CONVENIENCE TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

PARK ELEKTRİK ÜRETİM MADENCİLİK SANAYİ VE TİCARET A.Ş.

1 JANUARY - 31 DECEMBER 2022 CONSOLIDATED FINANCIAL STATEMENTS TOGETHER WITH THE INDEPENDENT AUDITOR'S REPORT

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

INDEPENDENT AUDITOR'S REPORT

To the General Assembly of Park Elektrik Üretim Madencilik Sanayi ve Ticaret A.Ş.

A. Audit of the consolidated financial statements

1. Our opinion

We have audited the accompanying consolidated financial statements of Park Elektrik Üretim Madencilik Sanayi ve Ticaret A.Ş. (the "Company") and its subsidiary (collectively referred to as the "Group") which comprise the consolidated statement of financial position as at 31 December 2022, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended and notes to the consolidated financial statements comprising a summary of significant accounting policies.

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 2022, and its financial performance and its 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 Independent Auditing (the "SIA") 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 Independence Standards) (the "Ethical Rules") and the ethical requirements regarding independent audit in regulations issued by POA that are relevant to our audit of the financial statements. We have also fulfilled our other ethical responsibilities in accordance with the Ethical Rules and regulations. We believe that the audit evidence we have obtained during the independent audit provides a sufficient and appropriate basis for our opinion.

3. Key audit matters

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

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Key Audit Matters	How the key audit matter was addressed in the audit
Valuation for the fair value of investment properties As stated in Notes 2 and 10, the Group recognises its investment properties at their fair values. As of 31 December 2022, investment properties constitute 33% of the Group's aggregate consolidated assets and have a total carrying value of TRY541,794,160. As of 31 December 2022, the fair values of investment properties determined by independent valuation experts ("Valuation Experts") have been evaluated by management, and these values were used as the fair values of the investment properties in the consolidated financial statements. The fair values were determined based on comparison of benchmark prices of comparable real estate closely located to the real estate subject to valuation. The valuation of fair values of real estates are important for our audit due to the significance of these real estates on the consolidated financial statements, the use of estimates and assumptions (nature of assets, intended use, location adjustment, etc.) and involvement of our valuation experts in our assessments of these estimates and assumptions involved in valuation.	The audit procedures performed were the examination of the accounting for such valuation, including the evaluations performed by the management, and the implementation of the audit procedures presented below. - Meeting with top management about the intended use of the assets, on whether such assets can be classified as investment property, - Testing the land registry records of relevant assets, - Gaining an understanding of the evaluation and inquiries conducted by the Group management regarding the valuation report prepared by the Valuation Experts assigned by the Group, - Evaluating the capability and licence of the Valuation Experts, as well as their independence, by considering the scope of the work conducted and the provisions of the agreement, - Evaluating, with the support of our valuation experts, the valuation method applied and the estimates and assumptions used on the valuation report prepared by the Group's Valuation Experts, - Testing the compliance and adequacy of the fair value of investment properties with regard to TFRS as disclosed in Notes 2 and 10.

Key Audit Matters	How the key audit matter was addressed in the audit
Provisions and contingent liabilities (Note 14) There are compensation claims regarding the legal cases to which the Group is a party. Important estimations are used regarding the probability on whether economical assets of the Group will be used to meet liabilities when provisions and contingent liabilities concerning the related litigation and compensation claims are assessed. As of 31 December 2022, there are compensation claims related to ongoing litigation against the Group, and we focused on this matter in our audit for the reasons below: - The possibility to have a significant effect on the Group's consolidated financial statement as of 31 December 2022, - Group management used significant estimations in the assessment, - Estimations used in provision and contingent liabilities might be affected by possible future changes in the legal process, - The Group management involves legal consultants in the evaluation of the impact of the legal cases on the consolidated financial statements.	We performed the following audit procedures in relation to provisions and contingent liabilities: - We understood the litigation and compensation claims process regarding legal cases and how they are assessed by the Group management, - Legal letters were obtained from the independent external legal counsel and Group internal legal counsel, - Meetings were held with Group management to evaluate their estimations and the summary case reports prepared by the Group management, - Meetings were held with the Group internal legal counsel about the pending cases. Evaluations of Group management and Group internal legal counsels were also assessed by our legal counsels.

4. Responsibilities of management and those charged with governance for the consolidated financial statements

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

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

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

5. Auditor's responsibilities for the audit of the consolidated financial statements

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

Our aim is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an independent auditor's report that includes our opinion. Reasonable assurance expressed as a result of an independent audit conducted in accordance with SIA 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 SIA, we exercise professional judgment and maintain professional scepticism 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 actions taken to eliminate threats or safeguards applied.

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

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 9 March 2023.

Additional explanation for convenience translation into English

Turkish Financial Reporting Standards differ from International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board with respect to the application of IAS 29 - Financial Reporting in Hyperinflationary Economies by 31 December 2022. Accordingly, the accompanying consolidated financial statements are not intended to present fairly the consolidated financial position and results of operations of the Group in accordance with IFRS.

PwC Bağımsız Denetim ve
Serbest Muhasebeci Mali Müşavirlik A.Ş.

Mehmet Cenk Uslu, SMMM
Partner

Istanbul, 9 March 2023

PARK ELEKTRİK ÜRETİM MADENCİLİK SANAYİ VE TİCARET A.Ş.

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF 31 DECEMBER 2022

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

	Notes	Current period Audited 31 December 2022	Prior period Audited 31 December 2021
ASSETS			
Current assets			
Cash and cash equivalents	4	159,479,948	11,970,420
Financial investments	5	720,699	28,809
Trade receivables	6	31,308,249	13,714,058
Trade receivables due from related parties	*23*	*11,657,418*	*7,039,685*
Trade receivables due from third parties		*19,650,831*	*6,674,373*
Other receivables	8	5,021,377	72,996,119
Other receivables due from related parties	*23*	*3,106,641*	*70,175,468*
Other receivables due from third parties		*1,914,736*	*2,820,651*
Inventories	9	14,062,895	6,497,763
Prepaid expenses	7	532,823	603,382
Current income tax assets		123,528	-
Other current assets	15	114,467	269,136
Total current assets		**211,363,986**	**106,079,687**
Non-current assets			
Other receivables	8	561,402,162	529,400,941
Other receivables due from related parties	*23*	*561,081,402*	*529,185,455*
Other receivables due from third parties		*320,760*	*215,486*
Inventories	9	153,207	-
Investment properties	10	541,794,160	301,791,159
Property, plant and equipment	11	263,542,804	134,442,089
Intangible assets	12	16,394,025	17,300,609
Deferred tax assets	21	-	227,697
Other non-current assets	15	26,155,541	16,133,965
Total non-current assets		**1,409,441,899**	**999,296,460**
Total assets		**1,620,805,885**	**1,105,376,147**

The consolidated financial statements for the period 1 January - 31 December 2022 have been approved and authorized for issue by the Board of Directors on 9 March 2023.

PARK ELEKTRİK ÜRETİM MADENCİLİK SANAYİ VE TİCARET A.Ş.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF 31 DECEMBER 2022

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

	Notes	Current period Audited 31 December 2022	Prior period Audited 31 December 2021
LIABILITIES			
Current liabilities			
Trade payables	6	36,675,042	8,663,285
Trade payables due to related parties	*23*	*703,289*	*304,004*
Trade payables due to third parties		*35,971,753*	*8,359,281*
Payables related to the employee benefits	13	1,388,462	629,196
Other payables	8	6,548,183	2,369,243
Other payables due to related parties	*23*	*2,803*	*3,266*
Other payables due to third parties		*6,545,380*	*2,365,977*
Deferred income	7	2,755,411	2,839,545
Current income tax liability	21	9,756,767	34,251,668
Short-term provisions	14	61,262,736	41,483,951
Short-term provisions for employee benefits		*2,123,995*	*1,268,895*
Other short-term provisions		*59,138,741*	*40,215,056*
Other current liabilities	15	4,796,941	7,874,415
Total current liabilities		**123,183,542**	**98,111,303**
Non-current liabilities			
Other payables	8	4,706,865	3,276,665
Other payables due to third parties		*4,706,865*	*3,276,665*
Long-term provisions	14	41,392,440	13,500,836
Long-term provisions for employee benefits		*7,179,220*	*4,170,944*
Other long-term provisions		34,213,220	9,329,892
Deferred tax liabilities	21	59,454,623	30,218,019
Other non-current liabilities	15	192,172	1,153,027
Total non-current liabilities		**105,746,100**	**48,148,547**
Total liabilities		**228,929,642**	**146,259,850**
EQUITY			
Paid in share capital	16	148,867,243	148,867,243
Adjustments to share capital		16,377,423	16,377,423
Treasury shares (-)		(5,003,561)	(1,596,612)
Effects of business combinations under common control		(322,280,157)	(322,280,157)
Share premium		132,368	6,307,642
Other comprehensive income or expenses that will not be reclassified to profit or loss		107,906,240	90,564,070
- Gains on revaluation of property, plant and equipment		*107,518,680*	*99,545,680*
- Gains on remeasurement of defined benefit plans		*387,560*	*648,183*
- Losses on financial assets measured at fair value through other comprehensive income		-	*(9,629,793)*
Restricted reserves		308,250,838	304,843,889
Prior years' income		711,194,032	460,863,716
Net profit for the period		426,431,817	255,169,083
Total equity		**1,391,876,243**	**959,116,297**
Total Liabilities and Equity		**1,620,805,885**	**1,105,376,147**

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

PARK ELEKTRİK ÜRETİM MADENCİLİK SANAYİ VE TİCARET A.Ş.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE PERIOD OF 1 JANUARY - 31 DECEMBER 2022

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

	Notes	Current period Audited 1 January - 31 December 2022	Prior period Audited 1 January - 31 December 2021
Profit or Loss Section			
Revenue	17	201,061,156	79,251,636
Cost of sales (-)	17	(92,600,832)	(42,773,249)
Gross profit		**108,460,324**	**36,478,387**
General administrative expenses (-)	18	(16,853,514)	(12,350,869)
Marketing expenses (-)		-	(291,510)
Other operating income	18	3,760,160	3,168,268
Other operating expenses (-)	18	(28,777,458)	(16,414,889)
Operating profit		**66,589,512**	**10,589,387**
Gains from investment activities	19	247,155,462	100,324,156
Losses from investment activities (-)	19	(7,715,127)	(2,969)
Operating profit before financial income/(expense)		**306,029,847**	**110,910,574**
Financial income	20	218,890,148	220,444,989
Financial expenses (-)	20	(1,307,164)	(1,924,206)
Profit before tax from continued operations		**523,612,831**	**329,431,357**
Tax expense from continued operations		**(97,181,014)**	**(74,262,274)**
Current income tax expense (-)	21	(70,020,917)	(60,347,257)
Deferred tax (expense)	21	(27,160,097)	(13,915,017)
Net profit from continued operations		**426,431,817**	**255,169,083**
Earnings per share from continued operations	**22**	**0,02871**	**0,01714**
Other Comprehensive Income Section			
Items not to be reclassified to profit or loss		**9,735,078**	**(429,596)**
Gains on remeasurement of defined benefit plans		(260,623)	-
Gains on revaluation of property, plant and equipment		9,995,701	-
(Losses) on financial assets measured at fair value through other comprehensive income		-	(429,596)
Other comprehensive income/(expense)		**9,735,078**	**(429,596)**
Total comprehensive income		**436,166,895**	**254,739,487**

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

PARK ELEKTRİK ÜRETİM MADENCİLİK SANAYİ VE TİCARET A.Ş.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD OF 1 JANUARY - 31 DECEMBER 2022

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

					Other comprehensive income/(expense) not to be reclassified to profit or loss					**Retained earnings**		
	Paid-in Share capital	**Treasury shares**	**Adjustment to share capital**	**Share premium**	**Gains on revaluation of property plant and equipment**	**(Losses) on financial assets measured at fair value through other comprehensive income**	**Gains on remeasurement of defined benefit plans**	**Restricted reserves**	**Business combinations under common control**	**Prior years' income**	**Net profit**	**Total equity**
1 January 2021	**148,867,243**	**(1,573,261)**	**16,377,423**	**6,307,642**	**100,248,746**	**(9,200,197)**	**648,183**	**303,430,035**	**(322,280,157)**	**402,099,048**	**59,475,456**	**704,400,161**
Transfers	-	-	-	-	(703,066)	-	-	1,413,854	-	58,764,668	(59,475,456)	-
Decrease/(Increase) related to treasury share transactions (*)	-	(23,351)	-	-	-	-	-	-	-	-	-	(23,351)
Total comprehensive (expense)/income	-	-	-	-	-	(429,596)	-	-	-	-	255,169,083	254,739,487
31 December 2021	**148,867,243**	**(1,596,612)**	**16,377,423**	**6,307,642**	**99,545,680**	**(9,629,793)**	**648,183**	**304,843,889**	**(322,280,157)**	**460,863,716**	**255,169,083**	**959,116,297**
1 January 2022	**148,867,243**	**(1,596,612)**	**16,377,423**	**6,307,642**	**99,545,680**	**(9,629,793)**	**648,183**	**304,843,889**	**(322,280,157)**	**460,863,716**	**255,169,083**	**959,116,297**
Transfers	-	-	-	(6,175,274)	(2,022,701)	9,629,793	-	-	-	253,737,265	(255,169,083)	-
Decrease/(Increase) related to treasury share transactions (*)	-	(3,406,949)	-	-	-	-	-	3,406,949	-	(3,406,949)	-	(3,406,949)
Total comprehensive (expense)/income	-	-	-	-	9,995,701	-	(260,623)	-	-	-	426,431,817	436,166,895
31 December 2022	**148,867,243**	**(5,003,561)**	**16,377,423**	**132,368**	**107,518,680**	**-**	**387,560**	**308,250,838**	**(322,280,157)**	**711,194,032**	**426,431,817**	**1,391,876,243**

(*) Within the scope of Share Buy-Back Program, considering matching orders as of 31 December 2022, shares with a nominal value of TRY550,000, equivalent to 0.37% of the Company's capital were repurchased. In addition, shares with a nominal value of TRY750,000 were repurchased in line with capital market regulations, not within the scope of Share Buy-Back Program but through withdrawal right granted to shareholders in 2017.

