SASA POLYESTER
SANAYİ A.Ş. AND ITS SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2023 AND
THE INDEPENDENT AUDITOR’S REPORT

(CONVENIENCE TRANSLATION OF THE
INDEPENDENT AUDITOR’S REPORT AND THE
CONSOLIDATED FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH)

Deloitte.

DRT Bağımsız Denetim ve
Serbest Muhasebeci
Mali Müşavirlik A.Ş.
Maslak No1 Plaza
Eski Büyükdere Caddesi
Maslak Mahallesi No:1
Maslak, Sarıyer 34485
İstanbul, Türkiye

Tel: +90 (212) 366 60 00
Fax: +90 (212) 366 60 10
www.deloitte.com.tr

Mersis No :0291001097600016
Ticari Sicil No: 304099

(CONVENIENCE TRANSLATION OF THE INDEPENDENT AUDITOR'S REPORT ORIGINALLY ISSUED IN TURKISH)

INDEPENDENT AUDITOR'S REPORT

To the General Assembly of
SASA Polyester Sanayi A.Ş.

A) Report on the Audit of the Consolidated Financial Statements

1) Opinion

We have audited the consolidated financial statements of SASA Polyester A.Ş. ("the Company") and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2023, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

2) Basis for Opinion

We conducted our audit in accordance with the Standards on Independent Auditing issued by Capital Markets Board and the Standards on Independent Auditing (SIA) which is a part of Turkish Auditing Standards published by the Public Oversight Accounting and Auditing Standards Authority (POA). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics for Independent Auditors (Code of Ethics) published by the POA, together with the ethical requirements that are relevant to our audit of the consolidated financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

3) Emphasis of Matter

In accordance with the "Announcement on Inflation Adjustment of Financial Statements of Companies Subject to Independent Audit" dated 23 November 2023 published by POA, the consolidated financial statements as of 31 December 2023 are subject to inflation adjustments in accordance with TAS 29 "Financial Reporting in Hyperinflationary Economies". In this context, we draw attention to Note 2, which includes explanations about the transition to inflation accounting. This issue does not affect our opinion.

4) Key Audit Matters

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

4) **Key Audit Matters (cont'd)**

Key Audit Matter	How the Matter was Addressed in the Audit
Revenue Cut-off Under TFRS 15 revenue is recognized when a performance obligation is satisfied by transferring control over a promised good or service. Due to the nature of the Group's operations, there are export products whose production is completed, invoiced to the overseas customer or whose sales price has been collected although it has not been delivered. The products in this condition are in the Group's stock areas or on the way as of reporting date. The ownership rights and risks of these non-transferable products can be transferred to the customer according to the terms of the contract. With reference to the above explanations, as a part of sales cut-off principle, recognition of revenue in the correct period is identified as a key audit matter. Please refer to Note 2.6.1 and Note 17 to the financial statements for the Group's disclosures on revenue recognition, including the related accounting policy and amounts.	The following audit procedures have been applied for the recording of revenue during the audit: The design and implementation of controls by management on the revenue process have been evaluated. The Group's sales and delivery procedures have been analyzed. Terms of trade and delivery with respect to contracts made with customers have been examined and the timing of revenue recognition in the financial statements for the different shipment arrangements has been assessed. In our substantive audit procedures we focused on transactions where amount had been invoiced but revenue had not earned. The customers with the longest delivery time were identified and a date range was determined and sales lists were provided from the related departments of the Group. Tests have been completed to check the completeness and accuracy of these lists. The compliance of the disclosures in the consolidated financial statement notes regarding revenue in accordance with TFRS 15 has been checked.

Deloitte.

4) Key Audit Matters (cont'd)

<table>
<tr><th>Key Audit Matter</th><th>How the Matter was Addressed in the Audit</th></tr>
<tr><td>
Deferred Tax Assets Calculated for Investment Incentives
The Group's investment incentive certificate within the scope of Project-Based Incentive System has the advantages of corporate tax on investment expenditures within the scope of investment incentive documents. Within the scope of these investment incentive documents, there is a deferred tax asset of TL 31,605,650 to be used as of 31 December 2023.
Deferred tax calculated for the Incentive Certificate has been determined as the key audit matter since the accuracy of the expenditures made within the scope of the incentive system taken into account in deferred tax asset is significant and the recoverability of the deferred tax asset is based on estimations and assumptions.
Please refer to Note 2.6.13 and Note 25 to the financial statements for the Group's disclosures on deferred tax assets, including the related accounting policy and amounts.
</td><td>
During our audit on the project-based investment incentive system, we focused on the validity of investment expenditures, the appropriateness of the incentive system and the mathematical accuracy of the calculation and the recoverability of the deferred tax asset calculated.
The following audit procedures are implemented accordingly:
- Analysis have been performed to understand the deferred tax assets, temporary differences that constitute the basis of these assets and the scope of investment incentives.
- The validity of the expenditures subject to the deferred tax calculation is assessed for reasonableness and the accuracy of the deferred tax calculation.
- In order to examine the impact on corporate tax calculation and investment incentive practices, tax specialists were included in the audit team which were in the same audit network of our organization. The measurement of the related deferred tax assets reviewed and evaluated by our tax experts.
- The business model and the significant management estimates to ensure that the investment incentives can be used in the future are examined by considering the following:

Related business model's mathematical accuracy is checked.
Sales tonnage and price assumptions used in the model are compared with previous year performances.
The foreign exchange rate forecasts of the years used in the business model are compared with the exchange rate estimates and independent data sources in the approved budget / long term plans.

The compliance of the explanations in the notes to the consolidated financial statements regarding the deferred tax assets and liabilities with TAS 12 has been checked.
</td></tr>
</table>

4) Key Audit Matters (cont'd)

Key Audit Matter	How the Matter was Addressed in the Audit
Application of TAS 29 Financial Reporting in Hyperinflationary Economies TAS 29, Financial Reporting in Hyperinflationary Economies ("TAS 29") standard has been applied in the Group's consolidated financial statements for the year ending 31 December 2023. In accordance with TAS 29, the consolidated financial statements and financial information of prior periods have been restated to reflect the changes in the purchasing power of the Turkish Lira and presented in terms of the purchasing power of the Turkish Lira at the reporting date. The application of TAS 29 has a significant effect on the consolidated financial statements, both on a widespread and consistent basis. Accordingly, we determined the application of TAS 29 as a key audit matter. The Group's accounting policies related to Financial Reporting in Hyperinflationary Economies are disclosed in Note 2.1.	During our audit, we performed the following audit procedures related to the application of TAS 29: - Checking whether the distinction between monetary and non-monetary items made by management is made in accordance with TAS 29, - Testing the completeness and mathematical accuracy of the lists subject to calculation, - Evaluating the calculation methods used by management and testing their consistency, - Checking the general price index rates used in the calculations with the coefficients obtained from the Consumer Price Index in Turkey published by the Turkish Statistical Institute, The adequacy of the explanations in the notes of the consolidated financial statements regarding the application of TAS 29 has been checked in accordance with TFRS.

5) Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

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

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

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

6) Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

6) Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (cont'd)

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

- Identify and assess the risks of "material misstatement" of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. (The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.)

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be 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) Report on Other Legal and Regulatory Requirements

In accordance with paragraph four of the Article 398 of the Turkish Commercial Code No. 6102 ("TCC"), the auditor's report on the system and the committee of early detection of risk has been submitted to the Board of Directors of the Group on 5 March 2024.

In accordance with paragraph four of the Article 402 of TCC, nothing has come to our attention that may cause us to believe that the Group's set of accounts and financial statements prepared for the period 1 January - 31 December 2023 does not comply with TCC and the provisions of the Group's articles of association in relation to financial reporting.

In accordance with paragraph four of the Article 402 of TCC, the Board of Directors provided us all the required information and documentation with respect to our audit.

The engagement partner on the audit resulting in this independent auditor's report is Osman Arslan.

DRT BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş.
Member of **DELOITTE TOUCHE TOHMATSU LIMITED**

Osman Arslan
Partner

İstanbul, 5 March 2024

INDEX	PAGE

SASA POLYESTER SANAYİ A.Ş. AND ITS SUBSIDIARIES

AUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2023

(Amounts expressed in TL based on the purchasing power of thousand Turkish Liras as of 31 December 2023, unless otherwise stated.)

	Notes	Current Period 31 December 2023	Prior Period 31 December 2022
ASSETS			
Current Assets		**28,783,053**	**24,239,033**
Cash and Cash Equivalents	3	5,261,236	1,323,309
Financial Investments	4	-	91,019
Trade Receivables	5	10,759,865	5,955,895
- Trade Receivables from Third Parties	*5*	*10,689,493*	*5,955,895*
- Trade Receivables from Related Parties	*27*	*70,372*	-
Other Receivables	7	24,561	9,603
- Other Receivables from Third Parties	*7*	*24,561*	*9,603*
Inventories	8	11,380,817	15,024,952
Prepaid Expenses	9	612,129	142,492
Other Current Assets	15	744,445	1,691,763
Non-Current Assets		**123,012,506**	**75,735,144**
Other Receivables		100	161
Property, Plant and Equipment	10	83,421,799	51,674,000
Intangible Assets	11	358,063	21,803
Prepaid Expenses	9	2,472,006	4,036,142
Deferred Tax Asset	25	36,760,538	20,003,038
TOTAL ASSETS		**151,795,559**	**99,974,177**
LIABILITIES			
Current Liabilities		**35,212,530**	**43,448,694**
Short-Term Borrowings	4	23,020,308	27,368,142
- Bank Loans	*4*	*11,067,866*	*18,387,125*
- Short-Term Portion of Long-Term Borrowings	*4*	*11,795,312*	*8,861,969*
- Lease Liabilities	*4*	*157,130*	*119,048*
Trade Payables	5	8,644,651	12,371,068
- Trade Payables to Third Parties	*5*	*8,644,651*	*12,371,068*
Payables Related to Employee Benefits	6	175,146	139,195
Other Payables	7	260,717	41,459
- Other Payables to Third Parties	*7*	*260,717*	*41,459*
Deferred Income	7	3,000,817	3,524,729
- Deferred Income from Third Parties	*7*	*2,640,752*	*3,101,747*
- Deferred Income from Related Parties	*27*	*360,065*	*422,982*
Current Tax Liabilities	25	104,478	-
Short-term Provisions	12	6,413	4,101
- Other Short-Term Provisions	*12*	*6,413*	*4,101*
Non-Current Liabilities		**50,738,244**	**15,999,673**
Long-Term Borrowings	4	42,314,517	15,722,423
- Bank Loans	*4*	*42,139,824*	*12,589,678*
- Convertible Bonds	*4*	-	*2,991,195*
- Lease Liabilities	*4*	*174,693*	*141,550*
Other Payables		8,272,981	-
- Other Payables to Related Parties	*27*	*8,272,981*	-
Long-Term Provisions	14	150,746	277,250
- Long-Term Provisions for Employee Benefits	*14*	*150,746*	*277,250*
EQUITY		**65,844,785**	**40,525,810**
Share Capital	16	5,321,654	2,263,633
Share Capital Adjustment Differences	16	9,157,015	7,846,051
Repurchased Shares	16	(1,430)	-
Restricted Reserves Appropriated from Profit	16	1,117,552	988,825
Other Reserves	16	-	279,902
Share Premiums	16	3,968,472	1,280,506
Accumulated Other Comprehensive Income / (Expenses) that will not be Reclassified to Profit or Loss		4,244,375	(6,771)
- Remeasurement Losses on Defined Benefit Plans	*16*	*(22,666)*	*(6,771)*
- Revaluation Gain on Property, Plant and Equipment	*16*	*4,267,041*	-
Prior Years' Profit	16	23,844,985	5,119,759
Net Profit for the Period	16	18,192,162	22,753,905
TOTAL LIABILITIES AND EQUITY		**151,795,559**	**99,974,177**

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

SASA POLYESTER SANAYİ A.Ş. VE AND ITS SUBSIDIARIES

AUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME FOR THE PERIOD 1 JANUARY – 31 DECEMBER 2023

(Amounts expressed in TL based on the purchasing power of thousand Turkish Liras as of 31 December 2023, unless otherwise stated.)

		Current Period	Prior Period
	Notes	1 January - 31 December 2023	1 January - 31 December 2022
Revenue	17	46,316,693	61,835,185
Cost of Sales (-)	17	(37,611,345)	(48,872,599)
GROSS PROFIT		**8,705,348**	**12,962,586**
General Administrative Expenses (-)	18	(477,195)	(443,765)
Marketing Expenses (-)	18	(1,468,511)	(2,089,106)
Research and Development Expenses (-)	18	(23,057)	(17,802)
Other Income from Operating Activities	19	19,176,034	7,954,007
Other Expenses from Operating Activities (-)	19	(19,904,749)	(8,117,515)
OPERATING PROFIT		**6,007,870**	**10,248,405**
Income from Investing Activities	21	9,578	15,535
Expenses from Investing Activities (-)	21	(6,356)	(823)
OPERATING PROFIT BEFORE FINANCE EXPENSE		**6,011,092**	**10,263,117**
Finance Income	22	2,444,524	2,513,214
Finance Expenses (-)	23	(27,011,496)	(13,101,614)
Net Monetary Position Gains		18,677,971	11,938,499
PROFIT BEFORE TAX FROM CONTINUING OPERATIONS		**122,091**	**11,613,216**
Tax Income from Continuing Operations		**18,070,071**	**11,140,689**
- Current Tax Expense (-)	25	(104,478)	-
- Deferred Tax Expense (-)	25	(52,191)	(5,514,164)
- Deferred Tax Income with Incentive Certificate	25	18,226,740	16,654,853
PROFIT FOR THE PERIOD		**18,192,162**	**22,753,905**
Other comprehensive income / expense		**4,251,146**	**(6,771)**
Items not to be Reclassified to Profit or Loss		4,251,146	(6,771)
Property, Plant and Equipment Revaluation Increases	*24*	*5,689,388*	-
Tax Effect of Property, Plant and Equipment Revaluation Increases (-)	*24*	*(1,422,347)*	-
Defined Benefit Plans Remeasurement Losses	*24*	*(21,193)*	*(8,425)*
Tax Effect of Defined Benefit Plans Remeasurement Losses	*24*	*5,298*	*1,654*
TOTAL COMPREHENSIVE INCOME		**22,443,308**	**22,747,134**
Distribution of Profit for the Year:			
Attributable to the Parent		18,192,162	22,753,905
Earnings Per Share	26	**4.3723**	**5.4688**
Distribution of Total Comprehensive Income:			
Attributable to the Parent		22,443,308	22,747,134

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

SASA POLYESTER SANAYİ A.Ş. AND ITS SUBSIDIARIES

AUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD 1 JANUARY – 31 DECEMBER 2023

(Amounts expressed in TL based on the purchasing power of thousand Turkish Liras as of 31 December 2023, unless otherwise stated.)

