful life. Impairment losses are recognized in the statement of income.

Provisions, contingent assets and liabilities
In order for any amount of provisions to be recognized in the financial statements, the Group is to have a present legal or constructive obligation as a result of past events, it should be probable that an outflow of resources with economic benefits will be required to fulfill this obligation, and a reliable estimate of the amount of the said liability can be made. If the said criteria did not occur, then the Group discloses the said matters in the relevant notes. Contingent assets are not recognized until they are realized and only disclosed in the notes.

Contingent assets are continuously assessed in order for the true representation of the related developments in the financial statements. In the event that the inflow of economic benefit into the operation is almost certain, the relevant asset and the income related thereto are reflected into the financial statements of the term that the change occurred. In the event that the inflow of economic benefit becomes probable, the operation displays the said contingent asset in the notes of the financial statement.

NOTE 2 – PRINCIPLES OF PRESENTATION OF FINANCIAL STATEMENTS (Cont.)

2.11 Summary of Significant Accounting Policies (Cont.)

Business combinations and goodwill
Business combinations are considered as the merging of two separate legal entities or businesses into one reporting entity. Business combinations are accounted for using the purchase method within the scope of TFRS 3.

The acquisition cost includes the fair value of the assets given at the date of purchase, the capital instruments issued, the liabilities assumed or incurred at the date of the change, and the costs that may be associated with additional acquisition. If the business combination agreement includes provisions that stipulate that the cost can be corrected depending on future events; if this correction is probable and its value can be determined, the acquirer includes this correction at the merger date at the merger date.

The difference between the acquisition cost of an enterprise and the fair value of the identifiable assets, liabilities and contingent liabilities of the acquired enterprise is recognized in the consolidated financial statements as goodwill.

The goodwill arising during the business combination is not depreciated, instead it is subjected to impairment tests once a year (as of 31 December) or more frequently if circumstances indicate impairment.

Impairment losses calculated over goodwill cannot be associated with the income statement, even if the impairment has disappeared in the subsequent periods. Goodwill is associated with units that generate cash during the impairment test.

In the event that the fair value of the identifiable assets, liabilities and contingent liabilities acquired exceeds the merger cost, the difference is associated with the consolidated income statement.

In accounting for business combinations under common control, assets and liabilities subject to business combinations are included in the consolidated financial statements with their book values. Income statements are consolidated from the beginning of the fiscal year when the business combination occurred. The financial statements of the previous period are prepared in the same way for comparability. As a result of these transactions, no goodwill or negative goodwill is calculated. The difference that occurs as a result of netting the amount in proportion to the share of the company, of which the participant amount is purchased, is directly accounted for as "the effect of business combinations under common control" in equity.

Foreign currency transactions
The foreign currency transactions realized within the year are converted over the foreign exchange rates valid at the dates of transactions. The monetary assets and liabilities depending on foreign exchange are converted into Turkish Lira over the exchange rates valid at the end of the period. The exchange difference arising out of the conversions of monetary assets and liabilities depending on foreign exchange are reflected into the consolidated statement of income at the period their income or losses are realized.

NOTE 2 – PRINCIPLES OF PRESENTATION OF FINANCIAL STATEMENTS (Cont.)

2.11 Summary of Significant Accounting Policies (Cont.)

Revenue
Merchandise sales:

The Group transfers the revenue to a customer and records the revenue in its consolidated financial statements as it fulfills or fulfills the performance obligation. When control of an asset is received (or passed) by the customer, the asset is transferred.

The Group records the revenue in its financial statements in line with the following basic principles;

(a) Determination of contracts with customers
(b) Determination of performance obligations in the contract
(c) Determination of the transaction price in the contract
(d) Dividing the transaction price into the contractual performance obligations.
(e) Revenue recognition when each performance obligation is met.

Revenue is collected when control of products is transferred to the customer. When the Company meets its performance obligation by transferring a product or service that is committed before, the revenue is recognized in the financial statements.

The Group calculates the financing component (in forward sales) over the period between the transfer date of the promised good to the customer at the beginning of the contract and the date the customer pays the price of this good. There are no practices such as performance premiums, incentives, etc. that will cause variability in the transaction price in the sales of goods of the Group.

Subsequent Events

Even if subsequent events occurred after any announcement regarding the profit for the period or public disclosure of other selected financial information, they include all events between the date of the financial statement and the date of authorization for the publication of the financial statement.

In case of events that require adjustment after subsequent, the Group makes the necessary corrections to the consolidated financial statements.

Taxes calculated on the basis of the company's earnings

Tax expense or income is the sum of statutory and deferred tax calculated in relation to gains or losses during the period. Deferred tax is calculated using the tax rates valid at the balance sheet date, according to the balance sheet liability method. Deferred tax is the tax effect of temporary differences between the values of assets and liabilities reflected in the financial statements and tax bases and is reflected for financial reporting purposes. Deferred tax asset to the extent that a financial profit can be generated in the future for which these timing differences can be used; all deductible temporary differences are recognized for unused incentive amounts and carried tax losses for prior periods. Deferred tax assets are reviewed in each balance sheet period, and in cases where it is not possible to generate sufficient financial profit for future use of deferred tax assets, their carrying value in the balance sheet is reduced.

In the calculation of the deferred tax assets and liabilities, the tax rates that will be valid on the dates that the company thinks that these temporary differences can be used are used, based on the rates that have entered into force or have been finalized as of the balance sheet date. In each balance sheet period, the company reviews the deferred tax assets and accounts for the possibility of their becoming deductible in the future.

NOTE 2 – PRINCIPLES OF PRESENTATION OF FINANCIAL STATEMENTS (Cont.)

2.11 Summary of Significant Accounting Policies (Cont.)

Leases
The Group – as a lessee

At the begining of a contract, the Group evaluates whether the contract is a lease of whether it contains a lease. If the contract delegates the right to control the use of the asset defined for a price, for a certain period of time, this contract is a lease or includes a lease. The Group considers the following conditions when evaluating whether a contract delegates its right to control the use of a defined asset for a specified period of time:

a) the contract involved the use of an identified asset – this may be specified explicitly or implicitly.

b) the asset should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, the asset is not identified.

c) the Group has the right to obtain substantially all of the economic benefits from the use of an asset throughout the period of use; and
d) the Group has the right to direct use of the asset. The Group concludes to have the right of use, when it is predetermined how and for what purpose the Group will use the asset. The Group has the right to direct use of asset if either:

i. the Group has the right to operate (or to have the right to direct others to operate) the asset over its useful life and the lessor does not have the rights to change the terms to operate or;

ii. the Group designed the asset (or the specific features) in a way that predetermines how and for what purpose it is used

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

Right of use asset
The right of use asset is initially recognized at cost comprising of:

a) amount of the initial measurement of the lease liability;
b) any lease payments made at or before the commencement date, less any lease incentives received;
c) any initial direct costs incurred by the Group; and
d) Costs incurred by the Group in the restoration of the underlying asset to the extent required by the terms and conditions of the lease.

To apply a cost model, the Group measure the right-of-use asset at cost:
a) less any accumulated depreciation and any accumulated impairment losses; and
b) adjusted for any remeasurement of the lease liability

The Group applies the depreciation provisions of TAS 16, “Property, Plant and Equipment while depreciating the right of use.

The Group applies TAS 36 Impairment of Assets to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

NOTE 2 – PRINCIPLES OF PRESENTATION OF FINANCIAL STATEMENTS (Cont.)

2.11 Summary of Significant Accounting Policies (Cont.)

Leases (Cont.)

Rent obligations

At the commencement date, The Group measure the lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group use the lessee's incremental borrowing rate. At the commencement date, the lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

a) fixed payments, less any lease incentives receivable;
b) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
c) payments of penalties for terminating the lease, if the lease term reflects the Group exercising an option to terminate the lease.

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

a) increasing the carrying amount to reflect interest on the lease liability;
b) reducing the carrying amount to reflect the lease payments made; and
c) remeasuring the carrying amount to reflect any reassessment or lease modifications, or to reflect revised insubstance fixed lease payments.

Extension and early termination options

The lease obligation is determined by considering the extension and early termination options in the contracts. The majority of the extension and early termination options in the contracts are options that are jointly applicable by the Group and the lessor.

The Group determines the lease term by including the extension and early termination options at the Group's discretion under the relevant agreement and if the use of the options is reasonably certain. If there is a significant change in the circumstances, the assessment is reviewed by the Group.

Employee benefits

Defined benefit pension plan

Under Turkish Labour Law the Company is required to pay termination indemnities to each employee who completes one year of service, Group is obligated to paying the severance pay to employees who is having a reason to leave that is not include retairing, quitted from the work and because of bad behaving.

The Group calculates the provision for severance pay in the accompanying consolidated financial statements by estimating the present value of the possible future liability arising from the retirement of the employees. All actuarial gains and losses calculated are reflected in the consolidated other comprehensive income statement.

Defined contribution plan

The Company is required to pay social insurance premiums to the Social Security Institution in Turkey. As long as the company pays these premiums, it has no other obligations. These premiums are reflected in personnel expenses in the period they are accrued.

Capital and dividends

Ordinary shares are classified as capital. The dividends distributed over the ordinary shares are recorded as deduced from the accumulated profit in the declared period.

NOTE 2 – PRINCIPLES OF PRESENTATION OF FINANCIAL STATEMENTS (Cont.)