PARK ELEKTRİK ÜRETİM MADENCİLİK SANAYİ VE TİCARET A.Ş.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD OF 1 JANUARY - 31 DECEMBER 2022

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

STATEMENT OF CASH FLOWS	Notes	Current Period Audited 31 December 2022	Prior Period Audited 31 December 2021
A. Cash flows from operating activities		**26,762,268**	**14,379,473**
Net profit for the period		**426,431,817**	**255,169,083**
Adjustments to reconcile net profit/(loss) for the period		**(277,870,334)**	**(203,478,122)**
Adjustments related to (gains)/losses arised from sale of tangible and intangible assets		(949,026)	2,920
Adjustments related to amortization and depreciation expenses	11, 12	53,997,097	28,119,064
Adjustments related to fair value (increases) on investment properties	10	(240,003,001)	(97,089,514)
Adjustments related to provisions related with employee benefits	14	4,089,178	1,305,908
Adjustments related to lawsuits and/or penalty provisions	14	24,579,740	13,251,971
Adjustments related to tax expense	21	97,181,014	74,262,274
Adjustments related to interest (income)		(61,378,324)	(26,692,652)
Adjustments related to unrealized currency translation differences		(157,393,756)	(192,192,714)
Adjustments related to other items causing cash flows from investing and financing activities		2,006,744	(2,945,379)
Other adjustments to reconcile profit or loss	-		(1,500,000)
Changes in working capital		**(21,077,833)**	**(9,975,766)**
Adjustments related to (increase) in inventories	9	(7,718,339)	(4,039,927)
Adjustments related to (increase) in trade receivables		(16,455,858)	(5,211,775)
Adjustments related to decrease in other receivables from operations		800,641	395,708
Adjustments related to increase in trade payables		11,514,957	3,166,266
Adjustments related to increase in other payables from operations		3,942,382	12,969
Adjustments related to increase in payables related to the employee benefits	13	759,266	157,233
Adjustments related to (increase)/decrease in prepaid expenses	7	70,559	(270,743)
Adjustments related to (increase) in other assets from operations	15	(9,866,907)	(5,011,321)
Adjustments related to increase/(decrease) in other liabilities from operations		(4,040,400)	816,665
Adjustments related to increase/(decrease) in deferred income	7	(84,134)	9,159
Cash generated from operations		**127,483,650**	**41,715,195**
Payments made related to provisions for employee benefits	14	(549,509)	(437,319)
Payments made related to other provisions	14	(5,656,055)	(7,512,213)
Income taxes paid		(94,515,818)	(19,437,919)
Other cash inflows		-	51,729
B. Cash flows from investing activities		**124,564,928**	**(52,249,700)**
Cash outflows from the acquisition of shares or borrowing instruments of other enterprises or funds		(635,649)	-
Cash inflows from the acquisition of shares or borrowing instruments of other enterprises or funds		-	50,778
Cash outflows related to acquisition of property, plant and equipment and intangible assets		(131,787,450)	(57,720,040)
Cash inflows from sale of property, plant and equipment and intangible assets		4,634,032	500,000
Cash inflows of repayments from advances and receivables due from related parties		253,826,101	1,609,781
Other cash inflows/(outflows)		(1,472,106)	3,309,781
C. Cash flows from financing activities		**(3,998,017)**	**(348,286)**
Cash outflows from repurchase of treasury shares		(3,406,949)	(23,351)
Interest paid	20	(189)	(1,502)
Interest received		-	40,968
Other cash outflows		(590,879)	(364,401)
Increase/(decrease) in cash and cash equivalents before foreign currency translations differences, net (A+B+C)		**147,329,179**	**(38,218,513)**
Foreign currency translation differences on cash and cash equivalents (D)		**180,350**	**1,965,714**
Net increase/(decrease) in cash and cash equivalents (A+B+C+D)		**147,509,529**	**(36,252,799)**
Cash and cash equivalents at the beginning of the year	**4**	**11,970,420**	**48,223,219**
Cash and cash equivalents at the end of the year	**4**	**159,479,949**	**11,970,420**

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

NOTE 1 - ORGANIZATION AND OPERATIONS OF THE COMPANY

Park Elektrik Üretim Madencilik Sanayi ve Ticaret A.Ş. ("Park Elektrik" or the "Company") was established in 1994 and the field of activity of the Company is to search, extract, process and operate all kinds of minerals, ore and their derivatives, to produce all kinds of industrial materials by using those and for this purpose, searching mine sites, acquiring operating licenses and operating privileges, operating or having them operated, processing, purifying, refining all kinds of minerals or materials produced from minerals either produced by itself or acquired, establishing cogeneration power plants to meet the need for electricity, energy and steam, operate them, to sell surplus of the energy produced, to produce all kinds of fiber from glass mines and mineral derivatives and to produce all kinds of products from these fibers, establishing power plants for the electric energy production and distribution, operate them or having them operated or sell those facilities and also establishing any kind of facilities for electric energy production, engages in the acquisition, leasing or renting of those facilities and sale of electric energy produced to companies with wholesale and retail licenses as well as regular customers through bilateral agreements.

On 17 November 2016, a landslide happened in the Madenköy copper mine field of the Company located in Siirt, Şirvan and in the following period, assets related to the concentrated copper production were sold on 17 March 2017. With this transaction, copper production operations of the Company was ceased.

The Company changed its operations following the sale of the copper production business and purchased 100% of the shares of Konya Ilgın Elektrik Üretim Sanayi ve Ticaret A.Ş. ("Konya Ilgın") owned by the main shareholder's of the Company, Park Holding A.Ş. and Turgay Ciner. The purchase was approved at the General Assembly Meeting held on 10 May 2017 of the Company. This was followed by the subsequent transfer of shares.

The subsidiary Konya Ilgın has the operating right with the aim of production of lignite coal in related fields through its mining license and royalty agreement and has a license for a period of 49 years dated 27 February 2013 granted by the Energy Market Regulation Authority ("EMRA") for electricity generation and its sale. It is planned to establish a thermal power plant in the Ilgın District of Konya with fluid bed boiler technology that will have an installed capacity of 500 MW. In the field subject to royalty agreement, of which Konya Ilgın is a party, stripping works initiated in 2019 for lignite coal production from the open pit as a preparation for the period that power plant will be operational and coal production started in the last quarter of 2019. The priority of the pre-mining planning that covers the June 2019-December 2026 period is to get prepared for the main mining plan with high coal production capacity which is to be carried out when the power plant is operational and the coal produced within the scope of the main mining plan will be used to provide fuel for the thermal power plant. The Company will be named as the "Group", collectively together with its subsidiary Konya Ilgın.

Konya Ilgın's electricity generation license dated 27 February 2013 with a term of 49 years has been cancelled by EMRA's Board Decision dated 27.10.2022 and numbered 11321-10 as a result of the application made for the amendment of the license to extend the completion period of the facility and in accordance with Article 11 of the Administrative Procedure Law No. 2577 an objection has been filed to EMRA against the said decision. Konya Ilgın's requests within the scope of the related appeal were rejected by EMRA's Board Decision dated 22.12.2022 and numbered 11471-3 and notified to Konya Ilgın. On January 3, 2023, Konya Ilgın filed a lawsuit for the suspension of execution and cancellation of the related decision of EMRA before Ankara 21st Administrative Court with the file number 2023/11 and the lawsuit process is ongoing (Note 2.5).

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

NOTE 1 - ORGANIZATION AND OPERATIONS OF THE COMPANY (Continued)

The Company has also signed a royalty contract for the purpose of operating bauxite mining site in Islahiye district of Gaziantep, which it has an operating license, and started to earn royalty income as of the third quarter of 2019. Related income is calculated based on the production amount and reported in the consolidated financial statements.

The Company's headquarter is located at Sultantepe Mahallesi, Paşalimanı Caddesi, No: 41, Üsküdar/İstanbul.

As of 31 December 2022, the Company has 50 employees (31 December 2021: 51).

Shares of the Company is listed on Borsa Istanbul since 1997.

The Company's shareholder structure is presented as below:

	31 December 2022		31 December 2021	
Shareholders	**Shareholding Ratio**	**Amount**	**Shareholding Ratio**	**Amount**
Park Holding A.Ş.	61.24	91,170,622	61.24	91,168,622
Turgay Ciner	6.76	10,065,983	6.76	10,065,983
Other (*)	32.00	47,630,638	32.00	47,632,638
Total	**100**	**148,867,243**	**100**	**148,867,243**

(*) Considering matching orders as of December 31, 2022, includes treasury shares with a total nominal value of TRY1,300,000.

The Company's main shareholder Park Holding A.Ş. is ultimately controlled by Turgay Ciner.

The Company included in consolidation:

Subsidiaries:

The Group has included the following subsidiary in the accompanying consolidated financial statements in accordance with the principles of consolidation.

Company title	**Current Operations**	**Country**
Konya Ilgın	Coal production and sale	Turkey

Approval of Financial Statements

These consolidated financial statements were approved by the Board of Directors on 9 March 2023 and authorized for issue. The Company's General Assembly has the authority to alter consolidated financial statements.

NOTE 2 - BASIS OF THE FINANCIAL STATEMENTS

2.1 Basis of Presentation

Statement of Compliance

The consolidated accompanying financial statements and disclosures have been prepared in accordance with the requirements of the Capital Markets Board ("CMB") communiqué numbered II-14,1 "Communique on the Principles of Financial Reporting In Capital Markets" (the Communique) which was published in Official Gazette numbered 28676 on 13 June 2013. In accordance with article 5th of the Communique, the accompanying financial statements are prepared based on Turkish Financial Reporting Standards ("TFRS") and their interpretations that have been put into effect by the Public Oversight Accounting and Auditing Standards Authority of Turkey ("POA"). The consolidated financial statements are also presented in accordance with formats and mandatory information recommended by CMB and TFRS taxonomy which was made available by Merkezi Kayıt Kuruluşu A.Ş. which is central Securities Depository of Turkish capital markets.

The Group maintain their books of account in accordance with rules and principles defined by Turkish Commercial Code ("TCC") and tax legislation.

The consolidated financial statements are prepared in Turkish Lira ("TRY") based on the historical cost except for (if any) land, building, machinery and equipment, investment properties and financial assets and liabilities which are presented in fair values.

Functional Currency

Consolidated financial statements of the Group are presented in TRY which is the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the financial statements, the results and financial position are expressed in TRY, which is the functional and presentation currency of the Group.

Restatement of Financial Statements in Hyperinflationary Periods

With the decision taken on 17 March 2005, the CMB announced that, effective from 1 January 2005, for companies operating in Turkey and preparing their financial statements in accordance with Turkish Financial Reporting Standards, the application of inflation accounting is no longer required. Accordingly, TAS 29, "Financial Reporting in Hyperinflationary Economies" has not been applied in the financial statements for the accounting periods starting 1 January 2005.

On January 20, 2022, POA made a statement to clarify the doubts about whether entities applying TFRS will apply TAS 29 Financial Reporting in Hyperinflationary Economies for the 2021 financial reporting period. Accordingly, it has been stated that entities applying TFRS do not need to make any adjustments within the scope of TAS 29 Financial Reporting in Hyperinflationary Economies ("TAS 29"), and no new statement has been made by POA on the application of TAS 29. As of the date of these consolidated financial statements, no inflation adjustment has been made in accordance with TAS 29 in the preparation of the consolidated financial statements as of December 31, 2022.

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

NOTE 2 - BASIS OF THE FINANCIAL STATEMENTS (Continued)

2.1 Basis of Presentation (Continued)

Comparative Information and Correction to Previous Year Financial Statements

The consolidated financial statements of the Group are prepared comparatively with the previous period in order to enable the determination of the financial position and performance trends. The Group has prepared the consolidated statement of financial position as of 31 December 2022 comparatively with the statement of financial position as of 31 December 2021 and the Group has compiled the comprehensive income statement, the cash flow statement and the statement of changes in equity for the period ended 31 December 2022 comparatively with the financial statements for the period ended 31 December 2021.

In order to maintain consistency with the presentation of the current period financial statements, comparative information is reclassified and significant differences are explained if necessary.

Going concern

The consolidated financial statements have been prepared on the basis of the going concern assumption that the Group will benefit from its assets and fulfill its obligations within the next year during the natural course of its activities.

Basis for consolidation

Subsidiaries

Subsidiaries are companies in which the Group has control, including structured entities. Control of the Group is ensured by the exposure to variable returns in these companies, the right to be entitled to these assets and the ability to influence them. Subsidiaries are consolidated by using the full consolidation method from the date of transition. They are excluded from the scope of consolidation as of the date on which the control is lost.

The assets, liabilities, equity items, income and expense accounts of the subsidiaries and cash flow movements are included in the consolidated financial statements by full consolidation method. The carrying values of the shares of Park Elektrik and subsidiaries are eliminated against the related equity.

Subsidiaries	**Current Operations**	**Ownership ratio (%)**
Konya Ilgın	Coal production and sale	100.00

NOTE 2 - BASIS OF THE FINANCIAL STATEMENTS (Continued)

2.2 New and Revised Turkish Accounting Standards

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

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

- **A number of narrow-scope amendments to TFRS 3, TAS 16, TAS 37 and some annual improvements on TFRS 1, TFRS 9, TAS 41 and TFRS 16;** effective from annual periods beginning on or after 1 January 2022.

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

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

  - **Amendments to TAS 37,** 'Provisions, contingent liabilities and contingent assets' specify which costs a company includes when assessing whether a contract will be loss-making.

  Annual improvements make minor amendments to TFRS 1, 'First-time Adoption of TFRS', TFRS 9, 'Financial Instruments', TAS 41, 'Agriculture' and the Illustrative Examples accompanying TFRS 16, 'Leases'.

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

- **Narrow scope amendments to TAS 1, Practice statement 2 and TAS 8;** effective from annual periods beginning on or after 1 January 2023. The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies. The Group is evaluating the effects on the financial position and performance of the Group.

NOTE 2 - BASIS OF THE FINANCIAL STATEMENTS (Continued)

2.2 New and Revised Turkish Accounting Standards (Continued)

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

- **Amendment to TFRS 16 – Leases on sale and leaseback;** effective from annual periods beginning on or after 1 January 2024. These amendments include requirements for sale and leaseback transactions in TFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted.

- **Amendment to TAS 1 – Non current liabilities with covenants;** effective from annual periods beginning on or after 1 January 2024. These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The Group is evaluating the effects on the financial position and performance of the Group.

- **TFRS 17, 'Insurance Contracts', as amended in December 2021;** effective from annual periods beginning on or after 1 January 2023. This standard replaces TFRS 4, which currently permits a wide variety of practices in accounting for insurance contracts. TFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts and investment contracts with discretionary participation features. The Group is evaluating the effects on the financial position and performance of the Group.

Group does not expect a significant effect on the financial statements due to abovementioned standards.