							Other comprehensive income or expenses not to be reclassified to profit or loss			Retained Earnings		
	Notes	Share Capital	Share Capital Adjustment Differences	Share Premiums	Other Reserves	Repurchased Shares	Increases on Revaluation of Property, Plant and Equipment	Losses on Remeasurement of Defined Benefit Plans	Restricted Reserves Appropriated from Profit	Prior Years' Profit	Net Profit for the Year	Total Equity
1 January 2022	**16**	**1,120,000**	**6,715,424**	**-**	**279,902**	**(58,495)**	**-**	**-**	**988,825**	**7,815,992**	**(1,616,158)**	**15,245,490**
Transfers from Retained Earnings	16	1,120,000	1,130,627	-	-	-	-	-	-	(3,866,785)	1,616,158	-
Total Comprehensive Income		-	-	-	-	-	-	(6,771)	-	-	22,753,905	22,747,134
Decrease from Share Repurchase Transactions	16	-	-	-	-	(12,300)	-	-	-	(670,206)	-	(682,506)
Transactions with Non-Controlling Shareholders	16-4	23,633	-	1,280,506	-	70,795	-	-	-	1,840,758	-	3,215,692
31 December 2022	**16**	**2,263,633**	**7,846,051**	**1,280,506**	**279,902**	**-**	**-**	**(6,771)**	**988,825**	**5,119,759**	**22,753,905**	**40,525,810**
1 January 2023	**16**	**2,263,633**	**7,846,051**	**1,280,506**	**279,902**	**-**	**-**	**(6,771)**	**988,825**	**5,119,759**	**22,753,905**	**40,525,810**
Transfers from Retained Earnings (*)	16	2,993,369	1,310,964	-	-	-	-	-	128,727	18,320,845	(22,753,905)	-
Total Comprehensive Income		-	-	-	-	-	4,267,041	(15,895)	-	-	18,192,162	22,443,308
Decrease from Share Repurchase Transactions	16	-	-	-	-	(1,430)	-	-	-	(49,189)	-	(50,619)
Transactions with Non-Controlling Shareholders (**)	16-4	64,652	-	2,687,966	(279,902)	-	-	-	-	453,570	-	2,926,286
31 December 2023	**16**	**5,321,654**	**9,157,015**	**3,968,472**	**-**	**(1,430)**	**4,267,041**	**(22,666)**	**1,117,552**	**23,844,985**	**18,192,162**	**65,844,785**

(*) Within the scope of the decision of the Board of Directors of Sasa Polyester Sanayi A.Ş., one of the group companies, dated 12 April 2023, the application to increase the Group's issued capital by 2,993,369 TL, from 2,302,591 TL to 5,295,960 TL, of which 2,940,767 TL will be covered from the 2022 profit and 52,602 TL from extraordinary reserves, has been approved by the Capital Markets Board on May 17, 2023.

(**) The Group has realized the share conversions of the Convertible Bonds through conditional capital increase and repurchased shares. The conditional capital increase included an issue premium of TL 1,347,015 (nominal) equivalent to TL 38,958 (nominal) on 9 January 2023, TL 56,731 (nominal) equivalent to TL 2,582 (nominal) on 8 August 2023, and TL 502,771 (nominal) equivalent to TL 23,112 (nominal) on 17 October 2023. (In total, nominal shares amounting to TL 64,652 is issued.)

SASA POLYESTER SANAYİ A.Ş. AND ITS SUBSIDIARIES

AUDITED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD 1 JANUARY – 31 DECEMBER 2023

(Amounts expressed in TL based on the purchasing power of thousand Turkish Liras as of 31 December 2023, unless otherwise stated.)

	Notes	Current Period 1 January - 31 December 2023	Prior Period 1 January - 31 December 2022
Cash Flows From Operating Activities:			
Profit for The Period Before Tax from Continuing Operations		**122,091**	**11,613,215**
Adjustments Related to Reconciliation of Net Profit / (Loss) for the Year		**5,955,106**	**(7,298,803)**
Adjustments Related to Depreciation and Amortization Expenses	10.11	1,175,651	1,128,597
Adjustments Related to Interest Income/Expenses		7,039,570	3,446,206
Adjustments Related to Interest Expenses	*4,23*	*7,264,535*	*3,484,999*
Adjustments Related to Interest Income	*22*	*(224,965)*	*(38,793)*
Adjustments Related to Losses (Gains) on Disposal of Property, Plant and Equipment		(2,863)	(6,858)
Adjustments Related to Losses (Gains) on Disposal of Property, Plant and Equipment	*21*	*(2,863)*	*(6,858)*
Adjustments Related to Provisions		140,395	172,216
Adjustment Related to Provisions for Employee Benefits	*14*	*140,395*	*172,216*
Adjustments Related to Legal Cases	12	3,924	1,696
Adjustments Related to Impairment / (Reversal)		-	7,837
Adjustments for Impairment / (Reversal) of Receivables	5	-	*7,837*
Adjustments Related to Unrealized Foreign Exchange Difference		15,424,899	4,100,684
Monetary Gain		(17,800,657)	(15,389,654)
Adjustments Related to Cash and Cash Equivalents Foreign Exchange Difference		(25,813)	(759,527)
Changes in Working Capital:		**(8,224,101)**	**(3,567,129)**
Adjustments Related to Increase in Trade Receivables		(7,149,248)	(2,417,772)
Increase in Trade Receivables from Third Parties		*(7,219,620)*	*(2,425,991)*
Decrease in Trade Receivables from Related Parties		*70,372*	*8,219*
Adjustment Related to Increase in Operational Other Receivables		(18,733)	(8,296)
Increase in Other Receivables		*(18,733)*	*(8,296)*
Adjustments Related to Increase in Inventories		(1,966,852)	(7,994,182)
Adjustments Related to (Increase)/Decrease in Prepaid Expenses		(310,562)	1,049,319
Adjustments Related to (Decrease) / Increase in Other Current Assets		282,276	(615,122)
Adjustments Related to Increase in Trade Payables to Non-Related Parties		1,136,705	5,961,867
Adjustments Related to (Decrease) / Increase in Other Payables		235,556	(35,284)
Adjustments Related to (Increase) / Decrease in Deferred Income		(523,912)	396,446
Adjustments Related to Increase in Payables Related to Employee Benefits		90,669	95,895
Cash Flows Generated from Operating Activities:		**(2,146,904)**	**747,283**
Payments Related to Provisions for Employee Benefits	14	(197,389)	(39,842)
Tax Payments		-	(78,262)
Net Cash (Used in) / Generated from Operating Activities		**(2,344,293)**	**629,179**
Cash Flows Used in Investing Activities:			
Payment for Purchase of Property, Plant and Equipment and Intangible Assets		(23,041,079)	(18,625,063)
Cash Outflows from Purchase of Property, Plant and Equipment and Intangible Assets		*(23,041,079)*	*(18,625,063)*
Cash Inflows from Sale for Property, Plant and Equipment and Property, Plant and Equipment		8,074	6,858
Cash Inflows from Sale of Property, Plant and Equipment		*8,074*	*6,858*
Interest Received	22	224,965	38,793
Net Cash Used in Investing Activities		**(22,808,040)**	**(18,579,412)**
Cash Flows from Financing Activities:			
Cash Inflows from Borrowings	4	70,435,668	31,772,022
Cash Inflows from Bank Loans	*4*	*70,435,668*	*31,772,022*
Cash Outflows Related to Debt Payments	4	(42,244,981)	(11,841,546)
Cash Outflow on Repayment of Bank Loans	*4*	*(42,073,153)*	(11,731,219)
Cash Outflow on Repayment of Lease Liabilities	*4*	*(171,828)*	*(110,327)*
Interest Paid		(6,883,644)	(2,816,465)
Net Change Related to Increase in Other Payables to Related Parties	27	8,272,981	-
Cash Outflows Related to the Acquisition of Own Shares and Other Equity Instruments		(50,619)	(682,506)
Other Cash (Outflows) / Inflows		55,240	(87,887)
Net Cash Generated from Financing Activities		**29,584,645**	**16,343,618**
NET CHANGE IN CASH AND CASH EQUIVALENTS		4,432,312	(1,606,615)
EFFECT OF FOREIGN EXCHANGE DIFFERENCES ON CASH AND CASH EQUIVALENTS		25,813	759,527
EFFECT OF MONETARY GAINS ON CASH AND CASH EQUIVALENTS		(520,198)	(3,704,253)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	3	1,323,309	5,874,650
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	3	**5,261,236**	**1,323,309**

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

NOTE 1 – ORGANIZATION AND OPERATIONS OF THE GROUP

Sasa Polyester Sanayi A.Ş. (“the Company”) was incorporated on 8 November 1966 in Adana. The Group is mainly engaged in the production and marketing of polyester fiber, yarns and related products and polyester chips. The Group is a subsidiary of Erdemoğlu Holding A.Ş. (“Erdemoğlu Holding”). The Group is controlled by Erdemoğlu Holding. Shares of Sasa Polyester Sanayi A.Ş. are quoted on the BIST 30 index of Borsa Istanbul A.Ş.

The address of the registered office is:

Sarı Hamzalı Mahallesi Turhan Cemal Beriker Bulvarı No:559 Seyhan/Adana.

As of 31 December 2023, number of employees of the Company is 4,208 (31 December 2022: 4,743).

Subsidiaries

The Company has founded its subsidiary, Sasa Dış Ticaret A.Ş (“the Subsidiary”), with TL 2,000 paid in capital owning 100% of shares in accordance with the Board of Directors decision numbered 24 and dated 27 August 2015, in order to gain an effective structure to the Company's export operations.

The Company established its subsidiary Sasa Uluslararası Finansal Yatırım A.Ş. (“the Subsidiary”) with a capital of TL 20,000 in accordance with the decision of the Board of Directors dated 8 November 2022 and numbered 55, in order to provide an effective structure for the Company's activities to access financial resources. The Company owns 100% of Sasa Uluslararası Finansal Yatırım A.Ş. As at the balance sheet date, the Subsidiary has not yet commenced its operations.

Sasa and its subsidiaries, together will be referred to as “the Group”.

Approval of Consolidated Financial Statements

Board of Directors has approved the consolidated financial statements and delegated authority for publishing it on 5 March 2024. General Assembly has the authority to modify the consolidated financial statements.

NOTE 2 - BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

2.1 Basis of Presentation

Statement of Compliance to TFRS

The accompanying financial statements are prepared in accordance with the requirements of Capital Markets Board (“CMB”) Communiqué Serial II, No: 14.1 “Basis of Financial Reporting in Capital Markets”, which was published in the Official Gazette No:28676 on 13 June 2013. The accompanying financial statements are prepared based on the Turkish Financial Reporting Standards (“TFRS”) that have been put into effect by the Public Oversight Accounting and Auditing Standards Authority (“POA”) under Article 5 of the Communiqué.

In addition, the consolidated financial statements have been prepared in accordance with the formats of “TFRS Taxonomy Announcement” published by POA and Financial Statement Examples and Guidelines for Use published by CMB, on 4 October 2022.

The financial statements are prepared on the historical cost basis, except for the revaluation of land. In determining the historical cost, the fair value of the amount paid for the assets is generally taken as the basis.

NOTE 2 - BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.1 Basis of Presentation (cont'd)

Currency Used

The individual financial statements of each Group entity are presented in the currency of the primary economic environment in which the entity operates. The results and financial position of each entity are expressed in TL, which is the functional currency of the Group, and the presentation currency for the consolidated financial statements.

Going Concern

The consolidated financial statements are prepared on the going concern basis, with the assumption that the Group will benefit from its assets and fulfill its obligations in the next year and in the natural course of its activities. As at 31 December 2023, the Group's current liabilities exceed its current assets by TL 6,429,477 in the consolidated statement of financial position. The Group management foresees the continuity of operational profitability. The management has assessed that this amount in the light of current conditions and expected forecasts and have concluded that this is not indicative of a material uncertainty which would cast significant doubt on the Group's ability to continue as a going concern. While reaching this conclusion, agreements that the management has reached as a result of negotiations with the banks, the Group's EBITDA performance, which is anticipated as increasing trend, and cash generation, as well as the introduction of new investments, and the cash flow estimates that emerged based on expectations regarding the production and sales volume have been effective in 2024.

The Group's liquidity management safeguards the Group's ability to meet its payment obligations at any time. For this purpose, liquidity planning provides information about all cash flows arising from operating and financial activities within the planning framework. The Group has used a loan of TL 4,557,521 as of February 2024 by providing financing to cover its financial, operational activities and investment expenses. The resulting financial requirements are met through the use of appropriate instruments for the liquidity method such as new bank loans, transfer of existing credit facilities and guarantees provided by shareholders.

For the reasons stated above, the going concern assumption is appropriate for the Group.

Basis of Consolidation

As of 31 December 2023 and 2022, the details of the Company's subsidiaries are as follows:

	31 December 2023	**31 December 2022**
Sasa Dış Ticaret A.Ş.	100%	100%
Sasa Uluslararası Finansal Yatırım A.Ş.	100%	100%

NOTE 2 - BASIS OF PRESENTATION OF THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.1 Basis of Presentation (cont'd)

Basis of Consolidation (cont'd)

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

• has power over the investee;
• is exposed, or has rights, to variable returns from its involvement with the investee; and has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

When necessary, accounting policies have been adjusted in the financial statements of subsidiaries in order to match the accounting policies followed by the Group, and all intragroup assets and liabilities, equity, income and expenses and cash flows from transactions between Group companies are eliminated on consolidation.

