CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024 TOGETHER WITH INDEPENDENT AUDITOR'S REPORT

(ORIGINALLY ISSUED IN TURKISH)

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

INDEPENDENT AUDITOR'S REPORT

To the General Assembly of Bossa Ticaret ve Sanayi İşletmeleri T.A.Ş.

A. Audit of the financial statements

1. Our opinion

We have audited the accompanying financial statements of Bossa Ticaret ve Sanayi İşletmeleri T.A.Ş. (the "Company") which comprise the statement of financial position as at 31 December 2024, the statement of profit or loss, the statement of other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended and notes to the financial statements comprising a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2024, 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 adopted within the framework of the regulations of the Capital Markets Board and 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 Financial Statements" section of our report. We hereby declare that we are independent of the Company in accordance with the Ethical Rules for Independent Auditors (including Independence Standards) (the "Ethical Rules") the ethical requirements regarding independent audit in regulations issued by the POA; the regulations of the Capital Markets Board; and other relevant legislation 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.

PwC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş.
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3. Key audit matters

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

Key Audit Matters	**How the key audit matter was addressed in the audit**
Revenue recognition As explained in Note 1, the Company operates in the production, marketing and sales of textile products. The net revenue of the Company from these activities in 2024 is TRY 6,265,329,750 (Note 18). We focused on this area due to the following reason: • Revenue is one of the most significant measurement criterions for evaluating the results of strategies implemented throughout the year and performance follow-up. Accounting policies related to Revenue Recognition of the Company are disclosed in Note 2.4.	The following procedures were performed for the audit of the revenue: • The adequacy of the revenue recognition policies of the Company for requirements of TFRS 15, “Revenue from Contract with Customers” was evaluated, • Business processes on revenue recognition performed by the Company were understood, • Sales invoices were tested using the sampling method and these invoices were reconciled with the related delivery notes and collections from the customers, • Confirmation letters were sent to the Company’s customers based on the sampling method, • Sales contracts with the Company’s customers were evaluated and the adequacy of the timing of revenue recognition for different types of delivery was assessed. As a result of our work, we have no material findings related to the revenue recognition.

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

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

In preparing the financial statements, management is responsible for assessing the Company'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 Company or to cease operations, or has no realistic alternative but to do so.

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

5. Auditor's responsibilities for the audit of the 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 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 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 Company'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 Company'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 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 Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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 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 Bossa Ticaret ve Sanayi İşletmeleri T.A.Ş.'s bookkeeping activities concerning the period from 1 January to 31 December 2024 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 28 February 2025.

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

Salim Alyanak, SMMM
Independent Auditor

Istanbul, 28 February 2025

INDEX **PAGE**

BOSSA TİCARET VE SANAYİ İŞLETMELERİ T.A.Ş.

STATEMENT OF FINANCIAL POSITIONS AS AT 31 DECEMBER 2024 AND 2023

(Amounts on tables expressed of Turkish Lira ("TRY") in terms of purchasing power of the TL on 31 December 2024 unless otherwise indicated.)

	Notes	31 December 2024	31 December 2023
ASSETS			
Current assets:			
Cash and cash equivalents	3	103,912,416	283,440,931
Trade receivables			
- Trade receivables, third parties	5	1,636,196,854	1,998,737,230
Other receivables			
- Other receivables, third parties	6	2,078,879	1,156,593
Inventories	9	1,790,491,241	1,509,136,789
Prepaid expenses		-	-
- Prepaid expenses, third parties	7	31,853,781	36,474,206
Assets related to current period tax	25	24,213,158	-
Other current assets	8	126,116,711	83,133,770
TOTAL CURRENT ASSETS		**3,714,863,040**	**3,912,079,519**
Non-current assets:			
Financial investments		1,569,295	704,257
Investment properties	12	1,901,375,000	1,797,753,929
Tangible assets	10	5,246,747,521	4,805,258,675
Intangible assets	11	258,816,373	239,971,803
Prepaid expenses			
- Prepaid expenses, third parties	7	31,333,025	132,795,389
TOTAL NON-CURRENT ASSETS		**7,439,841,214**	**6,976,484,053**
TOTAL ASSETS		**11,154,704,254**	**10,888,563,572**

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

BOSSA TİCARET VE SANAYİ İŞLETMELERİ T.A.Ş.

STATEMENT OF FINANCIAL POSITIONS AS AT 31 DECEMBER 2024 AND 2023

(Amounts on tables expressed of Turkish Lira ("TRY") in terms of purchasing power of the TL on 31 December 2024 unless otherwise indicated.)

	Notes	31 December 2024	31 December 2023
LIABILITIES			
Short term liabilities:			
Short term liabilities			
- Bank loans	4	1,527,804,483	1,696,536,380
- Financial liabilities (leasing)	4	14,260,526	14,596,938
Short term portions of long term bank loans			
- Bank loans	4	98,233,531	127,790,693
Trade payables			
- Trade payables, third parties	5	400,072,910	441,057,956
Employee benefit obligations	13	65,833,997	65,945,847
Period profit tax liability	25	-	49,802,663
Deferred income			
- Deferred income, third parties	14	78,811,559	29,907,337
Short-term provisions			
- Other short-term provisions	16	2,332,000	7,356,096
- Provisions for employee benefits	15	26,239,899	20,016,279
Other current liabilities	8	35,409,354	64,060,361
TOTAL CURRENT LIABILITIES		**2,248,998,259**	**2,517,070,550**
Non- current liabilities:			
Long term liabilities			
- Bank loans	4	498,070,039	660,948,234
- Financial liabilities (leasing)	4	12,979,614	19,448,665
Trade payables			
- Trade payables, third parties	5	44,478,563	92,688,655
Long term provisions			
- Long term provision for employee benefits	15	227,601,577	177,994,686
Deferred tax liabilities	25	383,342,291	266,611,446
TOTAL NON-CURRENT LIABILITIES		**1,166,472,084**	**1,217,691,686**
Equity:			
Paid-in share capital	17	1,300,000,000	650,000,000
Capital adjustment differences	17	616,032,514	1,266,032,514
Share premium	17	29,923,023	29,923,023
Repurchased shares	17	(67,892,324)	(83,920,185)
Restricted reserves from profit	17	263,918,548	216,131,201
Other comprehensive income/loss not to be reclassified to profit or loss			
- Revaluation funds		1,156,600,499	1,137,628,979
- Actuarial gain or loss arising from defined benefit plans		(349,850,015)	(280,711,177)
Retained earnings		4,248,916,968	2,560,812,230
Net profit for the period		541,584,698	1,657,904,751
TOTAL EQUITY		**7,739,233,911**	**7,153,801,336**
TOTAL LIABILITIES AND EQUITY		**11,154,704,254**	**10,888,563,572**

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

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2024 AND 2023

(Amounts on tables expressed of Turkish Lira ("TRY") in terms of purchasing power of the TL on 31 December 2024 unless otherwise indicated.)

	Notes	1 January - 31 December 2024	1 January - 31 December 2023
PROFIT OR (LOSS)			
Revenue	18	6,265,329,750	7,143,277,463
Cost of sales (-)	18	(4,999,425,234)	(6,073,526,995)
GROSS PROFIT FROM COMMERCIAL OPERATIONS		**1,265,904,516**	**1,069,750,468**
General administrative expenses (-)	19	(151,196,396)	(141,680,550)
Marketing expenses (-)	19	(501,750,085)	(472,349,546)
Research expenses (-)		(10,146,871)	(10,331,058)
Other operating income	20	631,666,413	1,566,378,617
Other operating expenses (-)	20	(280,633,268)	(721,901,260)
PROFIT FROM OPERATING ACTIVITIES		**953,844,309**	**1,289,866,671**
Income from investment activities	24	85,893,942	460,436,769
PROFIT BEFORE FINANCING ACTIVITIES		**1,039,738,251**	**1,750,303,440**
Financial income	21	19,889,007	32,654,470
Financial expenses (-)	22	(479,322,382)	(694,652,437)
Monetary gain/loss	23	126,898,428	588,629,322
PROFIT FROM CONTINUING ACTIVITIES, BEFORE TAX		**707,203,304**	**1,676,934,795**
Tax expense from continuing operations			
- Current tax (expense) (-) / income	25	(32,654,276)	(49,802,663)
- Deferred tax income/(expense)	25	(132,964,330)	30,772,619
PROFIT FOR THE PERIOD		**541,584,698**	**1,657,904,751**
Earnings per share (kr)	26	0,0067	0,0204

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

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2024 AND 2023

(Amounts on tables expressed of Turkish Lira (“TRY”) in terms of purchasing power of the TL on 31 December 2024 unless otherwise indicated.)

	Notes	1 January - 31 December 2024	1 January - 31 December 2023
PROFIT FOR THE PERIOD		**541,584,698**	**1,657,904,751**
OTHER COMPREHENSIVE INCOME (LOSS)		(50,167,318)	213,633,242
Other comprehensive income that will not be reclassified to profit or (loss)			
Property, plant and equipment revaluation increases		25,784,314	290,808,400
Defined benefit plan re-measurement losses	15	(92,185,117)	(27,470,890)
Other comprehensive income that will not be reclassified to profit or loss, tax effect			
Deferred tax expense		16,233,485	(49,704,268)
TOTAL COMPREHENSIVE INCOME		**491,417,380**	**1,871,537,993**

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

BOSSA TİCARET VE SANAYİ İŞLETMELERİ T.A.Ş.

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE YEAR ENDED 31 DECEMBER 2024

(Amounts on tables expressed of Turkish Lira ("TRY") in terms of purchasing power of the TL on 31 December 2024 unless otherwise indicated.)

						Accumulated other comprehensive income and expense that is not subject to reclassification to income or (loss)				
						Gain or loses revaluation and remeasurement		**Retained earnings**		
	Paid-in share capital	**Capital adjustment differences**	**Share premium**	**Repurchased shares**	**Restricted Reserves**	**Tangible asset revaluation increases**	**Actuarial gain or loss arising from defined benefit plans**	**Retained earnings**	**Profit for the year**	**Total equity**
Opening balance, 1 January 2023	**356,000,000**	**976,316,578**	**29,923,023**	**(77,744,663)**	**173,578,438**	**903,392,569**	**(260,108,009)**	**1,650,161,247**	**1,530,744,160**	**5,282,263,343**
Capital increase	294,000,000	289,715,936	-	-	-	-	-	(583,715,936)	-	-
Repurchased shares	-	-	-	(6,175,522)	6,175,522	-	-	-	-	-
Transfers	-	-	-	-	36,377,241	-	-	1,494,366,919	(1,530,744,160)	-
Total comprehensive income	-	-	-	-	-	234,236,410	(20,603,168)	-	1,657,904,751	1,871,537,993
Closing balance, 31 December 2023	**650,000,000**	**1,266,032,514**	**29,923,023**	**(83,920,185)**	**216,131,201**	**1,137,628,979**	**(280,711,177)**	**2,560,812,230**	**1,657,904,751**	**7,153,801,336**
Opening balance, 1 January 2024	**650,000,000**	**1,266,032,514**	**29,923,023**	**(83,920,185)**	**216,131,201**	**1,137,628,979**	**(280,711,177)**	**2,560,812,230**	**1,657,904,751**	**7,153,801,336**
Capital increase	650,000,000	(650,000,000)	-	-	-	-	-	-	-	-
Repurchased shares	-	-	-	16,027,861	(16,027,861)	-	-	94,015,195	-	94,015,195
Transfers	-	-	-	-	63,815,208	-	-	1,594,089,543	(1,657,904,751)	-
Total comprehensive income	-	-	-	-	-	18,971,520	(69,138,838)	-	541,584,698	491,417,380
Closing balance, 31 December 2024	**1,300,000,000**	**616,032,514**	**29,923,023**	**(67,892,324)**	**263,918,548**	**1,156,600,499**	**(349,850,015)**	**4,248,916,968**	**541,584,698**	**7,739,233,911**

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

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2024 AND 2023

(Amounts on tables expressed of Turkish Lira ("TRY") in terms of purchasing power of the TL on 31 December 2024 unless otherwise indicated.)