2.3 Changes in Accounting Policies and Estimates and Errors

In case changes and errors in accounting policies and estimates exist, significant changes in accounting estimates and major accounting errors detected are applied retrospectively and prior period financial statements are restated. The effect of change in accounting estimate shall be recognized prospectively, if the change affects that period only; or period of the change and future periods, if the change affects both. The accounting policies used in the preparation of the consolidated financial statements for the year ended 31 December 2022 are consistent with the accounting policies used in the preparation of the consolidated financial statements for the year ended 31 December 2021.

2.4 Summary of Significant Accounting Policies

Related Parties

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

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

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

NOTE 2 - BASIS OF THE FINANCIAL STATEMENS (Continued)

2.4 Summary of Significant Accounting Policies (Continued)

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

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

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

Revenue

The Group adopted TFRS 15 "Revenue From Contracts with Customers" which proposes a five step model framework mentioned below for recognizing the revenue.

- Identify the contact with customers
- Identify seperate performance obligations in the contract
- Determine the transaction price in contract
- Allocate the transaction price to the performance obligations in the contract
- Recognise revenue

The Group assess the goods or services promised in a contract with a customer and identify as a performance obligation each promise to transfer to the customer.

For each performance obligation identified, the entity determines at contract inception whether it satisfies the performance obligation over time or satisfies the performance obligation at a point in time. If the Group transfers control of a good or service over time and therefore satisfies a performance obligation and recognises revenue over time.

The Group recognise revenue when the entity satisfies a performance obligation by transferring a promised good or service to the customer. An asset is transferred when the customer obtains control of that asset or service.

The Group considers the following in the assessment of transfer of control of goods sold and services,

a) The entity has a right to payment for the goods or service,
b) The customer has legal title to the goods or service,
c) The entity has transferred physical possession of the asset,
d) The customer has the significant risks and rewards related to the ownership of the goods or services,
e) The customer has accepted the goods or services.

NOTE 2 - BASIS OF THE FINANCIAL STATEMENS (Continued)

2.4 Summary of Significant Accounting Policies (Continued)

The Company does not adjust the promised amount of consideration for the effects of a significant financing component since the Company expects, at contract inception, that the period between when the entity transfers a promised good or service to a customer and when the customer pays for that good or service will be one year or less. If the financing component is significant in revenue, future collections are discounted by the interest rate in financing component. The difference is recognised as income from operating activities in current period.

The Group's revenue is mainly obtained from royalty income and coal sales, and the control of coal is transferred to the clients at the mine site and the transport of the coal is the client's responsibility as per the relevant coal sales agreements. The royalty income is accrued on the basis of production during the relevant period and recorded as revenue.

Dividend and interest income

Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Dividend revenue from investments is recognized when shareholders have the right to receive such payment.

Inventories

Inventories are stated at the lower of cost and net realizable value. Costs, including an appropriate portion of fixed and variable overhead expenses, are assigned to inventories held by the method most appropriate to the particular class of inventory, with the majority being valued on a weighted average out basis. Net realizable value represents the estimated selling price less all estimated costs of completion and costs necessary to make a sale. When the net realizable value of inventory is less than cost, inventory is written down to net realizable value and expense is included in statement of income/(loss) in the period in which the write-down or loss occurred. When circumstances that previously caused inventories discounted to net realizable value no longer exist or when there is clear evidence of an increase in net realizable value because of the changes in economic circumstances, the amount of the write-down is reversed. The reversal amount is limited to the amount of the initial write-down.

Property, Plant and Equipment

The machinery and equipment kept in use in the production or delivery of goods or services are re-valued, vehicles, furniture and fixtures and construction in progress are expressed in cost values. The revalued amount is determined by deducting the accumulated depreciation and the accumulated impairment in the periods after the fair value determined at the revaluation date. Revaluations are carried out at regular intervals in a way that does not significantly differ from the carrying value of the fair value to be determined on the date of the statement of financial position.

NOTE 2 - BASIS OF THE FINANCIAL STATEMENS (Continued)

2.4 Summary of Significant Accounting Policies (Continued)

Any revaluation increase arising on the revaluation of such machinery and equipment is recognized in revaluation fund under equity. If there is a revaluation decrease for the same asset previously recognized in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously expensed. A decrease in the carrying amount arising on the revaluation of such machinery and equipment is recognized in profit or loss to the extent that it exceeds the balance, if any, held in the properties revaluation reserve relating to a previous revaluation of that asset.

Depreciation is recognized so as to write off the cost or valuation of assets, other than freehold land and properties under construction, less their residual values over their useful lives, using the straight-line and declining depreciation method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

Estimated useful lives of property, plant and equipment are as follows:

	Useful life
Machinery and equipment	5 - 25 year
Vehicles	5 - 7 year
Furniture and fixtures	4 - 15 year
Other property, plant and equipment	10 - 15 year

Mining Assets

Mine research and assessment expenses

Costs associated with mine preparation expenses (geophysical, topographical, geological etc.) are recognized as an expense as incurred, except where they are expected to contribute to sustainable capital growth in the future. In such cases, those expenses are capitalized and depreciated over the useful life of the mine (total reserve amount) when the mine reaches its trading production capacity. Research and preparation costs written off as expense prior to the development and construction period of a mine cannot be capitalized even though a mine reserve with trading nature is explored following the related period. Estimated useful life, residual value and amortization method are reviewed at the end of each annual reporting period, with the effect of any changes in the estimates being accounted for on a prospective basis.

Mine preparation and development expenses

After the technical feasibility and commercial applicability of extracting ore from a mine resource is provable, the expenses are capitalised as mine preparation and development expenses. During the development of the mine, the stripping costs incurred both before and after production (removal of the covering layer, etc.) are part of the cost of the mine.

NOTE 2 - BASIS OF THE FINANCIAL STATEMENS (Continued)

2.4 Summary of Significant Accounting Policies (Continued)

The material removed during the stripping phase of mining consists of a mixture of coal and waste. Some of the stripping costs that occur when the ore waste rate is low and provides benefits such as facilitating access to the ore, which can be used in coal production, and to ease accessing more coal in the future. The Group accounts for the stripping assets under the intangible assets when it is likely to achieve future economic benefits related to the stripping process and when it is applicable to recognize the part of the coal that is easy to access and to reliably measure the relevant stripping costs. In this framework, should the actual stripping rate be higher than the estimated average stripping rate calculated considering the current mining period plan of the Group, a portion of the stripping costs incurred within the year is capitalised in the framework of the above-mentioned rates. The changes in the planned average stripping rate are recognised prospectively.

The mitigation, rehabilitation and closing costs of the mining fields, which are based on the current condition of the mining fields, and arise from open quarry mining field development activities and production carried out in the open quarry, reflect the provision for potential expenses during the closing and rehabilitation of the mines in the financial statements based on the reduced cost values as of the balance sheet date. The above-mentioned provisions are reduced using a discount rate that does not include the risk before tax related to the estimation of future cash flow, considering the risk related to the interest rate and the liability in the markets related to the value at the balance sheet date, and the calculations are reviewed in each balance sheet period. The changes caused by the changing method estimations used in the calculation of the mitigation, rehabilitation and closing of the mining fields are reflected in the mining field mitigation, rehabilitation and closing costs.

Mine preparation and development costs consist of the costs incurred for the development of the mine, especially the stripping, the rehabilitation cost of the mine site, the expropriation costs of the mine lands and dewatering costs of the mine site and are amortized proportionally to the production amount during the mine production.

Intangible Assets

Intangible assets acquired

Intangible fixed assets acquired separately are carried at cost, less accumulated amortization and any accumulated impairment losses. Amortization is charged on a straight-line basis over their estimated useful lives. Estimated useful life and amortization method are reviewed at the end of each annual reporting period, with the effect of any changes in the estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired seperately are carried at cost less accumulated impairment losses.

	Useful life
Rights	3 - 30 year

Computer software

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized over their estimated useful lives.

NOTE 2 - BASIS OF THE FINANCIAL STATEMENS (Continued)

2.4 Summary of Significant Accounting Policies (Continued)

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are identified and recognized separately from goodwill where they meet the definition of an intangible fixed asset and their fair value can be measured reliably. Cost of such intangible assets is the fair value at the acquisition date.

Subsequent to initial recognition, intangible assets acquired in a business combination are carried at cost, less accumulated amortization and any accumulated impairment losses, on the same basis as intangible assets acquired separately.

Impairment of Tangible and Intangible Assets Other Than Goodwill

At the each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired. Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

NOTE 2 - BASIS OF THE FINANCIAL STATEMENS (Continued)

2.4 Summary of Significant Accounting Policies (Continued)

Financial Instruments

Financial Assets

Classification and measurement

Financial assets are classified by Group into the following specified categories; financial assets recognized at amortized costs, financial assets which change in fair value is reflected to other comprehensive income statement and financial assets which change in fair value is reflected to profit or loss. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. The Group classifies the financial assets on purchase date.

Financial assets recognized at amortized costs

"Financial assets measured at amortized cost" are financial assets held for trading under a business model which aims to collect cash flows and includes cash flows of principal and interest generated from the principal balance with respect to specific dates of contractual terms, has no transaction in market and is non-derivative. Financial assets with maturities less than 12 months are classified as current assets and as non-current assets if more than 12 months. Financial assets of the Group that are recognized at amortized cost include "cash and cash equivalents", "trade receivables" and "other receivables". Related assets are initially recognized at fair value in the financial statements and measured at amortized cost using the effective interest rate method in next recognitions. Gains and losses resulting from the valuation of non-derivative financial assets measured at amortized cost are recognized in the consolidated income statement.

Impairment in trade receivables

The Group has chosen simplified approach for the calculation of impairment of trade receivables that do contain a significant financing component and accounted at amortised cost. In accordance with the simplified approach, Group measures the loss allowances regarding its trade receivables at an amount equal to "lifetime expected credit losses" except incurred credit losses in which trade receivables are already impaired for a specific reason date. The Group uses a provision matrix in the calculation of expected credit losses. Since the change in expected credit loss provisions is not material, it is not accounted in consolidated income statement. For each reporting period, the recalculation is made and revaluated. Provision is recalculated and revised each reporting period if necessary.

i) *Financial assets measured at fair value*

The assets are classified as "assets recognized at fair value" once the management adopts the business model of collecting and / or selling contract cash flows. If management does not intend to derecognize the related assets within 12 months from the balance sheet date, assets are classified as non-current assets. is an the Group makes an irrevocable decision during initial recognition of equity based investments by recognizing fair value difference of the investment in other comprehensive income or profit or loss.

NOTE 2 - BASIS OF THE FINANCIAL STATEMENS (Continued)

2.4 Summary of Significant Accounting Policies (Continued)

ii) *Financial assets measured at fair value through other comprehensive income*

Financial assets recognized as other comprehensive income at fair value are presented as "financial investments" in the financial statements. The fair value difference of the assets recognized as other comprehensive income can be classified as retained earnings in case they are sold.

Recognition and derecognition of financial assets

All purchases and sales of financial assets are recognized on the trade date i.e. the date that the Group commits to purchase or to sell the asset. These purchases or sales are purchases or sales generally require delivery of assets within the time frame generally established by regulation or convention in the market place.

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognized where:

- The rights to receive cash flows from the asset have expired
- The Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; or
- The Group has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the assets.

Where the Group has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Group's continuing involvement in the consolidated financial statements.

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expired.

Financial Liabilities

When a financial liability is recognized initially, the Group measures it at its fair value plus, in the case of a financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial liability. After initial recognition, the Group measures all financial liabilities at amortised cost using the effective interest method.

NOTE 2 - BASIS OF THE FINANCIAL STATEMENS (Continued)

2.4 Summary of Significant Accounting Policies (Continued)

Business Combinations and Goodwill

Business combinations that are not under common control are accounted for using the acquisition method. The cost of a business combination is allocated by recognising the acquiree's identifiable assets, liabilities and contingent liabilities at the date of acquisition. Any excess of the acquirer's interest over the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination cost is accounted for as goodwill. In business combinations, the acquirer recognizes identifiable assets, intangible assets (such as trademarks) and/or contingent liabilities which are not included in the acquiree's financial statements and which can be separated from goodwill, at their fair values in the consolidated financial statements. Goodwill recognised in business combinations is tested for impairment annually or more often under when circumstances indicating impairment risk.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognized immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognized amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another TFRS.

The Group purchased 100% shares of Konya Ilgın from Park Holding A.Ş. and Turgay Ciner with the approval of purchase decision in General Assembly meeting dated 10 May 2017. This transaction was concluded to be as business combinations under common control. Within the scope of "Accounting of the business combinations under common control" promulgated in the Official Gazette dated 21 July 2013 the by the POA, it was stated that goodwill will not be included in consolidated financial statements prepared, that consolidated financial statements shall be adjusted as if the business combination took place at the beginning of the reporting period when the common control emerged and the financial statements shall be presented in comparison as of the beginning of that reporting period, and that "Impacts of the Business and entity combinations Under common Control" account will be used as a balancing account under shareholders equity to eliminate potential assets/ liabilities mismatch to arise as a result of business combinations under common control.

It would be appropriate to consider the accounting of business combinations under common control to consolidated financial statements considering the carrying values of assets and liabilities of the acquired entity from the consolidated financial statements of the highest entity that has common control for which consolidated financial statements are prepared. Therefore, on the date when and after the Company takes control of the companies under common control, the consolidated financial statements should be restated retrospectively to reflect the financial statement line items recognised at the time of Konya Ilgın's acquisition by Park Holding A.Ş., which controls the Group.

NOTE 2 - BASIS OF THE FINANCIAL STATEMENS (Continued)

2.4 Summary of Significant Accounting Policies (Continued)

Effects of Change in Foreign Currency Rates

Foreign Currency Transactions and Balances

In preparing the financial statements, transactions in currencies other than TRY (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Earnings Per Share

Earnings per share disclosed in the accompanying statement of income are determined by dividing net income by the weighted average number of shares circulating during the related period.

In Turkey, companies can increase their share capital by making a pro-rata distribution of shares ("bonus shares") to existing shareholders. In computing earnings per share, such bonus share distributions are treated as issued shares. Accordingly, the retrospective effect for such share distributions is taken into consideration in determining the weighted-average number of shares outstanding used in this computation.

Events After the Balance Sheet Date

Events after the balance sheet date comprise any events between the balance sheet date and the date of authorization of the financial statements for issue, even if any events after the balance sheet date occurred subsequent to the announcement of the Group's profit or the publicly disclosed financial information.

The Group adjusts the amounts recognized in its financial statements if adjusting events occur after the balance sheet date.