Restatement of financial statements in hyperinflationary economies

The financial statements and related figures for previous periods have been restated for changes in the general purchasing power of the functional currency and, consequently, the financial statements and related figures for previous periods are expressed in terms of the measuring unit current at the end of the reporting period in accordance with TAS 29 Financial Reporting in Hyperinflationary Economies.

TAS 29 applies to the financial statements, including the consolidated financial statements, of each entity whose functional currency is the currency of a hyperinflationary economy. If an economy is subject to hyperinflation, TAS 29 requires an entity whose functional currency is the currency of a hyperinflationary economy to present its financial statements in terms of the measuring unit current at the end of the reporting period.

As at the reporting date, entities operating in Turkey are required to apply TAS 29 "Financial Reporting in Hyperinflationary Economies" for the reporting periods ending on or after 31 December 2023, as the cumulative change in the general purchasing power of the last three years based on the Consumer Price Index ("CPI") is more than 100%.

POA made a announcement on 23 November 2023 regarding the scope and application of TAS 29. It stated that the financial statements of the entities applying Turkish Financial Reporting Standards for the annual reporting period ending on or after 31 December 2023 should be presented in accordance with the related accounting principles in TAS 29, adjusted for the effects of inflation.

NOTE 2 - BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.1 Basis of Presentation (cont'd)

Restatement of financial statements during periods of high inflation (cont'd)

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 are required to apply inflation accounting by applying the provisions of TAS 29 to their annual financial statements for the accounting periods ending on 31 December 2023.

In this framework, while preparing the consolidated financial statements dated 31 December 2023, inflation adjustment has been made in accordance with TAS 29.

The table below shows the inflation rates for the relevant years calculated by taking into account the Consumer Price Indices published by the Turkish Statistical Institute (TURKSTAT):

Date	Index	Adjustment coefficient	Three-year cumulative inflation rates
31.12.2023	1,859.38	1.00000	268%
31.12.2022	1,128.45	1.64773	156%
31.12.2021	686.95	2.70672	74%

The main lines of TAS 29 indexation transactions are as follows:

- As of the balance sheet date, all items other than those stated in terms of current purchasing power are restated by using the relevant price index coefficients. Prior year amounts are also restated in the same way.
- Monetary assets and liabilities are expressed in terms of the purchasing power at the balance sheet date and are therefore not subject to restatement. Monetary items are cash and items to be received or paid in cash.
- Fixed assets, subsidiaries and similar assets are indexed to their acquisition values, which do not exceed their market values. Depreciation has been adjusted in a similar manner. Amounts included in shareholders' equity have been restated by applying general price indices for the periods in which they were contributed to or arose within the Company.
- All items in the income statement, except for the effects of non-monetary items in the balance sheet on the income statement, have been restated by applying the multiples calculated over the periods when the income and expense accounts were initially recognized in the financial statements.
- The gain or loss arising on the net monetary position as a result of general inflation is the difference between the adjustments to non-monetary assets, equity items and income statement accounts. This gain or loss on the net monetary position is included in net profit.

The impact of the application of TAS 29 Financial Reporting in Hyperinflationary Economies is summarized below:

NOTE 2 - BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.1 Basis of Presentation (cont'd)

Restatement of financial statements during periods of high inflation (cont'd)

Restatement of the Statement of Financial Position

Amounts in the statement of financial position that are not expressed in terms of the measuring unit current at the end of the reporting period are restated. Accordingly, monetary items are not restated because they are expressed in the currency of the reporting period. Non-monetary items are required to be restated unless they are expressed in terms of the currency in effect at the end of the reporting period.

The gain or loss on the net monetary position arising on restatement of non-monetary items is recognized in profit or loss and presented separately in the statement of comprehensive income.

Restatement of the Statement of Profit or Loss

All items in the statement of profit or loss are expressed in terms of the measuring unit current at the end of the reporting period. Therefore, all amounts have been restated by applying changes in the monthly general price index.

Cost of inventories sold has been restated using the restated inventory balance.

Depreciation and amortization expenses have been restated using the restated balances of property, plant and equipment, intangible assets, investment property and right-of-use assets.

Restatement of Statement of Cash Flows

All items in the statement of cash flows are expressed in terms of the measuring unit current at the end of the reporting period.

Consolidated financial statements

The financial statements of a subsidiary whose functional currency is the currency of a hyperinflationary economy are restated by applying the general price index before they are included in the consolidated financial statements prepared by the parent company. If the subsidiary is a foreign subsidiary, its restated financial statements are translated at the closing rate. When consolidating financial statements with different reporting period ends, all monetary and non-monetary items are restated in accordance with the measuring unit current at the date of the consolidated financial statements.

Comparative figures

Relevant figures for the previous reporting period are restated by applying the general price index so that the comparative financial statements are presented in the measuring unit applicable at the end of the reporting period. Information disclosed for prior periods is also expressed in terms of the measuring unit current at the end of the reporting period.

NOTE 2 - BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.2 Offsetting

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

2.3 New and Amended Turkish Financial Reporting Standards

a) Amendments that are mandatorily effective from 2023

Amendments to TAS 1	*Disclosure of Accounting Policies*
Amendments to TAS 8	*Definition of Accounting Estimates*
Amendments to TAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*
Amendments to TAS 12	*International Tax Reform — Pillar Two Model Rules*
Amendments to TFRS 17	*Initial Application of TFRS 17 and TFRS 9 — Comparative Information (Amendment to TFRS 17)*

Amendments to TAS 1 *Disclosure of Accounting Policies*

The amendments require that an entity discloses its material accounting policies, instead of its significant accounting policies.

Amendments to TAS 1 are effective for annual reporting periods beginning on or after 1 January 2023 and earlier application is permitted.

Amendments to TAS 8 *Definition of Accounting Estimates*

With this amendment, the definition of "a change in accounting estimates" has been replaced with the definition of "an accounting estimate", sample and explanatory paragraphs regarding estimates have been added, and the differences between application of an estimate prospectively and correction of errors retrospectively have been clarified.

Amendments to TAS 8 are effective for annual reporting periods beginning on or after 1 January 2023 and earlier application is permitted.

Amendments to TAS 12 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

The amendments clarify that the initial recognition exemption does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition.

Amendments to TAS 12 are effective for annual reporting periods beginning on or after 1 January 2023 and earlier application is permitted.

Amendments to TAS 12 *International Tax Reform — Pillar Two Model Rules*

The amendments provide a temporary exception to the requirements regarding deferred tax assets and liabilities related to pillar two income taxes. Amendments to TAS 12 are effective for annual reporting periods beginning on or after 1 January 2023.

NOTE 2 - BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.3 New and Amended Turkish Financial Reporting Standards (cont'd)

a) Amendments that are mandatorily effective from 2023 (cont'd)

Amendments to TFRS 17 *Insurance Contracts* and *Initial Application of TFRS 17 and TFRS 9 — Comparative Information*

Amendments have been made in TFRS 17 in order to reduce the implementation costs, to explain the results and to facilitate the initial application.

The amendment permits entities that first apply TFRS 17 and TFRS 9 at the same time to present comparative information about a financial asset as if the classification and measurement requirements of TFRS 9 had been applied to that financial asset before.

Amendments are effective with the first application of TFRS 17.

b) New and amended TFRSs in issue but not yet effective

The Group has not yet adopted the following standards and amendments and interpretations to the existing standards:

TFRS 17	*Insurance Contracts*
Amendments to TFRS 4	*Extension of the Temporary Exemption from Applying TFRS 9*
Amendments to TAS 1	*Classification of Liabilities as Current or Non-Current*
Amendments to TFRS 16	*Lease Liability in a Sale and Leaseback*
Amendments to TAS 1	*Non-current Liabilities with Covenants*
Amendments to TAS 7 and TFRS 7	*Supplier Finance Arrangements*
TSRS 1	*General Requirements for Disclosure of Sustainability-related Financial Information*
TSRS 2	*Climate-related Disclosures*

TFRS 17 *Insurance Contracts*

TFRS 17 requires insurance liabilities to be measured at a current fulfillment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. TFRS 17 has been deferred for insurance, reinsurance and pension companies for a further year and will replace TFRS 4 *Insurance Contracts* on 1 January 2025.

Amendments to TFRS 4 *Extension of the Temporary Exemption from Applying TFRS 9*

The amendment changes the fixed expiry date for the temporary exemption in TFRS 4 *Insurance Contracts* from applying TFRS 9, so that insurance and reinsurance and pension companies would be required to apply TFRS 9 for annual periods beginning on or after 1 January 2024 with the deferral of the effective date of TFRS 17.

NOTE 2 - BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.3 New and Amended Turkish Financial Reporting Standards (cont'd)

b) New and amended TFRSs in issue but not yet effective (cont'd)

Amendments to TAS 1 *Classification of Liabilities as Current or Non-Current*

The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current.

Amendments to TAS 1 are effective for annual reporting periods beginning on or after 1 January 2024 and earlier application is permitted.

Amendments to TFRS 16 *Lease Liability in a Sale and Leaseback*

Amendments to TFRS 16 clarify how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements in TFRS 15 to be accounted for as a sale.

Amendments are effective from annual reporting periods beginning on or after 1 January 2024.

Amendments to TAS 1 *Non-current Liabilities with Covenants*

Amendments to TAS 1 clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability.

Amendments are effective from annual reporting periods beginning on or after 1 January 2024.

The Group evaluates the effects of these standards, amendments and improvements on the consolidated financial statements.

Amendments to TAS 7 and TFRS 7 *Supplier Finance Arrangements*

The amendments add disclosure requirements, and 'signposts' within existing disclosure requirements that ask entities to provide qualitative and quantitative information about supplier finance arrangements. Amendments are effective from annual reporting periods beginning on or after 1 January 2024.

TSRS 1 *General Requirements for Disclosure of Sustainability-related Financial Information*

TSRS 1 sets out overall requirements for sustainability-related financial disclosures with the objective to require an entity to disclose information about its sustainability-related risks and opportunities that is useful to primary users of general purpose financial reports in making decisions relating to providing resources to the entity. The application of this standard is mandatory for annual reporting periods beginning on or after 1 January 2024 for the entities that meet the criteria specified in POA's announcement dated 5 January 2024 and numbered 2024-5 and for banks regardless of the criteria. Other entities may voluntarily report in accordance with TSRS.

TSRS 2 *Climate-related Disclosures*

TSRS 2 sets out the requirements for identifying, measuring and disclosing information about climate-related risks and opportunities that is useful to primary users of general purpose financial reports in making decisions relating to providing resources to the entity. The application of this standard is mandatory for annual reporting periods beginning on or after 1 January 2024.

NOTE 2 - BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.4 Changes in the Accounting Policies and Errors

The accounting policy changes arising from the first-time application of a new standard are applied retrospectively or prospectively in accordance with the transitional provisions, if any. The changes that take place of any transitional provision, significant changes made optional in accounting policies or determined accounting errors are applied retrospectively by restating prior period financial statements. If changes in accounting estimates are related to only one period, they are applied both in the current period when the amendment is made and for the future periods, both in the current period and in the future. The accounting estimates used in the preparation of these consolidated financial statements for the year ended 31 December 2023 are consistent with those used in the preparation of financial statements for the year ended 31 December 2022.

2.4.1 Comparative Information and Reclassification of Prior Period Financial Statements

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

2.5 Critical Decisions and Assumptions made by the Group in Applying Accounting Policies

2.5.1 Deferred tax

The Group recognizes deferred tax on the temporary differences between the carrying amounts of assets and liabilities in the financial statements prepared in accordance with TFRS and statutory financial statements which is used in the computation of taxable profit. The related differences are generally due to the timing difference of the tax base of some income and expense items between statutory and TFRS financial statements. The Group has deferred tax assets amounting to TL 36,760,538 that can be deducted from future profits. The partially or fully recoverable amount of deferred tax assets has been estimated under current circumstances. During the assessment, future profit projections and the expiry dates of tax assets are taken into consideration. As a result of the assessments made, it has been concluded that these assets amounting to TL 31,605,650, which have indefinite useful lives, will be recoverable in the foreseeable future. (Note 25)

2.5.2 Liabilities for employee benefits

The Group makes various actuarial assumptions such as discount rate, inflation rate, rate of increase in real wages, and the possibility of withdrawal by itself in the calculation of liabilities related to employee benefits. Details of the provisions for employee benefits are disclosed in Note 14.

2.5.3 Impairment on assets

The Group Management applies an impairment test in each reporting period in case of situations or events indicating that it is not possible to recover the carrying value for the assets subject to depreciation and amortization. For assessment of impairment, assets are grouped at the lowest level with separate identifiable cash flows (cash generating units). As a result of the impairment studies carried out by the Group Management, no further impairment is expected in the accompanying financial statements, other than the provision for impairment of non-financial assets as of the reporting date.

NOTE 2 - BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.5 Critical Decisions and Assumptions made by the Group in Applying Accounting Policies (cont'd)

2.5.4 Impairment on financial assets

While evaluating the impairment of financial assets, the management makes assumptions such as default risk and expected credit loss ratio regarding the related assets. While making these assumptions and judgments as of each reporting period, the Group considers past experiences, current market conditions and future expectations regarding the market.

2.5.5 Calculation of Loss Provision

In measuring expected loss provisions, the Company uses reasonable and supportable forward-looking information based on assumptions about different future economic conditions and how they will affect each other.

Loss given default is an estimate of the loss given default. It is based on the difference between the contractual cash flows and the receivables that the lender expects to collect, taking into account cash flows arising from collateral and credit enhancements.

2.6 Summary of Significant Accounting Policies

2.6.1 Revenue

The revenue consists of the sales of fiber, textile chips, poy, pet resin, yarn and other by-products sold directly to the end user in the domestic and foreign markets.

Revenue is measured based on the consideration specified in a sales order with a customer. The Group recognizes revenue when it transfers control of a product to a customer.