	Notes	1 January - 31 December 2024	1 January - 31 December 2023
Cash flows from operating activities			
Profit for the period		**541,584,698**	**1,657,904,751**
Adjustments for reconciliation of profit for the period			
Adjustments for depreciation and amortisation	10.11	210,651,816	254,855,292
Adjustments related to provisions			
- Adjustments related to provisions for employee benefits	15	74,421,264	66,696,609
- Adjustments related to provisions for litigation		(2,763,000)	3,234,084
Adjustments for impairment/(cancellations)			
- Adjustments related to impairment loss of receivables	5	(35,927,231)	46,706,434
Adjustments for impairment (reversal) of other financial assets or investments		(865,038)	-
Adjustments for impairment losses (gains) of investment properties		(72,621,071)	(402,439,077)
Adjustments related to interest income/(expense)			
- Adjustments related to interest expense	22	427,389,997	397,174,613
Unearned financial income from forward sales		(5,308,245)	16,482,387
Unincurred financial expense from forward purchases		(1,791,816)	1,231,370
Adjustments related to losses from disposals of fixed assets		(13,272,871)	(57,997,692)
Adjustments related to tax (income)/expenses		58,948,509	19,030,043
Adjustments related to unrealized foreign exchange differences		446,464,642	654,912,078
Monetary gain/loss		(848,440,052)	(1,287,458,467)
Cash flows from operating activities before changes in operating assets and liabilities		**778,471,602**	**1,370,332,425**
Changes in working capital			
Adjustments related to decrease in trade receivables			
- Increase/decrease in trade receivables from other parties		438,168,308	(416,875,288)
Adjustments related to increase/decrease in other receivables related to operations			
- Increase/decrease in trade receivables from other parties	6	(634,562)	1,824,725
Adjustments related to other increase in inventories	9	(281,642,176)	295,560,943
Increase in prepaid expenses	7	4,620,425	131,868,589
Increase in liabilities of employee benefits		(111,850)	30,064,760
Adjustments related to increase/decrease in trade payables			
- Increase/decrease in trade payables from other parties		(87,475,974)	26,453,888
Increase/decrease in deferred income	14	48,904,222	(47,726,310)
Adjustments related to other increase/decrease in working capital			
- Decrease in other assets related to operations		(42,982,941)	27,056,585
- Decrease in other liabilities related to operations		(28,651,007)	(12,217,635)
Changes in working capital		**50,194,445**	**36,010,257**
Cash flows from operating activities		**828,666,047**	**1,406,342,682**
Payments related to provisions for employee benefits	15	**(49,911,780)**	**(235,049,795)**
Cash flows from investing activities			
Cash inflows due to sales of tangible and intangible fixed assets			
- Cash inflows due to sale of tangible fixed assets	10	23,671,418	42,179,240
Cash outflows due to purchase of tangible and intangible fixed assets			
- Cash outflows due to purchase of tangible and intangible fixed assets	10.11	(554,137,098)	(337,710,541)
Cash flows from investing activities		**(530,465,680)**	**(295,531,301)**
Cash flows from financial activitıes			
Cash outflows due to loan repayments	4	(1,919,870,968)	(3,127,880,667)
Cash inflows from borrowings	4	1,892,993,011	2,737,757,764
Cash inflows/outflows from other financial borrowings, net		(22,333,862)	(32,245,357)
Cash outflow from the company's own shares purchase		(5,585,571)	(6,175,522)
Cash inflows from the sale of repurchased shares		84,660,000	-
Interest paid		(418,233,226)	(389,817,624)
Cash flows from financial activitıes		**(388,370,616)**	**(818,361,406)**
Monetary loss earnings impact on cash and cash equivalents		**(39,446,486)**	**(335,757,431)**
Net increase/decrease in cash and cash equivalents		**(179,528,515)**	**(278,357,251)**
Cash and cash equivalents at the beginning of the period	**3**	**283,440,931**	**561,798,182**
Cash and cash equivalents at the end of the period	**3**	**103,912,416**	**283,440,931**

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

1. ORGANIZATION AND NATURE OF OPERATIONS

Bossa Ticaret ve Sanayi İşletmeleri T.A.Ş. ("Bossa" or the "Company") was established in 1951. The main operations of the Company are manufacturing, marketing and selling textile products.

The average number of employees of the Company for the year ended 31 December 2024 is 1,788 (31 December 2023: 1,620).

The Company is registered in Türkiye and headquarter's address is as follows:

Hacı Sabancı Organize Sanayi Bölgesi Acıdere OSB Mah. Celal Bayar Bulvarı No:3 Sarıçam – Adana.

The Company's shareholding structure is as follows:

	31 December 2024		31 December 2023	
Shareholders	**Shareholding Rate (%)**	**Shareholding Amount**	**Shareholding Rate (%)**	**Shareholding Amount**
İsrafil Uçurum	65.86	856,205,528	65.86	428,102,764
Yusuf Uçurum	21.95	285,401,844	21.95	142,700,922
Bossa T.A.Ş.	2.72	35,293,354	3.58	23,296,677
Oğuz Tekstil A.Ş.	1.17	15,160,941	0.70	4,580,471
Other	8.30	107,938,333	7.91	51,319,166
Paid in capital	**100.00**	**1,300,000,000**	**100.00**	**650,000,000**

As of 31 December 2024, the amount of reacquired shares of the Company is 35,293,354 units. These shares are equivalent of 2,72% portion of its issued capital and accounted as "Repurchased shares" under the equity.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

2.1 Basis of presentation

Financial statements are prepared in accordance with Turkish Financial Reporting Standards ("TFRS") and its addendum and interpretations ("IFRIC") issued by Public Oversight Accounting and Auditing Standards Authority ("POA") Turkish Accounting Standards Boards. The Company is registered in Türkiye and maintains its accounting records and prepares its statutory financial statements in accordance with the Turkish Commercial Code ("TCC"), tax legislation and the uniform chart of accounts issued by the Ministry of Finance.

The financial statements have been prepared from the statutory financial statements of the Company and presented in TRY in accordance with CMB Accounting Standards with certain adjustments and reclassifications for the purpose of fair presentation. Except for the financial assets and liabilities carried from their fair values and assets and liabilities included in Business Combination application, financial statements are prepared on a historical cost basis.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.1 Basis of presentation (Continued)

The accompanying financial statements and disclosure have been prepared in accordance with the communiqué numbered II-14,1 "Communiqué on the Principles of Financial Reporting In Capital Markets" ("the Communiqué") announced by the Capital Markets Board of Türkiye ("CMB") on The accompanying financial statements and disclosure have been prepared in accordance with the communiqué numbered II-14,1 "Communiqué on the Principles of Financial Reporting In Capital Markets" ("the Communiqué") announced by the Capital Markets Board of Türkiye ("CMB") on 13 June 2013 which is published on Official Gazette numbered 28676. In accordance with Article 5th of the CMB Accounting Standards, companies should apply Turkish Accounting Standards/Turkish Financial Reporting Standards ("TFRS") and interpretations regarding these standards as adopted by the Public Oversight Accounting and Auditing Standards Authority ("POA").

Going concern

The interim financial statements including the accounts have been prepared assuming that the Company will continue its operations.

Preparation of financial statements

Financial statements are presented in accordance with the formats determined in the "Announcement on TFRS Taxonomy" published by the POA on October 4, 2022 and in the Table Financial Examples and User Guide published by the CMB.

Approval of financial statements

The financial statements were approved by the Company's Board of Directors on February 28, 2025. The General Assembly and some regulatory boards have the authority to make changes to the financial statements.

Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statements are presented in TRY which is the Company's functional and the presentation currency.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.2 Financial Reporting in High-Inflation Economies (Continued)

The Company has prepared its financial statements for the year dated 31 December 2024 and ending on the same date, in accordance with TMS 29 "Financial Reporting in Economies with High Inflation", based on the announcement made by the KGK on 23 November 2023 and the "Implementation Guide on Financial Reporting in Economies with High Inflation" published. It was prepared by applying the "Reporting" Standard. In accordance with the said standard, financial statements prepared based on the currency of a hyperinflationary economy are prepared in the purchasing power of this currency at the balance sheet date, and comparative information is expressed in terms of the current measurement unit at the end of the reporting period for the purpose of comparison of previous period financial statements, For this reason, the company has presented its financial statements as of December 31, 2023, on the basis of purchasing power as of December 31, 2024.

In accordance with the CMB's decision dated 28 December 2023 and numbered 81/1820, issuers and capital market institutions subject to financial reporting regulations applying Turkish Accounting/Financial Reporting Standards shall comply with the provisions of TAS 29, starting from their annual financial reports for the accounting periods ending as of 31 December 2024. It was decided to apply inflation accounting by applying.

Rearrangements made in accordance with TAS 29 were made using the correction coefficient obtained from the Consumer Price Index in Türkiye (“CPI”) published by the Turkish Statistical Institute (“TURKSTAT”). As of December 31, 2024, the indices and correction coefficients used in the correction of financial statements are as follows:

Date	Index	Correction Coefficient	Three Year Compound Inflation Rate
31 December 2024	2,684.55	1,00000	%291
31 December 2023	1,859.38	1,44379	%268
31 December 2022	1,128.45	2,37897	%156

The main elements of the Company's adjustment for financial reporting purposes in high-inflation economies are as follows:

Current period financial statements prepared in TRY are expressed in purchasing power at the balance sheet date, and amounts from previous reporting periods are also expressed by adjusting according to the purchasing power at the end of the reporting period.

Monetary assets and liabilities are not adjusted as they are currently expressed in current purchasing power at the balance sheet date. In cases where the inflation-adjusted values of non-monetary items exceed the recoverable amount or net realizable value, the provisions of TMS 36 and TMS 2 were applied, respectively.

Non-monetary assets and liabilities and equity items that are not expressed in current purchasing power at the balance sheet date have been adjusted using the relevant adjustment coefficients.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.2 Financial Reporting in High-Inflation Economies (Continued)

"All items in the statement of comprehensive income, except those that affect the statement of comprehensive income of non-monetary items in the balance sheet, are indexed with coefficients calculated over the periods when the income and expense accounts are first reflected in the financial statements.

The effect of inflation on the Company's net monetary asset position in the current period is recorded in the net monetary position loss account in the income statement.**)**

2.3 New revised Türkiye Accounting Standards

a. Standards, amendments, and interpretations applicable as of 31 December 2024:

- **Amendment to IAS 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 amendments also aim to improve information an entity provides related to liabilities subject to these conditions.

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

- **Amendments to IAS 7 and IFRS 7 on Supplier finance arrangements;** effective from annual periods beginning on or after 1 January 2024. These amendments require disclosures to enhance the transparency of supplier finance arrangements and their effects on a company's liabilities, cash flows and exposure to liquidity risk. The disclosure requirements are the IASB's response to investors' concerns that some companies' supplier finance arrangements are not sufficiently visible, hindering investors' analysis.

- **IFRS S1, 'General requirements for disclosure of sustainability-related financial information;** effective from annual periods beginning on or after 1 January 2024. This standard includes the core framework for the disclosure of material information about sustainability-related risks and opportunities across an entity's value chain.

- **IFRS S2, 'Climate-related disclosures';** effective from annual periods beginning on or after 1 January 2024. This is the first thematic standard issued that sets out requirements for entities to disclose information about climate-related risks and opportunities.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.3 New revised Türkiye Accounting Standards (Continued)

b. Standards, amendments, and interpretations that are issued but not effective as of 31 December 2024:

- **Amendments to IAS 21 - Lack of Exchangeability;** effective from annual periods beginning on or after 1 January 2025. An entity is impacted by the amendments when it has a transaction or an operation in a foreign currency that is not exchangeable into another currency at a measurement date for a specified purpose. A currency is exchangeable when there is an ability to obtain the other currency (with a normal administrative delay), and the transaction would take place through a market or exchange mechanism that creates enforceable rights and obligations.

- **Amendment to IFRS 9 and IFRS 7 - Classification and Measurement of Financial Instruments;** effective from annual reporting periods beginning on or after 1 January 2026 (early adoption is available). These amendments:

  - clarify the requirements for the timing of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system;
  - clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion;
  - add new disclosures for certain instruments with contractual terms that can change cash flows (such as some instruments with features linked to the achievement of environment, social and governance (ESG) targets); and
  - make updates to the disclosures for equity instruments designated at Fair Value through Other Comprehensive Income (FVOCI).

- **Annual improvements to IFRS – Volume 11;** Annual improvements are limited to changes that either clarify the wording in an Accounting Standard or correct relatively minor unintended consequences, oversights or conflicts between the requirements in the Accounting Standards. The 2024 amendments are to the following standards:

  - IFRS 1 First-time Adoption of International Financial Reporting Standards;
  - IFRS 7 Financial Instruments: Disclosures and its accompanying Guidance on implementing IFRS 7;
  - IFRS 9 Financial Instruments;
  - IFRS 10 Consolidated Financial Statements; and
  - IAS 7 Statement of Cash Flows.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.3 New revised Türkiye Accounting Standards (Continued)

Standards, amendments, and interpretations that are issued but not effective as of 31 December 2024: (Continued)

- **IFRS 18 Presentation and Disclosure in Financial Statements;** effective from annual periods beginning on or after 1 January 2027. This is the new standard on presentation and disclosure in financial statements, with a focus on updates to the statement of profit or loss. The key new concepts introduced in IFRS 18 relate to:

  - the structure of the statement of profit or loss;
  - required disclosures in the financial statements for certain profit or loss performance measures that are reported outside an entity's financial statements (that is, management-defined performance measures); and
  - enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general.