Provisions, Contingent Assets and Liabilities

Provisions are recognized when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date considering the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

NOTE 2 - BASIS OF THE FINANCIAL STATEMENS (Continued)

2.4 Summary of Significant Accounting Policies (Continued)

Environmental Liabilities

The Group is subject to extensive environmental controls and regulations in Turkey. The activities of the Group may result in negative impact for the land structure and surrounding plant and other living tissue as result of the various pollutant materials and substances spreaded around as waste.

The Group management is convinced to be fully compliant with all laws and regulations related to the current environment in Turkey. However, environmental laws and regulations are changing over time and making continuous improvement. In this context, the Group cannot predict the time or extent of changes that may occur in the environmental legal framework. Such changes may require the Group to modernize its technology to comply with environmental standards that will become more stringent if they occur.

Group; within the scope of various mining license contracts, following the end of mining activities, should reinstate the environment by removing the facilities and other assets that it has used in mining. The Group management considers that its environmental obligations include the following:

- Rehabilitation of the land structure and other types of continuous rehabilitation,
- Taking out the assets used during mining activities, and ensure the safety of the surrounding population and the environment, buildings and other facilities.

The extent of environmental obligations and the costs expected to be incurred in the future are difficult to predict in terms of their structure, and are dependent on the scale of the activities undertaken and the timing and development of legal regulations. As of 31 December 2022, the necessary provisions on environmental liabilities have been capitalised in mine preparation development expenses and will be amortized proportionally with the production amount during the mine production.

Operating Segments

The information used by the Group Management to decide on performance evaluation and resource allocation is related to the "Mining" segment in Turkey, which operates in a single business.

Investment Properties

Investment properties are properties held to earn rentals and/or for capital appreciation, including property under construction for such purposes. Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value. Gains or losses arising from changes in the fair values of investment properties are included in the profit or loss in the year in which they arise.

An investment property is derecognized upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognized.

NOTE 2 - BASIS OF THE FINANCIAL STATEMENS (Continued)

2.4 Summary of Significant Accounting Policies (Continued)

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under Property, Plant and Equipment up to the date of change in use.

Taxes Calculated on Corporate Income

Income tax expenses represent the sum of current and deferred tax expenses.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the statement of profit or loss of items of income or expense that are taxable or deductible in other years and it excludes items that are never taxable or deductible. The Group's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases which are used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

NOTE 2 - BASIS OF THE FINANCIAL STATEMENS (Continued)

2.4 Summary of Significant Accounting Policies (Continued)

Corporate and deferred tax

Corporate and deferred tax are recognized as in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity.

Employee Benefits

Retirement Pay Provisions

Under the Turkish law and union agreements, severance payments are made to employees retiring or involuntarily leaving the Group. Such payments are considered as part of defined retirement benefit plans as per Turkey Accounting Standard 19 (Revised) "Employee Benefits" ("TAS 19").

The retirement benefit obligation recognized in the balance sheet represents the present value of the defined benefit obligation as adjusted for unrecognized actuarial gains and losses and reflected in the financial statements. All actuarial gains and losses calculated are presented in the statement of comprehensive income.

Statement of Cash Flows

In statement of cash flows, cash flows are classified as operating, investing and financing activities.

Share Capital and Dividends

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

2.5 Significant Accounting Estimates and Assumptions

The Group has estimates and assumptions for the future. The estimates and assumptions that could cause significant adjustments in the carrying value of assets and liabilities in the upcoming financial reporting period are as follows:

Provisions for legal cases

As detailed and disclosed in Note 14, the Group is involved in a number of legal proceedings (both as a plaintiff and as a defendant) during the year arising in the ordinary course of business. All of these litigations are evaluated by the Group Management in accordance with TAS 37 "Provisions, Contingent Liabilities and Contingent Assets" and disclosed or accounted in the consolidated financial statements.

Future results or outcome of these litigations might differ from Group Management's expectations. As at the reporting date, the Group Management believes that appropriate recognition criteria and measurement basis are applied to provisions, contingent liabilities and contingent assets and that sufficient information is disclosed in the notes to enable users to understand their nature, timing and amount by considering current conditions and circumstances.

NOTE 2 - BASIS OF THE FINANCIAL STATEMENS (Continued)

2.5 Significant Accounting Estimates and Assumptions (Continued)

Environmental obligations

Estimated environmental obligations, comprising rehabilitation and mine closures are based on the Group's environmental management plans in compliance with current technological, environmental and local regulatory requirements. Estimated environmental obligations are also affected by the discount rates applied and amendments in the environmental management plans due to the changes in estimations of proven and probable reserves deviations from projected production plan, use of pattern and physical conditions. Key assumptions are reviewed regularly. Factors that will affect this liability include future development, changes in technology, price increases and changes in interest rates

As of 31 December 2022, the provision for cost of mine rehabilitation for mine site in Konya Ilgın, was prepared by the management based on the estimates. The present value of the balance is determined by considering the long term inflation and bond rates accordingly. Related discount rate is used to discount the liabilities from 2056 which is the expected date of realization.

Useful lives for property, plant and equipment and intangible assets

The Group evaluates the useful lives of its tangible and intangible fixed assets as of the end of each period. The Group, concerning the purposes of use of its tangible and intangible fixed assets, related technological developments and management; takes into account the useful life and all other factors that reduce or extend the depreciation of fixed assets.

In the Group's current mining planning, an average stripping rate for the amortisation of the mining assets at the planning date is calculated considering the stripping rate expected during planning and the amount of coal expected to be accessed in return for this stripping rate. Changes in the planned estimated stripping rate are reviewed each reporting period and are recognised prospectively.

Impairment of property, plant and equipment and intangible assets

Due to the cancellation of Konya Ilgın's electricity generation license by EMRA, the Group has assessed whether there is any impairment on its tangible and intangible assets related to the power plant investment and coal mining activities carried out within Konya Ilgın. The lignite production activity carried out in the field with license number 1247, which is operated under royalty agreement within the scope of the pre-mining planning implemented in 2019 in order to get prepared for the main mining plan with high coal production capacity to be implemented during the period when the power plant will operate, is not tied to any requirement to establish any power plant or similar facility. The field with license number 2444, which is a continuation of the field with license number 1247, where coal production activities are expected to continue in the future, is directly owned by Konya Ilgın and license is valid until March 4, 2043. In this context, it has been evaluated whether there is any indication that the book values of the related tangible and intangible assets may be impaired and whether the book values of the related tangible and intangible assets have exceeded their recoverable amounts and whether there is any indication that the book values of the related tangible and intangible assets may be impaired. Even if the license cancellation decision is subject to judicial review and there is no finalized decision yet, by taking into account the fact that, in case power plant investment cannot be realized, it does not prevent the Group from continuing coal production activity in related mine sites, so it has been concluded that the carrying values of the assets do not exceed their recoverable values and no impairment has been recognized. The relevant assessment will be performed at each reporting date according to the developments in the judicial process, and as of the date of this report, there is no decision that will affect the assessment positively or negatively due to the early stage of the judicial process.

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

NOTE 2 - BASIS OF THE FINANCIAL STATEMENS (Continued)

2.5 Significant Accounting Estimates and Assumptions (Continued)

Income Taxes

Significant judgment is required to determine the Group provision for income taxes. The Group estimates its liabilities for tax obligations as well as the utilization of available loss carry forwards. When the final tax outcome is known, the actual positions may vary from these estimates and adjustments to deferred income tax positions may be required.

Fair value of investment properties and machinery and equipment

The assumptions used in the valuation reports used to determine the fair value of the investment properties and machinery and equipment classified in the consolidated financial statements are as follows:

Investment Properties

In 2022, the Group has undertaken revaluation studies to determine the fair value of investment property.

The methods used to determine the fair value of the properties in consolidated financial statements, classified as investment property by valuation experts are cost and comparative market approach.

Plant, Machinery and Equipment

In 2022, the Group has undertaken revaluation studies to determine the fair value of machinery and equipment.

The methods used to determine the fair value of the machinery and equipment in consolidated financial statements, by valuation experts are cost and comparative market approach.

NOTE 3 - OPERATING SEGMENTS

None (Note 2.3).

NOTE 4 - CASH AND CASH EQUIVALENTS

	31 December 2022	**31 December 2021**
Cash on hand	3,344	330
Cash in banks	159,476,604	11,970,090
Demand deposits	*159,476,604*	*11,970,090*
	159,479,948	**11,970,420**

As of 31 December 2022, there is no restricted cash or cash equivalents (31 December 2021: None).

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

NOTE 5 - FINANCIAL INVESTMENTS

a) Short-term financial investments

	31 December 2022	31 December 2021
Short-term financial investments		
Investment funds	720,699	28,809
	720,699	**28,809**

NOTE 6 - TRADE RECEIVABLES AND PAYABLES

Trade Receivables

	31 December 2022	31 December 2021
Short-term trade receivables		
Trade receivables due from third parties	32,924,412	16,066,348
Trade receivables due from related parties (Note 23)	11,657,418	7,039,685
Allowance for trade receivables (-)	(13,273,581)	(9,391,975)
	31,308,249	**13,714,058**

As of 31 December 2022, days in collection is between 15 - 30 days (31 December 2021: 15 - 30 days).

The maturity analysis of the receivables is provided in Note 24.

The maturity analysis of past due doubtful receivables is as follows:

	31 December 2022	31 December 2021
Within 1 - 5 years	-	-
5 years or more	13,273,581	9,391,975
	13,273,581	**9,391,975**

The estimated amount of doubtful receivables that will arise from trade receivables has been issued on the financial statements. The allowance is determined based on the Group's experience on collection history of trade receivables. While the Group makes estimations on the collectability of trade receivables, it assesses whether there are any changes in the loan quality of the receivables as of balance sheet date. Therefore, the Management believes that allowance for doubtful receivables presented in the consolidated financial statements is adequate.

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

NOTE 6 - TRADE RECEIVABLES AND PAYABLES (Continued)

The movement of allowance for doubtful receivables is as follows:

	1 January - 31 December 2022	1 January - 31 December 2021
Opening balance	(9,391,975)	(5,567,229)
Foreign currency exchange differences	(3,881,606)	(3,824,746)
Closing balance	**(13,273,581)**	**(9,391,975)**

Trade Payables

	31 December 2022	31 December 2021
Short-term trade payables		
Trade payables due to third parties	35,971,753	8,359,281
Trade payables due to related parties (Note 23)	703,289	304,004
	36,675,042	**8,663,285**

As of 31 December 2022, days in payables is 30 - 45 days (31 December 2021: 30 - 45 days).

NOTE 7 - PREPAID EXPENSES, OTHER ASSETS, AND DEFERRED INCOME

	31 December 2022	31 December 2021
Prepaid expenses		
Prepaid expenses	368,260	379,486
Advances given	164,563	223,896
	532,823	**603,382**

	31 December 2022	31 December 2021
Short-term deferred income		
Deferred income (*)	2,755,411	2,839,545
	2,755,411	**2,839,545**

(*) TRY 2,686,861 of the deferred income is related to the mining state right reimbursement amounts collected by the Group but judicial process is not finalized as at balance sheet date.

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

NOTE 8 - OTHER RECEIVABLES AND PAYABLES

Other short-term receivables	**31 December 2022**	**31 December 2021**
Due from related parties (Note 23)	3,106,641	70,175,468
Receivables from state authority	1,339,291	1,764,650
Deposits and guarantees given	575,445	1,056,001
Other receivables	853,876	609,483
Allowance for other receivables (-)	(853,876)	(609,483)
	5,021,377	**72,996,119**

Other long-term receivables	**31 December 2022**	**31 December 2021**
Due from related parties (Note 23)	561,081,402	529,185,455
Deposits and guarantees given	320,760	215,486
	561,402,162	**529,400,941**

Other short-term payables	**31 December 2022**	**31 December 2021**
Deposits and guarantees received (*)	6,544,917	2,364,619
Due to related parties (Note 23)	2,803	3,266
Other payables	463	1,358
	6,548,183	**2,369,243**

Other long-term payables	**31 December 2022**	**31 December 2021**
Deposits and guarantees received (*)	4,706,865	3,276,665
	4,706,865	**3,276,665**

(*) The balances are composed of deposits and guarantees received from customers and suppliers as of 31 December 2022.

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

NOTE 9- INVENTORIES

Short-term inventories	**31 December 2022**	**31 December 2021**
Finished goods (*)	12,750,065	5,684,529
Raw materials	1,168,497	434,900
Other inventories	144,333	378,334
	14,062,895	**6,497,763**

(*) Finished goods consist of coal inventory.

Long-term inventories	**31 December 2022**	**31 December 2021**
Spare parts	153,207	-
	153,207	**-**

NOTE 10 - INVESTMENT PROPERTIES

Fair value	
Opening balance as at 1 January 2022	**301,791,159**
Increase in fair value of investment properties	240,003,001
Costs incurred for investment properties	-
Carrying value as at 31 December 2022	**541,794,160**

Fair value	
Opening balance as at 1 January 2021	**204,548,131**
Increase in fair value of investment properties	97,012,028
Costs incurred for investment properties	231,000
Carrying value as at 31 December 2021	**301,791,159**

As of 31 December 2022, there is no mortgage or pledge on the investments properties (31 December 2021: None).

As of 31 December 2022, fair value of the investment properties are determined by real estate valuation companies, that are accredited by Capital Market Board ("CMB"), in accordance with Capital Market Board's legislations. The approaches used in determining the fair value of investment properties are comparative market approach and cost approach.

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

NOTE 10 - INVESTMENT PROPERTIES (Continued)

Fair value hierarchy in valuation of investment properties as at 31 December 2022 and 2021 is as follows:

		Fair value as of reporting date		
	31 December 2022	**Level 1 TRY**	**Level 2 TRY**	**Level 3 TRY**
Land	**265,454,111**	**-**	**265,454,111**	**-**
- Ceyhan	207,679,951	-	207,679,951	-
- Edirne	57,774,160	-	57,774,160	-
Buildings	**276,340,049**	**-**	**276,340,049**	**-**
- Ceyhan	56,155,049	-	56,155,049	-
- Edirne	24,165,000	-	24,165,000	-
- Şişhane	196,020,000	-	196,020,000	-

There has been no transition between levels in the current year.