2.11 Summary of Significant Accounting Policies (Cont.)

Interest Income
Interest income is accrued in the relevant period on the basis of the effective interest method, which brings the remaining principal balance and the estimated cash inflows to be obtained during the expected life of the relevant financial asset to the net book value of the said asset. Interest income and foreign exchange gains related to commercial transactions are recognized as other income from operating activities.

Earnings per share
Earnings per share are determined by dividing the net income by the weighted average number of shares that have been outstanding during the year concerned. The companies can increase their share capital by making a pro-rata distribution of their shares (“Bonus Shares”) to existing shareholders from retained earnings and allowed reserves. When calculating the earnings per share, these bonus shares are considered as issued shares. Therefore, the weighted average number of shares used in the calculation of the earnings per share is obtained by implementing retrospectively the bonus issuance of the shares.

Cash flow statement
In the statement of cash flows, cash flows in relation to the period are reported as classified on the basis of operating activities, investment activities and financing activities. The cash and cash equivalents in the statement of cash flows include the cash and bank deposits.

2.12 Summary of Significant Accounting Policies

The critical accounting estimates that have significant effect on the book values of the assets and liabilities are as follows:

Receivable / Payable Discount:
In the calculation of the cost amortized with the effective interest rate method of the trade receivables and payables, the due receipt and payment periods expected according to the existing data regarding the receivables and payables are taken into consideration. The amount of the financial income and expenses within the costs of purchases and revenues from sales are calculated on estimated basis according to the effective interest rate method using the turnover rates of the received trade receivables and payables at the related term period and classified into the financial income and expenses.

The amounts of unaccrued financial income and expenses contained in the costs of purchases and revenues from sales resulting from forward purchases and sales are determined approximately through the use of average turnover rates of trade receivables and payables

Useful life:
Tangible and intangible assets are subjected to amortization and depreciation throughout their estimated useful lives.

Employment termination benefits:
The provision for employment termination benefits is reduced to its value at the balance sheet date by calculating the personnel turnover rate based on the past year experiences and expectations.

Allowances for doubtful receivables:
The Group provides allowance for the overdue doubtful receivables by considering customers financial position, past experience and other factors and evaluating customers credit standing.

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

NOTE 2 – PRINCIPLES OF PRESENTATION OF FINANCIAL STATEMENTS (Cont.)

2.12 Summary of Significant Accounting Policies (cont.)

Deferred tax assets
Deferred tax assets are recorded when it is determined that taxable income is likely to occur in the upcoming years. In cases where taxable income is likely to occur, deferred tax asset is calculated over all kinds of temporary differences. Since the assumptions used that the company will have taxable profit in the future periods are found sufficient deferred tax asset has been recorded.

Inventory impairment
While determining the impairment of inventory, the physical and historical background of the stocks are examined, their usability is determined in line with the opinions of the technical personnel and provisions are made for items that are expected to be unusable. In the determination of the net realizable value of the stocks, the data regarding the list sales prices and the average discount rates given during the year are used and estimates are made regarding the sales expenses to be incurred.

Provisions for litigation
While making provisions for the lawsuits, the Group management evaluates the possibilities of losing the lawsuits and the liabilities that may arise in case of loss by taking the opinions of the Group's legal counsel and experts. The Group management determines the provisions for lawsuits based on the best estimates..

NOTE 3 – SEGMENT REPORTING

The Group management has determined the reportable parts of the Company as the companies that have entered into consolidation. Group companies operate in the same sector, but each is managed and reported separately.

Balance sheet reporting;

31 December 2022

	Domestic				Overseas		
	Gentaş	**Genmar İnşaat**	**Genmar Yapı**	**Gendepo**	**Italy**	**Eliminations**	**Consolidated**
Total Assets	1.177.282.480	1.056.318	178.434.023	4.536.398	81.319.154	(161.857.455)	1.280.770.918
Total Liabilities	538.083.114	26.784	81.355.378	3.954.045	15.214.036	(59.220.950)	579.412.407
Net Assets	**639.199.366**	**1.029.534**	**97.078.645**	**582.353**	**66.105.118**	**(102.636.505)**	**701.358.511**
Amortization	10.966.944	6.000	3.506.989	77.237	1.482.735	(981.289)	15.058.616
Construction in progress	3.578.361	156.000	5.378.829	227.666	-	-	9.340.856

31 December 2021

	Domestic			Overseas		
	Gentaş	**GBS Gentaş**	**Genmar Yapı**	**Italy**	**Eliminations**	**Consolidated**
Total Assets	627.771.866	201.178.874	102.032.747	39.475.765	(112.476.019)	857.983.233
Total Liabilities	243.508.319	69.454.999	41.559.357	36.457.242	(16.544.815)	374.435.102
Net Assets	**384.263.547**	**131.723.875**	**60.473.390**	**3.018.523**	**(95.931.204)**	**483.548.131**
Amortization	6.459.446	4.125.024	3.367.774	1.046.399	(981.289)	14.017.354
Construction in progress	21.627.370	15.402.518	-	-	-	37.029.888

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

NOTE 3 – SEGMENT REPORTING (Cont.)

Profit/Loss Reporting;

1 January – 31 December 2022;

	Domestic				Overseas		
	Gentaş	**Genmar İnşaat**	**Genmar Yapı**	**Gendepo**	**Gentas Italy**	**Eliminations**	**Consolidated**
Revenue	1.540.783.058	-	371.223.083	7.191.893	1.590.708	(351.568.342)	1.569.220.400
Cost of Sales (-)	(1.267.826.960)	-	(307.543.567)	(4.907.744)	(9.019.141)	354.967.719	(1.234.329.693)
Gross Profit	**272.956.098**	**-**	**63.679.516**	**2.284.149**	**(7.428.433)**	**3.399.377**	**334.890.707**
Marketing, Sales and Distribution Expenses (-)	(58.767.451)	-	(20.353.038)	(2.045.599)	(43.391)	2.518.002	(78.691.477)
General Administrative Expenses (-)	(51.348.310)	(55.086)	(10.152.494)	(796.378)	(2.614.994)	66.060	(64.901.202)
Research and Develepment Expenses (-)	(5.980.109)	-	(203.272)	-	-	-	(6.183.381)
Other Operating Income	69.855.313	-	23.587.599	175.001	35.168.785	(40.274.864)	88.511.834
Other Operating Expenses (-)	(65.950.007)	-	(13.150.564)	(413.208)	(75.292)	(884.424)	(80.473.495)
Operating Profit / (Loss)	**160.765.534**	**(55.086)**	**43.407.747**	**(796.035)**	**25.006.675**	**(35.175.849)**	**193.152.986**
Income From Investments Valued by Equity Method	30.074.820	-	-	-	-	-	30.074.820
Income from Investment Activities	23.259.003	9.620	5.821.765	-	30.922.283	(17.510.813)	42.501.858
Expenses from Investment Activities (-)	-	-	-	-	-	-	-
Profit /(Loss) Before Financing Expenses	**214.099.357**	**(45.466)**	**49.229.512**	**(796.035)**	**55.928.958**	**(52.686.662)**	**265.729.664**
Financing Expenses (-)	(47.775.039)	-	(1.103.221)	-	(575.413)	411.904	(49.041.769)
Profit / (Loss) from Continuing Operations Before Tax	**166.324.318**	**(45.466)**	**48.126.291**	**(796.035)**	**55.353.545**	**(52.274.758)**	**216.687.895**
Tax Income / (Expense)							
- Current Tax Income/(Expense)	(8.137.985)	-	(8.689.093)	-	(2.790.886)	-	(19.617.964)
- Deferred Tax Income/(Expense)	48.059.760	-	2.296.083	-	-	-	50.355.843
Period Profit/(Loss)	**206.246.093**	**(45.466)**	**41.733.281**	**(796.035)**	**52.562.659**	**(52.274.758)**	**247.425.774**

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

NOTE 3 – SEGMENT REPORTING (Cont.)

Profit/Loss Reporting; (Cont.);

1 January – 31 December 2021;

	Domestic			Overseas		
	Gentaş	**GBS Gentaş**	**Genmar Yapı**	**Gentas Italy**	**Eliminations**	**Consolidated**
Revenue	522.347.175	299.783.826	176.561.281	2.762.105	(213.416.768)	788.037.619
Cost of Sales (-)	(435.754.734)	(246.802.509)	(148.901.784)	(4.913.579)	213.045.487	(623.327.119)
Gross Profit	**86.592.441**	**52.981.317**	**27.659.497**	**(2.151.474)**	**(371.281)**	**164.710.500**
Marketing, Sales and Distribution Expenses (-)	(24.066.884)	(9.262.540)	(9.316.023)	-	3.261.745	(39.383.702)
General Administration Expenses (-)	(22.459.402)	(6.156.412)	(6.186.132)	(1.976.102)	379.851	(36.398.197)
Research and Develepment Expenses (-)	(4.550.915)	-	(12.841)	-	2.846	(4.560.910)
Other Operating Income	69.120.267	24.933.173	15.163.275	2.029.752	(3.826.945)	107.419.522
Other Operating Expenses (-)	(46.143.672)	(17.439.320)	(6.533.966)	-	538.560	(69.578.398)
Operating Profit / (Loss)	**58.491.835**	**45.056.218**	**20.773.810**	**(2.097.824)**	**(15.224)**	**122.208.815**
Income From Investments Valued by Equity Method	39.172.604	-	(213.833)	-	-	38.958.771
Income from Investment Activities	24.045.083	3.657.176	4.738.039	1.347.980	(24.053.060)	9.735.218
Expenses from Investment Activities (-)	-	(4.432.300)	-	84.590	-	(4.347.710)
Profit /(Loss) Before Financing Expenses	**121.709.522**	**44.281.094**	**25.298.016**	**(665.254)**	**(24.068.284)**	**166.555.094**
Financing Expenses (-)	(29.669.896)	(232.596)	(782.804)	(195.070)	1.594.914	(29.285.452)
Profit/(Loss) Before Tax	**92.039.626**	**44.048.498**	**24.515.212**	**(860.324)**	**(22.473.370)**	**137.269.642**
Tax Income/(Expense)						
- Period Tax Income/(Expense)	(5.634.981)	(9.474.274)	(5.365.412)	-	-	(20.474.667)
- Deferred Tax Income/(Expense	10.344.971	6.043.628	(79.509)	-	-	16.309.090
Period Profit/(Loss)	**96.749.616**	**40.617.852**	**19.070.291**	**(860.324)**	**(22.473.370)**	**133.104.065**