- **IFRS 19 Subsidiaries without Public Accountability: Disclosures;** effective from annual periods beginning on or after 1 January 2027. Earlier application is permitted. This new standard works alongside other IFRS Accounting Standards. An eligible subsidiary applies the requirements in other IFRS Accounting Standards except for the disclosure requirements and instead applies the reduced disclosure requirements in IFRS 19. IFRS 19's reduced disclosure requirements balance the information needs of the users of eligible subsidiaries' financial statements with cost savings for preparers. IFRS 19 is a voluntary standard for eligible subsidiaries. A subsidiary is eligible if:

  - it does not have public accountability; and
  - it has an ultimate or intermediate parent that produces consolidated financial statements available for public use that comply with IFRS Accounting Standards.

2.4 Summary of significant accounting policies

Offsetting

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

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits and other short - term highly liquid investments which their original maturities are 3 months or less from date of acquisition and readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.4 Summary of significant accounting policies (Continued)

Inventories

Inventories are stated at the lower of cost and net realizable value, Expenses incurred to bring the inventories to their present conditions are recognized in accordance with the following method:

Raw materials and supplies **-** The cost of raw materials and supplies, is determined by the weighted average method.

Finished and semi-finished products **-** Direct material and labour costs, variable and fixed production overheads in certain proportions (considering normal operating capacity) were included, Inventory valuation is determined using the weighted average method.

Net realizable value is the estimated via determination of selling price in the ordinary course of business, less the estimated costs of completion and estimated costs necessary to make the sale.

Business Combinations

Business combinations subject to common control are accounted for by pooling of interest method, therefore there is no goodwill in the financial statements. When pooling of interest method is applied, the financial statements should be restated as if the merger had occurred at the beginning of the reporting period in which the common control occurred and should be presented comparatively from the beginning of the reporting period in which the common control occurred. Since in the presentation of business combinations subject to common control to the financial statements, it would be appropriate to be evaluated in terms of parent, in the consolidation process, the company holding the control of the group restated the financial statements as if the financial statements were prepared according to TAS including merger accounting on and after the date of the companies in common control, "Effect of business combinations under common control" is used as a balancing account under the equity due to solve the inconsistency of asset-liability generating because of business combinations under common control.

Tangible assets

Except for the land and buildings held for use, property, plant and equipment are carried at cost deducted by accumulated depreciation. The Company recognized land and buildings in the financial statements according to their fair values determined by the CMB approved real estate valuation experts.

Increases resulting from the revaluation of assets held for use held at carrying values are classified under "revaluation funds" in shareholders' equity, impairments of the same assets' value following the increase in value in prior years due to revaluation are netted off from revaluation funds and any other remaining decreases in value are reflected to the income statement. For each reporting period, the difference between depreciation expense calculated over restated value of assets and the depreciation expense calculated over the assets' value prior to revaluation (charged to the income statement), is transferred from revaluation fund to retained earnings.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.4 Summary of significant accounting policies (Continued)

Depreciation is recognized, either, over the adjusted costs of property, plant and equipment or restated balances on a straight-line basis over the economic useful lives. The estimated economic useful lives for property, plant and equipment are as follows:

	Years
Land improvements	10 - 30
Buildings	10 - 50
Machinery and equipment	3 - 30
Vehicles	4 - 10
Fixture and furniture	3 - 20

In the event of circumstances indicating that impairment has occurred in the tangible assets, an inspection is performed with the purpose of determining a possible impairment, and if the registered value of the tangible asset is higher than its recoverable value, the registered value is reduced to its recoverable value by reserving a provision.

Gains/loss due to disposal of tangible assets are accounted in income statement in the event of revalued property disposal, the balance booked under "revaluation fund" is transferred to retained earnings account, Right-of-use assets are amortized in accordance with TAS 16 "Property, Plant and Equipment" standard.

Intangible assets

Intangible assets comprise acquired intellectual property and computer software. They are recorded at acquisition cost and amortized on a straight-line basis over their estimated economic lives for a period not exceeding 5 years from the date of acquisition. Where an indication of impairment exists, the carrying amount of any intangible asset is assessed and written down immediately to its recoverable amount.

Research and development expenses

Research expenses are recognized in comprehensive income statement in the period they are incurred.

Intangible assets resulting from development activities (or within the development of a project within the group as a by-product) are recognized in the financial statements, only if all of the following criteria are met:

- It is technically possible for the fixed asset to be finalized and made ready for sale,
- There is an intention of completing, utilizing and disposing the fixed asset,
- Whether the fixed asset is usable and merchantable,
- It is foreseeable that fixed asset is capable of providing a possible future gross economic benefit,
- There is a technical, financial and other resource that is suitable fort the completion, usage and trade of the fixed asset,
- Whether the development cost is properly measurable during the development phase

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.4 Summary of significant accounting policies (Continued)

Other development costs are recognized as expenses as they occur, Development costs that are recognized as expense within the prior period cannot be capitalized within the following year.

Financial assets

Classification and measurement

The Company recognizes its financial assets as financial assets that are accounted for at amortized cost, The classification is based on the business model and expected cash flows, which are determined according to the purpose of benefiting from financial assets, Management makes the classification of its financial assets on the date of purchase.

a) Financial assets recognized at amortized cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest, whose payments are fixed or predetermined, which are not actively traded and which are not derivative instruments are measured at amortized cost. They are included in current assets, except for maturities more than 12 months after the balance sheet date. Those with maturities more than 12 months are classified as non-current assets, The Company’s financial assets carried at amortized cost comprise “trade receivables" and "cash and cash equivalents” in the statement of financial position.

Impairment

Since the Company's trade receivables, which are accounted for at amortized cost, do not include a significant financing cost. Company uses the provisioning matrix by selecting the simplified application for the impairment calculations, With this application, the Company measures the expected credit loss provision from an amount equal to the expected credit losses of the lifetime when the trade receivables are not impaired due to certain reasons, In the calculation of the expected loan losses, the Company's future forecasts are taken into consideration along with the past loan loss experiences.

Financial liabilities

Financial liabilities are recognized initially at fair value less their transaction costs and subsequently measured at their amortized cost determined via the interest expense calculated using effective interest rate.

Effective interest rate method is the determination of amortized cost of financial liabilities and allocation of related interest expenses to corresponding period, Effective interest rate is the rate reducing the long term, or short term if conditions allow, expected cash payments to present value of the current financial liability within an expected life of the financial instrument.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.4 Summary of significant accounting policies (Continued)

Bank Loans

All bank loans are recorded with the cost value which is considered to reflect the fair values at the time of initial registration and includes the export cost.

After initial recognition, loans are carried at amortized cost using the effective interest rate method, When calculating the discounted value, the costs at the time of first issuance and discounts and rebates during reimbursement are taken into consideration.

Income and expenses during the redemption process or when the liabilities are incurred are charged to the income statement.

Trade payables

Trade payables are recognized initially at fair value of and subsequently measured at amortized cost using the effective interest method.

Leases

Lease - Company as Lessor

At inception of a contract, the Company shall assess whether the contract is, or contains, a lease,
A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration, To assess whether a contract conveys the right to control the use of an identified asset for a period of time. the Company shall assess whether, throughout the period of use, the customer has both of the following:

The contract includes an identified asset (identification of an asset in a clear or implicitly specified form in the contract).

b) A capacity portion of an asset is an identified asset if it is physically distinct and represents substantially all of the capacity of the asset (the asset is not an identified asset if the vendor has a fundamental right to substitute the asset for the duration of its use and obtain an economic benefit from it).

c) The Company has the right to obtain almost all of the economic benefits that will be derived from the use of the identified asset.

d) The right to direct the use of the identified asset, The Company has the right to direct the use of an identified asset throughout the period of use only if either:

   i. The Company has the right to direct how and for what purpose the asset is used throughout the period of use

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.4 Summary of significant accounting policies (Continued)

ii. The relevant decisions about how and for what purpose the asset is used are predetermined and,

The Company recognizes a right-of-use assets and a lease liability at the commencement date of the leasing following consideration of the above-mentioned factors,

At the commencement date, the Company shall measure the right-of-use asset at cost, The cost of the right-of-use asset shall comprise:

a) The amount of the initial measurement of the lease liability,
b) Any lease payments made at or before the commencement date, less any lease incentives received,
c) Any initial direct costs incurred by the Company

To apply a cost model, the Company shall measure the right-of-use asset at cost:

a) Less any accumulated depreciation and accumulated impairment losses and
b) Adjusted for any remeasurement of the lease liability,

The Company apply the depreciation requirements in TAS 16 "Property, Plant and Equipment" in depreciating the right-of-use asset, subject to the requirements, If the lease transfers ownership of the underlying asset to the lessee by the end of the lease term or if the cost of the right-of-use asset reflects that the lessee will exercise a purchase option, the Company depreciate the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, The Company depreciate the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The Company shall apply TAS 36 Impairment of Assets to determine whether the right-of-use asset is impaired and to account for any impairment loss identified

Lease Liability

At the commencement date, the Company shall measure the lease liability at the present value of the lease payments that are not paid at that date. The lease payments shall be discounted using the financing rate implicit in the lease, if that rate can be readily determined, If that rate cannot be readily determined, the lessee shall use the lessee's incremental borrowing rate.

At the commencement date, the lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

a) Fixed payments, less any lease incentives receivable,
b) Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date,

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.4 Summary of significant accounting policies (Continued)

c) The exercise price of a purchase option if the Company is reasonably certain to exercise that option and
d) Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease,

After the commencement date, the Company shall measure the lease liability by:

a) Increasing the carrying amount to reflect interest on the lease liability,
b) Reducing the carrying amount to reflect the lease payment made; and
c) Remeasuring the carrying amount to reflect any reassessment or lease modifications, or to reflect revised in substance fixed lease payments,

Interest on the lease liability in each period during the lease term is the amount that produces a constant periodic rate of interest on the remaining balance of the lease liability. The Company determine the revised discount rate as the interest rate implicit in the lease for the remainder of the lease term, if that rate can be readily determined, or the lessee's incremental borrowing rate at the date of reassessment, if the interest rate implicit in the lease cannot be readily determined, After the commencement date. The Company remeasure the lease liability to reflect changes to the lease payments.

The Company shall remeasure the lease liability by discounting the revised lease payments using a revised discount rate, if either:

a) There is a change in the lease term, The Company determine the revised lease payments on the basis of the revised lease term; or,
b) There is a change in the assessment of an option to purchase the underlying asset, The Company determine the revised lease payments to reflect the change in amounts payable under the purchase option.

The Company determine the revised discount rate as the interest rate implicit in the lease for the remainder of the lease term, if that rate can be readily determined, or the lessee's incremental borrowing rate at the date of reassessment, if the interest rate implicit in the lease cannot be readily determined.

The Company remeasure the lease liability by discounting the revised lease payments, if either:

a) There is a change in the amounts expected to be payable under a residual value guarantee, The Company determine the revised lease payments to reflect the change in amounts expected to be payable under the residual value guarantee,
b) There is a change in future lease payments resulting from a change in an index or a rate used to determine those payments, The Company remeasure the lease liability to reflect those revised lease payments only when there is a change in the cash flows.

The Company determines its revised lease payments related to the remaining leasing period considering its payments related to the revised agreement, Under these circumstances, the Company uses an unadjusted discount rate.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.4 Summary of significant accounting policies (Continued)

The Company recognizes the restructuring of the lease as a separate leasing if both of the following are met:

a) The restructuring extends the scope of the leasing by including the right of use of one or more underlying assets, and
b) The lease payment amount increases as much as the appropriate adjustments to the price mentioned individually so that the increase in scope reflects the individual price and the terms of the relevant agreement,

The Company as the lessor

All the leasings of the Company as lessor are operational leasings. For operational leasings, leased assets are classified under investment properties, tangible assets or other current assets in the balance sheet and rental income is accounted in the income statement in equal amounts for the leasing period, Rental income is accounted in the income statement for the leasing period on a straight-line basis.

The Company distributes an amount that takes place in an agreement which includes an item that has or has not one or more extra leasing qualities along with a leasing item through applying the TFRS 15, "Revenue from Contracts with Customers" standard.

Financial expenses are recorded in the profit or loss statement in accordance with the general borrowing policy of the Company. Payments made for operating leases (incentives received or to be received in order to be able to perform leasing from the lessor are recorded in the income statement on a straight-line basis over the period of the lease) are recognized in the statement of profit or loss on a straight-line basis over the period of the lease.

Recognition and derecognition of financial assets and liabilities

The Company recognizes a financial asset or financial liability in its balance sheet when only when it becomes a party to the contractual provisions of the instrument. The Company derecognizes a financial asset or a portion of it only when the control on rights under the contract is discharged. The Company derecognizes a financial liability when the obligation under the liability is discharged or cancelled or expires.