The Group recognizes revenue in its financial statements in line with the following basic principles:

a) Identify the sales order(s) with costumer
b) Identify the performance obligations in sales orders
c) Determine the transaction price
d) Allocate the sales order transaction price to performance obligations based on the delivery buckets of the products
e) Recognition of revenue when each performance obligation is realized

NOTE 2 - BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.6 Summary of Significant Accounting Policies (cont'd)

2.6.1 Revenue (cont'd)

The Group accounts for a sales orders with a customer that is within the scope of this Standard only when all of the following criteria are met:

a) The parties to the sales orders have approved the contract (in writing, orally or in accordance with other customary business practices) and are committed to perform their respective obligations,
b) The Group can identify each party's rights regarding the goods or services to be transferred,
c) The Group can identify the payment terms for the goods or services to be transferred,
d) The sales orders has commercial substance,
e) It is probable that the Group will collect the consideration to which it will be entitled in exchange for the goods or services that will be transferred to the customer. In assessing whether a consideration is likely to be collectible, an entity considers only the customer's ability and intent to pay the consideration on time.

Dividend, interest and rental income

Interest income is accrued using the effective interest method which brings the remaining principal amount and expected future cash flows to the net book value of the related deposit during the expected life of the deposit. The Group's interest income from time deposit investments are accounted under finance income, and interest income from forward sales arising from trade receivables is recognized in revenue. Rental income from real estate is accounted for using the straight-line method throughout the relevant lease.

2.6.2 Inventories

Inventories are stated at the lower of cost and net realizable value. Costs, including an appropriate portion of fixed and variable overhead expenses, are assigned to inventories held by the method most appropriate to the particular class of inventory, with the majority being valued based on weighted average cost method. Net realizable value represents the estimated selling price less all estimated costs of completion and costs necessary to make the sale.

2.6.3 Property, Plant and Equipment

Revaluation Method

Lands held in use for production or delivery of goods or services or for administrative purposes are stated at their revalued amounts. Revaluations are performed with sufficient regularity such that the carrying amounts do not differ materially from those that would be determined using fair values at the end of each reporting period.

Any revaluation increase arising on the revaluation of such land is recognized in other comprehensive income and accumulated in equity, except to the extent that it reverses a revaluation decrease for the same asset previously recognized in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously expensed. A decrease in the carrying amount arising on the revaluation of such land is recognized in profit or loss to the extent that it exceeds the balance, if any, held in the properties revaluation reserve relating to a previous revaluation of that asset.

NOTE 2 - BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.6 Summary of Significant Accounting Policies (cont'd)

2.6.3 Property, Plant and Equipment (cont'd)

Revaluation Method (cont'd)

On the subsequent sale or retirement of a revalued lands the attributable revaluation surplus remaining in the properties revaluation reserve is transferred directly to retained earnings. Unless the asset is derecognized, no transfer is made from the revaluation fund to retained earnings.

Cost Method

Property, plant and equipment, except lands, are presented at cost less accumulated depreciation and accumulated impairment losses.

The estimated useful lives of these assets are as follows:

	YEARS
Land improvements	5-25
Buildings	18-25
Machinery, plant and equipment	5-25
Motor vehicles	3-5
Furniture and fixtures	4-25

Properties in the course of construction for administrative purposes, or for purposes not yet determined, are carried at cost, less any recognized impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs are capitalized in accordance with the Group's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

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

Leased assets are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

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

NOTE 2 - BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.6 Summary of Significant Accounting Policies (cont'd)

2.6.4 Intangible Assets

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

	YEARS
Software	5-25
Development costs	5

Internally-generated intangible assets – research and development expenditure

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognized if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for us or sale,
- the intention to complete the intangible asset and use or sell it,
- the ability to use or sell the intangible asset,
- how the intangible asset will generate probable future economic benefits,
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognized for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognized, development expenditure is recognized in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortization and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

Computer software

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized over their estimated useful lives (10 years).

NOTE 2 - BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.6 Summary of Significant Accounting Policies (cont'd)

2.6.4 Intangible Assets (cont'd)

Computer software (cont'd)

Costs associated with developing or maintaining computer software programmes are recognized as an expense as incurred. Costs that are directly associated with the development of identifiable and unique software products controlled by the Group, and that will probably generate economic benefits exceeding costs beyond one year, are recognized as intangible assets. Costs include the software development employee costs and an appropriate portion of relevant overheads.

Computer software development costs recognized as non-current assets are amortized over their estimated useful lives.

Derecognition of intangible assets

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognized in profit or loss when the asset is derecognized. This difference is recognized in profit or loss when the related asset is derecognized.

2.6.5 Leases

The Group as Lessee

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognizes a leased machinery and equipment and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Group recognizes the depreciation of these lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

The lease liability is presented as a separate line in the consolidated statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made. The Group remeasures the lease liability (and makes appropriate changes to related right-of-use asset).

NOTE 2 - BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.6 Summary of Significant Accounting Policies (cont'd)

2.6.6 Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

When the Group borrows funds specifically for the purpose of the qualifying assets, the amount of borrowing costs eligible for capitalization is the actual borrowing costs incurred on that borrowing during the period less any investment income on the temporary investment of those borrowings.

Financial investment income obtained by using a part of the investment loan, which has not yet been spent, temporarily in financial investments is offset from the borrowing costs suitable for capitalization. The amount of borrowing costs capitalized during the current period is given in the Note 10.

All other borrowing costs are recognized in the statement of profit or loss in the period in which they are incurred.

2.6.7 Financial Instruments

Financial instruments are recognized in the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized at fair value through profit or loss.

Financial Assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

The Group classifies its financial assets as (a) Business model used for managing financial assets, (b) financial assets subsequently measured at amortized cost, at fair value through other comprehensive income or at fair value through profit or loss based on the characteristics of contractual cash flows, at subsequent recognition, it is measured at amortized cost, at fair value through other comprehensive income or at fair value through profit or loss. The Group reclassifies all financial assets effected from the change in the business model it uses for the management of financial assets. The reclassification of financial assets is applied prospectively from the reclassification date. In such cases, no adjustment is made to gains, losses (including any gains or losses of impairment) or interest previously recognized in the financial statements.

<u>Classification of financial assets</u>

Debt instruments that meet the following conditions are measured subsequently at amortized cost:

- The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

NOTE 2 - BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.6 Summary of Significant Accounting Policies (cont'd)

2.6.7 Financial Instruments (cont'd)

Financial Assets (cont'd)

Classification of financial assets (cont'd)

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):

- The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL).

(i) Amortized cost and effective interest method

Interest income for the financial assets shown over the amortized cost is calculated using the effective interest method. The effective method of interest is to calculate the amortized cost of a borrowing agent and distribute interest income to the relevant period. This income is calculated by applying the effective interest rate to the gross book value of the financial asset except the following:

(a) Financial assets with a low credit value when purchased or created. For such financial assets, the business applies the effective interest rate corrected by credit to the redeemed cost of the financial asset for the first time since being taken to financial statements.

(b) Financial assets that are not a financial asset with a credit impairment when purchased or created, but subsequently become a credit-impairment financial asset. For such financial assets, the business applies the effective interest rate to the redeemed cost of the asset during subsequent reporting periods.

Interest income, redeemed costs in subsequent posting, and fair value change are accounted for by using the effective interest method for borrowing vehicles projected to other comprehensive income. Interest income is accounted for in profit or loss and is shown in the "Finance income – Interest income" item (Note 23).

(ii) Financial assets at FVTOCI

The financial assets ((i) – (iii), which do not meet the criteria of measurement by reflecting on the redeemed costs or the other comprehensive income of the fair value change, are measured by the profit or loss of the fair value exchange. Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognized in profit or loss to the extent they are not part of a designated hedging relationship (see hedge accounting policy).

NOTE 2 - BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.6 Summary of Significant Accounting Policies (cont'd)

2.6.7 Financial Instruments (cont'd)

Financial Assets (cont'd)

Classification of financial assets (cont'd)

(iii) Financial assets at fair value through profit or loss

Financial assets that do not meet the criteria to be measured at amortized cost or at fair value through other comprehensive income are measured at fair value through profit or loss.

Financial assets at fair value through profit or loss are measured at fair value at the end of each period and all changes in fair value are recognized in profit or loss, unless the financial assets are designated as hedging instruments.

Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. Especially,

- for financial assets measured at amortized cost that are not part of a designated hedging relationship, exchange differences are recognized in profit or loss;
- for debt instruments measured at FVTOCI that are not part of a designated hedging relationship, exchange differences on the amortized cost of the debt instrument are recognized in profit or loss. Other exchange differences are recognized in other comprehensive income;
- for financial assets measured at FVTPL that are not part of a designated hedging relationship, exchange differences are recognized in profit or loss; and
- for equity instruments measured at FVTOCI, exchange differences are recognized in other comprehensive income.

Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses on borrowing instruments, lease receivables, trade receivables, assets arising from contracts with customers and expected credit losses from investments to financial guaranty contract that are measured at amortized cost or at FVTOCI. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group utilizes a simplified approach for trade receivables, contract assets and lease receivables that does not have significant financing component and calculates the allowance for impairment against the lifetime ECL of the related financial assets. For all other financial instruments, the Group recognizes lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

NOTE 2 - BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.6 Summary of Significant Accounting Policies (cont'd)

2.6.7 Financial Instruments (cont'd)

Financial Assets (cont'd)

Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows (all cash-deficiencies) that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate (or credit-based adjusted effective interest rate for financial assets with credit-value impairment when purchased or incurred).

Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset measured at amortized cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss. In contrast, on derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

Financial Liabilities

On initial recognition of liabilities other than those that are recognized at FVTPL, transaction costs directly attributable to the acquisition or issuance thereof are also recognized at initial carrying value. A financial liability is subsequently classified at amortized cost except:

a) Financial liabilities at FVTPL: These liabilities including derivative instruments are subsequently measured at fair value.
b) Financial liabilities arising if the transfer of the financial asset does not meet the conditions of derecognition from the financial statements or if the ongoing relationship approach is applied: When the Group continues to present an asset based on the ongoing relationship approach, a liability in relation to this is also recognized in the financial statements. The transferred asset and the related liability are measured to reflect the rights and liabilities that the Group continues to hold. The transferred liability is measured in the same manner as the net book value of the transferred asset.

NOTE 2 - BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.6 Summary of Significant Accounting Policies (cont'd)

2.6.7 Financial Instruments (cont'd)

Financial Liabilities (cont'd)

c) A contingent consideration recognized in the financial statements by the entity acquired in a business combination where TFRS 3 is applied: After initial recognition, the related contingent consideration is measured as at FVTPL.

Convertible bonds

The fair value of the liability portion of a convertible bond is determined using a market interest rate for an equivalent non-convertible bond. This amount is recorded as a liability on an amortized cost basis until extinguished on conversion or maturity of the bonds. The remainder of the proceeds is allocated to the conversion option and is recognized and included under shareholders' equity.

An entity may not reclassify any financial liability.

Derecognition of financial liabilities

The Group derecognizes financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

Derivative Financial Instruments

In order to keep the risks associated with foreign exchange and interest rates under control, the Group uses various derivative financial instruments, including foreign exchange forward contracts, options and interest rate swap contracts.

Derivatives are recognized initially at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognized as a financial asset whereas a derivative with a negative fair value is recognized as a financial liability. Derivatives are not offset in the financial statements unless the Group has both legal right and intention to offset. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realized or settled within 12 months. Other derivatives are presented as current assets or current liabilities. There are no open derivatives position as of the balance sheet date.

NOTE 2 - BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.6 Summary of Significant Accounting Policies (cont'd)

2.6.8 The Effects of Foreign Exchange Rate Changes

Foreign Currency Transactions and Balances

In preparing the financial statements of the individual entities, transactions in currencies other than TL (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognized in profit or loss in the period in which they arise except for:

- Exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets where they are regarded as an adjustment to interest costs on those foreign currency borrowings;
- Exchange differences on transactions entered into in order to hedge certain foreign currency risks (see below for hedging accounting policies); and
- Exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur, which form part of the net investment in a foreign operation, and which are recognized in the foreign currency translation reserve and recognized in profit or loss on disposal of the net investment.

2.6.9 Earnings Per Share

Earnings per share stated in the consolidated statement of profit or loss are calculated by dividing net profit by the weighted average number of shares outstanding during the year.

Companies in Türkiye can increase their capital through "bonus shares" that they distribute to their shareholders from retained earnings. Such "bonus shares" distributions are treated as issued shares in earnings per share calculations. Accordingly, the weighted average number of shares used in these calculations has been calculated by taking into account the retrospective effects of the aforementioned share distributions.

2.6.10 Events After the Reporting Period

Events after the reporting period are those events that occur between the balance sheet date and the date when the financial statements are authorized for issue, even if they occur after an announcement related with the profit for the year or public disclosure of other selected financial information. The Group adjusts the amounts recognized in its financial statements if adjusting events occur after the balance sheet date.

NOTE 2 - BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.6 Summary of Significant Accounting Policies (cont'd)

2.6.11 Provisions, Contingent Assets and Liabilities

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

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

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

2.6.12 Related Parties

A related party is a person or entity that is related to the entity that is preparing its financial statements (referred to as the 'reporting entity').

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

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

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

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

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

NOTE 2 - BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.6 Summary of Significant Accounting Policies (cont'd)

2.6.13 Government Incentives and Aids

A government grant is not recognized in the financial statements without reasonable assurance that the entity will meet the conditions for obtaining the grant and that the grant will be received.

Government grants are systematically recognized in profit or loss during the periods in which the costs intended to be covered by these incentives are recognized as an expense. Government incentives, which are a financing tool, should be associated with the statement of financial position as unearned income and systematically reflected in profit or loss over the economic life of the relevant assets, instead of being recognized in profit or loss to clarify the expenditure item they finance.

Government grants given to cover previously incurred expenses or losses or to provide emergency financing support to the business without incurring any future costs are recognized in profit or loss in the period they become collectible.

Within the scope of the Law No. 5746 on Supporting Research, Development and Design Activities of the Group; the Group has the R&D center certificate given by the Ministry of Industry and Technology of the Republic of Türkiye, and has been entitled to benefit from the incentives and exemptions granted to R&D centers in accordance with the provisions of the Law No. 5746.