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

NOTE 4 – RELATED PARTY DISCLOSURES

a) Purchases/Sales;

	1 January– 31 December 2022				1 January – 31 December 2021			
	Purchases		Sales		Purchases		Sales	
	Product	Services	Product	Services	Product	Services	Product	Services
Gentaş Kimya Sanayi Ticaret A.Ş.	406.126.626	100.056	13.902.048	1.855.790	267.682.002	79.353	14.638.512	640.033
2K Yapı Uygulama Tasarım Sanayi ve Tic.Ltd. Şti.	1.200	410	104.906	158.810	41.511	14.385	1.192.101	136.041
Gendepo Mobilya Tasarım Ürünleri San ve Tic.A.Ş	-	-	-	-	81.047	-	769.048	10.450
Kahramanlar Ağaç Sanayi ve Tic.A.Ş.	3.597.494	117.064	27.736.240	11.225	572.629	582.002	19.426.110	975
5K Yüzey Teknolojileri A.Ş.	2.298.315	2.496	2.489.384	28.202	1.370.318	220.817	2.415.111	436.999
Yaşar Çelik Orman Ür. Kim.Nak. İnş. San. A.Ş.	13.000	69.626	19.421.039	-	24.245	498.413	14.557.109	-
TDL Yapı Tasarım Sanayi ve Ticaret Ltd.Şti. (*)	-	-	-	-	1.554.201	307.240	402.417	945
Total	**412.036.635**	**289.652**	**63.653.617**	**2.054.027**	**271.325.953**	**1.702.210**	**53.400.408**	**1.225.443**

(*) Not a related party as of 31 December, 2021.

Other Purchases and Sales;

1 January – 31 December 2022:Not available
1 January – 31 December 2021: On 29 December, 2021, The Group sold 22,86% of its shares of 5K Yüzey Teknolojileri A.Ş., at a value of 3.500.000 TL, to Burhan Karaman.

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

NOTE 4 – RELATED PARTY DISCLOSURES (Cont.)

b) Trade Payables /Receivables;

	31 December 2022		31 December 2021	
	Trade Receivables	**Trade Payables**	**Trade Receivables**	**Trade Payables**
Gentaş Kimya Sanayi Ticaret A.Ş.	-	130.824.734	-	56.820.530
Kahramanlar Ağaç Sanayi ve Tic.A.Ş.	2.119.655	-	84.340	-
2K Yapı Uygulama Tasarım Sanayi ve Tic.Ltd.Şti.	15.099	-	8.732	-
Gendepo Mobilya Tasarım Ürünleri San ve Tic.A.Ş	-	-	1.244.493	-
5K Yüzey Teknolojileri Orman Ür.Mob.San.AŞ	377.948	-	487.158	-
Yaşar Çelik Orman Ürn.Kimya Nak.İnş.San.ve Tic.A.Ş	197.758	-	1.120.450	-
Deferred finance income/expense	(88.736)	(4.643.292)	(330.958)	(894.912)
Total	**2.621.724**	**126.181.442**	**2.614.215**	**55.925.618**

The Group also has a dividend debt of 88.070 TL to its shareholders (31 December 2021: 86.691 TL).

c) *Benefits Provided to Senior Management;* The total amount of wages and similar benefits paid to senior management between January 1 - December 31, 2022 is 9.405.349 TL. (1 January -31 December 2021: 6.790.545 TL). The Group has determined the board of directors, general manager and assistant general managers as senior management.

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

NOTE 5 – CASH AND CASH EQUIVALENTS

The details of the Group's cash and cash equivalents as of December 31, 2022 and 2021 are as follows;

	31 December 2022	31 December 2021
Cash	64.274	32.028
Banks	43.830.395	110.484.436
- Demand Deposit	*38.629.415*	*106.965.807*
- Time Deposit (**)	*5.200.980*	*3.518.629*
Other Liquid Assets (*)	30.517.474	36.955.242
Total	**74.412.143**	**147.471.706**

(*) Consist of receivables arising from credit card sales with a maturity of less than 3 months.
(**) Currency-protected deposits are classified as financial investments.

The details of the Group's time deposits as of December 31, 2022 and 2021 are as follows;

	31 December 2022			31 December 2022		
Type of Currency	Interest Rate	Curreny Amount	TL Equivalent	Interest Rate	Curreny Amount	TL Equivalent
TL	%23-26	5.200.980	5.200.980	%5-%22	3.518.629	3.518.629
Total			**5.200.980**			**3.518.629**

NOTE 6 – FINANCIAL INVESTMENTS

The details of the Group's financial investments as of December 31, 2022 and 2021 are as follows;

	31 December 2022		31 December 2021	
	Rate (%)	Amount	Rate (%)	Amount
Financial assets classified at fair value through profit or loss				
Currency protected deposit	-	63.432.488	-	-
Funds	-	3.257.665	-	2.862
Short Term Financial Investments		**66.690.153**		**2.862**
Financial assets whose fair value difference is classified in other comprehensive income				
Ortak Satın Alma Organizasyonu		14.260		14.260
Long Term Financial Investments		**14.260**		**14.260**

The fair value of financial investments has been accounted for at cost due to its convergence to cost value.

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

NOTE 7 – BORROWINGS

The details of the borrowings of the Group as of 31 December 2022 and 2021 are as follows;

	31 December 2022		31 December 2021	
	Interest Rate (%)	**Amount**	**Interest Rate (%)**	**Amount**
Short Term Borrowings				
Loans				
- TL Loans	15,25%	102.919.549	13,7%	14.761.984
- Eur Loans	1,03%	34.810.018	0,42%	51.697.094
Other	-	21.985	-	28.044
Total		**137.751.552**		**66.487.122**
Short Term Portion of Long Term Borrowings				
Loans				
- Eur Loans	2,95%	8.332.147	0,50%	6.166.996
- TL Loans	7,50%	1.486.879	7,50%	3.278.777
Leases				
- Operational Leases	-	877.501	-	927.557
Total		**10.696.527**		**10.373.330**
Long Term Borrowings				
Credits				
- Eur Loans	2,95%	16.417.591	0,50%	18.137.756
- TL Loans	-	-	7,50%	1.293.397
Leases				
- Operational Leases	-	1.313.976	-	2.191.277
Total		**17.731.567**		**21.622.430**

The distribution of the maturity of long term loans is as follows;

	31 December 2022	31 December 2021
1-2 years	8.249.670	7.399.581
2-5 years	8.167.921	12.031.572
Total	**16.417.591**	**19.431.153**

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

NOTE 8 – TRADE RECEIVABLES AND PAYABLES

The details of trade receivables and payables of the Group as of 31 December 2022 and 2021 are as follows;

	31 December 2022	31 December 2021
Short Term Trade Receivables		
Trade Receivables	187.902.804	116.690.452
Cheques and Notes Receivables	13.547.354	9.165.739
Doubtful Trade Receivables	36.474.369	36.569.078
	237.924.527	162.425.269
Deferred Financing Expense (-)	(1.288.817)	(1.210.580)
Provisions for Doubtful Trade Receivables (-)	(36.473.741)	(36.569.078)
Total	**200.161.969**	**124.645.611**

As of 31 December 2022, the average collection period of receivables is 40 days (31 December 2021; 55 days).

As of the balance sheet date, there are no significant overdue receivables included in the trade receivables. Related party balances included in trade receivables are disclosed in Note 4.

The nature and amounts of the guarantees received in return for receivables are disclosed in Note 19.3. The risks and level of risks that Group receivables are exposed to are disclosed in Note 32. Foreign currency balances of trade receivables are disclosed in Note 32- Currency Risk.

Movement of doubtful receivables for the years ended 31 December 2022 and 2021 is as follows;

	1 January – 31 December 2022	1 January – 31 December 2021
Opening Balance	36.569.078	35.125.883
Provisions Canceled During the Period (Note 27)	(680.638)	(347.509)
Increase in Provisions During the Period (Note 27)	899.839	1.669.142
Deleted from the records	(314.538)	-
Foreign Currency Conversion Adjustment	-	121.562
Closing Balance	**36.473.741**	**36.569.078**

	31 December 2022	31 December 2021
Short Term Trade Payables		
Suppliers	297.673.497	145.245.540
Deferred Financing Income (-)	(9.941.785)	(1.728.514)
Total	**287.731.712**	**143.517.026**

As of December 31, 2022, the average payment period of payables is 64 days (31 December 2021: 58 days).