Trade and other receivables

Trade receivables are recognized at invoice amount, less an allowance for any uncollectible amounts and recorded at amortized cost using the effective interest method. Bonds and forward checks classified in trade receivables are carried at amortized cost using the effective interest rate method.

The Company has preferred to apply "simplified approach" defined in TFRS 9 for the recognition of impairment losses on trade receivables, carried at amortized cost and that do not comprise of any significant finance component (those with maturity less than 12 months). In accordance with the simplified approach, the Company 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.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.4 Summary of significant accounting policies (Continued)

Tax assets and liabilities

The Company is subject to taxation in accordance with the tax regulation and the legislation effective in Türkiye.

Tax expense includes current tax expense and deferred tax expense. Tax is included in the income statement, provided that it is not related to an operation that is accounted for directly under equity. Otherwise, the tax is accounted under equity as well as the related transaction.

Corporate tax and current tax

In the Turkish tax system, financial losses can be offset against financial profits within the following five years, but it is not possible to offset (retrospectively) against previous years' earnings.

Companies calculate provisional tax on their quarterly financial profits and declare it by the 17th day of the second month following that period and pay it by the evening of the seventeenth day. The corporate tax rate has been applied as 25% for the 2023-2024 taxation period. Manufacturer and exporter institutions with an industrial registry certificate will receive a 1-point corporate tax reduction only on the profits they earn from production activities and exports, and exporting companies will receive a 5-point corporate tax reduction on income earned from their exporting activities. The provisional tax paid during the year belongs to that year and is deducted from the corporate tax to be calculated on the corporate tax return to be submitted in the following year. Despite the deduction, if the amount of provisional tax paid remains, this amount can be refunded in cash or deducted.

75% of the profits arising from the sale of participation shares held in the company's assets for more than two years, as well as founder's shares, usufruct shares and preemptive rights held for the same period, and 25% of the profits arising from the sale of real estate that have been in its assets for the same period, are subject to Corporate Tax. It is exempt from tax, provided that it is added to the capital as stipulated in the Law or kept in a special passive fund account for 5 years.

According to the Corporate Tax Law, financial losses shown on the declaration can be deducted from the corporate tax base of the period for a period not exceeding 5 years. Declarations and relevant accounting records can be examined by the tax office within five years.

Dividend payments made from companies resident in Türkiye to companies other than those who are not liable for corporate tax and income tax and those who are exempt, as well as dividend payments made to natural persons who are resident and non-resident of Türkiye and legal entities who are not resident in Türkiye, are subject to income tax.

Dividend payments made from companies resident in Türkiye to joint stock companies resident in Türkiye are not subject to income tax. Additionally, if the profit is not distributed or added to the capital, income tax is not calculated.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.4 Summary of significant accounting policies (Continued)

Deferred tax

Deferred income tax is provided, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying values in the financial statements. Deferred tax is calculated using tax rates that are currently in effect as of the date of the statement of financial position.

Tax provision is the aggregate amount of current period and deferred tax of tax reserves included in the determination of net profit or loss.

Deferred income tax assets are recognized for all deductible temporary differences and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilized. The carrying amount of deferred income tax assets is reviewed by the Company at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred income tax assets are recognized for all deductible temporary differences and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilized. The carrying amount of deferred income tax assets is reviewed by the Company at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Tax rates, anticipated to occur in periods in which the asset in question shall be realized and the liability shall be met, is calculated based on valid tax rates as of balance sheet date during the calculation of deferred tax assets and liabilities, As of 31 December 2024. the Company took into account the deferred tax asset for all expenses incurred within the scope of the investment incentive certificate,

Deferred tax assets and liabilities are offset against each other if the same country is subject to tax legislation and there is a legally enforceable right to offset current tax assets against current tax liabilities.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.4 Summary of significant accounting policies (Continued)

Employee benefits

Provision for employee termination benefits

In accordance with existing social legislation in Türkiye. the Company is required to make lump-sum termination indemnities to each employee who has completed over one year of service with the Company and whose employment is terminated due to retirement or for reasons other than resignation or misconduct.

Provisions for employee benefits are recognized as a separate item under long - term liabilities in the balance sheet.

Defined contribution plans

The Company pays contributions to the Social Security Institution on a mandatory basis. The Company has no further payment obligations once the contributions have been paid, The contributions are recognized as an employee benefit expense when they are due.

Revenue recognition

Revenue, goods or services related to performance obligations in the form of goods or service turnover are accounted for as long as they fulfill their performance obligations by transferring them to their customers. In the sale of goods, when the control of the asset is received by the customers, the asset is transferred and revenue is recognized. This usually happens when the asset is delivered to the customer. However, in the event that an asset with no alternative usage is created for the Company and the Company has the right to have a legally enforceable collection on the payment to be made against the completed performance until that day, the Company transfers the control of the goods over time and records the proceeds over time as production takes place.

The Company assesses the transfer of control of the goods or services sold to the customer,

a) Company's right to collect goods or services,
b) Ownership of the legal property of the customer by goods or services,
c) The transfer of goods or services,
d) Ownership of significant risks and rewards arising from the ownership of the goods or services,
e) It takes into account the conditions for the customer to accept goods or services.

Evaluate whether the company has different performance obligations at the beginning of the contract. The Company does not have an important service component identified in customer contracts.

At the beginning of the contract, the Company does not correct the effect of an important financing component at the commitment price if the customer foresees that the period between the date of transfer of the goods or services to which the customer commits is one year or less. On the other hand, in the event that there is an important financing element within the proceeds, the revenue value is determined by discounting the future collections with the interest rate within the financing element, The difference is recognized as other income from operating activities on an accrual basis,

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.4 Summary of significant accounting policies (Continued)

Interest income

Interest income is recognized using the effective interest rate until maturity.

Provisions, contingent liabilities and assets

Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The provision is reflected as present value of expenses which is likely to be in the future at the balance sheet date in case of the significant depreciation in money in time. The increase in the provision is recorded as interest expense when the present value is used.

Contingent liabilities and assets

Contingent liabilities are disclosed in notes rather than being included in financial statements. On the other hand, contingent assets are not included in financial statements and disclosed in notes if there is a strong probability to generate an economic return.

Government grants and incentives

Government grants are recognized where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognized as income over the period necessary to match the grant on a systemic basis to the costs that it is intended to compensate. The Government grants relates to intangible assets are recognized as deferred income under the short and long term liabilities and the intangible assets' depreciations are recognized by using straight-line method of depreciation in income statement during useful economic life.

Restricted reserves

Restricted reserves are reserved set aside from the profit of the prior period for certain purposes (such as acquiring tax advantage from sale of associates) except dividend distribution and due to obligations arising from the laws or contracts. These reserves are shown on their statutory amount.

Earnings per share

Basic earnings per share are calculated by dividing the net profit by the weighted average number of ordinary shares outstanding during the year.

The companies can increase their share capital by making a pro-rata distribution of shares ("Bonus Shares") to existing shareholders in Türkiye. For the purpose of the earnings per share calculation such Bonus Share issues are regarded as stock dividends, Accordingly, the weighted average number of shares used in earnings per share calculation is derived by giving retroactive effect to the issue of such shares.

There was no difference in basis and relative earnings per share for any period.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.4 Summary of significant accounting policies (Continued)

Subsequent events

Subsequent events comprise all events occurred between the date of authorization of the financial statements for issuance and the balance sheet date, The subsequent events that does not require amendment are disclosed in notes based on materiality level.

Impairment of assets

At each reporting date, the Company assesses whether there is any indication that carrying value of assets except financial assets and deferred tax assets is impaired or not. When an indicator of impairment exists, the Company estimates the recoverable values of such assets. When individual recoverable value of assets cannot be measured, recoverable value of cash generating unit of that asset is measured.

Recoverable amount is the higher of net selling price or value in use. The value in use is discounted to its present value using future cash flows and discount rate before tax that reflects risk specific asset. The main assumptions used are inflation expectations of following years, expected increase in sales and costs and expected growth rate of country.

When recoverable amount of an asset (or a cash generating unit) is lower than its carrying value, the asset’s carrying value is reduced to its recoverable amount. An impairment loss is recognized immediately in the comprehensive income statement.

An impairment loss recognized in prior periods for an asset is reversed if the subsequent increase in the asset’s recoverable amount is caused by a specific event since the last impairment loss was recognized. Such a reversal amount cannot be higher than the previously recognized impairment and is recognized as income in the financial statements.

Related parties

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,

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.4 Summary of significant accounting policies (Continued)

b) b) 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),

(i) Entity and the Company are the members of same group,
(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),

Financial instruments

A financial instrument is any contract that gives rise to both a financial asset of one enterprise and a financial liability or equity instrument of another enterprise,

A financial asset is any asset that is:

- Cash,
- A contractual right to receive cash or another financial asset from another enterprise,
- A contractual right to exchange financial instruments from another enterprise under conditions that are potentially favorable, or
- An equity instrument of another enterprise,

A financial liability that is a contractual obligation:

- To deliver cash or another financial asset to another enterprise, or
- To exchange financial instruments with another enterprise under conditions those are potentially unfavorable,

When a financial asset or financial liability is recognized initially, it is measured at its cost, which is the fair value of the consideration given (in the case of an asset) or received (in case of a liability) for it. Transaction costs are included (deducted for financial liabilities) in the initial measurement of all financial assets and liabilities.

Investment Properties

Lands and buildings, which are held to gain rental income or appreciation or for both of them instead of being used in production of goods and services or sold for administrative purposes or during the ordinary course of business, are classified as investment properties and are stated of fair value. Profit or loss, resulting from a change in fair value of investment properties, is recognized in profit or loss and other comprehensive income statement.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.4 Summary of significant accounting policies (Continued)

Derecognizing of investment properties is realized through being sold or an investment property to be discarded from use and provided that no future benefit is expected for the disposal of investment property in question. Profit or loss resulting from disposal of investment properties is recognized under related income and expense accounts during the period in which the disposal transaction is made.

Transfers, which are made to investment properties, are only possible when the use of immovable property is ceased by the property owner, it is rented to another party in the framework of operating lease or ceasing of investment studies and a change occurs in usage purposes of the property.,

Transfers, which are made from investment properties, is realized when the property is started to be used by the property owner or investment studies towards usage purpose of property is commenced.

Repurchased shares

When the Company repurchases its own shares, these shares is deducted from the equity, No gain or loss is recognized in profit or loss statement on the purchase, sale, issue or cancellation of repurchased shares.

Repurchased shares are accounted under the equity in the interim financial statements in accordance with communiqué numbered II-22,1 "Communiqué on Repurchased Shares" announced by the CMB. In accordance with the Communiqué, repurchased shares reserves are set aside up to the acquisition value of the repurchased shares, and are classified as restricted reserves under the equity.

2.5 Significant accounting judgments and estimates

Preparation of financial statements requires the usage of estimations and assumptions by the Company's management which may affect the reported amounts of assets and liabilities as of the balance sheet date, disclosure of contingent assets and liabilities and reported amounts of income and expenses during the reporting period. The actual results may differ from the estimations and assumptions, These estimations and assumptions are reviewed regularly and the necessary adjustments are reflected on the operating results of the related reporting period, Interpretations which may have a material impact on the amounts presented in the financial statements and significant assumptions and assessments made taking into account the main sources of estimations which existed on the balance sheet date or which may occur in the future are as follows:

a) The Company uses certain assumptions including discount rate, turnover of employees, future change in salaries/limits in the calculation of retirement pay liability. The effect of the changes in these assumptions are recognized in the current period income statement.

b) The Company has reflected the values generated by cost approach formation methods in the fair value calculation of investment properties in the financial statements. The fair value of investment properties is made by the companies included in the "Real Estate Appraisal Companies" list approved by CMB, The appraisal company has determined the cost calculation by considering the fair value of the investment properties, the building cost of the property is taken into consideration and the share of the buildings on the parcel is deducted according to the existing physical wear.

3. CASH AND CASH EQUIVALENTS

	31 December 2024	31 December 2023
Cash in banks		
- Demand deposit	103,912,416	283,440,931
Total	**103,912,416**	**283,440,931**

As of 31 December 2024 and 31 December 2023, the Company has no time deposits.