		Fair value as of reporting date		
	31 December 2021	**Level 1 TRY**	**Level 2 TRY**	**Level 3 TRY**
Land	**104,711,159**	**-**	**104,711,159**	**-**
- Ceyhan	66,300,000	-	66,300,000	-
- Edirne	38,411,159	-	38,411,159	-
Buildings	**197,080,000**	**-**	**197,080,000**	**-**
- Ceyhan	37,720,000	-	37,720,000	-
- Edirne	17,790,000	-	17,790,000	-
- Şişhane	141,570,000	-	141,570,000	-

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

NOTE 11 - PROPERTY, PLANT AND EQUIPMENT

Cost	Land Improvements	Mining assets	Machinery and equipment	Vehicles	Furniture and fixture	Other tangible assets	Construction in progress	Total
Opening balance, 1 January 2022	**2,490,787**	**164,794,310**	**17,029,501**	**350,009**	**830,149**	**54,775**	**4,109,917**	**189,659,448**
Additions (*)	-	138,930,524	6,983,405	130,000	162,761	-	2,960,902	149,167,592
Cost of mine rehabilitation provision	-	24,360,072	-	-	-	-	-	24,360,072
Revaluation increase	-	-	12,364,455	-	-	-	-	12,364,455
Transfers	1,027,250	-	(147,000)	-	-	597,142	(1,477,392)	
Impairment (-)	-	-	(15,885)	-	-	-	-	(15,885)
Disposals	(339,964)	-	(5,142,158)	(130,000)	(20,000)	-	-	(5,632,122)
Closing balance, 31 December 2022	**3,178,073**	**328,084,906**	**31,072,318**	**350,009**	**972,910**	**651,917**	**5,593,427**	**369,903,560**
Accumulated depreciation								
Opening balance, 1 January 2022	**163,954**	**49,725,053**	**4,576,413**	**171,453**	**565,753**	**14,733**	**-**	**55,217,359**
Charge for the year	111,722	51,900,077	948,970	52,914	37,525	39,305	-	53,090,513
Disposals	(35,885)	-	(1,860,898)	(30,333)	(20,000)	-	-	(1,947,116)
Transfers	11,760	-	(11,760)	-	-	-	-	-
Closing balance, 31 December 2022	**251,551**	**101,625,130**	**3,652,725**	**194,034**	**583,278**	**54,038**	**-**	**106,360,756**
Carrying value as of 1 January 2022	**2,326,833**	**115,069,257**	**12,453,088**	**178,556**	**264,396**	**40,042**	**4,109,917**	**134,442,089**
Carrying value as of 31 December 2022	**2,926,522**	**226,459,776**	**27,419,593**	**155,975**	**389,632**	**597,879**	**5,593,427**	**263,542,804**

(*) The increase in mining assets is mainly due to the ongoing stripping operations in Konya Ilgın lignite field.

As of 31 December 2022, TRY53,004,652 (31 December 2021: TRY27,099,526) of the period depreciation is included in the cost of sales and TRY85,861 (31 December 2021: TRY111,303) in general administrative expenses.

As of 31 December 2022, there is no mortgage or pledge on the Group's property, plant and equipment.

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

NOTE 11 - PROPERTY, PLANT AND EQUIPMENT (Continued)

Cost	**Land Improvements**	**Mining assets**	**Machinery and equipment**	**Vehicles**	**Furniture and fixture**	**Other tangible assets**	**Construction in progress**	**Total**
Opening balance, 1 January 2021	**2,490,787**	**105,562,756**	**16,802,357**	**220,009**	**611,803**	**54,775**	**2,857,205**	**128,599,692**
Additions (*)	-	55,088,105	942,882	130,000	218,346	-	1,592,606	57,971,939
Cost of mine rehabilitation provision	-	4,143,449	-	-	-	-	-	4,143,449
Revaluation increase	-	-	-	-	-	-	-	-
Transfers	-	-	339,894	-	-	-	(339,894)	-
Disposals	-	-	(1,055,632)	-	-	-	-	(1,055,632)
Closing balance, 31 December 2021	**2,490,787**	**164,794,310**	**17,029,501**	**350,009**	**830,149**	**54,775**	**4,109,917**	**189,659,448**
Accumulated depreciation								
Opening balance, 1 January 2021	**65,101**	**23,345,318**	**4,459,558**	**127,205**	**551,798**	**10,262**	**-**	**28,559,242**
Charge for the year	98,853	26,379,735	669,567	44,248	13,955	4,471	-	27,210,829
Disposals	-	-	(552,712)	-	-	-	-	(552,712)
Closing balance, 31 December 2021	**163,954**	**49,725,053**	**4,576,413**	**171,453**	**565,753**	**14,733**	**-**	**55,217,359**
Carrying value as of 1 January 2021	**2,425,686**	**82,217,438**	**12,342,799**	**92,804**	**60,005**	**44,513**	**2,857,205**	**100,040,450**
Carrying value as of 31 December 2021	**2,326,833**	**115,069,257**	**12,453,088**	**178,556**	**264,396**	**40,042**	**4,109,917**	**134,442,089**

(*) The increase in mining assets is mainly due to the ongoing stripping operations in Konya Ilgın lignite field.

As of 31 December 2021, there is no mortgage or pledge on the Group's property, plant and equipment.

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

NOTE 11 - PROPERTY, PLANT AND EQUIPMENT (Continued)

Fair value hierarchy in valuation of machinery and equipment as at 31 December 2022 and 2021 is as follows:

	Fair value level as at reporting date			
	31 December 2022	**Level 1**	**Level 2**	**Level 3**
Machinery and equipment	27,419,593	-	27,419,593	-

	Fair value level as at reporting date			
	31 December 2021	**Level 1**	**Level 2**	**Level 3**
Machinery and equipment	12,453,088	-	12,453,088	-

NOTE 12 - INTANGIBLE ASSETS

	Rights	**Total**
Opening balance as at 1 January 2022	**24,817,417**	**24,817,417**
Additions	-	-
Closing balance as at 31 December 2022	**24,817,417**	**24,817,417**
Accumulated amortization		
Opening balance, 1 January 2022	**7,516,808**	**7,516,808**
Charge for the year	906,584	906,584
Closing balance as at 31 December 2022	**8,423,392**	**8,423,392**
Carrying value as at 1 January 2022	**17,300,609**	**17,300,609**
Carrying value as at 31 December 2022	**16,394,025**	**16,394,025**

As of 31 December 2022, TRY906,584 of the period amortization is included in general administrative expenses. (31 December 2021: TRY908,234 of the period amortization is in general administrative expenses).

	Rights	**Total**
Opening balance as at 1 January 2021	**24,817,417**	**24,817,417**
Additions	-	-
Closing balance as at 31 December 2021	**24,817,417**	**24,817,417**
Accumulated amortization		
Opening balance as at 1 January 2021	**6,608,573**	**6,608,573**
Charge for the year	908,235	908,235
Closing balance as at 31 December 2021	**7,516,808**	**7,516,808**
Carrying value as at 1 January 2021	**18,208,844**	**18,208,844**
Carrying value as at 31 December 2021	**17,300,609**	**17,300,609**

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

NOTE 13 - EMPLOYEE BENEFITS

	31 December 2022	31 December 2021
Due to personnel	669,467	364,802
Social security premiums payables	577,306	93,086
Other sundry payables	141,689	171,308
	1,388,462	**629,196**

NOTE 14 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

a) Short-term provisions

Short-term provisions for employee benefits	31 December 2022	31 December 2021
Unused vacation provisions	2,123,995	1,268,895
	2,123,995	**1,268,895**

The movement of provisions for unused vacation liability during the current period is presented as below:

	2022	2021
Opening balance	**1,268,895**	**957,595**
Charge for the year/(provisions no longer required), net	1,093,151	350,349
Payment during the year	(238,051)	(39,049)
Closing balance	**2,123,995**	**1,268,895**

Other short-term provisions	31 December 2022	31 December 2021
Provisions for litigation (*)	59,138,741	40,215,056
	59,138,741	**40,215,056**

(*) During the period, the Group is involved in a number of legal proceedings (both as a plaintiff and as a defendant) arising in the ordinary course of business. A significant portion of the Group's existing lawsuits are employee lawsuits related to the Madenköy operation in the Şirvan district of Siirt, which was closed in 2017, and the claims include the Company's staff and subcontractors and their legal successors (pecuniary and non-pecuniary indemnities due to death, receivables and reemployment). The Group has recognized a provision amounting to TRY59,138,741 (31 December 2021: TRY40,215,056) as a result of the evaluation of legal opinions related to prosecuted law, business, commercial and administrative lawsuits and current lawsuits which are similar and concluded in the past. The provision amount is updated in every reporting period by considering the risks and uncertainties regarding the liabilities and the developments occur in ongoing cases. In this context, the Group management believes that there is no undisclosed litigation or legal proceeding in the footnotes of consolidated financial statements or that the required provisions are not considered which might have a negative impact on the financial position or operating results of the Group.

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

NOTE 14 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Continued)

The movement of provisions for litigation during the current year is presented as below:

	2022	**2021**
Opening balance	**40,215,056**	**34,475,298**
Charge for the year/(provisions no longer required), net	22,668,168	11,191,812
Payment during the year	(5,656,055)	(7,512,213)
Effect of foreign exchange	1,911,572	2,060,159
Closing balance	**59,138,741**	**40,215,056**

b) Long-term provisions

	31 December 2022	**31 December 2021**
Retirement pay provisions	7,179,220	4,170,944
	7,179,220	4,170,944

Retirement Pay Provisions

Under Turkish Labor Law, the Group is required to pay termination benefits to each employee who has completed 25 years of service and whose employment is terminated without due cause, is called up for military service, dies or achieves the retirement age (58 for women and 60 for men).

The amount payable consists of one month's salary limited to a maximum of TRY15,371.40 for each period of service at 31 December 2022 (31 December 2021: TRY8,284.51).

The liability is not funded, as there is no funding requirement.

Provision is calculated by estimating the present value of the future probable obligation of the Group arising from the retirement of the employees. Revised TFRS 19 "Employee Benefits" requires actuarial valuation methods to be developed to estimate the Group's obligation under the defined benefit plans. Accordingly, the following actuarial assumptions are used in the calculation of the total liability.

The principal assumption is that the maximum liability for each year of service will increase parallel with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. Consequently, in the accompanying financial statements as at 31 December 2022, the provision has been calculated by estimating the present value of the future probable obligation of the Group arising from the retirement of the employees. The provisions at the respective balance sheet dates have been calculated with the assumption 1.55% real discount rate (31 December 2021: 3.45%) calculated by using 12.03% annual inflation rate and 13.77% interest rate. Voluntary leave rates are also taken into consideration as 5.16% for employees 0-15 years and 0% for employees 16 years and over.

Ceiling amount of TRY19,982.83 which is effective as of 1 January 2023 is used in the calculation of Group's provision for retirement pay liability.

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

NOTE 14 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Continued)

The principal assumptions used in the calculation of retirement pay liability are discount rate and anticipated turnover rate.

The movement of the employment termination benefits is as follows:

	2022	2021
Opening balance	**4,170,944**	**3,561,926**
Service cost	2,852,459	814,675
Interest cost	143,568	140,884
Actuarial loss/(gain)	323,707	51,729
Payment during the period (-)	(311,458)	(398,270)
Closing balance	**7,179,220**	**4,170,944**

Other long-term provisions	**31 December 2022**	**31 December 2021**
Provision for cost of mine rehabilitation	34,213,220	9,329,892
	34,213,220	**9,329,892**

The provision for cost of mine rehabilitation was prepared by the Management based on certain estimates. The critical assumptions used in the 2022 forecast are the timing of spendings by 2056. In determining the present value of the balance, a real discount rate of approximately 1.55% has been used, based on the assumptions of a 12.03% inflation rate and a 13.77% interest rate, taking into account long-term bond rates and long-term inflation rates.

	2022	2021
Annual inflation rate	12.03%	11.57%
Annual discount rate	1.55%	3.45%

c) Guarantees received and given

	31 December 2022		31 December 2021	
Guarantees received (TRY)	**FC Balance**	**Equivalent of TRY**	**FC Balance**	**Equivalent of TRY**
Letters of guarantees (USD)	100,000	1,869,830	100,000	1,297,750
Letters of guarantees (TRY)	2,400,000	2,400,000	2,400,000	2,400,000
Guarantee cheques (TRY)	200,000,000	200,000,000	200,000,000	200,000,000
Cash guarantees (TRY)	132,290	132,290	142,290	142,290
Cash guarantees (USD)	250,000	4,674,575	250,000	3,244,375
Total		**209,076,695**		**207,084,415**

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

NOTE 14 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Continued)

The details of the Group's Guarantees/Pledges/Mortgages ("GPMs") position as of 31 December 2022 and 31 December 2021 is presented as follows:

31 December 2022	**TRY**	**TRY equivalent Total**
A. GPMs given on behalf of its own legal entity	111,818,383	111,818,383
Guarantee Letters (*)	*111,063,777*	*111,063,777*
Cash guarantees	*754,606*	*754,606*
Other guarantees	-	-
B. GPMs given on behalf of consolidated subsidiaries (*)	-	-
C. GPMs given on behalf of third parties within ordinary business activities	-	-
D. GPMs given for other purposes	-	-
Total (**)	**111,818,383**	**111,818,383**

(*) Among the letters of guarantee given on behalf of the Group's own legal entity, the Company has become guarantor for the letter of guarantee amounting to TRY75,117,449 given by its subsidiary Konya Ilgın.

(**) All guarantees, pledges and mortgages included in the above table are denominated in TRY.

31 December 2021	**TRY**	**TRY equivalent Total**
A. GPMs given on behalf of its own legal entity	79,341,645	79,341,645
Guarantee Letters	*77,865,006*	*77,865,006*
Cash guarantees	*1,476,639*	*1,476,639*
Other guarantees	-	-
B. GPMs given on behalf of consolidated subsidiaries	-	-
C. GPMs given on behalf of third parties within ordinary business activities	-	-
D. GPMs given for other purposes	-	-
Total (*)	**79,341,645**	**79,341,645**

(*) All guarantees, pledges and mortgages included in the above table are denominated in TRY.