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

NOTE 9 – OTHER RECEIVABLES AND PAYABLES

The details of other receivables and payables of the Group as of 31 December 2022 and 2021 are as follows;

	31 December 2022	31 December 2021
Other Short Term Receivables		
Receivables from Tax Office	42.362.880	21.742.923
Receivables from Employees	763.072	646.949
Guarantees Given	55.901	2
Other Receivables	727.329	286.264
Total	**43.909.182**	**22.676.138**
Other Long Term Receivables		
Guarantees Given	90.359	83.557
Total	**90.359**	**83.557**

	31 December 2022	31 December 2021
Other Short Term Payables		
Deposits and Guarantees Received	959.309	1.023.602
Debts to Related Parties (Note 4)	88.070	86.691
Other Payables	737.066	2.481.620
Total	**1.784.445**	**3.591.913**

	31 December 2022	31 December 2021
Other Long Term Payables		
Deposits and Guarantees Received	107	107
Total	**107**	**107**

NOTE 10 – INVENTORIES

The details of inventories of the Group as of 31 December 2022 and 2021 are as follows;

	31 December 2022	31 December 2021
Raw Materials	191.867.266	136.605.555
Semi-finished Goods	23.113.467	15.687.711
Finished Goods	133.597.485	79.268.850
Merchandises	41.521.186	16.760.477
Other Inventories	91.064.746	40.119.923
Provision for Inventories (-)	(9.126.229)	(12.619.116)
Total	**472.037.921**	**275.823.400**

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

NOTE 10 – INVENTORIES (Cont.)

	1 January - 31 December 2022	1 January - 31 December 2021
Opening Balance	12.619.116	11.560.361
Current Period Provisions /Cancellations	(3.492.887)	1.058.755
Closing Balance	**9.126.229**	**12.619.116**

NOTE 11 – PREPAID EXPENSES AND DEFERRED INCOME

The details of the prepaid expenses and deferred income of the Group as of 31 December 2022 and 2021 are as follows;

	31 December 2022	31 December 2021
Short Term Prepaid Expenses		
Advance Givin for Inventories	17.502.983	26.424.391
Other Prepaid Expenses	5.916.035	2.164.836
Advances Given for Business Purposes	6.356	1.863
Total	**23.425.374**	**28.591.090**

	31 December 2022	31 December 2021
Short Term Deferred Income		
Advances Received	44.467.501	73.767.959
Deferred Income	13.507.957	13.480.701
Total	**57.975.458**	**87.248.660**

Group's long-term deferred income, amounted TL 2.565.567. Consists of bank promotion payments received for a period of 3 years.

NOTE 12 – INVESTMENT VALUED BY EQUITY METHOD

The investments of Group valued by equity method as of 31 December 2022 and 2021 are as follows :

	31 December 2022		31 December 2021	
	Amount	**Rate**	**Amount**	**Rate**
Gendepo	-	-	37.842	54,68%
Gentaş Kimya	99.431.783	14,50%	74.310.622	14,50%
Total	**99.431.783**		**74.348.464**	

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

NOTE 12 – INVESTMENT VALUED BY EQUITY METHOD (Cont.)

Amounts associated with profit and loss as of 31 December 2022 and 2021 are as follows;

	31 December 2022	31 December 2021
Net Profit of Gentaş Kimya	207.412.554	270.155.891
Shares Owned	14,50%	14,50%
Amount Associated wit Profit/Loss (Share Rate x Net Profit)	**30.074.820**	**39.172.604**
Net Loss of Gendepo	-	(391.060)
Shares Owned	-	54,68%
Amount Associated wit Profit/Loss (Share Rate x Net Profit)	-	**(213.833)**
Total	**30.074.820**	**38.958.771**

Financial information of equity investments as of 31 December 2022 and 2021 are as follows;

	31 December 2022	31 December 2021	
	Gentaş Kimya	**Gendepo**	**Gentaş Kimya**
Total Assets	1.332.091.231	1.851.813	1.127.423.922
Short Term Liabilities	522.554.642	1.789.599	538.487.911
Long Term Liabilities	52.509.721	-	42.232.190
Net Profit/Loss	207.412.554	(391.060)	270.155.891

Movement of the affiliates is as follows;

	31 December 2022		31 December 2021	
	Gendepo	**G. Kimya**	**Gendepo**	**G. Kimya**
Balance of January 1	**37.842**	**74.310.622**	**210.773**	**37.044.954**
Sale of share of the Company	-	-	-	-559.278
Capital Payment	-	-	40.900	-
Amount associated with Profit/Loss	-	30.074.820	(213.831)	39.172.604
Affiliate dividend payment	-	(4.785.000)	-	(1.279.412)
Share of comprehensive income /loss	-	(168.659)	-	(68.246)
Full consolidation output	(37.842)	-	-	-
Closing Balance	-	**99.431.783**	**37.842**	**74.310.622**

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

NOTE 13 – RIGHT OF USE ASSETS

Changes in the Group's right of use assets and depreciation as of December 31, 2022 and 2021 are as follows;

Cost	**31 December 2022**	**31 December 2021**
Opening	4.837.346	6.205.671
Addition	-	-
Amortized	-	(1.368.325)
Closing balance	**4.837.346**	**4.837.346**

Accumulated Amortisation	**31 December 2022**	**31 December 2021**
Opening	(1.826.176)	(1.963.161)
Addition	(967.470)	(1.231.340)
Amortized	--	1.368.325
Closing balance	**(2.793.646)**	**(1.826.176)**
Net Book Value	**2.043.700**	**3.011.170**

NOTE 14 – INVESTMENT PROPERTIES

The details of investment properties of the Group as of 31 December 2022 and 2021 are as follows;

	1 January 2022	**Addition**	**Disposal**	**Transfers**	**31 December 2022**
Cost					
Buildings	19.828.261	-	-	(11.228.151)	8.600.110
Accumulated Depreciation	(2.740.427)	(433.545)	-	1.802.220	(1.371.752)
Total	**17.087.834**	**(433.545)**	-	**(9.425.931)**	**7.228.358**

	1 January 2021	**Addition**	**Disposal**	**Transfers**	**31 December 2021**
Buildings	19.828.261	-	-	-	19.828.261
Accumulated Depreciation	(2.340.801)	(399.626)	-	-	(2.740.427)
Total	**17.487.460**	**(399.626)**	-	-	**17.087.834**

The Group had 1.451.376 TL rent income from investment properties (31 December 2021: 1.290.098 TL).

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

NOTE 15 – TANGIBLE ASSETS

Movements in tangible assets and related accumulated depreciation for the years ending on December 31, 2022 and 2021 are as follows:

	1 January 2022	Additon	Disposal	Transfers	Translation Differences	31 December 2022
Cost						
Land	3.779.013	200.000	(723)	-	55.017	4.033.307
Land Improvements	4.785.727	377.260	(4.120)	-	-	5.158.867
Buildings	47.520.365	-	(45.765)	25.400.657	8.831.709	81.706.966
Machinery, Plant and Equipment	145.970.588	15.090.838	(12.406.190)	55.642.189	3.096.446	207.393.871
Vehicles	7.657.558	2.399.786	(214.152)	-	15.209	9.858.401
Furniture and Fixtures	8.714.680	1.940.423	(1.993)	-	24.564	10.677.674
Other Tangible Assets	9.617.119	294.406	(123.700)	-	-	9.787.825
Leasehold Improvements	8.654.034	440.263	-	-	-	9.094.297
Construction in Progress (*)	37.029.888	42.125.663	-	(69.814.695)	-	9.340.856
	273.728.972	**62.868.639**	**(12.796.643)**	**11.228.151**	**12.022.945**	**347.052.064**
Accumulated Amortization						
Land Improvements	3.751.157	157.144	(4.120)	-	-	3.904.181
Buildings	10.743.719	1.249.505	(7.856)	1.802.220	1.175.956	14.963.544
Machinery, Plant and Equipment	104.602.952	8.767.144	(8.474.677)	-	1.998.243	106.893.662
Vehicles	3.635.172	1.238.070	(210.542)	-	15.208	4.677.908
Furniture and Fixtures	6.665.932	843.320	(1.993)	-	10.619	7.517.878
Other Tangible Assets	8.696.394	244.870	(86.427)	-	-	8.854.837
Leasehold Improvements	6.921.933	810.550	-	-	-	7.732.483
	145.017.259	**13.310.603**	**(8.785.615)**	**1.802.220**	**3.200.026**	**154.544.493**
Total	**128.711.713**					**192.507.571**

Current period depreciation charges, amounting to 12.040.006 TL reflected to the cost of sales (2021: 9.869.089 TL), amounting to 1.631.730 TL to marketing, sales and distribution expenses (2021: 1.561.899), amounting to 1.365.004 TL (2021: 2.571.189) in general administrative expenses and amounting to 21.876 TL (2021: 15.177 TL) in research and development expenses.

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

NOTE 15 – TANGIBLE ASSETS (Cont.)