As of 31 December 2024 and 31 December 2023, the foreign currency denominated cash and cash equivalents are shown below:

Demand deposit

	31 December 2024		31 December 2023	
	Original balance	TRY equivalent	Original balance	TRY equivalent
EUR	257,223	9,449,402	964,606	45,365,234
TRY	82,438,061	82,438,061	229,734,632	229,734,632
USD	340,840	12,024,953	126,249	8,341,065
Total		**103,912,416**		**283,440,931**

4. BORROWINGS

	31 December 2024			31 December 2023		
Short - term borrowings:	Weighted average annual effective interest rate	Original balance	Amount in TRY	Weighted average annual effective interest rate	Original balance	Amount in TRY
EUR borrowings	6.33%	13,811,795	508,307,217	5.13%	1,403,552	66,127,698
TRY borrowings	35.92%	1,117,730,797	1,117,730,797	27.39%	1,758,199,375	1,758,199,375
Total short - term bank loans			**1,626,038,014**			**1,824,327,073**
Lease liabilities (TRY)	21.24%	14,260,526	14,260,526	16.91%	14,596,938	14,596,938
Total short - term borrowings			**1,640,298,540**			**1,838,924,011**

	31 December 2024			31 December 2023		
Long - term borrowings:	Weighted average annual effective interest rate	Original balance	Amount in TRY	Weighted average annual effective interest rate	Original balance	Amount in TRY
EUR borrowings	5.59%	8,231,410	302,935,661	5.13%	7,003,665	329,974,494
TRY borrowings	16.60%	195,134,378	195,134,378	16.48%	330,973,740	330,973,740
Total long - term bank loans			**498,070,039**			**660,948,234**
Lease liabilities (TRY)	22.25%	12,979,614	12,979,614	21.18%	19,448,665	19,448,665
Total long - term borrowings			**511,049,653**			**680,396,899**
Total financial debts			**2,151,348,193**			**2,519,320,910**

4. BORROWINGS (Continued)

Principal repayment plans of long - term bank loans issued are as of the date of 31 December 2024 and 31 December 2023 is as follows:

31 December 2024:

Year	Principle repayment (EUR)	Principle repayment (TRY)	Total TRY
Up to 1 year	13,811,794	1,131,991,324	1,640,298,540
Up to 2 year	2,057,853	45,206,360	120,940,276
Up to 3 year	2,057,853	30,768,007	106,501,923
Up to 4 year	2,057,853	29,092,673	104,826,588
Up to 5 year	2,057,853	29,092,673	104,826,588
Up to 10 year	-	73,954,278	73,954,278
Total	**22,043,206**	**1,340,105,315**	**2,151,348,193**

31 December 2023:

Year	Principle repayment (EUR)	Principle repayment (TRY)	Total TRY
Up to 1 year	1,403,552	1,772,796,313	1,838,924,011
Up to 2 year	1,453,839	56,912,069	125,409,055
Up to 3 year	1,387,456	55,738,574	121,107,951
Up to 4 year	1,387,456	44,898,707	110,268,085
Up to 5 year	1,387,456	42,464,348	107,833,721
Up to 10 year	1,387,456	150,408,707	215,778,087
Total	**8,407,215**	**2,123,218,718**	**2,519,320,910**

Movement of borrowings

	2024	2023
Opening,1 January	**2,519,320,910**	**3,850,009,633**
Borrowing received during the period	1,892,993,011	2,737,757,764
Borrowing payments	(1,919,870,968)	(3,127,880,667)
Cash outflows related to debt payments arising from lease agreements	(22,333,862)	(32,245,357)
Change of exchange rates	446,464,642	597,778,477
Change of interest accruals	9,156,772	7,356,989
Monetary gain/loss	(774,382,312)	(1,513,455,929)
Closing, 31 December	**2,151,348,193**	**2,519,320,910**

5. TRADE RECEIVABLES AND PAYABLES

a) Trade receivables

	31 December 2024	31 December 2023
Trade receivables	1,341,061,412	1,532,440,668
Notes receivables	445,569,344	692,358,396
Total	**1,786,630,756**	**2,224,799,064**
Unearned credit finance income	(10,201,673)	(16,482,389)
Provision for doubtful receivables (-)	(140,232,229)	(209,579,445)
Trade receivables, net	**1,636,196,854**	**1,998,737,230**

The Company determines credit limits for its customers (excluding related parties) by using receivable insurance, letter of guarantee, mortgage and other guarantees. Trade receivables from foreign customers are covered by Eximbank credit insurance.

As of 31 December 2024, trade receivables are discounted by using the interest rates for EUR, US Dollar, GBP and TRY by 5.5%, 7%, 5.5% and 36%, respectively (31 December 2023: 8%, 9%, 8% and 38%).

The movements of the provision for doubtful receivables for the period ended as of 31 December 2024 and 31 December 2023 are as follows:

	2024	2023
1 January	**209,579,445**	**178,590,290**
Current year charge	14,565,269	46,706,434
Foreign exchange differences	17,608,570	57,133,601
Provision canceled during the period	(37,101,071)	-
Monetary gain/loss	(64,419,984)	(72,850,880)
31 December,	**140,232,229**	**209,579,445**

As of 31 December 2024 and 31 December 2023 the analysis of overdue trade receivables is as follows:

	31 December 2024	31 December 2023
Up to 1 month	213,275,827	244,281,964
Between 1 - 3 months	54,288,400	115,151,733
More than 3 months	56,833,845	22,752,966
Total	**324,398,072**	**382,186,663**

The Company does not estimate any risk in the collection of overdue but not impaired receivables.

5. TRADE RECEIVABLES AND PAYABLES (Continued)

b) Trade payables

	31 December 2024	31 December 2023
Trade payables to third parties	403,023,444	442,289,326
Unaccrued financial expense	(2,950,534)	(1,231,370)
Total	**400,072,910**	**441,057,956**

As of 31 December 2024, trade payables are discounted by using the interest rates for EUR, US Dollar, GBP and TRY by 5.5%, 7%, 5.5% and 36%, respectively (31 December 2023: 8%, 9%, 8% and 38%, respectively.)

c) Long-term trade payables

	31 December 2024	31 December 2023
Trade payables to third parties	44,478,563	92,688,655
Total	**44,478,563**	**92,688,655**

6. OTHER RECEIVABLES

Short-term other receivables

	31 December 2024	31 December 2023
Deposits given	941,474	1,116,171
Supporting receivables	849,681	21,946
Other	287,724	18,476
Total	**2,078,879**	**1,156,593**

7. PREPAID EXPENSES

a) Short term prepaid expense

	31 December 2024	31 December 2023
Tangible fixed asset insurance expense	13,935,029	20,667,431
Commission expenses related to borrowings	13,898,940	12,433,371
Other	4,019,812	3,373,404
Total	**31,853,781**	**36,474,206**

b) Long term prepaid expense

	31 December 2024	31 December 2023
Advances given for property, plant and equipment purchases	31,333,025	132,795,389
Total	**31,333,025**	**132,795,389**

8. OTHER ASSETS AND LIABILITIES

a) Other current assets

	31 December 2024	31 December 2023
VAT receivables	87,544,913	75,582,815
Deferred VAT	38,570,791	7,549,498
Other	1,007	1,457
Total	**126,116,711**	**83,133,770**

b) Other short-term liabilities

	31 December 2024	31 December 2023
Taxes and funds payable	34,726,961	63,523,716
Other	682,393	536,645
Total	**35,409,354**	**64,060,361**

9. INVENTORIES

	31 December 2024	31 December 2023
Raw materials	243,896,352	265,019,257
Semi-finished goods	533,942,974	482,834,088
Finished goods	1,006,193,498	759,714,963
Other inventories (*)	6,285,241	16,099
Goods in transit	173,176	1,552,382
Total	**1,790,491,241**	**1,509,136,789**

(*) Other inventories consist of raw materials, semi-finished goods and finished goods sent to outsource production.

10. PROPERTY, PLANT AND EQUIPMENT

The movements of property, plant and equipments for the period ended 31 December 2024

	1 January 2024	Additions	Revaluation increases	Disposals	Transfers(Note 11)	31 December 2024
Cost:						
Land	1,225,378,728	1,660,000	(2,933,727)	-	-	1,224,105,001
Land Improvements	108,713,484	-	117,805	-	-	108,831,289
Buildings	1,183,341,106	-	(27,830,237)	-	-	1,155,510,869
Machinery and equipment	7,575,289,009	-	-	(11,946,646)	3,693,425	7,567,035,788
Vehicles	16,168,104	13,009,704	-	-	-	29,177,808
Furniture and fixtures	132,617,436	-	-	-	8,075,639	140,693,075
Construction in progress(*)	1,473,712,594	565,933,965	56,430,476	-	(11,869,601)	2,084,207,434
Total	**11,715,220,461**	**580,603,669**	**25,784,317**	**(11,946,646)**	**(100,537)**	**12,309,561,264**
Accumulated depreciation						
Land Improvements	(46,305,035)	(2,372,777)	-	-	-	(48,677,812)
Buildings	(165,792,732)	(33,019,211)	-	-	-	(198,811,943)
Machinery and equipment	(6,573,577,729)	(120,590,094)	-	11,323,320	-	(6,682,844,503)
Vehicles	(9,448,199)	(3,598,483)	-	-	-	(13,046,682)
Furniture and fixtures	(114,838,091)	(4,594,712)	-	-	-	(119,432,803)
Total	**(6,909,961,786)**	**(164,175,277)**	**-**	**11,323,320**	**-**	**(7,062,813,743)**
Net book value	**4,805,258,675**					**5,246,747,521**

The total amount of mortgage and blockages on tangible assets as of 31 December 2024 and 31 December 2023 are EUR15,500,000 and TRY337,500,000.

(*) The trial and test productions for construction in progress during 2024 were completed and capitalized as of January 2025. The total amount of capitalized investments stands at TRY 1,926,154,872.

10. PROPERTY, PLANT AND EQUIPMENT (Continued)

The movements of property, plant and equipments for the period ended 31 December 2023:

	1 January 2023	Additions	Revaluation increases	Disposals	Transfers (Note 11)	31 December 2023
Cost:						
Land	1,096,337,504	-	129,041,224	-	-	1,225,378,728
Land Improvements	90,594,300	-	18,119,184	-	-	108,713,484
Buildings	1,013,333,017	-	97,725,126	-	72,282,963	1,183,341,106
Machinery and equipment	7,470,990,901	12,845	-	(257,299,609)	361,584,872	7,575,289,009
Vehicles	9,334,304	-	-	-	6,833,800	16,168,104
Furniture and fixtures	126,314,715	307,306	-	-	5,995,415	132,617,436
Construction in progress	1,550,930,768	337,390,390	45,922,866	-	(460,531,430)	1,473,712,594
Total	**11,357,835,509**	**337,710,541**	**290,808,400**	**(257,299,609)**	**(13,834,380)**	**11,715,220,461**
Accumulated depreciation						
Land Improvements	(29,668,815)	(16,636,220)	-	-	-	(46,305,035)
Buildings	(129,176,049)	(36,616,683)	-	-	-	(165,792,732)
Machinery and equipment	(6,689,441,261)	(139,573,335)	-	255,436,867	-	(6,573,577,729)
Vehicles	(9,334,304)	(113,895)	-	-	-	(9,448,199)
Furniture and fixtures	(110,636,231)	(4,201,860)	-	-	-	(114,838,091)
Total	**(6,968,256,660)**	**(197,141,993)**	**-**	**255,436,867**	**-**	**(6,909,961,786)**
Net book value	**4,389,578,849**					**4,805,258,675**

11. INTANGIBLE ASSETS

The movement of the Company's intangible assets as of 31 December 2024 is as follows

	1 January 2024	Additions	Disposals	Transfers (Note 10)	31 December 2024
Cost:					
Rights	344,560,605	-	(49,378,622)	100,537	295,282,520
Development expenses	293,452,483	74,995,793	-	-	368,448,276
Software	141,448,401	-	-	-	141,448,401
Total	**771,469,489**	**74,995,793**	**(49,378,622)**	**100,537**	**805,179,197**
Accumulated depreciation:					
Rights	(141,006,990)	(31,202,894)	39,603,401	-	(132,606,483)
Development expenses	(259,007,371)	(14,621,428)	-	-	(273,628,799)
Software	(139,475,325)	(652,217)	-	-	(140,127,542)
Total	**(539,489,686)**	**(46,476,539)**	**39,603,401**	**-**	**(546,362,824)**
Net book value	**239,971,803**				**258,816,373**

The movement of the Company's intangible assets as of 31 December 2023 is as follows:

	1 January 2023	Additions	Transfers (Note10)	31 December 2023
Cost:				
Rights	332,719,038	-	11,841,567	344,560,605
Development expenses	292,440,948	-	1,011,535	293,452,483
Software	140,467,123	-	981,278	141,448,401
Total	**765,627,109**	**-**	**13,834,380**	**779,461,489**
Accumulated depreciation				
Rights	(98,595,545)	(42,411,445)	-	(141,006,990)
Development expenses	(244,057,872)	(14,949,499)	-	(259,007,371)
Software	(139,122,970)	(352,355)	-	(139,475,325)
Total	**(481,776,387)**	**(57,713,299)**	**-**	**(539,489,686)**
Net book value	**283,850,722**			**239,971,803**

12. INVESTMENT PROPERTIES

	31 December 2024	31 December 2023
Old Smart Wear Plant	1,862,855,000	1,797,753,929
Stores	38,520,000	-
Net book value	**1,901,375,000**	**1,797,753,929**

12. INVESTMENT PROPERTIES (Continued)

As of 31 December 2024 and 2023, the total amount of mortgages and pledges on investment (Old Smart Wear Plant) properties is EUR28,500,000 and TRY217,500,000.

