

KUZEY BORU ANONİM ŐİRKETİ

**1 January - 31 December 2023 Financial Statements for the
Accounting Period**

KUZEY BORU ANONİM ŞİRKETİ

Statement of Financial Position

As of 31 December 2023

(Amounts expressed in Turkish lira (“TL”) unless otherwise indicated.)

ASSETS	Notes	Current Period	Prior Period
		Audited	Audited
		31 December 2023	31 December 2022
Cash and cash equivalents	3	703,075,646	24,434,646
Trade receivables			
- <i>Receivables from third parties</i>	5	448,438,992	218,860,455
Other receivables			
- <i>Receivables from third parties</i>	7	128,028	22,327
Stocks	8	390,174,381	222,404,290
Prepaid expenses	9	36,104,658	15,332,572
Other current assets	14	158,575	255,120
Total current assets		1,578,080,280	481,309,410
Other receivables			
- <i>Receivables from third parties</i>	7	6,475	43,123
Tangible assets	10	985,888,201	616,105,804
Intangible assets	11	706,425	880,074
Prepaid expenses	9	83,960	-
Deferred tax asset	22	-	544,393
Total non-current assets		986,685,061	617,573,394
TOTAL ASSETS		2,564,765,341	1,098,882,804

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

KUZEY BORU ANONİM ŞİRKETİ

Statement of Financial Position

As of 31 December 2023

(Amounts expressed in Turkish lira (“TL”) unless otherwise indicated.)

LIABILITIES	Notes	Current Period	Prior Period
		Audited	Audited
		31 December 2023	31 December 2022
Current borrowings	6	37,852,083	143,991,310
Current portions of non-current borrowings	6	343,539,217	159,046,677
Current leasing borrowings	6	17,903,422	12,250,692
Other financial liabilities	6	751,895	783,037
Trade payables			
- <i>Payables to third parties</i>	5	135,417,529	34,721,610
Other payables			
- <i>Payables to third parties</i>	7	556,077	-
Payables for employee benefits	13	7,362,685	3,389,224
Deferred income	9	225,414,991	70,201,723
Current provisions			
- <i>Current provisions for employee benefits</i>	13	2,666,747	1,633,288
- <i>Other provisions for employee benefits</i>	13	3,529,381	32,955
Other Current liabilities	14	7,551,766	27,813,224
Total current liabilities		782,545,793	453,863,740
Non-current borrowings	6	34,117,606	44,983,078
Non-current leasing borrowings	6	38,785,531	18,029,375
Trade payables			
- <i>Payables to third parties</i>	5	-	380,126
Non-current provisions			
- <i>Non-Current provisions for employee benefits</i>	13	1,976,366	2,249,814
Deferred tax liability	22	34,037,956	-
Total non-current liabilities		108,917,459	65,642,393
Paid-in capital	15	274,273,161	243,373,105
Other refills		20,000,000	-
Premiums (discounts) related to shares		664,376,184	-
Other Accumulated Comprehensive Income and Expenses Not to be Reclassified to Profit and Loss			
- <i>Fixed assets revaluation increases/decreases</i>	15	219,033,177	43,422,586
- <i>Remeasurement gains/losses of defined benefit plans</i>	15	(940,988)	(609,994)
Restricted reserves separated from profit	15	4,937,014	1,035,043
Previous years' profits		272,400,654	90,153,115
Net profit for the period		219,222,887	202,002,816
EQUITY		1,673,302,089	579,376,671
TOTAL LIABILITIES		2,564,765,341	1,098,882,804

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

KUZEY BORU ANONİM ŞİRKETİ

Statement of Profit or Loss and Other Comprehensive Income

For The Year Ended 31 December 2023

(Amounts expressed in Turkish lira (“TL”) unless otherwise indicated.)