	1 January 2021	Additon	Disposal	Transfers	Translation Differences	31 December 2021
Cost						
Land	3.719.573	-	-	-	59.440	3.779.013
Land Improvements	4.683.390	102.337	-	-	-	4.785.727
Buildings	37.979.438	-	-	-	9.540.927	47.520.365
Machinery, Plant and Equipment	138.120.641	1.785.491	(886.303)	3.298.737	3.652.022	145.970.588
Vehicles	4.145.616	3.830.235	(334.724)	-	16.431	7.657.558
Furniture and Fixtures	8.097.801	871.528	(281.097)	-	26.448	8.714.680
Other Tangible Assets	9.695.694	45.586	(124.161)	-	-	9.617.119
Leasehold Improvements	8.589.317	64.717	-	-	-	8.654.034
Construction in Progress	224.251	40.104.374	-	(3.298.737)	-	37.029.888
	215.255.721	**46.804.268**	**(1.626.285)**	**-**	**13.295.268**	**273.728.972**
Accumulated Amortization						
Land Improvements	3.610.526	140.631	-	-	-	3.751.157
Buildings	8.756.968	857.613	-	-	1.129.138	10.743.719
Machinery, Plant and Equipment	94.566.574	8.444.156	(503.808)	-	2.096.030	104.602.952
Vehicles	3.229.368	613.506	(224.131)	-	16.429	3.635.172
Furniture and Fixtures	6.261.805	669.000	(275.270)	-	10.397	6.665.932
Other Tangible Assets	8.588.264	224.866	(116.736)	-	-	8.696.394
Leasehold Improvements	5.691.117	1.230.816	-	-	-	6.921.933
	130.704.622	**12.180.588**	**(1.119.945)**	**-**	**3.251.994**	**145.017.259**
Total	**84.551.099**					**128.711.713**

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

NOTE 16 – INTANGIBLE ASSETS

Movements in intangible fixed assets and related amortization for the years ending on December 31, 2022 and 2021 are as follows:

	1 January 2022	Additon	Disposal	Translation differences	31 December 2022
Cost					
Rights	367.911	526.442	-	59.518	953.871
Other	2.308.734	1.019.719	-	-	3.328.453
	2.676.645	**1.546.161**	**-**	**59.518**	**4.282.324**
Accumulated Amortisation					
Rights	323.719	78.692	-	58.760	461.171
Other	1.174.164	268.306	-	-	1.442.470
	1.497.883	**346.998**	**-**	**58.760**	**1.903.641**
Total	**1.178.762**				**2.378.683**

	1 January 2021	Additon	Disposal	Translation differences	31 December 2021
Cost					
Rights	303.617	-	-	64.294	367.911
Other	1.915.464	393.270	-	-	2.308.734
	2.219.081	**393.270**	**-**	**64.294**	**2.676.645**
Accumulated Amortisation					
Rights	241.252	19.044	-	63.423	323.719
Other	987.408	186.756	-	-	1.174.164
	1.228.660	**205.800**	**-**	**63.423**	**1.497.883**
Total	**990.421**				**1.178.762**

NOTE 17 – GOODWILL

The details of goodwill of the Group as of 31 December 2022 and 2021 are as follows;

	31 December 2022	31 December 2021
Goodwill arising from the GBS Gentaş acquisition	-	942.792
Total	**-**	**942.792**

The company has merged with GBS Gentaş in the current period (Note 35).

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

NOTE 18 – PAYABLES WITHIN THE SCOPE OF BENEFITS FOR EMPLOYEES

The details of payables within the scope of benefits for employees of the Group as of 31 December 2022 and 2021 are as follows;

	31 December 2022	31 December 2021
Social security premiums payable	3.344.967	2.293.544
Taxes payable	9.540.418	8.534.282
Due to personnel	13.144.136	506.736
Total	**26.029.521**	**11.334.562**

NOTE 19 – PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

The details of provisions, contingent assets and liabilities of the Group as of 31 December 2022 and 2021 are as follows;

19.1 Short Term Provisions:

	31 December 2022	31 December 2021
Unused vacations	7.541.307	4.256.946
Total	**7.541.307**	**4.256.946**

19.2 Litigation and Disputes

a) Ongoing lawsuits filed by the Group:

As of 31 December 2022, there are a total of 36.474.369 TL claims filed by the Group (31 December 2021: 36.569.078 TL) fro trade receivables. In addition, the Group filed a lawsuit, objecting to the penalty imposed by the Competition Authority in 2021. Ankara 13th Administrative Court decided in favor of the Group and the relevant penalty was returned (Note 27). The case has been appealed and is in the District Administrative Court.

b) Significant law suits filed and pending against the Group:

As of 31 December 2022, there are ongoing lawsuits against the Group amounting to 240.268 TL (31 December 2021: 143.000). While allocating provisions for the lawsuits, the possibilities of losing the lawsuits and the liabilities that will arise in case of loss are evaluated by the Parent Company Management by taking the opinions of the company's legal counsel and experts. The Parent Company Management determines the lawsuit provisions based on the best estimates, and no provision has been made as of 31 December 2022 regarding the lawsuits filed against.

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

NOTE 19 – PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Cont.)

19.3 Given/Received Guarantees, Pledge and Mortgages:

a) Given GPM

	31 December 2022	31 December 2021
GPMs Given by the Group		
A- Total amount of the GPMs given in the name of its own legal entity	128.955.695	28.894.323
B- Total amount of the GPMs given on behalf of fully consolidated companies	2.491.863	7.835.288
C- GPMs given on behalf of the other third parties debt for the continuation of their ordinary economic activities	-	-
D- Total amount of other GPMs		
i- Total amount of GPMs given on behalf of parent company shareholder	-	-
ii- Total amount of GPMs given on behalf of other group companies which do not fall into the scope of items B and C	-	17.178.291
iii- Total amount of GPMs given on behalf of third parties which do not fall into the scope of item C	-	-
Total	**131.447.558**	**53.907.902**

The details of the GPM given by the Group as of 31 December 2022 and 2021 are as follows:

Type	Given to	31 December 2022	31 December 2021
Letter of guarantee	Government Agencies	1.602.000	2.479.500
Letter of guarantee-surety	Suppliers ****	2.014.740	1.619.355
Letter of guarantee	Banks *	125.338.955	24.795.468
Guarantee	Gentas Italy **	2.491.863	1.835.288
Guarantee	Genmar	-	6.000.000
Guarantee	5K ***	-	17.178.291
Total		**131.447.558**	**53.907.902**

* Equivalent to 3.026.800 Euro and 65.000.000 TL (2021: Equivalent to 1.688.800 Eur)
** Equivalent to 125.000 Euro (2021: Equivalent to 125.000 Eur)
*** 2021: Equivalent to 1.170.000 Euro
**** 2021: Equivalent to 4.292 US Dollar and 1.563.660 TL

b) Received GPMs

Type	Received from	31 December 2022	31 December 2021
Letter of guarantee	Customers	2.005.405	1.905.405
Mortgage	Customers	4.900.000	4.900.000
Guarantee	Genmar Yapı*	36.000.000	275.688.000
Total		**42.905.405**	**282.493.405**

* 2021 : Equivalent to 6.000.000 US Dollars, 10.000.000 Eur and 51.000.000 TL

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

NOTE 20 – GOVERNMENT GRANTS AND INCENTIVES

Income from investments, whose scope is specified in the article 32 / A added to the Corporate Tax Law No.5520 with the Law No.5838 and issued by the Ministry of Economy and has been linked to an incentive certificate by the Ministry of Economy, from the fiscal period when the investment is started to operate partially or completely, reduced corporations until it reaches the investment contribution amount. Tax may be applied.

Within the scope of the investment incentive certificates owned by the Group, VAT exemption, customs exemption, reduced corporate tax application (GBS 20% YKO - 55% VIO, Gentaş Decorative 35% YKO - 100% VIO, insurance premium employer share support) after the investment is completed.

NOTE 21 – EMPLOYEE BENEFITS

Provision for Employee Termination Benefits

Within the framework of the existing laws in Turkey, the Group is required to pay termination benefits to each employee who has completed one year of service and whose employment is terminated without due cause, is called up for military service, dies or completes a total of 20 years of service for women and 25 years for men or achieves the retirement age. Monthly severance pay ceiling should not be exceeded in the calculations. The employment termination benefits liability is not subject to any legal funding.

The employment termination benefits to be paid as of the date of 31 December 2022 is calculated over the monthly severance pay ceiling of 19.982,83 TL, valid starting from 1 January 2023 (31 December 2021: 10.848,59 TL).

Benefit obligation is calculated according to the estimation of the present value of the future probable obligation of the Group arising from the retirement of the employees. In accordance with TAS 19, "Employee Benefits", it stipulates that the liabilities of the company are developed within the scope of defined benefit plans by using actuarial valuation methods. Accordingly, the actuarial assumptions used in the calculation of total liabilities are specified below:

The main assumption is that the maximum liability for each year of service will increase in parallel with inflation. Therefore, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. As of 31 December 2022, the provisions in the attached financial statements are calculated by estimating the present value of the possible future liability arising from the retirement of the employees. As of 31 December 2022, the provisions were calculated with a real discount rate of 3.92% based on the assumption of an annual inflation rate of 9,50% and a discount rate of 12.70% (31 December 2021: 3.42% real discount rate). The estimated rate of severance pay amounts that will not be paid as a result of voluntary employee withdrawal and will remain in the Group is also taken into consideration.