The movements in investment properties for the year ended 31 December are as follows

	2024	2023
1 January	**1,797,753,929**	**1,395,314,852**
Addition	31,000,000	-
Fair value gain (*)	72,621,071	402,439,077
31 December	**1,901,375,000**	**1,797,753,929**

(*) The fair value of the investment properties have been determined by Investment Properties Valuation Report dated 31 December 2024 prepared by TSKB Gayrimenkul Değerleme A.Ş. The fair value of the real estates, cost analysis and market analysis methods were used for the areas where the existing buildings with a building zoning plan and the existing building permits were issued (Level 2).

Property Name	City/District	Neighbourhood	Land No	Parcel No	Total Area	31 December 2024 Net Registered Value
Old Smart Wear Plant	Adana Yüreğir	Cumhuriyet	2402	10	121,999 m^2	1,082,089,000
Old Smart Wear Plant	Adana Yüreğir	Cumhuriyet	2402	11	45,718 m2	383,641,000
Old Smart Wear Plant	Adana Yüreğir	Cumhuriyet	2402	12	34,250 m2	234,035,000
Old Smart Wear Plant	Adana Yüreğir	Cumhuriyet	2402	13	24,525 m2	163,090,000
Store	İstanbul Güngören	Osmaniye	1022	12	47.40 m2	19,434,000
Store	İstanbul Güngören	Osmaniye	1022	12	46.55 m2	19,086,000

13. EMPLOYEE BENEFITS OBLIGATIONS

	31 December 2024	31 December 2023
Payables to personnel	43,118,141	37,090,234
Social security and union payables	22,715,856	28,855,613
Total	**65,833,997**	**65,945,847**

14. DEFERRED INCOME AND ADVANCES RECEIVED

	31 December 2024	31 December 2023
Deferred income (*)	71,689,323	26,971,561
Advances received	7,122,236	2,935,776
Total	**78,811,559**	**29,907,337**

(*) The amount consists of sales of finished goods that are invoiced in December, 2024 while their actual shipment was made in January, 2025.

15. PROVISIONS FOR EMPLOYEE BENEFITS

a) Unused vacation

	31 December 2024	31 December 2023
Unused vacation liabilities	26,239,899	20,016,279
Total	**26,239,899**	**20,016,279**

The movement of allowance for unused vacation 31 December 2024 and 2023 are as follows

Unused vacation liabilities	2024	2023
1 January	**20,016,279**	**20,787,019**
Charge for the period	14,853,813	13,292,569
Payments (-)	(2,477,641)	(5,891,839)
Monetary Gain/Loss	(6,152,552)	(8,171,470)
31 December	**26,239,899**	**20,016,279**

b) Employee benefits

	31 December 2024	31 December 2023
Provision for employee termination benefits	227,601,570	177,994,686
Total	**227,601,570**	**177,994,686**

Movements of the provision for employee termination benefits as of 31 December 2024 and 31 December 2023 are as follows:

Employee benefits	2024	2023
1 January	**177,994,686**	**432,774,534**
Service cost	24,565,471	27,139,146
Interest cost	35,001,980	26,264,894
Payments during the period (-)	(47,434,139)	(229,157,956)
Actuarial gain/loss	92,185,117	27,470,890
Monetary gain/loss	(54,711,538)	(106,496,822)
31 December	**227,601,577**	**177,994,686**

15. PROVISIONS FOR EMPLOYEE BENEFITS (Continued)

	31 December 2024	31 December 2023
Discount rate	%2.72	%2.72
Turnover rate to estimate probability of retirement (%)	%99,1	%99,1

Under the Labour Law, the Company is required to pay termination benefits to each employee who has completed one year of service and whose employment is terminated without due cause, is called up for military service, dies or who retires after completing 25 years of service (20 years for women) and achieves the retirement age (58 for women and 60 for men), Since the legislation was changed on May 23, 2002. There are certain transitional provisions relating to length of service prior to retirement, The amount payable consists of one month's salary limited to a maximum of TRY 46,655.43 for each year of service as at 31 December 2024 (31 December 2023: TRY 35,058.58), The liability is not funded, as there is no funding requirement. The provision has been calculated by estimating the present value of the future probable obligation of the Company arising from the retirement of the employees:

16. PROVISION, CONTINGENT ASSETS AND LIABILITIES

a) Other short-term provisions

	31 December 2024	31 December 2023
Provision for lawsuits	2,332,000	7,356,096
Total	**2,332,000**	**7,356,096**

The movement table of the lawsuit provision for the accounting periods ending on 31 December is given below:

	2024	2023
Opening, January 1	**7,356,096**	**6,791,966**
Provisions added / (cancelled) during the period	(2,763,000)	3,234,084
Monetary Gain/(Loss)	(2,261,096)	(2,669,954)
Closing Balance	**2,332,000**	**7,356,096**

b) Given letters of guarantee and letters of credit

		31 December 2024		31 December 2023	
	Currency	**Original balance**	**TRY balance**	**Original balance**	**TRY balance**
Guarantee received	USD	1,875	66,044	-	-
Guarantee received	TRY	29,085,000	29,085,000	27,807,351	27,807,351
Mortgage received	TRY	5,000,000	5,000,000	22,884,035	22,884,035
Total			**34,151,044**		**50,691,386**

16. PROVISION, CONTINGENT ASSETS AND LIABILITIES (Continued)

c) Collaterals pledges mortgages (CPM)

	31 December 2024	31 December 2023
Mortgage and deposit pledges given	2,174,305,600	2,874,342,248
Letter of guarantees given	1,669,456,648	2,590,998,025
Bonds given	-	212,895,883
Total	**3,843,762,248**	**5,678,236,156**

31 December 2024:

	TRY Equivalent	TRY	EUR	USD
A. Total amount of collaterals, pledges and mortgages given in the name of legal entity	3,843,762,248	2,135,946,876	46,405,000	-
B. Total amount of collaterals, pledges and mortgages given In favour of the parties which are included in the scope of full consolidation	-	-	-	-
C, Total amount of guarantees, pledges and mortgages given to third parties for their liabilities in the purpose of conducting the ordinary operations	-	-	-	-
D, Total amount of other guarantees, pledges and mortgages	-	-	-	-
- Total amount of CPM given on behalf of the majority shareholder	-	-	-	-
- Total amount of CPM given to on behalf of other group companies which are not in scope of B and C	-	-	-	-
- Total amount of CPM given on behalf of third parties which are not in scope of C	-	-	-	-
Total	**3,843,762,248**	**2,135,946,876**	**46,405,000**	**-**

31 December 2023:

	TRY Equivalent	TRY	EUR	USD
A, Total amount of collaterals, pledges and mortgages given in the name of legal entity	5,678,236,156	3,378,165,842	44,300,000	5,000,000
B, Total amount of collaterals, pledges and mortgages given In favour of the parties which are included in the scope of full consolidation	-	-	-	-
C, Total amount of guarantees, pledges and mortgages given to third parties for their liabilities in the purpose of conducting the ordinary operations	-	-	-	-
D, Total amount of other guarantees, pledges and mortgages	-	-	-	-
- - Total amount of CPM given on behalf of the majority shareholder	-	-	-	-
- Total amount of CPM given to on behalf of other group companies which are not in scope of B and C	-	-	-	-
- Total amount of CPM given on behalf of third parties which are not in scope of C	-	-	-	-
Total	**5,678,236,156**	**3,378,165,842**	**44,300,000**	**5,000,000**

As of 31 December 2024, Collaterals, pledges and mortgages given/total equity ratio is 0% (31 December 2023: 0%).

17. EQUITY

The Issued Capital of the Company is 1,300,000,000 TRY; It was divided into 130,000,000,000 shares, all bearer shares, each with a nominal value of 1 KR.

As of 31 December 2024 and 31 December 2023, the Company's shareholders and shareholders are as follows:

	31 December 2024		31 December 2023	
Shareholders	**Share rate (%)**	**Share amount**	**Share rate (%)**	**Share amount**
İsrafil Uçurum	65.86	856,205,528	65.86	428,102,764
Yusuf Uçurum	21.95	285,401,844	21.95	142,700,922
Bossa T.A.Ş.	2.72	35,293,354	3.58	23,296,677
Oğuz Tekstil A.Ş.	1.17	15,160,941	0.70	4,580,471
Other	8.30	107,938,333	7.91	51,319,166
Paid in capital	**100.00**	**1,300,000,000**	**100.00**	**650,000,000**

Accumulated profits in the legal books can be distributed except for the provision regarding legal reserves stated below. According to the Turkish Commercial Code, legal reserves are divided into two: first and second legal reserves. According to the Turkish Commercial Code, first legal reserves are allocated as 5% of the legal net profit until 20% of the company's paid capital is reached. The second set of legal reserves is 10% of the distributed profits exceeding 5% of the paid capital. According to the Turkish Commercial Code, as long as legal reserves do not exceed 50% of the paid-in capital, they can only be used to offset losses and cannot be used in any other way. Capital adjustment differences have no use other than being added to capital.

The Company's own shares acquired as of 31 December 2024 are 35,293,354. These shares correspond to 2.72% of the capital. The shares in question are accounted for as repurchased shares under shareholders' equity. In addition, in accordance with the "Communiqué on Repurchased Shares" No. II 22.1 published by the CMB, the amount equal to the repurchase price of the repurchased shares has been classified as reserves for the repurchased shares within the "restricted reserves allocated from profit".

The company has sold 6,000,000 previously repurchased shares in Borsa İstanbul on 17.05.2024 and received a cash inflow of 84,660,000 TL. Income from the sale of the shares has been accounted as retained earnings. Additionally, in December, the company repurchased 700,000 shares at a total cost of 5,585,571 TL, and by the end of the period, the total value of the repurchased shares amounted to 35,293,354 TL. These repurchased shares represent 2.72% of the company's capital

Within the scope of the Board of Directors' Decision dated 05 June 2023, the Company decided to increase its issued capital of 650,000,000.-TRY to 1,300,000,000.-TRY, fully covered by internal resources, and the relevant issue was approved by the Capital Markets Board on 5 September 2024 . The new capital of the company was registered by Adana Trade Registry Office on 12 September 2024, and the relevant issue was announced in the Turkish Trade Registry Gazette dated 12 September 2024 and numbered 10859.

Emission premium

Emission premium; It refers to the difference between the nominal amount of newly issued shares and the sales amount in the paid-for capital increase process. The paid-in capital increase of our company was made without restricting the rights of existing partners to purchase new shares and based on the nominal value of the shares.

17. EQUITY (Continued)

Restricted profit reserves

The legal reserves consist of first and second legal reserves, appropriated in accordance with the Turkish Commercial Code. The first legal reserve is appropriated out of historical statutory profits at the rate of 5% per annum, until the total reserve reaches 20% of the historical paid-in share capital. The second legal reserve is appropriated after the first legal reserve and dividends, at the rate of 10% per annum of all cash dividend distributions.

	31 December 2024	31 December 2023
Repurchased share reserves	(67,892,324)	(83,920,185)
Legal reserves	263,918,548	216,131,201
Total	**196,026,224**	**132,211,016**

As of December 31, 2024, other fund items included in shareholders' equity in the financial statements prepared in accordance with the Tax Procedure Law are as follows:

	PPI indexed legal records	CPI indexed records	Difference amounts
Capital adjustment differences	535,170,985	616,032,514	(80,861,529)
Emission premiums	38,453,705	29,923,023	8,530,682
Legal Reserves	273,892,595	263,918,548	9,974,047
Total	**847,517,285**	**909,874,085**	**(62,356,800)**

18. SALES AND COST OF SALES

Sales (Net)	1 January - 31 December 2024	1 January - 31 December 2023
Domestic sales	3,951,914,337	4,417,413,436
Foreign sales	2,313,415,413	2,725,864,027
Total	**6,265,329,750**	**7,143,277,463**

Cost of sales:	1 January - 31 December 2024	1 January - 31 December 2023
Domestic sales	(3,225,996,504)	(3,900,507,115)
Foreign sales	(1,773,428,730)	(2,173,019,880)
Total	**(4,999,425,234)**	**(6,073,526,995)**

18. SALES AND COST OF SALES (Continued)

The details of cost of sales are as follows:

	1 January - 31 December 2024	1 January - 31 December 2023
Raw material	(3,780,215,633)	(4,018,633,333)
Overhead costs	(506,282,062)	(429,986,427)
Labour costs	(1,501,937,245)	(1,496,377,412)
Change in inventories	789,009,706	(128,529,823)
Total	**(4,999,425,234)**	**(6,073,526,995)**

Since the Company does not have a performance obligation from its ongoing contracts, there is no amount to be recognized in the future.