With regard to research and development projects ("R&D"), provided that the aforementioned projects meet certain criteria, the Group agrees to the R&D no. 98/10 of the Scientific and Technical Research Council of Türkiye ("TÜBİTAK") and the Para-Credit and Coordination Board. Within the scope of the Communiqué on GE Assistance, it can benefit from R&D assistance, subject to the evaluation of TÜBİTAK Technology and Innovation Support Programs Directorate ("TEYDEB").

As a result of the SASA Polyester Sanayi A.Ş. application to Ministry of Economy General Directorate of Incentive Practices and Foreign Capital for incentive certificate, the incentive application related to the Polimer Üretim Tesisleri Investment is included in the Project-Based Government Incentives for Investments that is enacted with the resolution of the Council of Ministers, and it is approved by the 30 April 2018 dated Council of Ministers and published on the 23 June 2018 dated Official Gazette.

In addition, as a result of the application made by the Group, an incentive certificate was obtained for PTA and Polymer Chips Production Facilities Investment on 4 January 2021.

In addition, as a result of the incentive certificate application made by Sasa Polyester Sanayi A.Ş., one of the group companies, to the General Directorate of Incentive Implementation and Foreign Capital of the Ministry of Industry and Technology of the Republic of Türkiye, received an investment incentive certificate for Fiber Production Facility Investment on 13 September 2023, and for Solar Power Plant (SPP) Investment on 5 September 2023 (Note 25).

The government grants are recognized when there is reasonable assurance that the Group will comply with the conditions attached to them and that the grants will be received. The portion of government grants associated to previously capitalize intangible assets is deducted from the cost of the intangible asset, whereas the other government grants are recognized as income in the period which they are incurred.

NOTE 2 - BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.6 Summary of Significant Accounting Policies (cont'd)

2.6.14 Investment Properties

Investment properties are properties held to earn rentals and/or for capital appreciation and are initially recognized at cost plus transaction costs. After initial recognition, investment properties are measured at fair value, which reflects market conditions at the balance sheet date. Gains or losses arising from changes in the fair value of investment properties are recognized in the statement of profit or loss in the period in which they arise. The estimated useful lives of investment properties are 18-40 years for buildings and 15-25 years for land improvements.

An investment property is derecognized upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from disposal. Any gain or loss arising on derecognition of the property is included in profit or loss in the period in which the property is derecognized.

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

2.6.15 Taxation

Turkish tax legislation does not permit a parent company and its subsidiary to file a consolidated tax return. Therefore, provisions for taxes, as reflected in the accompanying consolidated financial statements, have been calculated on a separate-entity basis.

Income tax expense represents the sum of the tax currently payable and deferred tax.

<u>Current tax</u>

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

<u>Deferred tax</u>

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

NOTE 2 - BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.6 Summary of Significant Accounting Policies (cont'd)

2.6.15 Taxation (cont'd)

Deferred tax (cont'd)

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

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

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

Current and deferred tax for the period

Tax is included in the statement of profit or loss, unless it is related to a transaction recognized directly in equity. Otherwise, the tax is recognized in equity together with the related transaction.

2.6.16 Employee Benefits

Termination benefits:

Under Turkish law and union agreements, lump sum payments are made to employees retiring or involuntarily leaving the Group. Such payments are considered as being part of defined retirement benefit plan as per TMS 19 (Revised) Employee Benefits ("TMS 19").

The retirement benefit obligation recognized in the consolidated statement of financial position represents the present value of the defined benefit obligation. The actuarial gains and losses are recognized in other comprehensive income.

2.6.17 Statement of Cash Flows

In the statement of cash flows, cash flows are classified according to operating, investment and financing activities.

NOTE 2 - BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.6 Summary of Significant Accounting Policies (cont'd)

2.6.18 Capital and Dividends

Ordinary shares are classified as equity. Dividends on ordinary shares are recognized in equity in the period in which the dividend is decided.

2.6.19 Segment Reporting

Considering the nature of products and production processes, the type of products and services, and the methods used to distribute their products and services, segments are combined into a single operating segment with one similar economic characteristic.

Detailed information for sales revenue of the Group is provided in Note 17. In 2023, 18% of sales revenue of the Group is generated from one third party customer (2022: 14%).

NOTE 3 – CASH AND CASH EQUIVALENTS

	31 December 2023	31 December 2022
Cash	106	28
Cash at banks	5,261,130	1,323,281
-Demand deposit	4,586,130	792,983
-Time deposit	675,000	530,298
	5,261,236	**1,323,309**

As of 31 December 2023, the details of the Group's time deposits are as follows. (31 December 2022: USD 2,200 (*), maturity date 2 January 2023, interest rate 1.75%; 1. EUR 1,540 (*), maturity date 2 January 2023, interest rate 0.75%; TL 411,932, maturity date 2 January 2023, interest rate 21%)

(*) Amounts are expressed in EUR 1,000 and USD 1,000.

Currency	Interest Rate (%)	Maturity	31 December 2023
TL	41.00	2 January 2024	675,000

As of 31 December 2023, the Group does not have any blocked deposits with a maturity longer than 3 months. (31 December 2022: None.)

NOTE 4 – FINANCIAL INSTRUMENTS

Short-Term Financial Investments	**31 December 2023**	**31 December 2022**
Currency hedged deposit balances (*)	-	91,019
Total	**-**	**91,019**

(*) As of 31 December 2023, the Group does not have a deposit balance within the scope of the Communiqué on Supporting the Translation to Turkish Lira Deposit and Participation Accounts (31 December 2022: TL 91,019)

Financial Borrowings

Short-Term Financial Borrowings

	31 December 2023	**31 December 2022**
Short-term bank loans	11,067,866	18,387,125
Short-term portion of the long-term borrowings	11,795,312	8,861,969
Lease liabilities	157,130	119,048
	23,020,308	**27,368,142**

Long-Term Financial Borrowings

	31 December 2023	**31 December 2022**
Long-term bank loans	42,139,824	12,589,678
Convertible bonds issued	-	2,991,195
Lease liabilities	174,693	141,550
	42,314,517	**15,722,423**
	65,334,825	**43,090,565**

NOTE 4 – FINANCIAL INSTRUMENTS (cont'd)

Financial Borrowings (cont'd)

a) Bank loans

As of 31 December 2023 and 31 December 2022, bank loans and interest accruals related to these loans are as follows:

Principal	**31 December 2023**			**31 December 2022**		
Original currency	**Weighted average effective interest rate (%)**	**Original amount (*)**	**TL**	**Weighted average effective interest rate (%)**	**Original amount (*)**	**TL**
TL	26.38	-	8,953,239	18.53	-	18,885,046
US Dollar	8.48	400,887	11,822,683	5.38	36,451	1,123,046
Euro	6.73	1,328,587	43,355,260	5.20	572,164	18,827,896
			64,131,182			**38,835,988**
Interest Accrued						
TL	-	-	284,751	-	-	819,770
US Dollar	-	3,382	99,747	-	488	15,077
Euro	-	14,934	487,322	-	5,103	167,937
			65,003,002			**39,838,772**

(*) Amounts are expressed in EUR 1,000 and USD 1,000.

The repayment schedule of the bank loans as follows:

	31 December 2023	**31 December 2022**
Within 1 year	22,863,178	27,249,094
Within 1–2 year	13,207,729	2,649,760
Within 2 - 3 year	5,518,730	2,253,547
Within 3 - 4 year	5,417,580	2,135,878
Within 4 - 5 year	4,675,198	1,237,717
5 + years	13,320,587	4,312,776
	65,003,002	**39,838,772**

NOTE 4 – FINANCIAL INSTRUMENTS (cont'd)

Financial Borrowings (cont'd)

b) Lease liabilities

Distribution of lease liabilities	31 December 2023	31 December 2022
Short-term	157,130	119,048
Long-term	174,693	141,550
	331,823	**260,598**

Maturity distribution:	31 December 2023	31 December 2022
Within 1 year	157,130	119,048
Within 1-2 years	64,178	118,282
Within 2-3 years	42,840	23,268
Within 3-4 years	44,649	-
Within 4-5 years	23,026	-
	331,823	**260,598**

Leases are related to the purchase of production equipment with a lease term of 4-5 years. The Group's liabilities regarding financial leasing are secured by the ownership right of the lessor on the leased asset. On the contract date, interest rates for financial leasing transactions are fixed for the entire lease period. Average effective contract interest rate is approximately 5.19% annually (2022: 4.02%). Lease contracts currency is Euro.

c) Convertible Bonds

The issuance of Convertible Bonds with a nominal value of EUR 200,000,000 (EUR 200,000,000) with a maturity of 5 (five) years in EUR to be sold to qualified investors abroad has been completed as of 30 June 2021 and the net amount of the transaction has been transferred to the company accounts on 1 July 2021. Bonds due 30 June 2026 (ISIN Code: XS235783838601) were sold in units of minimum EUR 100,000 under the guarantee of Sasa Dış Ticaret A.Ş. Bond interest is determined as 3.25% per annum fixed in addition to the transaction commission fee and interest payments are made quarterly. Initial Conversion Price determined as EUR 3.5629 with respect of adding 27.5% Premium on reference share price calculated as EUR 2.7944 for 1 lot (1 TL nominal) share traded on the stock Exchange (The arithmetic average of the weighted average prices realized on the Exchange over the spot exchange rate during the 15-day monitoring period covering the date range from 24 June 2021 to 14 July 2021). In this context, the Conversion Rate calculated for the bond with a nominal value of EUR 100,000 is 28,067.0241 (lot) shares. Cash from bond issuance was used to refinance existing debts and finance investments. As of the report date, all Convertible Bonds with a nominal value of EUR 200,000,000 issued have been redeemed.

NOTE 4 – FINANCIAL INSTRUMENTS (cont'd)

Financial Borrowings (cont'd)

c) Convertible bonds (cont'd)

	31 December 2023			31 December 2022		
Currency type	**Interest rate (%)**	**Currency amount (*)**	**TL**	**Interest rate (%)**	**Currency amount (*)**	**TL**
Euro	-	-	-	3.25	81,160	2,991,195
			-			**2,991,195**

(*) The amount is expressed as EUR 1,000.

The fair value of the liability portion of a convertible bond is determined using a market interest rate for an equivalent non-convertible bond at the issue date. The liability is subsequently recognized on an amortized cost basis until extinguished on conversion or maturity of the bonds. The remainder of the proceeds will be allocated to the conversion option and recognized in shareholders' equity.

As of the reporting period, with a nominal amount of EUR 200,000,000 issued on 22 June 2021 has been amortized by converting into shares in accordance with the demand of the investors holding the bonds.

	31 December 2023	**31 December 2022**
The nominal value of the convertible bond on the day of issue	2,061,480	2,061,480
Equity component of convertible bond on the day of issue	(279,902)	(279,902)
The liability component of the convertible bond on the day of issue	1,781,578	1,781,578
The equity component of the convertible bond on the day of issue	279,902	-
Exchange differences	438,221	1,774,781
Bonds converted into shares	(2,926,286)	(3,215,692)
Interest expenses (*)	49,945	370,116
Interest payments	(604,480)	(368,323)
Monetary gain	981,120	2,648,735
Liability component of convertible bond as of 31 December	-	2,991,195

(*) Interest expense is calculated by applying the effective interest rate of 5% for the liability component of the bond. In addition, interest paid on convertible bonds is also recognized as an expense in the current period.

NOTE 4 – FINANCIAL INSTRUMENTS (cont'd)

Financial Borrowings (cont'd)

d) Reconciliation of the liabilities arising from financial activities

Cash and non-cash changes in the Group's liabilities arising from financing activities are presented in the table below. Liabilities from financing activities are cash flows that have been or will be reclassified to cash flows from financing activities in the Group's consolidated statement of cash flows.

	31 December 2023	31 December 2023
Opening balance	**43,090,565**	**32,477,564**
Interest expense	7,161,860	3,301,613
Interest paid	(6,780,969)	(2,633,079)
Foreign exchange difference	15,424,899	4,100,684
Capitalized borrowing costs (Note 10)	1,505,360	373,533
Payments for lease liabilities	(171,828)	(110,327)
Loans received	70,435,668	31,772,022
Repayments of loans	(42,073,153)	(11,731,219)
Share conversions of issued debt instruments	(2,926,286)	(3,215,692)
Commission expenses	102,675	183,386
Commission paid	(102,675)	(183,386)
Monetary gain	(20,331,291)	(11,244,534)
Closing balance	**65,334,825**	**43,090,565**

NOTE 5 - TRADE RECEIVABLES AND PAYABLES

Trade Receivables

	31 December 2023	31 December 2022
Trade receivables (*)	8,125,657	4,749,459
Notes received (**)	2,569,994	1,216,583
Provision for doubtful receivables	(6,158)	(10,147)
	10,689,493	**5,955,895**
Receivables from related parties (Note 27)	70,372	-
	10,759,865	**5,955,895**

(*) As of 31 December 2023, trade receivables are discounted by using monthly 4.11% for TL, 0.72% for US Dollar, 0.91% for Euro (As of 31 December 2022: 1.75% for TL, 1.17% for US Dollar, 0.75% for Euro).

(**) Notes received constitute the notes obtained from customers and kept in portfolio as a result of trade activities and consist of TL 1,529,711 with maturities of less than three months (31 December 2022: TL 859,895).

NOTE 5 - TRADE RECEIVABLES AND PAYABLES (cont'd)

Trade Receivables (cont'd)

Aging of receivables that are due but not impaired.

Overdue period	31 December 2023	31 December 2022
Up to 1 month	865,072	573,380
1 - 3 months	218,125	48,725
Over 3 months	32,248	-
	1,115,445	**622,105**

As of 31 December 2023 and 31 December 2022, due to existence of direct debiting system, bank guarantee, mortgage and customer cheques, the Group has not allocated any provision in the consolidated financial statements relation to trade receivables that were past due but not impaired.

The analysis of overdue receivables and provision for doubtful receivables as follows:

Overdue period	31 December 2023	31 December 2022
Over 6 months	6,158	10,147
	6,158	**10,147**

The Group always measures the loss allowance for trade receivables at an amount equal to lifetime ECL. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date. The Group has recognized a loss allowance of 100% against all receivables over 6 months past due because historical experience has indicated that these receivables are generally not recoverable.