		Current Period Audited	Prior Period Audited
	Notes	1 January – 31 December 2023	1 January – 31 December 2022
Revenues	16	2,046,897,241	1,479,305,667
Cost of sales (-)	16	(1,409,264,011)	(1,139,816,002)
Gross profit		637,633,230	339,489,665
General and administrative expenses (-)	17	(64,795,203)	(36,876,830)
Marketing, sales, and distribution expenses (-)	18	(126,310,590)	(91,057,797)
Other income from main operations	19	20,164,151	27,114,051
Other operating expenses (-)	19	(14,768,700)	(35,005,471)
Operating profit		451,922,888	203,663,618
Expenses from investment activities (-)	20	1,401,753	-
Operating profit before financing expense		453,324,641	203,663,618
Financing revenues	21	17,150,922	5,084,901
Financial expenses (-)	21	(148,989,908)	(77,641,459)
Net monetary (loss) / gain		(120,443,634)	65,855,130
Profit before tax		201,042,021	196,962,190
Period tax expense	22	(4,915,671)	(34,500,353)
Deferred tax (expense)	22	23,096,537	39,540,979
Period profit		219,222,887	202,002,816
OTHER COMPREHENSIVE INCOME		175,279,597	43,422,586
Items that will not be reclassified subsequently to profit or loss:			
Property, plant, and equipment revaluation increases	10	216,136,112	45,497,371
Deferred tax (expense)	22	(40,525,521)	(2,074,785)
Loss on remeasurement of defined benefit plans	13	(441,325)	(762,494)
Deferred tax revenue	22	110,331	152,499
TOTAL COMPREHENSIVE INCOME		394,502,484	245,425,402

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

KUZEY BORU ANONİM ŞİRKETİ

Statement of Cash Flow

For The Year Ended 31 December 2023

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

		Current Period	Prior Period
		1 January – 31 December 2023	1 January – 31 December 2022
	Notes		
A. CASH FLOWS FROM BUSINESS ACTIVITIES			
Profit for the Period		219,222,887	202,002,816
Adjustments to Reconcile Profit for the Period			
Adjustments related to depreciation and amortization expenses	10,11	39,618,836	32,948,550
Adjustments for losses/(gains) on disposal of fixed assets	20		
Adjustments to litigation provisions	13	3,509,381	825,313
Fixes for permission provisions	13	1,675,512	1,202,578
Interest expense-related fixes		(16,272,575)	(1,039,505)
Adjustments to severance pay expense	13	1,993,547	-
Adjustments regarding foreign currency translation differences		(40,654,742)	(28,131,493)
Adjustments for impairment of trade and other receivables		6,646	(682,346)
Monetary loss		(2,286,720)	(921,454)
Adjustments to tax expense/income	22	(5,832,841)	(33,042,713)
Operating Profit Before Changes in Working Capital		200,979,931	187,940,312
Adjustments for increase/decrease in trade receivables		(228,801,235)	(63,817,755)
Adjustments for increase/decrease in stocks		(167,770,091)	(129,478,097)
Adjustments for increase/decrease in other operating receivables		(105,701)	38,544
Adjustments for increase/decrease in prepaid expenses		(20,856,046)	112,803,772
Adjustments for increase/decrease in other assets		96,545	199,243
Adjustments for increase/decrease in trade payables		100,315,793	(5,860,218)
Adjustments for increase/decrease in other operating liabilities		556,077	(962,403)
Adjustments for increase/decrease in deferred revenues		155,213,268	(153,012,257)
Adjustments for increase/decrease in other liabilities		(20,261,458)	18,945,328
Adjustments for increase/decrease in employee benefits		3,973,461	1,295,126
Interests received		16,272,575	1,039,505
Severance payments paid	13	(1,823,908)	(308,053)
Cash Flows from Operations		37,789,211	(45,266,527)
B. CASH FLOWS FROM INVESTING ACTIVITIES			
Cash outflows from the sale of tangible and intangible assets	10,11	(193,139,635)	(119,456,719)
Cash inflows from the sale of tangible and intangible assets	10,11	48,163	429,120
Capital increase		15,046,750	-
Cash Flows from Investment Activities		(178,044,722)	(119,027,599)
C. CASH FLOWS FROM FINANCE ACTIVITIES			
Cash inflows/outflows arising from other receivables from related parties/other payables to related parties		684,376,184	-
Cash inflows from financial borrowings	6	935,590,315	560,609,885
Cash outflows from financial debt payments	6	(707,840,177)	(359,496,963)
Interest paid	21	(93,229,811)	(63,907,167)
Cash flows from financing activities		818,896,511	137,205,754
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)		678,641,000	(27,088,372)
D. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		24,434,646	51,523,018
Balance at the end of the period	3	703,075,646	24,434,646

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