19. OPERATING EXPENSES

General administrative expense:	1 January - 31 December 2024	1 January - 31 December 2023
Personnel Expense	(100,259,776)	(89,508,255)
Consultancy Expense	(10,329,845)	(7,147,301)
Depreciation and amortization expense	(9,528,043)	(25,075,545)
Auxiliary operating expense shares	(4,398,497)	(3,293,525)
Electric, water and natural gas expenses	(2,755,013)	(3,758,152)
Insurance expense	(2,550,146)	(1,584,885)
IT expense	(2,310,884)	(1,178,248)
Repair and maintenance expense	(935,889)	(660,453)
Taxes and funds	(926,352)	(792,634)
Office expenses	(812,088)	(690,484)
Travel expense	(308,604)	(229,494)
Other	(16,081,259)	(7,761,574)
Total	**(151,196,396)**	**(141,680,550)**

Fees for Services Received from the Independent Auditor/Independent Audit Firm:

Regarding the fees for services provided by independent audit firms, which the Company prepared based on the KGK's Board Decision published in the Official Gazette on 30 March 2021 and whose preparation principles are based on the KGK letter dated 19 August 2021. The description is as follows:

	2024	2023
Independent audit fee for the reporting period	1,471,249	1,042,071
Total	**1,471,249**	**1,042,071**

19. OPERATING EXPENSES (Continued)

Marketing expenses	**1 January - 31 December 2024**	**1 January - 31 December 2023**
Export expense	(131,974,137)	(133,306,059)
Personnel expense	(108,116,036)	(95,228,954)
Transportation expense	(58,417,053)	(54,283,198)
Advertisement expense	(40,652,793)	(42,448,703)
Domestic sales commission	(33,292,315)	(24,034,746)
Auxiliary operating expense shares	(20,564,209)	(18,447,728)
Travelling expense	(19,587,657)	(15,813,463)
Consultancy Expense	(18,734,792)	(22,089,344)
Communication and cargo expense	(17,402,351)	(18,371,683)
Electricity, water, natural gas expenses	(9,874,753)	(12,993,830)
Depreciation and amortization expense	(3,232,933)	(3,591,826)
Other	(39,901,056)	(31,720,012)
Total	**(501,750,085)**	**(472,329,546)**

20. OTHER OPERATING INCOME/(EXPENSES)

Other Operating Income:	**1 January - 31 December 2024**	**1 January - 31 December 2023**
Foreign exchange gains (customer-vendor)	324,806,785	1,331,324,664
Commercial transaction rediscount income regarding	129,007,971	83,265,991
Miscellaneous sales (*)	63,978,138	86,404,548
Provisions for doubtful receivables no longer relevant	37,101,071	-
Rent income	22,148,830	1,667,219
Income from compensation and incentives	18,568,072	14,412,523
Sample income	10,577,725	15,021,078
Other	25,477,821	34,282,594
Total	**631,666,413**	**1,566,378,617**

(*) Consists of sales of raw materials, auxiliary materials and other purchased materials

Other Operating Income Expenses:	**1 January - 31 December 2024**	**1 January - 31 December 2023**
Foreign exchange gains (customer-vendor)	(150,270,938)	(451,570,144)
Miscellaneous sales (*)	(46,322,114)	(72,986,460)
Commercial transaction regarding rediscount income	(23,344,925)	(30,129,039)
Commercial transaction regarding price difference expenses	(14,272,581)	(80,284,191)
Provision for doubtful receivables	(11,802,269)	(46,706,434)
Taxes, fees and charges	(11,187,540)	(13,733,122)
Other	(23,432,901)	(26,491,870)
Total	**(280,633,268)**	**(721,901,260)**

(*) Consists of cost of sales of raw materials, auxiliary materials and other purchased materials

21. FINANCIAL INCOME

	1 January - 31 December 2024	1 January - 31 December 2023
Foreign exchange gains	19,889,007	32,654,470
Total	**19,889,007**	**32,654,470**

22. FINANCIAL EXPENSE

	1 January - 31 December 2024	1 January - 31 December 2023
Foreign exchange losses	(51,932,385)	(297,477,824)
Interest expense	(427,389,997)	(397,174,613)
Total	**(479,322,382)**	**(694,652,437)**

23. Net monetary position gains/(losses)

Non-monetary items	**31 December 2024**
Financial Statement Items	**211,368,227**
Inventories	489,026,844
Prepaid expenses	1,896,742
Financial investments	206,353
Property, plant and equipment	1,948,090,474
Intangible assets	67,955,774
Deferred tax asset / liability	(81,950,337)
Paid-in capital	(588,945,093)
Emission premium	(9,197,660)
Repurchased shares (-)	28,440,014
Gains (losses) on revaluation of property, plant and equipment	(349,681,437)
Gains/ (losses) on remeasurement defined benefit plans	100,554,491
Restricted reserves	(227,729,842)
Retained earnings	(1,167,298,096)
Profit or Loss Statement Items	**(84,469,799)**
Revenue	(782,574,961)
Cost of sales (-)	590,696,123
General and administrative expenses	24,723,996
Marketing sales and distribution expenses (-)	60,904,873
Research expenses	695,460
Other income/(expenses) from operating activities	(47,237,454)
Income/(expenses) from investing activities	(1,349,050)
Operating profit/(loss)	69,671,214
Net monetary position gains/(losses)	**126,898,428**

24. TAX INCOME FROM INVESTING ACTIVITIES

a) Income from investing activities

	1 January - 31 December 2024	1 January - 31 December 2023
Gain from revaluation of investment property	72,621,071	402,439,077
Gain on sale of fixed assets	13,272,871	57,997,692
Total	**85,893,942**	**460,436,769**

25. TAX ASSETS AND LIABILITIES

For the period then ended as of 31 December 2024 and 2023 tax amounts reflected to income statement as follows:

	1 January - 31 December 2024	1 January - 31 December 2023
Current period corporate tax	(32,654,276)	(49,802,663)
Deferred tax (expense)/income	(132,964,330)	30,772,619
Tax (loss)/ income for the period	**(165,618,606)**	**(19,030,044)**

The corporate tax rate has been applied as 25% for the 2023-2024 taxation period. Manufacturer and exporter institutions with an industrial registry certificate will receive a 1-point corporate tax reduction only on the profits they earn from production activities and exports, and exporting companies will receive a 5-point corporate tax reduction on income earned from their exporting activities The corporate tax rate is applied to the tax base, which is determined by adding back non- deductible expenses to the commercial income of the entities in accordance with tax legislations, and by subtracting exemptions (such as subsidiary income exemption, investment deduction exemption) and deductions (such as R&D deduction) provided by tax laws. If profits are not distributed, no additional tax is levied.

Dividends paid to the resident institutions and the institutions working through local offices or representatives are not subject to withholding tax, Withholding tax rate on the dividend payments other than the ones paid to the non-resident institutions generating income in Türkiye through their operations or permanent representatives and the resident institutions. Appropriation of the retained earnings to capital is not considered as profit distribution and therefore is not subject to withholding tax.

Based on their quarterly financial gains and declare the related amount until the 17th day of second months following the related period and make a payment until the end of 17th day. The temporary tax paid during the period belongs to period in question and deducted from corporate tax which shall be calculated based on corporate tax declaration submitted in subsequent year.

In Türkiye, there is no such implementation offering a negotiation with tax authority with regard to taxes which shall be paid. Corporate tax returns are required to be filed until the twenty-fifth of the fourth month following the balance sheet date and paid in one instalment until the end of the fourth month. The tax authorities can inspect tax returns and the related accounting records for a retrospective maximum period of five years and the tax amount can change because of tax assessment made occurring as a result of incorrect transaction. Corporate tax losses can be carried forward for a maximum period of five years following the year in which the losses were incurred in accordance with Turkish legislation.

25. TAX ASSETS AND LIABILITIES (Continued)

Investment incentive

There are numerous exemptions available to corporations under the Corporate Tax Law. Information regarding the company's investment incentives is detailed below:

The decision of the Council of Ministers on State Aids in Investments that rearranged the investment incentive system was published in the Official Gazette on 19 June 2012 and entered into force. Within the framework of this law, the Company has 4 investment incentive certificates.

- Incentive certificate numbered E525190, dated 28.06.2021, amounts to USD1,875,650 and TRY87,719,241,
- The incentive certificate dated 07.07.2021 and numbered E525509 amounts to USD15,203,214 and TRY460,182,527,
- The incentive certificate dated 18.08.2021 and numbered E526742 amounts to USD27,016,899 and TRY919,683,400,
- The incentive certificate dated 31.03.2022 and numbered E534787 amounts to USD476,299USD and TRY40,765,449,
- The incentive certificate dated 09.08.2024 and numbered E570877 amounts to USD150,339USD and TRY119,050,333,
- The incentive certificate dated 04.12.2024 and numbered E574394 amounts to TRY8,401,920.

Deferred Tax

The Company recognizes deferred tax assets and liabilities based upon temporary differences arising between its financial statements as reported in accordance with TFRS and its statutory tax financial statements.

As of 31 December 2024 and 31 December 2023 the breakdown of deferred tax bases and deferred tax liability computed using the current effective tax rates are as follows:

	Temporary differences		**Deferred tax assets/(liabilities)**	
	31 December 2024	**31 December 2023**	**31 December 2024**	**31 December 2023**
Net difference between the carrying amount and tax base of property, plant and equipment and intangible assets	3,488,761,365	2,662,892,360	(542,565,083)	(349,724,947)
Provision for employee benefits	(227,601,577)	(177,994,686)	56,900,393	44,498,672
Provision for unused liabilities	(26,239,899)	(20,016,279)	6,559,975	5,004,070
Deferred tax effect of investment incentive certificate (*)	100,360,233	33,801,746	100,360,233	33,801,746
Other	18,391,260	763,941	(4,597,809)	(190,987)
Deferred tax (liabilities)/assets, net			**(383,342,291)**	**(266,611,446)**

(*) The profits obtained by the Company from investments subject to incentive certificates are subject to corporate tax at reduced rates, starting from the accounting period in which the investment is partially or fully operated, until it reaches the contribution amount to the investment, In this context, as of 31 December 2024, a tax advantage of 100,360,233TRY that the Company will benefit from in the foreseeable future has been reflected in the financial statements as a deferred tax asset.

25. TAX ASSETS AND LIABILITIES (Continued)

The movement of deferred tax liabilities is as follows:

	2024	**2023**
Opening balance,1 January	**266,611,446**	**247,679,795**
Deferred tax expense in income statement	132,964,330	(30,772,619)
Tax income in other comprehensive income	(16,233,485)	49,704,270
Net balance	**383,342,291**	**266,611,446**

	31 December 2024	**31 December 2023**
Profit before tax	**707,203,304**	**1,676,934,795**
The effective statutory income tax rate	**(176,800,826)**	**(419,233,698)**
The effective statutory income tax rate	(2,797,352)	(5,355,980)
The impact of non-deductible expenses	15,902,823	12,915,708
Tax refunds	14,890,866	33,801,746
Tax rate change on temporary differences	(11,800,048)	369,979,491
Other	(5,014,069)	(11,137,311)
Tax expense in the income statement	**(165,618,606)**	**(19,030,044)**

26. EARNINGS PER SHARE

Earnings per share are calculated by dividing net profit by the weighted average number of shares belongs to shareholders.

	1 January - 31 December 2024	**1 January - 31 December 2023**
Net income for the period	541,584,698	1,657,904,751
The weighted average number of ordinary shares with nominal value (Kr1 each one)	81,183,779,354	81,183,779,354
Earnings per ordinary share	0.0067	0,0204

27. FINANCIAL RISK MANAGEMENT AND POLICIES

Financial risk management

Financial risk factors

The Company's activities expose it to a variety of financial risks that including the market risk (foreign currency risk, interest rate risk), credit risk, liquidity risk and funding risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance of the Company Risk management is carried out by top management under policies approved by the Board of Directors. The management cooperates with other business units and performs the determination and the evaluation of financial risks.

Market risk

Foreign currency risk

The Company is exposed to the foreign exchange risk through the impact of rate changes at the translation of foreign currency denominated liabilities and assets to local currency. These risks are monitored and limited by the analysis of foreign currency position.