	1 January - 31 December 2023	1 January - 31 December 2022
Balance at 1 January	**(10,147)**	**(3,795)**
Provision for the period (Note 18)	-	(10,147)
Provision written-off during the period (Note 18)	-	2,310
Monetary gain	3,989	1,485
Balance 31 December	**(6,158)**	**(10,147)**

Trade Payables

	31 December 2023	31 December 2022
Trade payables (*)	8,644,651	12,371,068
	8,644,651	**12,371,068**

(*) As of 31 December 2023, trade payables are discounted by using monthly 4.11% for TL, 0.72% for USD, 0.91% for EUR (31 December 2022: 1.75% for TL, 1.17% for USD, 0.75% for EUR). As of 31 December 2023, average turnover for trade receivables and trade payables are 44 days and 108 days, respectively (31 December 2022: 49 days and 79 days).

NOTE 6 – PAYABLES RELATED TO EMPLOYEE BENEFITS

	31 December 2023	31 December 2022
Social security premiums payable	114,705	86,781
Due to personnel	60,441	52,414
	175,146	**139,195**

NOTE 7 – OTHER RECEIVABLES, PAYABLES AND DEFERRED INCOME

Other Current Receivables

	31 December 2023	31 December 2022
Deposits and guarantess given	247	410
Other receivables (*)	24,314	9,193
	24,561	**9,603**

(*) Other receivables consist of interest income, prepaid taxes and funds, business and service advances.

Other Payables

	31 December 2023	31 December 2022
Taxes, duties and charges payable	257,192	41,459
Tax debts in installments	3,525	-
	260,717	**41,459**

Deferred Income

	31 December 2023	31 December 2022
Order advances received	2,640,752	3,101,747
Order advances received from related parties (Note 27)	360,065	422,982
	3,000,817	**3,524,729**

NOTE 8 – INVENTORIES

	31 December 2023	31 December 2022
Raw materials and supplies	3,354,466	5,536,319
Finished goods	3,955,572	3,667,016
Goods in transit (*)	3,652,585	5,232,680
Spare parts	229,662	251,310
Working in progress	89,342	99,786
Other inventories	99,190	237,841
	11,380,817	**15,024,952**

(*) This amount consists of raw material purchases that are in transit as of the reporting period.

NOTE 9 - PREPAID EXPENSES

Prepaid Expenses (Short-Term)

	31 December 2023	31 December 2022
Prepaid insurance expenses	436,383	138,638
Other prepaid expenses	175,746	3,854
	612,129	**142,492**

Prepaid Expenses (Long-Term)

	31 December 2023	31 December 2022
Given advances for fixed asset purchases (*)	2,472,006	4,036,142
	2,472,006	**4,036,142**

(*) The balance consists of the advance payments made by the Group for the fixed assets purchases related to its investments.

NOTE 10 - PROPERTY, PLANT AND EQUIPMENT

The movement of property, plant and equipment and related accumulated depreciation for the accounting periods ended 31 December 2023 and 2022 is as follows:

	1 January 2023	Additions (***)	Transfers (**)	Revaluation	Disposals	31 December 2023
Cost						
Land	6,290,519	688,585	-	5,689,388	-	12,668,492
Land improvements	181,982	-	25	-	-	182,007
Buildings	3,752,411	20,244	118	-	-	3,772,773
Machinery, plant and equipment	24,373,055	234,617	564,170	-	(68,674)	25,103,168
Vehicles	103,801	5,850	4,776	-	-	114,427
Furniture and fixtures	265,068	29,031	17,828	-	-	311,927
Construction in progress (*)	26,085,297	26,549,875	(896,141)	-	-	51,739,031
	61,052,133	**27,528,202**	**(309,224)**	**5,689,388**	**(68,674)**	**93,891,825**
Accumulated depreciation						
Land improvements	126,306	3,633	-	-	-	129,939
Buildings	1,178,105	120,860	-	-	-	1,298,965
Machinery, plant and equipment	7,887,720	987,395	-	-	(63,463)	8,811,652
Vehicles	61,832	14,511	-	-	-	76,343
Furniture and fixtures	124,170	28,957	-	-	-	153,127
	9,378,133	**1,155,356**	**-**	**-**	**(63,463)**	**10,470,026**
Net book value	**51,674,000**					**83,421,799**

(*) During the period ended 31 December 2023, capitalized borrowing costs for construction in progress is amounting to TL 1,505,360 (31 December 2022: TL 373,533) (Note 4). As of 31 December 2023, the Group has mortgage on property, plant and equipment amounting to TL 56,217,961 (31 December 2022: TL 10,614,381) (Note 13).

(**) TL 869,180 of the transfer amounts occurring on 31 December 2023 is the transfer amount based on the capitalization of the machinery and equipment provided within the scope of financial leasing.

(***) TL 3,266,673 (2022: TL 6,715,242) of the property, plant and equipment purchase amounts consist of inflation differences.

NOTE 10 – PROPERTY, PLANT AND EQUIPMENT (cont'd)

	1 January 2022	Additions	Transfers	Disposals	31 December 2022
Cost					
Land	2,453,079	3,837,432	8	-	6,290,519
Land improvements	176,708	5,261	13	-	181,982
Buildings	3,739,425	12,619	367	-	3,752,411
Machinery, plant and equipment	24,186,096	175,011	11,948	-	24,373,055
Vehicles	85,186	16,781	1,834	-	103,801
Furniture and fixtures	184,139	80,929	-	-	265,068
Construction in progress (*)	6,987,074	19,112,393	(14,170)	-	26,085,297
	37,811,707	**23,240,426**	**-**	**-**	**61,052,133**
Accumulated depreciation					
Land improvements	122,781	3,525	-	-	126,306
Buildings	1,058,249	119,856	-	-	1,178,105
Machinery, plant and equipment	6,926,652	961,068	-	-	7,887,720
Vehicles	48,659	13,173	-	-	61,832
Furniture and fixtures	100,171	23,999	-	-	124,170
	8,256,512	**1,121,621**	**-**	**-**	**9,378,133**
Net book value	**29,555,195**				**51,674,000**

NOT 10 – PROPERTY, PLANT AND EQUIPMENT (cont'd)

Fair value measurement of the Group's freehold lands

The freehold lands owned by the Group are stated at their revalued amount as of balance sheet date. The fair value of the lands owned by the Group was determined by İdeal Gayrimenkul Değerleme ve Danışmanlık A.Ş., a valuation company independent from the Group, as of 29 September 2023. İdeal Gayrimenkul Değerleme ve Danışmanlık A.Ş is authorized by the CMB and provides real estate valuation services in accordance with the capital market legislation and has sufficient experience and qualifications in measuring the fair value of real estates in the relevant regions. The fair value of the freehold land was determined based on the market comparable approach that reflects recent transaction prices for similar properties.

Details of the Group's freehold lands and information about the fair value hierarchy as of 31 December 2023 are as follows:

There were no transfers between levels during the period.

Movement of lands which is revalued in Level 3 is as follows:

	1 January - 31 December 2023	**1 January - 31 December 2022**
Opening balance	6,290,519	2,453,079
Additions	688,585	3,837,440
Fair value increase	5,689,388	-
- *Recognized in equity*	*5,689,388*	-
Closing balance	**12,668,492**	**6,290,519**

If lands were recognized at their historical cost, carrying amount would be as follows:

	31 December 2023	**31 December 2022**
Lands	3,098,751	2,503,824
	3,098,751	**2,503,824**

NOTE 10 - PROPERTY, PLANT AND EQUIPMENT (cont'd)

Income statement accounts related to depreciation and amortization of total (property, plant and equipment, intangible assets, investment property) during the periods ended 31 December 2023 and 2022 are as follows:

	1 January - 31 December 2023	1 January - 31 December 2022
Production cost (Note: 17)	1,115,001	1,086,960
General administrative expenses (Note: 18)	41,276	25,720
Marketing, sale and distribution expenses (Note: 18)	17,982	14,745
Research expenses (Note: 18)	1,392	1,172
	1,175,651	**1,128,597**

NOTE 11 – INTANGIBLE ASSETS

The movement of intangible assets and related accumulated amortization for the periods ended 31 December 2023 and 2022 is as follows:

	1 January 2023	Additions	Transfers (*)	31 December 2023
Cost				
Software and development costs	131,304	47,331	309,224	487,859
Development costs	84,805	-	-	84,805
	216,109	**47,331**	**309,224**	**572,664**
Accumulated amortization				
Software	110,654	19,863	-	130,517
Development costs	83,652	432	-	84,084
	194,306	**20,295**	**-**	**214,601**
Net book value	**21,803**			**358,063**

(*) The relevant amount was transferred from the investments made after capitalization.

	1 January 2022	Additions	Transfers	31 December 2022
Cost				
Software	117,894	13,410	-	131,304
Development costs	84,805	-	-	84,805
	202,699	**13,410**	**-**	**216,109**
Accumulated amortization				
Software	104,110	6,544	-	110,654
Development costs	83,220	432	-	83,652
	187,330	**6,976**	**-**	**194,306**
Net book value	**15,369**			**21,803**

The income statement accounts related to the total amortization for the accounting periods ending on 31 December 2023 and 2022 are given in Note 10.

NOTE 12 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

Provision for Litigation

	31 December 2023	31 December 2022
Provision for litigation (*)	6,413	4,101
	6,413	**4,101**

(*) The related expense provision includes the probable expenses related to the lawsuits filed against the Group by the employees whose employment contracts have been terminated due to the changes in the work organization and the lawsuits filed against the Group for reinstatement and other receivable lawsuits. These lawsuits have not been finalized as of the report date.

As of 31 December 2023 and 2022, the movement tables of the provision for litigation are as follows:

	1 January - 31 December 2023	1 January - 31 December 2022
Balance at 1 January	**4,101**	**3,952**
Provision for the period (Note 18)	4,126	1,877
Provision written-off within the period (Note 18)	(202)	(181)
Monetary gain	(1,612)	(1,547)
Balance at 31 December	**6,413**	**4,101**

NOTE 13 – COMMITMENTS

As of 31 December 2023 and 31 December 2022, the total of commitments not included in the liabilities:

Commitments based on export incentive certificates

	31 December 2023	31 December 2022
Total amount of export commitment of certificates	78,417,939	66,346,358
Total amount of export commitment of documents which are presently fulfilled but closing transactions are not concluded yet	26,018,240	24,518,939
Total amount of registered open export incentives	52,399,699	41,827,419
Other open export incentives	34,225,627	27,219,781

	31 December 2023	31 December 2022
Open Letter of Credits	5,731,397	9,503,183

NOTE 13 – COMMITMENTS (cont'd)

Collaterals, pledges and mortgages (CPM) given by the Group

	31 December 2023				31 December 2022		
	TL Equivalent	TL	US Dollar	Euro	TL Equivalent	TL	Euro
A. CPMs given for Company's own legal entity (*)	61,924,386	4,230,243	42,218	1,729,837	12,171,538	6,155,810	301,226
B. CPMs given on behalf of fully consolidated companies	-	-	-	-	-		-
C. CPMs given in the normal course of business activities on behalf of third parties	-	-	-	-	-	-	-
D. Total amount of other CPMs							
- Total amount of CPMs given on behalf of the parent	-	-	-	-	-	-	-
- Total amount of CPMs given to on behalf of other Group companies which are not in scope of B and C	-	-	-	-	-	-	-
- Total amount of CPMs given on behalf of third parties which are not in scope of C	-	-	-	-	-	-	-
Total CPM	**61,924,386**	**4,230,243**	**42,218**	**1,729,837**	**12,171,538**	**6,155,810**	**301,226**

(*) The amounts are expressed in EUR 1,000 and US Dollar 1,000.

Collaterals mainly consist of guarantees given to suppliers in relation to bank loans used for investments. In addition, there is a pledge of machinery amounting to TL 56,217,961 (31 December 2022: TL 10,614,381).

As of 31 December 2023, the percentage of the other CPM`s given by the Group to the total equity is 0% (31 December 2022: 0%).

Guarantees received as of 31 December 2023 and 31 December 2022 are as follows:

	31 December 2023	31 December 2022
Letters of guarantee received	3,025,360	2,429,568
	3,025,360	**2,429,568**

NOTE 14 - PROVISIONS FOR EMPLOYEE BENEFITS

Provisions for long-term employee benefits

	31 December 2023	31 December 2022
Provision for employment termination benefits	125,027	247,662
Accumulated provision for unused vacation	25,719	29,588
	150,746	**277,250**

Accumulated provision for unused vacation

The Group grants paid annual leave to its employees on condition that they have worked for at least one year from the day they start to work, including the trial period.

Movements of accumulated provision for unused vacation as of 31 December 2023 and 2022 are as follows:

	1 January - 31 December 2023	1 January - 31 December 2022
Balance at 1 January	**29,588**	**28,954**
Provision for the period	22,028	22,724
Provision released during the period	(14,266)	(10,761)
Monetary gain	(11,631)	(11,329)
Balance at 31 December	**25,719**	**29,588**

Provision for Employment Termination Benefits

There are no agreements for pension commitments other than the legal requirement as explained below. Under Turkish Labor Law, the Group is required to pay termination benefits to each employee who has completed one year of service and whose employment is terminated due to retirement, is called up for military service, whose employment is terminated without due cause excluding 25/2 article of labor law, who has fulfilled all requirements other than necessary age limit for retirement pension-pay according to the Social Security Institution, women who ends their employment in one year due to marriage or to lawful heirs of employees who dies. As of 8 September 1999, related labor law was changed and retirement requirements made gradual.

As at 31 December 2023, the maximum amount payable consists of TL 35.06 per month for each year of service (31 December 2022: TL 15) is subject to the ceiling.

The liability is not funded, as there is no funding requirement. The reserve has been calculated by estimating the present value of the future probable obligation of the Group arising from the retirement of the employees. Turkish Financial Reporting Standards require actuarial valuation methods to be developed to estimate the Group's obligation under defined benefit plans. Accordingly, following actuarial assumptions were used in the calculation of the total liability.