The movement table of the provision for employee termination benefits account of the Group as of December 31, 2022 and 2021 is as follows:

	31 December 2022	31 December 2021
Opening Balance	**10.714.404**	**7.570.044**
Payments	(3.910.430)	(1.533.742)
Interest cost	3.082.216	1.460.609
Current service cost	4.771.874	2.382.863
Actuarial Profit/(Loss)	10.193.036	834.630
Provision at the end of the period	**24.851.100**	**10.714.404**

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

NOTE 22 – OTHER ASSETS AND LIABILITIES

The details of the other assets and liabilities of the Group as of December 31, 2022 and 2021 is as follows:

	31 December 2022	31 December 2021
Other current assets		
Deferred VAT	17.311.386	13.052.958
Total	**17.311.386**	**13.052.958**

	31 December 2022	31 December 2021
Other Current Liabilities		
Other VAT Payables	--	17.692
Expense Accruals	1.119.404	2.224.441
Total	**1.119.404**	**2.242.133**

NOTE 23 – EQUITY

The capital of the company is 224.242.255 TL, and it is divided into 22.424.225.510 registered shares, each of 0.01 TL (December 31, 2021: 20.000.000 TL). The partnership structure of the Company as of December 31, 2022 and December 31, 2021 is as follows:

	31 December 2022		31 December 2021	
	Share Rate	Amount	Share Rate	Amount
Genmar Yapı	5,50%	12.325.689	6,16%	12.325.689
Abdurrahman KAHRAMAN (Tahsin Oğlu)	10,71%	24.009.203	12,00%	24.007.855
Çelik Uluslararası Nak.Tic.Tur.A.Ş.	10,49%	23.519.172	0,00%	-
M. Ziya KAHRAMAN	8,56%	19.190.000	9,53%	19.059.902
Seyit Mehmet MUTLU	6,71%	15.056.455	7,19%	14.371.909
Sezai KAHRAMAN	5,03%	11.277.987	5,64%	11.272.730
Other Shareholders	53,00%	118.863.749	59,48%	118.961.915
Total	**100,00**	**224.242.255**	**100,00**	**200.000.000**

As of August 15, 2021, the company increased its capital from TL 154 million to TL 200 million by issuing a TL 46.0 million bonus issue. As a result of the merger with GBS Gentaş, the company's capital has increased to TL 224.242.255 (Note 35).

The registered capital ceiling of the company is 235.000.000 TL and according to the relevant communiqué; The capital ceiling can be exceeded for once by adding the dividend to the capital.

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

NOTE 23 – EQUITY (Cont.)

Reserves

	31 December 2022	31 December 2021
Legal reserves	30.982.223	22.893.046
Exemption arising from earnings from sale of affiliates	5.297	5.297
Exemption arising from earnings from sale of land and building	4.286.210	4.286.210
Total	**35.273.730**	**27.184.553**

The legal reserves consist of first and second reserves, appropriated in accordance with the Turkish Commercial Code. The Turkish Commercial Code stipulates that the first legal reserve is appropriated out of statutory profits at the rate of 5% per annum, until the total reserve reaches 20% of the paid in share capital. The second legal reserves, on the other hand, is 10% of the distributed profits exceeding 5% of the paid in share capital. According to the Turkish Commercial Code, the legal reserves can only be used to offset losses and are not available for any other usage unless they exceed 50% of paid-in share capital.

Actuarial Gain / Loss Fund for Provision for Employee Termination Benefits
With the amendment made in the TAS - 19 "Employee Benefits" the actuarial losses and earnings taken into consideration in the calculation of the provision for employee termination benefits are not allowed to be accounted for in the statement of income. The losses and earnings that occurred in consequence of the change in the actuarial assumptions are accounted for in the equity.

Retained earnings

	31 December 2022	31 December 2021
Extra reserve	117.261.107	80.757.294
Retained earnings	55.485.369	(13.053.692)
Total	**172.746.476**	**67.703.602**

Non-Controlling Interest
The amounts corresponding to the minority interests outside of the interests of the parent company and subsidiaries are deduced from the entire account group of equity capital within the scope of consolidation including paid in / issued capital and displayed in the equity capital account group of the consolidated balance sheet under the account group name of "Non-controlling interests".

Effect of Business Combination Under Common Control
The positive / negative difference occurring during the initial recognition of business combinations occurring under common control is accounted under equity. The related balance resulted from the acquisition of Genmar Orman, which the Group acquired in 2012, and the merger of Genmar Orman and Genmar Yapı (formerly Genart) in 2019.

Foreign Currency Translation
It consists of exchange rate differences arising from the conversion of Gentas Italy financial statements from Euro to TL.

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

NOTE 23 – EQUITY (Cont.)

Capital Adjustments Due to Cross-Ownership

It arises from the Company shares held by Genmar Yapı and Gentaş Kimya. All of the shares owned by Genmar Yapı and Gentaş Kimya's shares are paid as capital adjustments due to cross-ownership. The difference between the cost value and nominal values of the relevant shares has been offset from the "Retained Earnings" account.

Dividend payment

According to the Series: II, No: 19.1 "Dividend Communiqué", the partnerships distribute their profits within the framework of the profit distribution policies to be determined by their general assemblies and in accordance with the provisions of the relevant legislation. Dividends are distributed equally to all existing shares as of the distribution date, regardless of their issuance and acquisition dates. Unless the reserve funds required to be allocated according to the TCC and the profit share determined for the shareholders in the articles of association or profit distribution policy are not reserved; it is not possible to decide to allocate other reserves, to transfer profits for the following year and to distribute dividends to beneficiary shareholders, members of the board of directors, shareholders and non-shareholders. The dividend distribution table must be disclosed to the public at the latest when the agenda of the ordinary general assembly is announced. Losses of partnerships in previous years; In the calculation of the net distributable period profit, the portion exceeding the sum of the total legal reserves including previous years profits, premiums related to shares, and the sum of the equity items excluding capital, adjusted for inflation accounting is considered as discount item in the calculation of net distributable period profit.

The Parent Company distributed 25.000.000 TL cash dividend in 2022 (gross 0,125 TL, net 0,1125 TL per 100 shares).

As long as it can be met from the resources in the legal records of companies, it has been allowed to calculate the amount of profit they will distribute by taking into account the net period profits in the financial statements prepared within the framework of the Communiqué Serial: II No: 14.1. According to the legal records of the company, the distributable resources are as follows;

	31 December 2022	**31 December 2021**
Extraordinary reserves	115.338.400	40.862.281
Total	**115.338.400**	**40.862.281**

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

NOTE 24 – REVENUE AND COST OF SALES

The details of the revenue and cost of sales of the Group as of December 31, 2022 and 2021 are as follows:

	1 January - 31 December 2022	**1 January - 31 December 2021**
Domestic Sales	**853.623.828**	**428.406.636**
Sales of Laminat	663.854.755	355.288.868
Sales of Werzalit	138.515.987	33.223.045
Other Sales	51.253.086	39.894.723
Export Sales	**725.919.976**	**370.519.355**
Sales of Laminat	631.956.017	325.083.950
Sales of Werzalit	50.356.529	36.185.983
Other Sales	43.607.430	9.249.422
Other Revenues	**7.127.417**	**3.265.987**
Total Sales	**1.586.671.221**	**802.191.978**
Sales returns (-)	(4.278.714)	(4.990.847)
Sales discounts (-)	(13.172.107)	(9.163.512)
Net Sales	**1.569.220.400**	**788.037.619**
Cost of products sold (-)	1.080.316.386	557.389.060
Cost of trade goods sold(-)	154.013.307	65.938.059
Cost of Sales	**1.234.329.693**	**623.327.119**

NOTE 25 – GENERAL ADMINISTRATIVE EXPENSES, MARKETING EXPENSES, RESEARCH AND DEVELOPMENT EXPENSES

The details of the general administrative expenses, marketing expenses and research and development expenses of the Group for the years ended December 31, 2022 and 2021 are as follows:

	1 January - 31 December 2022	**1 January - 31 December 2021**
Research and development expenses		
Material expenses	1.924.137	2.709.399
Consultancy expenses	1.328.923	725.989
Test expenses	1.296.209	644.776
Personnel expenses	871.476	372.091
Depreciation expenses	21.876	15.177
Other expenses	740.760	93.478
Total	**6.183.381**	**4.560.910**

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

NOTE 25 – GENERAL ADMINISTRATIVE EXPENSES, MARKETING EXPENSES, RESEARCH AND DEVELOPMENT EXPENSES (Cont.)

General administrative expenses	**1 January - 31 December 2022**	**1 January - 31 December 2021**
Personnel expenses	39.236.644	22.409.464
Depreciation expenses	1.365.004	2.571.189
Consultancy expenses	4.014.697	2.641.144
Taxes and funds	2.785.067	988.726
Material expenses	1.505.101	953.324
Rent and insurance expenses	2.085.592	843.006
Bank charges	1.256.051	602.764
Travel expense	1.318.272	64.693
Communication expenses	944.897	331.248
Representation expenses	1.721.766	131.376
Maintenance and repair expenses	1.257.852	1.250.958
Energy expenses	1.699.524	657.940
Other expenses	5.710.735	2.952.365
Total	**64.901.202**	**36.398.197**

Marketing, sales and distribution expenses	**1 January - 31 December 2022**	**1 January - 31 December 2021**
Personnel expenses	14.672.687	8.481.266
Export expenses	15.977.007	8.288.785
Commission expenses	13.313.750	5.224.706
Advertising expenses	5.798.627	3.431.934
Fair expenses	3.695.258	122.958
Premiums	1.742.265	1.022.348
Transportation expenses	4.216.489	3.408.024
Rent and insurance expenses	3.132.448	341.372
Material expenses	5.052.280	1.685.537
License expenses	435.296	252.730
Travel expense	1.542.511	664.481
Depreciation and amortization expenses	1.631.730	1.561.899
Other expenses	7.481.129	4.897.662
Total	**78.691.477**	**39.383.702**

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

NOTE 26 – NATURE OF EXPENSES

The details of the nature of expenses of the Group for the years ended December 31, 2022 and 2021 are as follows:

	1 January - 31 December 2022	**1 January - 31 December 2021**
Raw materials	766.213.538	451.113.769
Cost of merchandise	154.013.307	65.938.059
Indirect material cost	214.376.127	72.542.706
Personnel expenses	144.798.223	31.262.821
Depreciation expenses	15.058.616	14.017.354
Energy expenses	47.504.596	17.353.475
Other expenses	42.141.346	51.441.744
Total	**1.384.105.753**	**703.669.928**

NOTE 27 – OTHER INCOME AND EXPENSES FROM OPERATING ACTIVITIES

The details of other income and expenses from operating activities of the Group for the years ended December 31, 2022 and 2021 are as follows:

	1 January - 31 December 2022	**1 January - 31 December 2021**
Other operating income		
Financing income from sales	14.016.692	12.508.436
Foreign exchange income from trade activities	66.338.200	89.460.487
Unnecessary provision	680.638	347.509
Interest income from trade activities	348.955	218.871
Competition Agency fine collected (Note 19.2)	2.513.951	-
Other income	4.613.398	4.884.219
Total	**88.511.834**	**107.419.522**

	1 January - 31 December 2022	**1 January - 31 December 2021**
Other operating expenses		
Doubtful receivables expenses	899.839	1.669.142
Penalty	-	2.513.951
Foreign exchange expenses from trade activities	54.707.079	45.063.094
Financing expenses from purchases	18.763.142	13.049.246
Other	6.103.435	7.282.965
Total	**80.473.495**	**69.578.398**

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

NOTE 28 – INCOME AND EXPENSES FROM INVESTING ACTIVITIES

The details of income and expenses from investing activities of the Group for the years ended December 31, 2022 and 2021 are as follows:

	1 January - 31 December 2022	1 January - 31 December 2021
Income from Investment Activities		
Profit on sale of fixed asset	31.610.096	2.137.524
Foreign exchange income	-	1.262.155
Income from affiliate sale (*)	-	3.500.000
Rent income	1.451.376	1.290.098
Interest income	7.663.916	1.541.717
Other	1.776.470	3.724
Total	**42.501.858**	**9.735.218**

(*) Consists of the sales of 5K Yüzey Teknolojileri Orman Ürünleri Mobilya Sanayi ve Ticaret A.Ş. on 29 December 2021.

	1 January - 31 December 2022	1 January - 31 December 2021
Expenses From Investment Activities		
Foreign exchange loss	-	4.347.710
Total	**-**	**4.347.710**

NOTE 29 – FINANCING EXPENSES

	1 January - 31 December 2022	1 January - 31 December 2021
Financing expenses		
Interest expenses	13.084.078	4.304.929
Foreign exchange expense	34.564.165	24.578.559
Other	1.393.526	401.964
Total	**49.041.769**	**29.285.452**

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

NOTE 30 – INCOME TAXES

Corporate tax

The required provisions are reserved in the accompanying consolidated financial statements for the estimated tax liabilities with regards to the current period operating results of the Group.

In Turkey, the provisional corporation tax is calculated and accrued at nine month intervals. As of 31 December 2022, the provisional corporation tax rate to be applied on corporate earnings declared for year is 23% (31 December 2021 - 25%). In accordance with the regulation published in Official Gazette numbered 31462 on 22 April 2021, corporate tax rate in Turkey for the year ended 2021 has been increased from 20% to 25%, for the year 2022 increased to 23%. The amendement is effective as of 1 July 2021.

Losses can be carried for a maximum of 5 years to be deducted from the taxable profit that will occur in the coming years. However, the losses cannot be deducted retrospectively from the profits in the previous years.

With regards to the taxes to be paid in Turkey, there is no practice of reconciliation with the tax authority. The corporate tax returns are submitted to the respective tax office until the evening of the last day of the fourth month following the month that the accounting period is closed. Notwithstanding, the tax authorities have the right to audit tax returns may inspect the related accounting records for a period of five years and in case an erroneous transaction is detected, then the amounts of taxes payable may change.

In addition to the corporate tax, except for those distributed to fully obliged institutions that acquire share from profits in the event they are distributed and declares these shares from profits by including them into the earnings of the institution, and to the braches of foreign companies in Turkey, income tax withholding should separately be calculated over the shares of profits. The income tax withholding is applied at the rate of 10 %.

The tax legislation in Turkey does not permit a parent company and the entities in the scope of consolidation to file a consolidated tax return. Therefore, the tax provisions as reflected in the consolidated financial statements have been calculated separately on entity basis.

Corporate tax liabilities reflected in the balance sheet as of 31 December 2022 and 2021 are as follows:

	31 December 2022	31 December 2021
Current tax liability		
Corporate tax provision	14.488.451	20.474.667
Prepaid taxes and funds	(10.854.311)	(7.428.198)
Corporation tax liability	**3.634.140**	**13.046.469**

Corporate tax liabilities reflected in profit and loss as of 31 December 2022 and 2021 are as follows:

	31 December 2022	31 December 2021
Tax expense / (income)		
Current corporate tax	(19.617.964)	(20.474.667)
Deferred tax (income) / expense	50.355.843	16.309.090
Total	**30.737.879**	**(4.165.577)**

(*) The corporate tax provision amounting to TL 5.129.513 consists of the corporate tax provision that GBS Gentaş had set aside before the merger of the Parent Company with GBS Gentaş.

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

NOTE 30 – INCOME TAXES (Cont.)

Corporate tax (Cont.)

Reconciliation of current tax expense with period profit is as follows:

	1 January - 31 December 2022	**1 January - 31 December 2021**
Profit before tax	**216.687.895**	**137.269.642**
Tax calculated on local tax rate (23%) (2021:25%)	49.838.216	34.317.411
Tax effect of non-deductible expenses	10.770.522	3.471.462
Tax effect of non-taxable losses	(91.346.617)	(33.623.296)
Tax provisions	**(30.737.879)**	**4.165.577**

Current Tax Assets:

As of 31 December 2022, 6.329.709 TL of current period tax assets consist of prepaid income tax (as of 31 December 2021 : none).

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

NOTE 30 – INCOME TAXES (Cont.)

Deffered taxes

The breakdown of the related accumulated temporary differences and deferred tax assets and liabilities of the Group prepared using the applicable tax rates is as follows:

	31 December 2022		31 December 2021	
	Cumulative differences	Assets/ (Liabilities)	Cumulative differences	Assets/ (Liabilities)
Net difference between book value and tax value of inventories	19.170.782	4.409.282	12.619.116	2.902.397
The net difference between the book value of Properties, Plant and Equipment and intangible fixed assets and tax bases	316.734.200	63.346.835	65.223.632	13.751.895
Provision for employee termination benefits	24.269.417	4.853.883	10.714.404	2.142.881
Deferred finance income	805.248	185.207	625.941	143.965
Provisions for doubtful receivables	3.835.841	882.244	4.299.273	966.074
Unused vacation provision	7.541.307	1.508.261	4.256.946	851.389
Lease assets and its liabilities	147.777	29.558	107.864	21.573
Deferred tax assets	**372.504.572**	**75.215.270**	**97.847.176**	**20.780.174**
Loans	(1.139.007)	(227.801)	(299.134)	(58.255)
Deferred financing expense	(9.791.749)	(2.252.102)	(1.656.536)	(381.003)
Deferred tax liabilities	**(10.930.756)**	**(2.479.903)**	**(1.955.670)**	**(439.258)**
Deferred Tax Assets, net	**361.573.816**	**72.735.367**	**95.891.506**	**20.340.916**

The movements of the Group's deferred tax assets / liabilities are as follows;

Movements of the Group's Deferred Tax Assets:	**2022**	**2021**
Opening balance as of January 1	20.340.916	3.864.899
Deferred tax income/(expense)	50.355.843	16.309.090
Recognised in Equity	2.038.608	166.927
Closing balance as of 31 December	**72.735.367**	**20.340.916**

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

NOTE 31 – EARNINGS PER SHARE / (LOSS)

Earnings per share are calculated by dividing the net income of the shareholders by the weighted average number of ordinary shares. The earnings per share of the Group as at 31 December 2022 and 2021 are as follows:

	1 January - 31 December 2022	**1 January - 31 December 2021**
Net profit for the period	232.399.840	107.164.704
Weighted average number of the issued ordinary shares	22.424.225.510	22.424.225.510
Earnings per 100 share	**0,0103637**	**0,0047789**

NOTE 32 – NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

Capital risk management

The Company aims at increasing its profits by ensuring the sustainability of its operating activities on the one hand, while using its equity capital balance at the most efficient manner, on the other. The capital structure of the Company is composed of equity capital items containing payables also including credits, cash and cash equivalents and issued capital respectively, profit reserves as well as retained earnings.

The general strategy of the Company overall does not display any difference from the previous period.

The table of the major risks that the Group is exposed to is provided as follows;

Credit risk

Credit risk is the risk of failure by a party among those who made investment on a financial instrument to fulfill its liabilities, incurring financial losses to the other party. The Company manages the credit risk by restricting its transactions with certain third persons and continuously reviewing the credit risks of third persons.

The credit risk of the Group results predominantly from its trade receivables.

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

NOTE 32- NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (Cont.)

Credit risk (Cont.)