The Company's foreign currencies denominated assets and liabilities at 31 December 2024 and 31 December 2023 are as follows:

	31 December 2024	31 December 2023
Assets	1,427,620,871	1,817,883,685
Liabilities	(1,096,964,975)	(611,262,620)
Net foreign currency position	**330,655,896**	**1,206,621,065**

Foreign currency analysis

Assets and liabilities denominated in foreign currencies at 31 December 2024 and 31 December 2023 are as follows:

	31 December 2024					
	TRY Equivalent	**USD**	**EUR**	**CHF**	**GBP**	**JPY**
Trade receivables	1,406,146,516	4,714,351	33,749,348	-	-	-
Monetary financial assets	21,474,355	340,840	257,223	-	-	-
Total assets	**1,427,620,871**	**5,055,191**	**34,006,571**	**-**	**-**	**-**
Trade payables	(285,722,096)	(4,760,530)	(3,216,518)	18,180	4,414	-
Financial liabilities	(811,242,879)	-	(22,043,206)	-	-	-
Total liabilities	**(1,096,964,975)**	**(4,760,530)**	**(25,259,724)**	**18,180**	**4,414**	**-**
Net foreign currency (liabilities)/assets position	**330,655,896**	**294,661**	**8,746,847**	**18,180**	**4,414**	**-**
Export		12,874,744	45,638,204	-	-	-
Import		14,991,300	3,996,311	99,500	-	2,196,590

27. FINANCIAL RISK MANAGEMENT AND POLICIES (Continued)

Foreign currency analysis (Continued)

	31 December 2023					
	TRY Equivalent	USD	EUR	CHF	GBP	JPY
Trade receivables	1,764,177,387	5,353,646	32,673,626	-	-	-
Monetary financial assets	53,706,298	196,249	964,606	-	-	-
Total assets	**1,817,883,685**	**5,549,895**	**33,638,232**	**-**	**-**	**-**
Trade payables	(218,409,275)	(1,296,227)	(3,459,227)	-	(4,363)	-
Financial liabilities	(392,853,345)	-	(8,338,260)	-	-	-
Total liabilities	**(611,262,620)**	**(1,296,227)**	**(11,797,487)**	**-**	**(4,363)**	**-**
Net foreign currency (liabilities)/assets position	**1,206,621,065**	**4,253,668**	**21,840,745**	**-**	**(4,363)**	**-**
Export		9,434,152	50,089,675	-	-	-
Import		18,820,348	4,017,164	158,397	-	773,575

Foreign currency sensitivity analysis

	Profit/(Loss)	
As of 31 December 2024	**Appreciation of foreign currency**	**Depraciation of foreign currency**
Change of USD against TRY by (10%):		
US Dollar net asset	1,039,574	(1,039,574)
US Dollar net hedged amount		
USD Net Risk	**1,039,574**	**(1,039,574)**
Change of EUR against TRY by (10%):		
EUR net asset	32,132,593	(32,132,593)
EUR net hedged amount		
EUR Net Risk	**32,132,593**	**(32,132,593)**
Change of CHF against TRY by (10%):		
CHF net asset	70,801	(70,801)
CHF net hedged amount		
CHF Net Risk	**70,801**	**(70,801)**
Change of the other foreign currency against TRY by (10%):		
Other currencies net asset/(liability)	19,513	(19,513)
Other currencies net hedged amount		
Other currencies net risk	**19,513**	**(19,513)**
Total	**33,262,481**	**(33,262,481)**

27. FINANCIAL RISK MANAGEMENT AND POLICIES (Continued)

	Profit/(Loss)	
As of 31 December 2023	**Appreciation of foreign currency**	**Depraciation of foreign currency**
Change of USD against TRY by (10%):		
US Dollar net asset	18,079,156	(18,079,156)
US Dollar net hedged amount		
USD Net Risk	**18,079,156**	**(18,079,156)**
Change of EUR against TRY by (10%):		
EUR net asset	102,716,580	(102,716,580)
EUR net hedged amount		
EUR Net Risk	**102,716,580**	**(102,716,580)**
Change of CHF against TRY by (10%):		
CHF net asset	-	-
CHF net hedged amount		
CHF Net Risk	**-**	**-**
Change of the other foreign currency against TRY by (10%):		
Other currencies net asset/(liability)	(23,708)	23,708
Other currencies net hedged amount		
Other currencies net risk	**(23,708)**	**23,708**
Total	**120,772,028**	**(120,772,028)**

Interest rate risk

The Company is exposed to interest rate risk through the impact of rate changes on interest bearing liabilities and assets. The Company manages its not used cash on hand by time deposits, Income, other than not used cash on hand, and cash flows from operations are considerably free from market interest rate changes. The interest risk of the company arises from fixed rate short term borrowings. To keep this exposure at a minimum level, the Company tries to borrow at the most suitable rates.

Credit risk

Credit risk arises from cash and cash equivalents and deposits with banks, as well as credit exposures to customers, including outstanding receivables and committed transactions. Ownership of financial assets involves the risk that counter parties may be unable to meet the terms of their agreements. These risks are monitored by credit ratings and limiting the aggregate risk from any individual counter party (excluding related parties).

27. FINANCIAL RISK MANAGEMENT AND POLICIES (Continued)

Credit Risk (Continued)

	31 December 2024					
	Trade receivables		**Other receivables**		**Cash, cash equivalents and financial investments**	
	Related party	**Third party**	**Third party**	**Other party**	**Related party**	**Other party**
Maximum exposure to credit risk at the reporting date (A+B+C+D+E)	**-**	**1,636,196,854**	**--**	**2,078,879**	**-**	**103,912,416**
- The part of maximum risk guarantee with collateral or etc	-	-	-	-	-	-
A. Net book value of financial assets that are neither past due nor impaired the net book value	-	1,311,798,782	-	2,078,879	-	103,912,416
B. Having renegotiated conditions otherwise due to the carrying amount of financial assets accepted as past due or impaired	-	-	-	-	-	-
C. Net book value of financial assets that are past due but not impaired the net book value	-	324,398,072	-	-	-	-
- The part of net values under guarantee with collateral	-	-	-	-	-	-
D. Net book value of financial assets that are impaired the net book value	-	-	-	-	-	
- Past due (gross carrying amount)	-	140,232,229	-	-	-	-
- Impairment (-)	-	(140,232,229)	-	-	-	-
- The part of net values under guarantee with Collateral	-	-	-	-	-	-
- Not past due (gross carrying amount)	-	-	-	-	-	-
- Impairment (-)	-	-	-	-	-	-
- The part of net values under Guarantee	-	-	-	-	-	-
E. Off-balance sheet items with credit risk	-	-	-	-	-	-

	31 December 2023					
	Trade receivables		**Other receivables**		**Cash, cash equivalents and financial investments**	
	Related party	**Third party**	**Third party**	**Other party**	**Related party**	**Other Party**
Maximum exposure to credit risk at the reporting date (A+B+C+D+E)	**-**	**1,998,737,230**	**-**	**1,156,593**	**-**	**283,440,931**
- The part of maximum risk guarantee with collateral or etc	-	-	-	-	-	-
neither past due nor impaired the net book value						
B. Having renegotiated conditions	-	1,616,550,567	-	1,156,593	-	283,440,931
otherwise due to the carrying amount of financial assets accepted as past due or impaired neither past due nor impaired the net book value	-	-	-	-	-	-
C. Net book value of financial assets that are past due but not impaired the net book value	-	382,186,663	-	-	-	-
- The part of net values under guarantee with collateral	-	-	-	-	-	-
D. Net book value of financial assets that are impaired the net book value	-	-	-	-	-	
- Past due (gross carrying amount)	-	209,579,445	-	-	-	-
- Impairment (-)	-	(209,579,445)	-	-	-	-
- The part of net values under guarantee with Collateral	-	-	-	-	-	-
- Not past due (gross carrying amount)	-	-	-	-	-	-
- Impairment (-)	-	-	-	-	-	-
- The part of net values under guarantee E. Off-balance sheet items with credit risk	-	-	-	-	-	-

27. FINANCIAL RISK MANAGEMENT AND POLICIES (Continued)

Funding risk

The ability to fund existing and prospective debt requirements is managed by maintaining the availability of adequate committed funding lines from high quality lenders.

Capital Risk Management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Company monitors its capital like the other companies in the same sector on the basis of net financial liability/invested capital ratio, This ratio is calculated by dividing total net financial liability to invested capital. Net financial liability is calculated as the total liability less cash and cash equivalents. Total invested capital is calculated as the sum of the total of equity and net financial liability.

As of 31 December 2024 and 31 December 2023 the net financial liability/equity ratio is as follows:

	31 December 2024	**31 December 2023**
Total financial liabilities	2,151,348,193	2,519,320,910
Cash and cash equivalents (-)	(103,912,416)	(283,440,931)
Net financial debt	**2,047,435,777**	**2,235,879,979**
Total equity	**7,739,233,911**	**7,153,801,336**
Total capital	**9,786,669,688**	**9,389,681,315**
Net financial debt/total capital (%)	**21**	**24**

27. FINANCIAL RISK MANAGEMENT AND POLICIES (Continued)

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying business the Company aims at maintaining flexibility in funding by keeping committed credit lines available.

31 December 2024:

	Book value	Cash flows in accordance with contract	Less than 3 months	3-12 months	1-5 years	5-10 years
- Bank borrowings	2,124,108,053	2,338,434,937	400,463,854	1,297,777,340	577,582,141	62,611,602
- Payables from financial leases	27,240,140	32,683,278	5,642,947	12,741,144	14,299,187	-
- Trade payables	444,551,473	447,502,007	363,613,978	39,083,254	44,804,775	-
Total liabilities	**2,595,899,666**	**2,818,620,222**	**769,720,779**	**1,349,601,738**	**636,686,103**	**62,611,602**

31 December 2023:

	Book value	Cash flows in accordance with contract	Less than 3 months	3-12 months	1-5 years	5-10 years
- Bank borrowings	2,485,275,307	2,818,405,156	479,924,490	1,425,382,102	647,054,473	266,044,091
- Payables from financial leases	34,045,603	42,788,358	4,886,943	14,752,572	23,148,843	-
- Trade payables	533,746,611	534,977,979	398,547,607	43,581,050	92,849,322	-
Total liabilities	**3,053,067,521**	**3,396,171,493**	**883,359,040**	**1,483,715,724**	**763,052,638**	**266,044,091**

Fair value of financial assets and liabilities

Fair value is the amount at which a financial asset or liability could be exchanged in a current transaction between willing parties, other than in a forced sale or liquidation, and is best evidenced by a quoted market price, if one exists. The estimated fair values of financial assets and liabilities have been determined by the Company using available market information and appropriate valuation methodologies. Accordingly, the estimates presented herein are not necessarily indicative of the amounts the Company can realize in a current market exchange. The following methods and assumptions were used to estimate the fair value of the financial instruments for which it is practicable to estimate fair value:

Monetary assets

The fair values of balances denominated in foreign currencies, which are translated at year end exchange rates, are considered to approximate carrying values. The carrying values of certain financial assets carried at cost, including cash and amounts due from banks, are considered to approximate their respective fair values due to their short-term nature. The carrying values of trade receivables along with the related allowances for uncollectability are estimated to be their fair values.

Monetary liabilities

Trading liabilities have been estimated at their fair values, Bank loans and other monetary loans are considered to approximate their respective fair values due to their short-term nature. Foreign currency long-term loans has been translated into TRY at the exchange rate at the balance sheet date, the fair values approximate their carrying value.

28. RELATED PARTY DISCLOSURES

a) Goods and service purchases from related parties

	1 January – 31 December 2024	**1 January – 31 December 2023**
Oğuz Tekstil San.Tic. A.Ş.	65,246,193	14,636,490
Arifoğlu Dok. San. İpl. Tic. A.Ş.	19,124,926	30,216,566
Total	**84,371,119**	**44,853,056**

b) Product sales and services given to related parties

	1 January – 31 December 2024	**1 January – 31 December 2023**
Oğuz Tekstil San.Tic. A.Ş.	44,499,378	17,566,006
Arifoğlu Dok. San. İpl. Tic. A.Ş.	-	543,446
Total	**44,499,378**	**18,109,452**

c) Key management compensations:

The Company defines the executive management personnel as board of directors, general manager and chief financial officer.

The benefit provided to executive management consists of salaries, premiums, Social Security Foundation employer premium and unemployment employer premium and attendance fee paid to board of directors.

The benefits provided to executive management for the period then ended as of 31 December 2024 and 2023 is as follows:

	1 January – 31 December 2024	**1 January – 31 December 2023**
Short-term employee benefits	18,368,359	17,463,545
Total	**18,368,359**	**17,463,545**

29. SUBSEQUENT EVENTS

In accordance with the legislation published in the Official Gazette dated 2 August 2024, the Domestic Minimum Corporate Tax has come into effect in Türkiye. The regulation will be applied to corporate earnings for the taxation period of 2025. As the implementation of the tax will commence from 1 January 2025, it will have no impact on the current period tax expense reflected in the financial statements as of 31 December 2024.

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