	31 December 2023	31 December 2022
Discount rate (%)	3.40	3.50
Retention rate to estimate probability of retirement (%)	95	98

NOTE 14 - PROVISIONS FOR EMPLOYEE BENEFITS (cont'd)

Provision for Employment Termination Benefits (cont'd)

Discount rate is derived upon the difference of long-term interest's rates in TL and the expected inflation rate. The principal assumption is that maximum liability for each year of service will increase in line with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. The maximum amount of TL 35.06 (1 January 2023: TL 19.98), which is expected to be effective from 1 January 2024, has been taken into consideration in calculating the provision for employment termination benefits of the Group:

	1 January - 31 December 2023	1 January - 31 December 2022
Balance at 1 January	**247,662**	**209,034**
Provision recognised during the period	132,633	160,253
Payment within the period	(197,389)	(39,842)
Actuarial loss (Note 24)	21,193	8,425
Monetary gain	(79,072)	(90,208)
Balance at 31 December	**125,027**	**247,662**

NOTE 15 - OTHER ASSETS AND LIABILITIES

Other Current Assets

	31 December 2023	31 December 2022
Deferred VAT	234,264	947,004
VAT return receivables from export and domestic market sales (*)	510,181	744,759
	744,445	**1,691,763**

(*) As of 31 December 2023, the Group has completed the application process for TL 510,182 of the VAT receivable amounting to TL 419,397 and as of the report publication date, TL 233,990 of the refund application has been collected (31 December 2022: TL 210,593).

NOTE 16 – EQUITY

Sasa Polyester Sanayi A.Ş fully paid and issued capital each Kr 1 nominal value of 532,165,379,410 shares (31 December 2022: 226,363,300,000). The shareholders and shareholding structure of the Group as of 31 December 2023 and 31 December 2022 are as follows.

	31 December 2023		31 December 2022	
	Share amount	Share percentage	Share amount	Share percentage
Erdemoğlu Holding A.Ş.	2,938,234	55.21	1,404,292	62.04
Merinos Halı San. ve Tic. A.Ş.	1,102,191	20.71	305,126	13.48
Dinarsu İmalat ve Ticaret T.A.Ş. (*)	-	-	174,088	7.69
Other	1,281,229	24.08	380,127	16.79
Share Capital	**5,321,654**	**100**	**2,263,633**	**100**
Share Capital Adjustment Differences	9,157,015		7,846,051	
Total	**14,478,669**		**10,109,684**	

(*) With the decisions of the board of directors of Merinos Halı San. ve Tic. A.Ş. and Dinarsu İmalat ve Ticaret T.A.Ş. on 13 December 2023, as a result of their merger within Merinos Halı San. ve Tic. A.Ş., the partnership share of Dinarsu İmalat ve Ticaret T.A.Ş. was transferred to Merinos Halı San. ve Tic. A.Ş.

Shareholders' equity items of Group as of 31 December 2023 and 31 December 2022 prepared in accordance with the Communiqué No: XI-29 are as follows:

	31 December 2023	31 December 2022
Share Capital (*)	5,321,654	2,263,633
Share Capital Adjustment Differences	9,157,015	7,846,051
Repurchased Shares	(1,430)	-
Restricted Reserves Appropriated from Profit	1,117,552	988,825
Other Reserves (Note 4)	-	279,902
Share Premiums	3,968,472	1,280,506
Prior Years' Profit	23,844,985	5,119,759
Losses on Remeasurement of Defined Benefit Plans	(22,666)	(6,771)
Gain on Revaluation of Property, Plant and Equipment	4,267,041	-
Net Profit for the Period	18,192,162	22,753,905
Total equity	**65,844,785**	**40,525,810**

(*) The increase in its capital from TL 2,263,633 to TL 2,302,592 by Sasa Polyester Sanayi A.Ş., one of the group companies, was completed as of 9 January 2023. In addition, within the scope of the 130% free capital increase, the amended article 8 of the Company's Articles of Association was registered by the Adana Trade Registry Office, within the scope of increasing the issued capital of the company from TL 2,302,592 to TL 5,295,960 and published in the Turkish Trade Registry Gazette dated 29 May 2023 and numbered 10840. The increase of its capital from TL 5,295,960 to TL 5,298,542 by Sasa Polyester Sanayi A.Ş. has been completed as of 4 September 2023, the increase in its capital from TL 5,298,542 to TL 5,321,654 was completed as of 20 November 2023.

NOTE 16 – EQUITY (cont'd)

Restricted Reserves Appropriated from Profit

The restricted reserves appropriated from profit consist of first and second reserves, appropriated in accordance with the Turkish Commercial Code ("TCC"). The TCC stipulates that the first legal reserve is appropriated out of statutory profits at the rate of 5% per annum until the total reserve reaches 20% of the Group's paid-in share capital. The second legal reserve is appropriated at the rate of 10% per annum of all cash distributions in excess of 5% of the paid-in share capital.

In accordance with the CMB's requirements which were effective until 1 January 2008, the amount generated from first-time application of inflation adjustments on financial statements and followed under the "accumulated loss" item was taken into consideration as a reduction in the calculation of profit distribution based on the inflation adjusted financial statements within the scope of the CMB's regulation issued on profit distribution. The related amount that was followed under the "accumulated loss" item could also be offset against the profit for the period (if any) and undistributed retained earnings and the remaining loss amount could be offset against capital reserves arising from the restatement of extraordinary reserves, legal reserves and equity items, respectively.

In addition, in accordance with the CMB's requirements which were effective until 1 January 2008, at the first-time application of inflation adjustments on financial statements, equity items, namely "Capital issue premiums", "Legal reserves", "Statutory reserves", "Special reserves" and "Extraordinary reserves" were carried at nominal value in the balance sheet and restatement differences of such items were presented in equity under the "Shareholders' equity inflation restatement differences" line item in aggregate. "Shareholders' equity inflation restatement differences" related to all equity items could only be subject to the capital increase by bonus issue or loss deduction, while the carrying value of extraordinary reserves could be subject to the capital increase by bonus issue; cash profit distribution or loss offsetting.

In accordance with the Communiqué No: XI-29 and related announcements of CMB, effective from 1 January 2008, "Share capital", "Restricted Reserves Appropriated from Profit" and "Share Premiums" shall be carried at their statutory amounts. The valuation differences (such as differences arising from inflation adjustments) shall be disclosed as follows:

- If the difference is arising due to the inflation adjustment of "Paid-in capital" and not yet been transferred to capital should be classified under the "Inflation adjustment to share capital";
- If the difference is due to the inflation adjustment of "Restricted reserves appropriated from profit" and "Share premium" and the amount has not been utilized in dividend distribution or capital increase yet, it shall be classified under "Prior years' profits / losses". Other equity items are presented at amounts that are valued under Turkish Accounting Standards.

There is no other usage other than the addition of capital adjustment differences to the capital.

NOTE 16 – EQUITY (cont'd)

Other Reserves

The amount shown for other equity reserves is the value of the conversion rights relating to the convertible notes with 3.25% interest rate, details of which are shown in note 4 (c).

Dividend Distribution

Listed companies shall distribute their profit in accordance with the Capital Market Board's Communiqué on Dividends II-19.1 which is effective from 1 February 2014.

Companies shall distribute their profits as part of the profit distribution policies to be determined by their general assemblies and in accordance with the related regulation provisions. A minimum distribution rate has been determined as 50% of profit available for distribution according to dated 2013 Ordinary General Assembly decision which occurred on 24 March 2014.

Dividends shall be distributed to all existing shares equally, as soon as possible, regardless of their issuance and acquisition dates. In addition to the aforementioned, dividends shall be distributed to the shareholders on the date determined by the General Assembly following the approval of the General Assembly within the specified legal periods. Distribution of advance dividends to the shareholders is also possible by the decision of the Board of Directors, if the General Assembly authorizes, in accordance with the Group's Articles of Association.

Resources that can be Subject to Profit Distribution:

As of the reporting date, the Group has no profit for the period in its legal records that can be subject to profit distribution.

In accordance with the Turkish Commercial Code (TCC), no decision may be made to set aside other reserves, to transfer profits to the subsequent year or to distribute dividends to the holders of a usufruct right certificate, to the members of the board of directors or to the employees unless the required reserves and the dividend for shareholders as determined in the main agreement or in the dividend distribution policy of the Group are set aside; and no dividend can be distributed to these persons unless the determined dividend for shareholders is paid in cash.

NOTE 17 - REVENUE AND COST OF SALES

The Group fulfills its performance obligations at a certain time by transferring products. The amount that the Group will be entitled to recognize in the future from the remaining performance obligations is TL 3,000,817 (31 December 2022: TL 3,524,729) (Note 7). The Group expects to record this revenue as revenue in its financial statements within one year.

Revenue

	1 January-31 December 2023	**1 January-31 December 2022**
Polyester Chips (SPC)	15,334,424	22,968,350
Domestic	*10,282,519*	*14,542,626*
Foreign	*5,051,905*	*8,425,724*
Polyester Fiber	14,428,751	19,755,127
Domestic	*10,056,038*	*12,606,794*
Foreign	*4,372,713*	*7,148,333*
Polyester Yarn (Filament)	7,783,828	10,121,933
Domestic	*7,761,621*	*10,073,652*
Foreign	*22,207*	*48,281*
Poy-Texturized (Filament)	7,172,947	7,968,424
Domestic	*7,127,790*	*7,950,381*
Foreign	*45,157*	*18,043*
DMT (SPC)	1,488,896	833,789
Domestic	*111*	*215*
Foreign	*1,488,785*	*833,574*
Other	107,847	187,562
Domestic	*92,071*	*180,709*
Foreign	*15,776*	*6,853*
	46,316,693	**61,835,185**

Cost of Goods Sold

	1 January-31 December 2023	**1 January-31 December 2022**
Direct raw materials expense	31,502,749	41,880,509
Energy expenses	2,948,984	5,471,042
Personnel expenses	1,966,411	1,708,192
Depreciation and amortization expenses (Note 10-11)	1,059,721	1,054,194
Spare parts and maintenance expenses	430,409	463,270
Insurance expenses	336,719	97,127
Usage of semi-finished goods	(38,290)	(49,034)
Other expenses	900,002	1,128,818
Period Production Expense	**39,106,705**	**51,754,118**
Change in finished goods inventory during the period	(1,837,191)	(3,187,973)
Cost of waste sold	108,950	179,274
Other idle period expense	177,601	94,414
Idle period depreciation and amortization (Note 10-11)	55,280	32,766
Cost of Goods Sold During the Period	**37,611,345**	**48,872,599**

NOTE 18 - MARKETING, GENERAL ADMINISTRATIVE AND RESEARCH & DEVELOPMENT EXPENSES

General Administrative Expenses

	1 January- 31 December 2023	1 January- 31 December 2022
Personnel expenses	200,806	172,132
Consultancy expenses	63,005	77,436
Insurance expenses	61,920	26,071
Severance and notice pay	45,541	74,765
Depreciation and amortization expenses (Note 10-11)	41,276	25,720
Supplies, repair and maintanence expenses	37,018	32,128
Assisted services expenses	9,061	13,388
Provision for ligitation (Note 12)	4,126	1,877
Energy expenses	3,073	4,480
Doubtful receivable provision expense (Note 5)	-	10,147
Provisions released (Note 5-12)	(202)	(2,491)
Other expenses	11,571	8,112
	477,195	**443,765**

Marketing Expenses

	1 January- 31 December 2023	1 January- 31 December 2022
Export and freight expenses	1,256,733	1,777,417
Personnel expenses	96,634	120,927
Insurance expenses	33,750	25,154
Taxes and duties expenses	9,715	75,651
Depreciation and amortization expenses (Note 10-11)	17,982	14,745
Other expenses	53,697	75,212
	1,468,511	**2,089,106**

Research and Development Expenses

	1 January- 31 December 2023	1 January- 31 December 2022
Labour and personnel expenses	21,148	16,097
Depreciation and amortization expenses (Note 10-11)	1,392	1,172
Other expenses	517	533
	23,057	**17,802**

NOTE 19 - OTHER INCOME / EXPENSE FROM OPERATING ACTIVITIES

Other Operating Income

	1 January- 31 December 2023	1 January- 31 December 2022
Foreign exchange income on trade receivables/payables	17,922,429	6,273,976
Income on miscellaneous sales	476,311	529,352
Raw materials sales income	59,009	159,085
Interest support income within the scope of incentives	-	34,459
Other income (*)	718,285	957,135
	19,176,034	**7,954,007**

(*) Other income consists of spare parts sales income, compensation income and income from return invoices.

Other Operating Expenses

	1 January- 31 December 2023	1 January- 31 December 2022
Foreign exchange losses on trade receivables/payables	19,477,481	7,770,930
Cost of miscellaneous sales	190,749	48,528
Taxes, duties and charges	45,137	42,878
Raw materials sales costs	35,954	155,461
Other expenses	155,428	99,718
	19,904,749	**8,117,515**

NOTE 20 – EXPENSES BY NATURE

	1 January- 31 December 2023	1 January- 31 December 2022
Direct raw materials expense	31,502,749	41,880,509
Energy expenses	2,952,057	5,475,522
Personnel expenses	2,284,999	2,017,348
Export and freight costs	1,256,733	1,777,417
Depreciation and amortization expenses (Note 10-11)	1,175,651	1,128,597
Insurance expenses	432,389	148,352
Spare parts and maintenance expenses	430,409	463,270
Other idle period expense	177,601	94,414
Cost of waste goods sold	108,950	179,274
Consultancy expenses	63,005	77,436
Severance and notice pay	45,541	74,765
Spare parts and maintenance expenses	37,018	32,128
Taxes, duties and charges	9,715	75,651
Auxiliary service expenses	9,061	13,388
Provision for ligitation	4,126	1,877
Provision for doubtful receivables (Note 5)	-	10,147
Usage of semi-finished goods	(38,290)	(49,034)
Use of finished goods in the period	(1,837,191)	(3,187,973)
Other expenses	965,585	1,210,184
	39,580,108	**51,423,272**

NOTE 21 - INCOME / (EXPENSES) FROM INVESTING ACTIVITIES

	1 January- 31 December 2023	1 January- 31 December 2022
Gain on sales of property, plant and equipment (*)	9,219	7,681
Rent income	359	350
Currency protected deposit interest income	-	7,504
Losses on sales of property, plant and equipment (*)	(6,356)	(823)
	3,222	**14,712**

(*) Includes the sale of various machinery and equipment which are idle in the Group.