The financial instruments and amounts that the Group is exposed to credit risk are as follows;

	Trade Receivables		**Other Receivables**		**Deposits at**
31 December 2022	**Other**	**Related**	**Other**	**Related**	**Banks**
The maximum credit risk exposed as of the reporting date (A+B+C+D) [1]	**197.539.617**	**2.621.724**	**43.999.541**	**-**	**74.347.869**
The part of the maximum risk that is secured with collateral etc.	-	-	-	-	-
A. Net book value of financial assets that are neither past due nor impaired	197.539.617	2.621.724	43.999.541	-	74.347.869
B. Net book value of assets that are overdue but not impaired	-	-	-	-	-
- The part secured with collateral etc.	-	-	-	-	-
C. Net book values of impaired assets	-	-	-	-	-
- Overdue (gross book value)	36.473.741	-	-	-	-
- Impairment (-)	(36.473.741)	-	-	-	-
D. Components involving off-balance sheet credit risk	-		-		-

(1) In the determination of the amounts, the elements that increase the loan credibility, such as the received guarantees, are not taken into consideration.

	Trade Receivables		**Other Receivables**		**Deposits at**
31 December 2021	**Other**	**Related**	**Other**	**Related**	**Banks**
The maximum credit risk exposed as of the reporting date (A+B+C+D) [1]	**122.031.396**	**2.614.215**	**22.676.138**	**-**	**147.439.678**
The part of the maximum risk that is secured with collateral etc.	-	-	-	-	-
A. Net book value of financial assets that are neither past due nor impaired	122.031.396	2.614.215	22.676.138	-	147.439.678
B. Net book value of assets that are overdue but not impaired	-	-	-	-	-
- The part secured with collateral etc.	-	-	-	-	-
C. Net book values of impaired assets	-	-	-	-	-
- Overdue (gross book value)	35.701.548	867.530	-	-	-
- Impairment (-)	(35.701.548)	(867.530)	-	-	-
D. Components involving off-balance sheet credit risk	-		-		-

(1) In the determination of the amounts, the elements that increase the loan credibility, such as the received guarantees, are not taken into consideration.

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

NOTE 32 – NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (Cont.)

Liquidity risk

Liquidity risk is the possibility of the failure to perform net funding liabilities by the Group. The Group management manages the liquidity risk by distributing the funding sources and making available sufficient amount of cash and equivalent resources in order to fulfill its possible obligations.

The Group's liquidity risk table is as follows;

31 December 2022

Total financial liabilities	Book Value	Total contractual cash outflows	Less than 3 months	Between 3-12 months	Between 1-5 years
Financial debts	166.179.646	171.428.706	6.173.305	147.425.886	17.829.515
Trade payables	287.731.712	297.673.497	297.673.497	--	--
Other payables	1.784.445	1.784.445	1.784.445	--	--
Total	**455.695.803**	**470.886.648**	**305.631.247**	**147.425.886**	**17.829.515**

31 December 2021

Total financial liabilities	Book Value	Total contractual cash outflows	Less than 3 months	Between 3-12 months	Between 1-5 years
Financial debts	98.510.926	99.003.912	1.115.353	75.972.134	21.916.425
Trade payables	143.517.026	145.245.540	145.245.540	-	-
Other payables	3.591.913	3.591.913	3.591.913	-	-
Total	**245.619.865**	**247.841.365**	**149.952.806**	**75.972.134**	**21.916.425**

Market Risk

Market risk is the changes in interest rates, exchange rates and values of other financial contracts, which has a negative impact of the Group. The fluctuations to occur in the related instruments lead to changes in the statement of income and equity of the Group.

Interest rate risk

The Group has fixed interest bank loans and is not exposed to interest rate risk. Although there is no risk in fixed-rate bank loans and time deposits, they are affected by the future interest rates for future loans and deposits for the continuation of their operations.

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

NOTE 32 – NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (Cont.)

Currency risk

The financial instruments of the Group in foreign exchange are exposed to currency risk due to the changes in foreign exchange rates. The foreign currency position of the Group as at 31 December 2022 and 2021 are as follows:

31 December 2022	**TL Equivalent**	**US Dollar**	**Eur**
Monetary financial assets	27.457.538	591.089	822.937
Trade Receivables	88.091.172	51.901	4.370.261
Total assets	**115.548.710**	**642.990**	**5.193.198**
Short Term Liabilities			
Trade payables	177.605.501	247.276	8.677.338
Financial liabilities	43.142.165	-	2.164.153
Long Term Liabilities			
Financial liabilities	16.417.591	-	823.560
Total Liabilities	**237.165.257**	**247.276**	**11.665.051**
Net Foreign Currency Position	**(121.616.547)**	**395.714**	**(6.471.853)**
Export	**721.776.891**	2.052.067	39.732.807
Import	**405.988.652**	3.206.380	21.372.857

31 December 2021	**TL Equivalent**	**US Dollar**	**Eur**
Monetary financial assets	94.972.189	1.399.135	5.231.804
Trade Receivables	78.377.432	255.812	5.112.117
Total assets	**173.349.621**	**1.654.947**	**10.343.921**
Short Term Liabilities			
Trade payables	84.294.818	292.065	5.483.102
Financial liabilities	57.864.090	-	3.941.078
Long Term Liabilities			
Financial liabilities	18.137.756	-	1.235.348
Total Liabilities	**160.296.664**	**292.065**	**10.659.528**
Net Foreign Currency Position	**13.052.957**	**1.362.882**	**(315.607)**
Export	**410.940.170**	2.386.891	34.118.920
Import	**239.887.162**	1.389.672	19.432.571

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

NOTE 32 – NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (Cont.)

Currency risk (Cont.)

Sensitivity analysis;

As of December 31, 2022 and 2021, the pre-tax profit and equity would be as low / higher as the following amounts, provided that all other variables remained constant in the face of a 10% increase or decrease in foreign currency.

Exchange Rate Sensitivity Analysis Table

	Profit/(Loss)		**Shareholder's equity**	
31 December 2022	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
US Dollar	739.918	(739.918)	739.918	(739.918)
Eur	(12.901.573)	12.901.573	(12.901.573)	12.901.573
Total	**(12.161.655)**	**12.161.655**	**(12.161.655)**	**12.161.655**

Exchange Rate Sensitivity Analysis Table

	Profit/(Loss)		**Shareholder's equity**	
31 December 2021	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
US Dollar	1.768.680	(1.768.680)	1.768.680	(1.768.680)
Eur	(463.384)	463.384	(463.384)	463.384
Total	**1.305.296**	**(1.305.296)**	**1.305.296**	**(1.305.296)**

NOTE 33 – FINANCIAL INSTRUMENTS: DISCLOSURES (FAIR VALUE DISCLOSURES AND HEDGE ACCOUNTING DISCLOSURES)

The current value is the amount that a financial instrument can be handed over in a current transaction, other than a compulsory sale or liquidation, between voluntary parties, and is best determined with the realized market price, if any.

Estimations are used in the estimation of current value and interpretation of the market data. Accordingly, the estimations presented hereby may not be able to display the amounts that the Group can acquire from an actual market transaction.

The methods and assumptions provided below are used to estimate the current value of each one of the financial instruments in the events where it is possible to determine the current value.

Financial assets

The carried values of the cash and cash equivalent financial assets are thought to be close to their current values. The carried values of trade receivables after the deduction of doubtful receivables are thought to be close to their current values. The monetary items in foreign currency are converted using the exchange rates as at the end of the period. Off board financial assets are displayed over their costs.

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

NOTE 33 - FINANCIAL INSTRUMENTS: DISCLOSURES (FAIR VALUE DISCLOSURES AND HEDGE ACCOUNTING DISCLOSURES) (Cont.)

Financial liabilities
The monetary items in foreign currency are converted using the exchange rates as at the end of the period. The trade payables and other monetary liabilities, as they are short term liabilities, are accepted to have current values close to their carried values. On the other hand, the carried values of the short term credits, due to their short term, are assumed to reflect the current value. Long term credits reflect the depreciated cost.

Fair value measurement categories;

The Group created 3 categories for the fair value measurements in order to comply with the implementations of TFRS 7. These categories are created according to the data used in the fair value measurements and provided as follows ;

1. Category : Price quoted in active markets
2. Category : Directly or indirectly detectable data other than quoted prices in the active market
3. Category : Information not based on any market data

The financial assets the fair values of which are measured according to the categories above are as follows:

	Category 1	Category 2	Category3
Financial assets carried at fair value in the statement of financial position			
OSO Ortak Satınalma Organizasyon	-	-	14.260
Funds	3.257.665	-	-
Currency protected deposit	-	68.633.468	-
Total	**3.257.665**	**68.633.468**	**14.260**

NOTE 34 – SUBSEQUENT EVENTS

None.

NOTE 35 – OTHER MATTERS

The Parent Company applied to the CMB on 24 June 2022 to merge with GBS Gentaş, of which it has a 53.65% share, in accordance with the provisions of the Merger and Division Communiqué No. II-23.2 of the CMB. Based on the financial statements dated 31 December 2021, the announcement regarding the merger with all its assets and liabilities, and the amendment of Article 6 related with the titled capital of the text of amendment to the main contract of the Parent Company, were approved by the CMB on 28 July 2022. The merger was approved by the extraordinary general assembly held on 31 August 2022, and the merger was realized as of the relevant date.

After the merger, the capital of the Parent Company increased by 24.242.255 TL to 224.242.255 TL.

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

NOTE 36 – FEES OF SERVICES RECEIVED FROM INDEPENDENT AUDITOR'S

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

	1 January- 31 December 2022	**1 January- 31 December 2021**
Independent audit fee for the reporting period	191.500	156.000
Fee for other assurance services	-	9.000
Total	**191.500**	**165.000**