NOTE 15 - OTHER ASSETS AND LIABILITIES

Other current assets	**31 December 2022**	**31 December 2021**
Personnel advances	95,536	218,444
Business advances	18,931	50,692
	114,467	**269,136**

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

NOTE 15 - OTHER ASSETS AND LIABILITIES (Continued)

Other non-current assets	**31 December 2022**	**31 December 2021**
Value added tax deductible	26,155,541	16,133,965
	26,155,541	**16,133,965**

Other short-term liabilities	**31 December 2022**	**31 December 2021**
Taxes and funds payables	3,836,087	5,430,635
Other liabilities	960,854	2,443,780
	4,796,941	**7,874,415**

Other long-term liabilities	**31 December 2022**	**31 December 2021**
Other long-term liabilities	192,172	1,153,027
	192,172	**1,153,027**

NOTE 16 - EQUITY

a) Share Capital

The Company’s share capital structure as of 31 December 2022 and 2021 is presented as follows:

	31 December 2022		**31 December 2021**	
Shareholders	**Shareholding ratio (%)**	**Amount**	**Shareholding ratio (%)**	**Amount**
Park Holding A.Ş.	61.24	91,170,622	61.24	91,168,622
Other	32.00	47,630,038	32.00	47,632,638
Turgay Ciner	6.76	10,065,983	6.76	10,065,983
Total	**100.00**	**148,867,243**	**100.00**	**148,867,243**
Adjustments to share capital		**16,377,423**		**16,377,423**
Total		**165,244,666**		**165,244,666**

Information Regarding to Equity Shares

Group	**Type**	**Nominal Value (TRY)**	**Share Partipation (%)**	**Rights**
A	In the name	18,290,866	12.29%	Right to nominate 6 members of the Board of Directors
B	In the name	130,576,377	87.71%	Right to nominate 3 members of the Board of Directors
		148,867,243	**%100.00**	

The paid in capital amount of the Company is TRY148,867,243 and authorised share capital ceiling is TRY300,000,000.

NOTE 16 - EQUITY (Continued)

b) Treasury Shares

Under the Share Buy-back Program approved on 2 June 2021 in the ordinary general assembly related to 2020, the Company had acquired its shares with a total nominal value of TRY550,000 considering matching orders as of 31 December 2022. As of December 31, 2022, considering the matched orders, the ratio of the treasury shares within the scope of the relevant program to the capital reached 0.37. In 2022, TRY3,406,949 (31 December 2021: TRY23,351) including transaction costs was paid for share repurchases.

In 2017, Company also acquired its shares with a nominal value of TRY750,000 through withdrawal right granted to shareholders under capital market regulations. The relevant shares are exempt in calculation of maximum number of shares that can be purchased, which is set as 10% per capital markets regulation.

c) Restricted Reserves

50% of the profits arising from the sales of the immovables included in the assets of the institutions for at least two full years in accordance with the first paragraph of the 5th article of the Tax Law No. 5520 (e) by themselves (the effective date of the Article 89 of the Law No. 7061 dated 05.12.2017 the 75% portion of the sales made before the date of the sale) is exempt from the corporation tax and the exceptional amount is exempted from the corporation tax and the exempted portion of the sales profit must be held in a special fund account until the end of the fifth year following the sale.

In the ordinary General Assembly meeting of the Company held on 2 June 2021 for the year of 2020, the Company has decided to allocate the restricted reserves appropriated from profit amounting to TRY1,390,503 calculated in accordance with the relevant legislation, over the profit for the year in the consolidated financial statements for the year ending 31 December 2020 and allocate 50% of the profits derived from the sale of assets under equity as a special reserve to benefit from the tax exemption in accordance with the first paragraph (e) of the fifth paragraph of Article 5 of the Corporate Tax Law numbered 5520, which is TRY1,390,503.

As per TCC and CMB regulations, a legal reserve equivalent to acquisition value is allocated for treasury shares. Accordingly, under the restricted reserves appropriated from profit item in the consolidated financial statements as of 31 December 2022, a legal reserve in the amount of TRY5,003,561 (December 31, 2021: TRY1,596,612), including transaction costs was allocated for treasury shares.

d) Increase/(decrease) in revaluation of property, plant and equipment

The revaluation fund is the difference between land, buildings and machinery and equipments reflected in fair value and net book value on a cost basis after the deferred tax effect is deducted.

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

NOT 17 - REVENUE AND COST OF SALES

Revenue	**1 January - 31 December 2022**	**1 January - 31 December 2021**
Revenue from sale of coal (Note 1)	126,374,857	41,495,414
Revenue from royalty contract (Note 1)	72,142,918	36,646,978
Other	3,340,759	1,111,730
Sales returns	(797,378)	(2,486)
	201,061,156	**79,251,636**

Cost of sales	**1 January - 31 December 2022**	**1 January - 31 December 2021**
Amortisation expenses (Note 11)	53,004,652	27,099,526
General production overheads	34,085,673	15,197,512
Personnel expenses	7,708,878	3,656,644
Raw material expenses	4,633,166	702,145
Cost of other sales	234,000	290,891
Change in finished products	(7,065,537)	(4,173,469)
	92,600,832	**42,773,249**

NOTE 18 - GENERAL ADMINISTRATIVE EXPENSES, INCOME/(EXPENSES) FROM OTHER OPERATING ACTIVITIES

General administrative expenses	**1 January - 31 December 2022**	**1 January - 31 December 2021**
Personnel expenses	10,007,867	5,170,409
Management service expenses and cost distributions	1,560,477	1,171,038
Outsourced services	1,318,617	747,675
Depreciation and amortization charges	992,445	1,019,538
Rent expenses	751,804	632,032
Taxes, duties and charges	532,870	2,459,104
Marketing expenses	168,624	164,943
Litigation and notary expenses	79,690	48,730
Aid and donations	35,097	-
Other	1,406,023	937,400
	16,853,514	**12,350,869**

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

NOTE 18 - GENERAL ADMINISTRATIVE EXPENSES, INCOME/(EXPENSES) FROM OTHER OPERATING ACTIVITIES (Continued)

Other operating income	**1 January - 31 December 2022**	**1 January - 31 December 2021**
Discount income	1,752,878	8,531
Foreign exchange gains	1,414,099	1,128,601
Interest income	510,664	497,058
Exemption and discounts	-	1,500,000
Other	82,519	34,078
	3,760,160	**3,168,268**

Other operating expenses	**1 January - 31 December 2022**	**1 January - 31 December 2021**
Provision expenses	24,824,133	13,251,971
Discount expenses	1,627,301	1,100
Foreign exchange losses	1,449,302	1,617,890
Other	876,722	1,543,928
	28,777,458	**16,414,889**

Fees for Services Obtained from Independent Auditor/Independent Audit Firm

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

	2022	**2021**
Audit and assurance fees	315,000	182,500
	315,000	**182,500**

NOTE 19 – GAINS/(LOSSES) FROM INVESTING ACTIVITIES

Gains from investing activities	**1 January - 31 December 2022**	**1 January - 31 December 2021**
Increase in fair value of investment properties	240,003,001	97,012,028
Rent income	6,102,894	3,309,781
Income from sale of tangible assets	949,026	-
Increase in fair value of financial investments	56,241	2,101
Gain on sale of financial investments	7,512	246
Other	36,788	-
	247,155,462	**100,324,156**

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

NOTE 19 – GAINS/(LOSSES) FROM INVESTING ACTIVITIES (Continued)

Losses from investing activities	**1 January - 31 December 2022**	**1 January - 31 December 2021**
License cancellation (*)	7,715,000	-
Commission on sale of financial investments	127	49
Loss on sale of investment properties	-	2,920
	7,715,127	**2,969**

(*) As detailed in Note 1, the expense arises from the cancellation of Konya Ilgın's electricity generation license dated 27 February 2013 with a term of 49 years with the Board Decision of the Energy Market Regulatory Authority ("EMRA") dated 27.10.2022 and numbered 11321-10 due to the liquidation of the letters of guarantee given for this license.

NOTE 20 - FINANCIAL INCOME/(EXPENSE)

Financial Income	**1 January - 31 December 2022**	**1 January - 31 December 2021**
Foreign exchange gains	157,485,751	192,770,861
Interest income	61,404,397	27,674,128
	218,890,148	220,444,989

Financial Expenses	**1 January - 31 December 2022**	**1 January - 31 December 2021**
Interest expenses	657,333	1,469,914
Foreign exchange losses	56,792	88,857
Other financial expenses	593,039	365,435
	1,307,164	**1,924,206**

NOTE 21 - TAX ASSETS AND LIABILITIES

Corporate tax

	31 December 2022	**31 December 2021**
Corporate tax liability	70,020,917	60,347,257
Prepaid corporate tax	(60,264,150)	(26,095,589)
Corporate tax liability	**9,756,767**	**34,251,668**

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

NOTE 21 - TAX ASSETS AND LIABILITIES (Continued)

Tax expenses recognized in the statement of profit or loss for the year ending 31 December 2022 and 2021 is as follows:

	31 December 2022	31 December 2021
Corporate tax expense	(70,020,917)	(60,347,257)
Deferred tax expense	(27,160,097)	(13,915,017)
	(97,181,014)	**(74,262,274)**

Deferred tax assets and liabilities

The Group recognizes deferred tax assets and liabilities based upon temporary differences arising between its financial statements as reported for TAS purposes and its statutory tax financial statements. These differences usually result in the recognition of revenue and expenses in different reporting periods for TAS and tax purposes.

The breakdown of deferred income tax assets/(liabilities) provided using enacted tax rates at 31 December 2022 and 2021 are as follows:

Deferred tax assets/(liabilities)	31 December 2022	31 December 2021
Revaluation difference on investment properties	(64,747,112)	(34,425,411)
Useful life and valuation differences on property, plant, and equipment and intangible assets	(4,965,126)	(3,663,843)
Provisions for litigation and expense accruals	8,454,692	6,540,408
Provisions for retirement pay and unused vacation	1,828,441	1,126,036
Discount on trade receivables and payables	(25,518)	(2,198)
Revaluation difference on financial investments	-	360,500
Other	-	74,186
	(59,454,623)	**(29,990,322)**

Tax reconciliation

	1 January - 31 December 2022	1 January - 31 December 2021
Profit before tax	523,612,831	329,431,357
Applicable tax rate	23%	25%
Calculated tax expense	(120,430,951)	(82,357,840)
Disallowable expenses and differences	(2,461,579)	(3,090,313)
Deductions and exceptions	1,437,909	1,737,152
Non-taxable adjustments	(516,789)	3,610,650
Tax losses not carried forward	292,682	-
Tax rate differences/changes	24,183,582	6,148,305
Other	314,132	66,494
Total tax expense	**(97,181,014)**	**(74,262,274)**

NOTE 21 - TAX ASSETS AND LIABILITIES (Continued)

Turkish tax legislation does not permit a parent company, its subsidiaries and joint ventures to file a tax return in its consolidated financial statements. For this reason, the tax provisions reflected in the financial statements are calculated separately for all companies that are included in consolidation.

Based on the law was published in the Official Gazette on 22 April 2021, the corporate tax rate is 23% for 2022 (31 December 2021: 25%). As of 31 December 2022, when calculating deferred tax assets and liabilities the Group, the reversals of temporary differences will be measured by 20%-19%. Pursuant to the amendments made to Article 32 of the Corporate Tax Law No. 5520 by Article 15 of the Law No. 7351 on the Amendment of the Private Pension Savings and Investment System Law and the Decree Law No. 375 published in the Official Gazette on January 22, 2022, the corporate tax rate to be applied to the earnings from exports of exporting companies and the earnings from production activities of companies that have an industrial registry certificate and are actually engaged in production activities is reduced by 1% as of 2022.

Corporate tax rate is applied to the tax base that will be deducted from the income of the corporations for commercial income according to the tax law, deduction of the deductible expenses, exemption in tax laws (exemption of participation gains, investment discount exception etc.) and deductions (such as R&D deduction). No further tax is payable unless the profit is distributed (except for the withholding tax at the rate of 19.8% calculated and paid on the exemption amount utilized in case of the exemption of investment discount utilized in accordance with Article 61 of the Income Tax Law).

No deductions from dividends paid to non-resident corporations that earn income through a business office or permanent representative in Turkey and dividends paid to resident corporations in Turkey. Dividend payments made to persons and institutions other than these are subject to 10% withholding tax. An increase in capital via issuing bonus shares is not considered as a profit distribution and thus does not incur withholding tax.

Corporations are required to declare a temporary tax of 23% on their quarterly financial income until the 14th day of the second month following that period and pay until the evening of 17th day. The temporary tax paid during the year belongs to that year and is deducted from the corporation tax that will be calculated on the tax declaration of the institutions to be given in the following year. If the temporary tax amount paid remains in spite of the indictment, this amount can be refunded or any other financial debt to the state can be deducted.

In Turkey, there is no procedure for a final and definitive agreement on tax assessments with the tax authority. Companies file their tax returns by the 25^{th} day of the fourth month following the close of the financial year to which they relate.

Authorities of the tax examination may examine their accounting records over a period of five years, and if an error is detected, the amount of tax may change due to tax assessment to be made.

According to Turkish tax legislation, tax losses shown on the tax return can be deducted from the period corporate income for not more than 5 years. However, tax losses cannot be deducted from retained earnings.

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

NOTE 22 - EARNINGS PER SHARE

Earnings per share	1 January - 31 December 2022	1 January - 31 December 2021
Weighted average number of shares with nominal value of Kr(**) 1 each (*)	14,854,816,766	14,886,724,300
Net profit attributable to equity holders of the Group	426,431,817	255,169,083
Basic and diluted earnings per share	**0.02871**	**0.01714**

(*) Calculated by adjusting for treasury shares.
(**) The smallest unit of currency for Turkish Lira.

NOTE 23 - RELATED PARTY DISCLOSURES

Due from Related Parties

		31 December 2022			
Related party	**Relationship**	**Trade Receivables**	**Other Short-term Receivables**	**Other Long-term Receivables**	**Total**
Park Holding A.Ş. (*)	Shareholder	-	3,106,641	561,081,402	564,188,043
Eti Soda Üretim Pazarlama Nakliyat ve Elektrik Üretim San. ve Tic. A.Ş.	Related Party	11,657,418	-	-	11,657,418
Total		**11,657,418**	**3,106,641**	**561,081,402**	**575,845,461**

		31 December 2021			
Related party	**Relationship**	**Trade Receivables**	**Other Short-term Receivables**	**Other Long-term Receivables**	**Total**
Park Holding A.Ş. (*)	Shareholder	-	70,170,208	529,185,455	599,355,663
Silopi Elektrik Üretim A.Ş.	Related Party	17,862	5,260	-	23,122
Eti Soda Üretim Pazarlama Nakliyat ve Elektrik Üretim San. ve Tic. A.Ş.	Related Party	7,021,823	-	-	7,021,823
Total		**7,039,685**	**70,175,468**	**529,185,455**	**606,400,608**

(*) The consideration amount of USD150 million for Konya Ilgın subsidiary acquisition conducted in 2017 has been revised by the relevant parties as USD126.2 million and the difference with corresponding interest charges has been reflected to the current accounts of Park Holding A.Ş. as a receivable. This transaction is accounted as a business combination under common control and all differences together with their current tax effects (TRY16,653,195) have been presented in equity under "Effects of business combinations under common control" account.

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

NOTE 23 - RELATED PARTY DISCLOSURES (Continued)

The quarterly interest rates used by the Group for trade and financial transactions in TRY and USD during 2022 and 2021 are as follows:

	2022		2021	
	TRY	USD	TRY	USD
January - March	20.14%	2.72%	18.80%	2.52%
April - June	20.21%	3.78%	20.09%	2.41%
July - September	22.09%	5.67%	20.07%	2.04%
October - December	18.75%	5.83%	18.84%	2.26%

Due to related parties

	31 December 2022			
Related party	**Type of Relationship**	**Trade Payables**	**Other Payables**	**Total**
Park Sigorta Aracılık Hizmetleri A.Ş.	Related Party	208,008	-	208,008
Park Holding A.Ş.	Shareholder	456,006	-	456,006
Ciner Enerji Madencilik San. ve Tic. A.Ş.	Related Party	13,165	-	13,165
Ciner Turizm Tic. İnş. Servis Hizmetleri A.Ş.	Related Party	26,110	-	26,110
Dividends payables to other affiliates	Shareholder	-	2,803	2,803
Total		**703,289**	**2,803**	**706,092**

	31 December 2021			
Related party	**Relationship**	**Trade Payables**	**Other Payables**	**Total**
Park Sigorta Aracılık Hizmetleri A.Ş.	Related Party	27,053	-	27,053
Park Holding A.Ş.	Shareholder	249,008	-	249,008
Silopi Elektrik Üretim A.Ş.	Related Party	16,375	-	16,375
Ciner Turizm Tic. İnş. Servis Hizmetleri A.Ş.	Related Party	11,568	-	11,568
Park Teknik Elekt. Maden Turizm San. Tic. A.Ş.	Related Party	-	463	463
Dividends payables to other affiliates	Shareholder	-	2,803	2,803
Total		**304,004**	**3,266**	**307,270**

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

NOTE 23 - RELATED PARTY DISCLOSURES (Continued)

Goods and Services Purchased from Related Parties

		31 December 2022						
Related party	**Relationship**	**Goods Sold**	**Services Rendered**	**Tangible Assets**	**Financial Expenses**	**Rent Expenses**	**Other**	**Total**
Park Teknik Madencilik Turizm San.ve Tic. A.Ş.	Related Party	40,000	-	630,000	11,310	20,000	-	701,310
Park Holding A.Ş.	Shareholder	-	674,970	-	119,217	683,400	2,237,611	3,827,375
Ciner Enerji Madencilik San. ve Tic. A.Ş.	Related Party	-	-	-	6,788	-	-	6,788
Silopi Elektrik Üretim A.Ş.	Related Party	232,163	-	1,400,000	1,435	93,171	62,198	1,788,967
Park Sigorta Aracılık Hiz. A.Ş.	Related Party	-	105,699	-	-	-	-	105,699
Eti Soda Üretim Pazarlama Nakliyat ve Elektrik Üretim Sanayi ve Ticaret A.Ş.	Related Party	-	-	-	-	-	209,863	209,863
Ciner Turizm Tic.İnş.Servis Hizm. A.Ş.	Related Party	-	-	-	116	135,600	4,646	140,362
Total		**272,163**	**780,669**	**2,030,000**	**138,866**	**932,171**	**2,514,318**	**6,668,187**

		31 December 2021						
Related party	**Relationship**	**Goods Sold**	**Services Rendered**	**Tangible Assets**	**Financial Expenses**	**Rent Expenses**	**Other**	**Total**
Park Teknik Madencilik Turizm San.ve Tic. A.Ş.	Related Party	58,932	131,183	850,000	75,646	144,000	615,336	1,875,097
Park Holding A.Ş.	Shareholder	-	481,691	-	-	570,888	1,297,033	2,349,612
Ciner Enerji Madencilik San. ve Tic. A.Ş.	Related Party	-	-	-	19,226	-	-	19,226
Silopi Elektrik Üretim A.Ş.	Related Party	146,762	-	-	16	87,833	52,670	287,281
We İç ve Dış Ticaret A.Ş. (*)	Related Party	-	-	-	9,432	64,740	1,719	75,891
Park Sigorta Aracılık Hiz. A.Ş.	Related Party	-	235,686	-	-	-	-	235,686
Eti Soda Üretim Pazarlama Nakliyat ve Elektrik Üretim Sanayi ve Ticaret A.Ş.	Related Party	-	-	200,000	-	-	-	200,000
Ciner Turizm Tic.İnş.Servis Hizm. A.Ş.	Related Party	-	-	-	129	9,983	447	10,559
Total		**205,694**	**848,560**	**1,050,000**	**104,449**	**877,444**	**1,967,205**	**5,053,352**

(*) Havaş Seyahat ve Kargo Taş. A.Ş.'s title was changed and registered as We İç ve Dış Ticaret A.Ş.on 10 November 2021.

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

NOTE 23 - RELATED PARTY DISCLOSURES (Continued)

Goods Sold and Services Rendered to Related Parties

		31 December 2022						
Related party	**Relationship**	**Goods Sold**	**Services Rendered**	**Tangible Assets**	**Financial Income**	**Rent Expenses**	**Other**	**Total**
Park Holding A.Ş.	Shareholder	-	-	-	218,631,250	-	351,022	218,982,272
Eti Soda Üretim Pazarlama Nakliyat ve Elektrik Üretim Sanayi ve Ticaret A.Ş.	Related Party	114,271,921	-	-	510,494	-	-	114,782,415
Silopi Elektrik Üretim A.Ş.	Related Party	-	-	1,707,000	21,774	13,960	-	1,742,734
Ciner Enerji Madencilik San. ve Tic. A.Ş.	Related Party	-	-	-	-	-	5,600	5,600
Park Teknik Madencilik Tur. San. ve Tic. A.Ş.	Related Party	-	-	-	-	-	100,086	100,086
Kazan Soda Maden Enerji Nak. San. Tic. A.Ş.	Related Party	-	-	-	101	-	3,520	3,621
Total		**114,271,921**	**-**	**1,707,000**	**219,163,619**	**13,960**	**460,228**	**335,616,728**

		31 December 2021						
Related party	**Type of Relationship**	**Goods Sold**	**Services Rendered**	**Tangible Assets**	**Financial Income**	**Rent Expenses**	**Other**	**Total**
Park Holding A.Ş.	Shareholder	-	-	-	217,757,605	-	-	217,757,605
Eti Soda Üretim Pazarlama Nakliyat ve Elektrik Üretim Sanayi ve Ticaret A.Ş.	Related Party	41,492,928	-	-	495,416	-	-	41,988,344
Silopi Elektrik Üretim A.Ş.	Related Party	-	-	-	4,474	70,341	208,966	283,781
We İç ve Dış Ticaret A.Ş. (*)	Related Party	-	-	-	54	-	2,635	2,689
Ciner Enerji Madencilik San. ve Tic. A.Ş.	Related Party	-	-	500,000	-	-	-	500,000
Park Teknik Madencilik Tur. San. ve Tic. A.Ş.	Related Party	8,000	-	-	2	-	-	8,002
Kazan Soda Maden Enerji Nak. San. Tic. A.Ş.	Related Party	649,047	-	-	-	-	-	649,047
Total		**42,149,975**	**-**	**500,000**	**218,257,551**	**70,341**	**211,601**	**261,189,468**

(*) Havaş Seyahat ve Kargo Taş. A.Ş.'s title was registered and changed as We İç ve Dış Ticaret A.Ş.on 10 November 2021.

Benefits provided to key management personnel (**)	**1 January - 31 December 2022**	**1 January - 31 December 2021**
Wages, premiums and other similar benefits	367,860	264,776

(**) Key management consists of members of the Board of Directors of the Company and its subsidiary, General Manager, Vice General Managers and management personnel with titles above manager in hierarchy. Among key management personnel, only the independent members of the Board of Directors are paid in line with the decision taken at the Ordinary General Assembly meeting and no payment is made to the Board members due to their duties in the Board of Directors.

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NOTE 23 - RELATED PARTY DISCLOSURES (Continued)

Park Holding A.Ş.

The Group provides a portion of the generated cash surplus as financial debt to its main shareholder, Park Holding A.Ş. The Group obtains interest income at the interest rates stated in Note 23.

As discussed above, the Group applies interest for all financial and commercial transactions with related parties. Group recognized financial income amounting to TRY218,631,250 in 2022 from Park Holding A.Ş. (2021: TRY217,757,605).

The Group's other receivables from Park Holding A.Ş. as of 31 December 2022 is TRY564,188,043. As of December 31, 2022, other receivable balance consists of both USD and Turkish Lira denominated receivables, with USD denominated amount is equal to USD28,458,268. As at 31 December 2021, USD denominated amount was equal to USD27,487,171.

The Company's 2017 Konya Ilgın subsidiary purchase amount of USD 150 million was revised to USD126.2 million between the parties in the year of 2020, and the difference was transferred to the current accounts, including interest, as receivables from Park Holding A.Ş. Provided the receivable balance arising from this transaction is excluded, the remaining amount Company provided to Park Holding A.Ş., as a fund surplus which is USD27,367,700 (in equivalent of TRY 242,020,786) as of 30 September 2021, effective as of 1 October 2021, started to be tracked in TRY and TRY interest was calculated using the above mentioned TRY currency rates starting from last quarter of 2021. The conversion performed in accordance with the regulations in both foreign currency legislation and tax legislation which prevents companies located in Turkey having foreign currency denominated borrowings activities from each other.

The main shareholder of the Company, Park Holding A.Ş. provides group companies with the management services needed to carry out their activities properly. These services include but not limited to; fulfillment of procurement functions, fulfillment of information processing investments, supply of technical information and support for human resources processes, financial reporting, audit, tax planning and legal consultancy processes. Park Holding A.Ş. allocates the costs incurred in order to provide the indicated services to companies based on the level of utilization of these services.

The Company also uses the allocated area of the real estate owned by Park Holding A.Ş. as the headquarter and bears the rent and similar usage and operating expenses.

Other Group Companies

The Group has purchased tangible assets and procured labor force and supplies from Park Teknik Madencilik Turizm Sanayi ve Ticaret A.Ş.

The Group has performed tangible asset purchase and sales transactions with Silopi Elektrik Üretim A.Ş. and purchased electricity.

The Group leases cars from Ciner Turizm Ticaret İnşaat Servis Hizmetleri A.Ş.

The Group renders insurance services from Park Sigorta Aracılık Hizmetleri A.Ş.

The Group sales coal to Eti Soda Üretim Pazarlama Nakliyat ve Elektrik Üretim San. ve Tic. A.Ş.

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

NOTE 24 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

a) Capital Risk Management

The Group manages its capital to ensure that it will maintain its status as a going concern while maximizing the return of stakeholders through the optimization of the debt and equity.

The capital structure of the Group consists of debts including the borrowings and other debts disclosed in Notes 6 and 7, cash and cash equivalents disclosed in Note 4 and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings as disclosed in Note 16.

The Management of the Group considers the cost of capital and risks associated with each class of capital. The Management of the Group aims to balance its overall capital structure through the payment of dividends, new share issues and the issue of new debt or the redemption of existing debt.

The Group controls its capital using the net debt / total equity ratio. This ratio is the calculated as net debt divided by the total equity. Net debt is calculated as total liability amount (comprises of financial liabilities, leasing and trade payables as presented in the balance sheet) less cash and cash equivalents.

As of 31 December 2022 and 2021 the Group's net debt / total equity ratio is detailed as follows:

	31 December 2022	31 December 2021
Financial liabilities	-	-
Less: Cash and cash equivalents and short-term financial investments	(160,200,647)	(11,999,229)
Net debt	(160,200,647)	(11,999,229)
Total equity	1,391,876,243	959,116,297
Net debt/Total equity ratio (%)	**(11.51)**	**(1.25)**

The Group has not made any changes to its overall capital risk management policy in the current period.

b) Financial Risk Factors

The Group's activities are exposed to various risk such as financial risk, market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize the potential adverse effects over the Group's financial performance.

The Group manages its financial instruments centrally in accordance with the Group's risk policies through the Financial Transactions Department. The Group's cash inflows and outflows are monitored by using the reports prepared on a daily, weekly and monthly basis and the data is compared to the monthly and yearly cash flow budgets.

Risk management is carried out by the Risk Management Department which is independent from steering, under the policies approved by the Board of Directors. The Group's Risk Management Department identifies, evaluates and hedges financial risks in close cooperation with the Group's operating units.

(b.1) Credit Risk Management

Credit risk refers to the risk that counterparty will default on its contractual obligations. The Group's Management mitigates such risk by putting limitations on the contracts with counterparties and obtaining sufficient collaterals, where appropriate. Trade receivables are evaluated based on the Group's policies and procedures and presented net of doubtful provision in the financial statements accordingly (Note 6).

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

NOTE 24 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

	31 December 2022				
	Receivables				
Credit risks exposed through types of financial instruments	Trade Receivables		Other Receivables		
	Related Parties	**Third Parties**	**Related Parties**	**Third Parties**	**Bank Deposits**
Maximum credit risk exposed as of the balance sheet date (*) (A+B+C+D+E)	**11,657,418**	**19,650,831**	**564,188,043**	**2,235,496**	**159,476,604**
- Maximum risk portion covered by guarantees, collaterals, etc.	-	(1,869,830)	(200,000,000)	-	-
A. Net book value of financial assets neither overdue nor impaired	11,480,541	19,650,831	564,188,043	2,219,031	159,476,604
- Portion covered by guarantees, collaterals etc.	-	(1,869,830)	(200,000,000)	-	-
B. Net book value of financial assets that are renegotiated or otherwise will be accepted as overdue or impaired	-	-	-	-	-
- Portion covered by guarantees, collaterals etc.	-	-	-	-	-
C. Net book value of assets over due but not impaired	-	-	-	-	-
- Portion covered by guarantees, collaterals etc.	176,877	-	-	16,465	-
D. Net book value of impaired assets	-	-	-	-	-
- Past due (gross carrying amount)	-	13,273,581	-	853,876	-
Impairment (-)	-	(13,273,581)	-	(853,876)	-
- Net value portion covered by guarantees, collaterals, etc. (-)	-	-	-	-	-
- Past due (gross carrying amount)	-	-	-	-	-
Impairment (-)	-	-	-	-	-
- Net value portion covered by guarantees, collaterals, etc. (-)	-	-	-	-	-
E. Off-balance sheet items with credit risk	-	-	-	-	-

(*) Factors that increase the credit reliability, such as; guarantees received, are not taken into consideration in the calculation.

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

NOTE 24 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

	31 December 2021				
	Receivables				
Credit risks exposed through types of financial instruments	**Trade Receivables**		**Other Receivables**		
	Related Parties	**Third Parties**	**Related Parties**	**Third Parties**	**Bank Deposits**
Maximum credit risk exposed as of the balance sheet date (*) (A+B+C+D+E)	**7,039,685**	**6,674,373**	**599,360,923**	**3,036,137**	**11,970,090**
- Maximum risk portion covered by guarantees, collaterals, etc.	-	(1,297,750)	(200,000,000)	-	-
A. Net book value of financial assets neither overdue nor impaired	7,039,685	6,674,373	599,360,923	2,937,744	11,970,090
- Portion covered by guarantees, collaterals etc.	-	(1,297,750)	(200,000,000)	-	-
B. Net book value of financial assets that are renegotiated or otherwise will be accepted as overdue or impaired	-	-	-	-	-
- Portion covered by guarantees, collaterals etc.	-	-	-	-	-
C. Net book value of assets over due but not impaired	-	-	-	98,393	-
- Portion covered by guarantees, collaterals etc.	-	-	-	-	-
D. Net book value of impaired assets	-	-	-	-	-
- Past due (gross carrying amount)	-	9,391,975	-	609,483	-
Impairment (-)	-	(9,391,975)	-	(609,483)	-
- Net value portion covered by guarantees, collaterals, etc. (-)	-	-	-	-	-
Not due (gross carrying amount)	-	-	-	-	-
- Impairment (-)	-	-	-	-	-
- Net value portion covered by guarantees, collaterals, etc. (-)	-	-	-	-	-
E. Off-balance sheet items with credit risk	-	-	-	-	-

(*) Factors that increase the credit reliability, such as; guarantees received, are not taken into consideration in the calculation.

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

NOTE 24 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

Past due but not impaired assets are presented as below:

	31 December 2022	
	Trade Receivables	**Other Receivables**
Past due 1-30 days	176,877	-
Past due 1-3 months	-	1,994
Past due 3-12 months	-	14,471
Past due 1-5 years	-	-
Total overdue receivables	**176,877**	**16,465**

	31 December 2021	
	Trade Receivables	**Other Receivables**
Past due 1-30 days	-	-
Past due 1-3 months	-	98,393
Past due 3-12 months	-	-
Past due 1-5 years	-	-
Total overdue receivables	**-**	**98,393**

(b.2) Liquidity Risk Management

The Group manages its liquidity through a systematic monitoring of its cash flows and matching the maturities of its assets and liabilities to maintain adequate funds and loan reserves.

Liquidity risk tables

Conservative liquidity risk management requires maintaining adequate reserves, having the ability to utilize adequate level of credit lines and funds, and closing market positions.

Funding risk attributable to current and future potential borrowing needs is managed by providing ongoing access to adequate number of creditors with high quality.

The following table represents the Group's financial liabilities and their maturities. The table below has been drawn up based on the undiscounted liabilities and earliest payment dates of financial liabilities. Interest to be paid over those liabilities are included and summarized in the table below:

	31 December 2022				
Contractual maturities	**Carrying value**	**Total cash Outflows in accordance with contracts (I+II+III)**	**Less than 3 months (I)**	**3-12 months (II)**	**1-5 year months (III)**
Non-derivate financial liabilities	**52,919,203**	**54,812,086**	**38,431,419**	**11,481,630**	**4,899,037**
Trade payables	36,675,042	38,567,925	27,957,782	10,610,143	-
Other payables	11,255,048	11,255,048	6,445,380	102,803	4,706,865
Other short term and long term liabilities	4,989,113	4,989,113	4,028,257	768,684	192,172

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

NOTE 24 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

	31 December 2021				
Contractual maturities	**Carrying value**	**Total cash Outflows in accordance with contracts (I+II+III)**	**Less than 3 months (I)**	**3-12 months (II)**	**1-5 year months (III)**
Non-derivative financial liabilities	**23,336,635**	**23,347,484**	**13,526,923**	**5,390,871**	**4,429,690**
Trade payables	8,663,285	8,674,134	5,324,983	3,349,151	-
Other payables	5,645,908	5,645,908	2,256,440	112,803	3,276,665
Other short-term and long-term liabilities	9,027,442	9,027,442	5,945,500	1,928,917	1,153,025

(b.3) Market risk management

The Group's activities are exposed primarily to the financial risks of changes in foreign exchange rates and interest rates. At a Group level, market risk exposures are measured by sensitivity analysis. When compared to prior periods, there has been no changes in the Group's exposure to market risks, hedging methods used or the measurement methods used for such risks.

(b.3.1) Foreign currency risk management

Foreign currency risk is the risk of volatility in the foreign currency denominated monetary assets, monetary liabilities and off-balance sheet liabilities due to changes in currency exchange rates. The breakdown of the Group's foreign currency denominated monetary and non-monetary assets and liabilities as of the balance sheet date are as follows:

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

NOTE 24 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

		31 December 2022			
		TRY Equivalent	**USD**	**Euro**	**GBP**
1.	Trade Receivable	10,020,064	535,881	-	-
2a.	Monetary Financial Assets	24,207,343	1,260,500	32,011	-
2b.	Non-monetary Financial Assets	-	-	-	-
3.	Other	-	-	-	-
4.	CURRENT ASSETS	**34,227,407**	**1,796,381**	**32,011**	**-**
5.	Trade Receivable	-	-	-	-
6a.	Monetary Financial Assets	532,121,233	28,458,268	-	-
6b.	Non-monetary Financial Assets	-	-	-	-
7.	Other	-	-	-	-
8.	NON-CURRENT ASSETS	**532,121,233**	**28,458,268**	**-**	**-**
9.	**TOTAL ASSETS**	**566,348,640**	**30,254,649**	**32,011**	**-**
10.	Trade Payables	-	-	-	-
11.	Financial Liabilities	-	-	-	-
12a.	Other Monetary Liabilities	7,447,459	-	373,589	-
12b.	Other Non-monetary Liabilities	-	-	-	-
13.	CURRENT LIABILITIES	**7,447,459**	**-**	**373,589**	**-**
14.	Trade Payables	-	-	-	-
15.	Financial Liabilities	-	-	-	-
16a.	Other Monetary Liabilities	4,674,575	250,000	-	-
16b.	Other Non-monetary Liabilities	-	-	-	-
17.	NON-CURRENT LIABILITIES	**4,674,575**	**250,000**	**-**	**-**
18.	**TOTAL LIABILITIES**	**12,122,034**	**250,000**	**373,589**	**-**
19.	**Net assets/(liability) position of off balance sheet derivates items (19a-19b**	**-**	**-**	**-**	**-**
19a.	Amount of Derivative Products with Active Charged Off Balance Sheet Foreign Currency	-	-	-	-
19b.	Amount of Derivative Products with a Passive Foreign Exchange Currency	-	-	-	-
20.	**Net foreign currency assets/(liability) position**	**554,226,606**	**30,004,649**	**(341,578)**	**-**
21.	**Net foreign currency asset/(liability) position of monetary items (1+2a+5+6a-10-11-12a-14-15-16a)**	**554,226,606**	**30,004,649**	**(341,578)**	**-**
22.	Fair value of derivative instruments used in foreign currency hedge	-	-	-	-
23.	Total amount of assets hedged	-	-	-	-
24.	Total amount of liabilities hedged	-	-	-	-

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

NOTE 24 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

		31 December 2021			
		TRY Equivalent	**USD**	**Euro**	**GBP**
1.	Trade Receivable	3,136,091	241,656	-	-
2a.	Monetary Financial Assets	472,700	222	31,999	-
2b.	Non-monetary Financial Assets	-	-	-	-
3.	Other	-	-	-	-
4.	CURRENT ASSETS	3,608,791	241,878	31,999	-
5.	Trade Receivable	-	-	-	-
6a.	Monetary Financial Assets	356,714,762	27,487,171	-	-
6b.	Non-monetary Financial Assets	-	-	-	-
7.	Other	-	-	-	-
8.	NON-CURRENT ASSETS	356,714,762	27,487,171	-	-
9.	**TOTAL ASSETS**	**360,323,552**	**27,729,049**	**31,999**	-
10.	Trade Payables	127,070	9,339	400	-
11.	Financial Liabilities	-	-	-	-
12a.	Other Monetary Liabilities	5,314,963	-	361,998	-
12b.	Other Non-monetary Liabilities	-	-	-	-
13.	CURRENT LIABILITIES	5,442,033	9,339	362,398	-
14.	Trade Payables	-	-	-	-
15.	Financial Liabilities	-	-	-	-
16a.	Other Monetary Liabilities	3,244,375	250,000	-	-
16b.	Other Non-monetary Liabilities	-	-	-	-
17.	NON-CURRENT LIABILITIES	3,244,375	250,000	-	-
18.	**TOTAL LIABILITIES**	**8,686,408**	**259,339**	**362,398**	-
19.	**Net assets/(liability) position of off balance sheet derivates items (19a-19b**	-	-	-	-
19a.	Amount of Derivative Products with Active Charged Off Balance Sheet Foreign Currency	-	-	-	-
19b.	Amount of Derivative Products with a Passive Foreign Exchange Currency	-	-	-	-
20.	**Net foreign currency assets/(liability) position**	**351,637,144**	**27,469,710**	**(330,399)**	-
21.	**Net foreign currency asset/(liability) position of monetary items (1+2a+5+6a-10-11-12a-14-15-16a)**	**351,637,144**	**27,469,710**	**(330,399)**	-
22.	Fair value of derivative instruments used in foreign currency hedge	-	-	-	-
23.	Total amount of assets hedged	-	-	-	-
24.	Total amount of liabilities hedged	-	-	-	-

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

NOTE 24 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

The Group is mainly exposed to risk of fluctuations in USD. The effect of other currencies are immaterial.

Assets and liabilities denominated in foreign currencies are translated at the exchange rates announced by the Turkish Central Bank as of 31 December 2022 (31 December 2022: USD 1 = TRY18.6983, Euro 1 = TRY19.9349 and GBP 1 = TRY22.4892, 31 December 2021: USD 1 = TRY12.9775, Euro 1 = TRY14.6823 and GBP 1 = TRY17.4530).

The table below presents the Group's sensitivity to a 20% (31 December 2021: 10%) deviation in foreign exchange rates (especially USD and EUR). 20% is the rate used by the Group when generating its report on exchange rate risk; the related rate stands for the presumed possible change in the foreign currency rates by the Group's Management. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 20% change in foreign currency rates. This analysis includes foreign currency denominated bank loans other than the functional currency of the ultimate user or borrower of the bank loans. The positive amount indicates increase in the statement of profit or loss or equity.

Foreign currency sensitivity

	31 December 2022	
	Profit/(Loss)	
	Appreciation of foreign currency	Depreciation of foreign currency
In a case of 20% appreciation of USD against TRY	112,207,186	(112,207,186)
USD net asset/(liability)	**112,207,186**	**(112,207,186)**
In a case of 20% appreciation of EUR against TRY	(1,361,865)	1,361,865
EUR net asset/(liability)	**(1,361,865)**	**1,361,865**
In a case of 20% appreciation of other foreign currency against TRY	-	-
Other foreign currency net asset/(liability)	**-**	**-**
Total	**110,845,321**	**(110,845,321)**

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

NOTE 24 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

	31 December 2021	
	Profit/(Loss)	
	Appreciation of foreign currency	Depreciation of foreign currency
In a case of 10% appreciation of USD against TRY	35,648,816	(35,648,816)
USD net asset/(liability)	**35,648,816**	**(35,648,816)**
In a case of 10% appreciation of EUR against TRY	(485,102)	485,102
EUR net asset/(liability)	**(485,102)**	**485,102**
In a case of 10% appreciation of other foreign currency against TRY	-	-
Other foreign currency net asset/(liability)	**-**	**-**
Total	**35,163,714**	**(35,163,714)**

The Group's financial assets and liabilities do not expose interest rate risk.

Financial Instruments Categories

31 December 2022	Financial liabilities at amortized cost	Financial assets at amortized cost	Financial assets at fair value through profit/loss	Carrying value	Note
Financial assets	**-**	**757,211,736**	**720,699**	**757,932,435**	
Cash and cash equivalents	-	159,479,948	-	159,479,948	4
Trade receivables	-	19,650,831	-	19,650,831	6
Due from related parties	-	575,845,461	-	575,845,461	23
Other receivables	-	2,235,496	-	2,235,496	8
Financial investments	-	-	720,699	720,699	**5**
Financial liabilities	**47,930,090**	**-**	**-**	**47,930,090**	
Trade payables	35,971,753	-	-	35,971,753	6
Due to related parties	706,092	-	-	706,092	23
Other payables	11,252,245	-	-	11,252,245	8

31 December 2021	Financial liabilities at amortized cost	Financial assets at amortized cost	Financial assets at fair value through profit/loss	Carrying value	Note
Financial assets	**-**	**628,081,538**	**28,809**	628,110,347	
Cash and cash equivalents	-	11,970,420	-	11,970,420	4
Trade receivables	-	6,674,373	-	6,674,373	6
Due from related parties	-	606,400,608	-	606,400,608	23
Other receivables	-	3,036,137	-	3,036,137	8
Financial investments	-	-	28,809	28,809	5
Financial liabilities	**14,309,193**	**-**	**-**	**14,309,193**	
Trade payables	8,359,281	-	-	8,359,281	6
Due to related parties	307,270	-	-	307,270	23
Other payables	5,642,642	-	-	5,642,642	8

NOTE 25 - SUBSEQUENT EVENTS

Production activities in the bauxite field with registration number 78173 located in Islahiye District, Gaziantep Province, where the Company holds an operating license, were suspended on February 6, 2023 following the earthquake disaster that affected 10 provinces in the same region, with Kahramanmaraş as the epicenter. Following the completion of the repair works to restore the transportation between the working areas in the mine site and Islahiye, the damages to the energy transmission lines have been largely repaired by CTC Enerji Madencilik Sanayi ve Ticaret A.Ş. so as not to constitute an obstacle to the mining activities to be carried out. In this context, production activities in the field have resumed as of March 1, 2023, earlier than anticipated.

Except as explained above, no operations or assets of the Company or its subsidiary have been damaged due to the earthquakes that occurred on February 6, 2023 and there is no indication that the investment properties in Adana may have suffered impairment. In addition, Ciner Group is providing food, medicine, clothing, machinery/equipment and labor support to the region in order to meet the needs of the disaster area and has started to work to support the elimination of the shelter problem in the region.

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