NOTE 22 - FINANCE INCOME

	1 January- 31 December 2023	1 January- 31 December 2022
Foreign exchange income	2,219,559	2,474,421
Interest income	224,965	38,793
	2,444,524	**2,513,214**

NOTE 23 - FINANCE EXPENSES

	1 January- 31 December 2023	1 January- 31 December 2022
Foreign exchange expenses	19,444,957	8,250,171
Interest expenses	7,161,860	3,301,613
Commission and other bank cost expenses	404,679	1,549,830
	27,011,496	**13,101,614**

NOTE 24 – ANALYSIS OF OTHER COMPREHENSIVE INCOME ITEMS

	31 December 2023	31 December 2022
Revaluation fund of property, plant and equipment	4,267,041	-
Gains on remeasurement of defined benefit plans	(22,666)	(6,771)
	4,244,375	**(6,771)**

Property, plant and equipment revaluation fund

	1 January- 31 December 2023	1 January- 31 December 2022
Opening balance	-	-
Value increase from revaluation of property, plant and equipment (Note 10)	5,689,388	-
Deferred tax liability from revaluation (Note 25)	(1,422,347)	-
Closing balance	**4,267,041**	**-**

Property, plant and equipment revaluation fund arises as a result of the revaluation of buildings and lands. In case of disposal of a revalued building or land, the part of the revaluation fund associated with the sold asset is transferred directly to retained earnings.

Defined benefit plans remeasurement gains

	1 January- 31 December 2023	1 January- 31 December 2022
Balance at the beginning of the period	(6,771)	-
Accumulated remeasurement losses of defined benefit plans (Note: 14)	(21,193)	(8,425)
Deferred tax effect of accumulated remeasurement losses of defined benefit plans (Note: 25)	5,298	1,654
Balance at the end of the period	**(22,666)**	**(6,771)**

NOTE 25 - TAX ASSETS AND LIABILITIES

Deferred Taxes

The Group calculates its deferred income tax assets and liabilities by taking into account the effects of temporary differences that arise as a result of different evaluations in the financial statements prepared in accordance with the Turkish Accounting Standards and the financial statements prepared in accordance with the Turkish Commercial Code and tax laws. These differences usually result in the recognition of revenue and expenses in different reporting periods for Turkish Financial Reporting Standards and tax purposes. Tax rate used in the calculation of deferred tax assets and liabilities was 25%.

The composition of cumulative temporary differences and the related deferred tax assets and liabilities in respect of items for which deferred income tax has been provided as of 31 December 2023 and 31 December 2022 using the enacted tax rates are as follows:

	Cumulative temporary difference		Deferred tax asset / (liabilities)	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
Net difference between recorded value of property, plant and equipment and intangible assets and tax value	26,115,998	(8,962,124)	6,528,627	(1,783,952)
Revaluation differences of plant, property and equipment	(5,689,388)	(842,696)	(1,422,347)	(210,674)
Investment incentives deduction to be used (*)	31,605,650	22,044,820	31,605,650	22,044,820
Provision for employment termination benefits	125,027	247,662	31,257	49,532
Adjustments for inventories	(14,600)	(407,203)	(3,650)	(81,441)
Adjustment for advances received and given, net	(116,325)	(1,066,437)	(29,081)	(213,287)
Adjustment of periodicity of sales	28,699	87,129	7,175	17,426
Accrued leave provision	25,719	29,588	6,430	5,917
Provision for litigation	6,413	4,101	1,603	821
Provision for doubtful receivables	6,158	10,147	1,540	2,030
Provision for export expense	23,685	18,782	5,921	3,757
Adjustments for currency exchange difference	109,652	862,166	27,413	172,433
Adjustments for convertible bonds	-	(23,101)	-	(4,620)
Other adjustments	-	1,369	-	276
Deferred tax assets			38,215,616	22,297,012
Deferred tax liabilities			(1,455,078)	(2,293,974)
Deferred tax asset, net			**36,760,538**	**20,003,038**

(*) The related amount is explained in the section of government incentives and grants.

NOTE 25 - TAX ASSETS AND LIABILITIES (cont'd)

Deferred Taxes (cont'd)

Table of deferred tax movement

	31 December 2023	31 December 2022
Sasa Polyester San. A.Ş.	36,745,902	19,979,825
Sasa Dış Ticaret A.Ş.	14,636	23,213
	36,760,538	**20,003,038**

Movement table of deferred tax is as follows:

	1 January - 31 December 2023	1 January - 31 December 2022
Balance at 1 January	**20,003,038**	**8,860,695**
Deferred tax expense of the period	(52,191)	(5,514,164)
Deferred tax income within the incentive certificate	18,226,740	16,654,853
Deferred tax expense recognized under equity (Note 24)	(1,417,049)	1,654
Balance at 31 December	**36,760,538**	**20,003,038**

Reconciliation of tax provision

	1 January - 31 December 2023	1 January - 31 December 2022
Profit before tax from operating activities	122,091	11,613,216
Income tax rate: 25% (2022: 23%)	(30,523)	(2,671,040)
Tax effects:		
- Non-deductible expenses	(498,643)	(213,561)
- Effects of discounted corporate tax application	18,226,740	16,654,853
- Exemption used within the scope of the incentive certificate	-	1,258,366
- Other adjustments and monetary gain/(loss)	372,497	(3,887,929)
Tax income recognised in the income statement	**18,070,071**	**11,140,689**

NOTE 25 - TAX ASSETS AND LIABILITIES (cont'd)

Corporate Tax

The Group is subject to Turkish corporate taxes. Provision is made in the accompanying financial statements for the estimated charge based on the Group's results for the years and periods. Turkish tax legislation does not permit a parent company and its subsidiary to file a consolidated tax return. Therefore, provisions for taxes, as reflected in the accompanying consolidated financial statements, have been calculated on a separate-entity basis.

Corporate tax is applied on taxable corporate income, which is calculated from the statutory accounting profit by adding back non-deductible expenses, and by deducting dividends received from resident companies, other exempt income and other incentives (prior year's losses if any and investment incentives used if preferred) utilized.

The effective tax rate in 2023 is 25% (2022: 23%).

Corporate tax rate is applied to the taxable profit which is calculated by adding non-taxable expenses and deducting some exemptions taken place in tax laws (exemptions for participation revenues, exemptions for investment incentives) and discounts (R&D discount) from accounting profit of the Group. No additional taxes are paid unless profit is distributed (except 19.8% withholding tax paid over used investment incentives according to the Income Tax Law temporary article).

The corporate tax rate in Türkiye is 25% (2022: 23%). Corporate tax is declared by the evening of the last day of the fourth month following the end of the relevant accounting period and is paid in a single installment until the end of the same month. The tax legislation requires advance tax to be calculated and paid based on earnings generated for each quarter, the amounts thus calculated and paid are offset from the final tax computed over the earnings of the year.

The temporary tax paid during the year belongs to that year and is deducted from the corporate tax to be calculated over the corporate tax return to be submitted in the following year. If the amount of temporary tax paid remains despite the deduction, this amount can be refunded in cash or set off against any other financial liabilities to the government.

In Türkiye, there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax returns within the 30th of the fourth month following the close of the financial year to tax office which they relate. However, tax returns are open for five years from the beginning of the year that follows the date of filing during which time the tax authorities have the right to audit tax returns, and the related accounting records on which they are based and may issue re-assessments based on their findings.

NOTE 25 - TAX ASSETS AND LIABILITIES (cont'd)

Corporate Tax (cont'd)

Total tax income for the periods ended 31 December 2023 and 2022 are as follows:

	1 January- 31 December 2023	1 January- 31 December 2022
Current period tax expense	(104,478)	-
Deferred tax income	(52,191)	(5,514,164)
Deferred tax assets utilised within the scope of incentive certificate	18,226,740	16,654,853
Total tax income	**18,070,071**	**11,140,689**

	31 December 2023	31 December 2022
Corporate tax payable	104,478	-
Provision for current tax	**104,478**	**-**

Corporate tax is applied on taxable corporate income, which is calculated from the statutory accounting profit by adding back non-deductible expenses, and by deducting dividends received from resident companies, other exempt income and other incentives (prior year's losses if any and investment incentives used if preferred) utilized.

Government Grants and Incentives

As a result of, a Company of the Group, Sasa Polyester Sanayi A.Ş.'s application to Ministry of Economy General Directorate of Incentive Practices and Foreign Capital for incentive certificate, the incentive application related to the Polymer Production Facility Investment is included in the Project-Based Government Incentives for Investments that is enacted with the resolution of the Council of Ministers, and it is approved by the 30 April 2018 dated Council of Ministers and published on the 23 June 2018 dated Official Gazette. The investment amount related to the incentive is TL 2,906,598 (thousand), and the incentives for the investment are as follows:

- Corporate Tax Reduction (tax reduction rate: 100%, investment contribution rate: 104%, available rate of the investment contribution amount for the investment period: 100%),
- VAT Exemption,
- Custom Duty Exemption,
- VAT Return,
- Employer's National Insurance Contribution (10 years without a minimum amount limit),
- Income Tax Withholding Contribution (10 years),
- Qualified Personnel Contribution (maximum TL 10,000),
- Interest and/or Dividend Contribution (maximum 10 years as of loan usage date providing not exceeding TL 105,000),
- Energy Contribution (50% of energy consumption up to 10 years from the startup date providing not exceeding TL 300,000)

NOTE 25 - TAX ASSETS AND LIABILITIES (cont'd)

Corporate Tax (cont'd)

Government Grants and Incentives (cont'd)

As a result of, a Company of the Group, Sasa Polyester Sanayi A.Ş.'s application to Ministry of Economy General Directorate of Incentive Practices and Foreign Capital for incentive certificate, on 4 January 2021, it received an investment incentive certificate for PTA and Polymer Chips Production Facilities Investment.

The investment amount related to the incentive is TL 43,206,800 (31 December 2022: TL 20,885,002), and the incentives for the investment are as follows.

- Custom Duty Exemption,
- VAT Exemption,
- VAT Return,
- Corporate Tax Reduction (tax reduction rate: 100%, investment contribution rate: 85%, available rate of the investment contribution amount for the investment period: 100%),
- Employer's National Insurance Contribution (10 years without a minimum amount limit),
- Income Tax Withholding Contribution (10 years),
- Qualified Personnel Contribution (maximum TL 30,000),
- Energy Contribution (50% of energy consumption up to 10 years from the startup date providing not exceeding TL 50,000),

As a result of a Company of the Group, Sasa Polyester Sanayi A.Ş.'s application to the General Directorate of Incentive Implementation and Foreign Capital of the Ministry of Industry and Technology, it received an investment incentive certificate for Fiber Production Facility Investment on 13 September 2023.

The investment amount related to the incentive is TL 8,739,108 and the incentives for the investment are as follows.

- Custom Duty Exemption,
- VAT Exemption,
- VAT Return,
- Corporate Tax Reduction (tax reduction rate: 80%, investment contribution rate: 40%)
- Employer's National Insurance Contribution (7 years),
- Interest Support (5 points will be applied for TL loan/dividend share, 2 points will be applied for foreign currency or foreign currency indexed loan/dividend share).

NOTE 25 - TAX ASSETS AND LIABILITIES (cont'd)

Corporate Tax (cont'd)

Government Grants and Incentives (cont'd)

As a result of a Company of the Group, Sasa Polyester Sanayi A.Ş.'s application to the General Directorate of Incentive Implementation and Foreign Capital of the Ministry of Industry and Technology, it received an investment incentive certificate for Solar Power Plant (SPP) Investment on 5 September 2023.

The investment amount related to the incentive is TL 336,066 and the incentives for the investment are as follows.

- VAT Exemption,
- Corporate Tax Reduction (tax reduction rate: 70%, investment contribution rate: 30%)
- Employer's National Insurance Contribution (6 years),

As of 31 December 2023, the Group has TL 31,605,650 tax deduction right to be used in the following periods (2022: TL 22,044,820).

The Group recognizes deferred tax assets and liabilities for temporary timing differences arising from the differences between the tax base legal financial statements and the financial statements prepared in accordance with TFRS. These differences are generally due to the fact that the tax base amounts of some income and expense items take place in different periods in the legal financial statements and the financial statements prepared in accordance with TFRS. The Group has deferred tax assets amounting to TL 36,760,538 that can be deducted from future profits. The partially or wholly recoverable amount of deferred tax assets has been estimated under current conditions.

The main factors which are considered include future earnings potential and other tax assets expiring; the carry-forward period associated with the deferred tax assets and tax-planning strategies that would, if necessary, be implemented. As of 31 December 2023, the following assumptions were used in the calculation of the recoverable amount of deferred tax assets:

- There is no time restriction on this incentive.
- Based on the consolidated tax profit projections prepared by the management. The Company's growth assumptions are based on 2024-2025 when the investments are planned to be completed.
- Long-term inflation expectation of 21% was used in the prepared profit projections. The 2024 year-end exchange rate expectation is 37.5% and the long-term exchange rate increase expectation is 8% - 10% (in USD basis).
- Possible tax planning strategies have been considered.

As a result of the assessments made according to the available analyses, the Company Management has concluded that the deferred tax asset calculated within the scope of the incentive certificate is recoverable. It is anticipated that the deferred tax assets in question will be recovered within 5 years starting from 2024. In the probability of 10% deviation in the profitability of the projections, there is no change in this predicted recovery period.

NOTE 26 - EARNINGS PER SHARE

Earnings per share are calculated by dividing net profit by the weighted average number of shares outstanding during the year. Companies in Türkiye can increase their capital through “bonus shares” that they distribute to their shareholders from retained earnings. Such "bonus shares" distributions are treated as issued shares in earnings per share calculations. Accordingly, the weighted average number of shares used in these calculations has been calculated by taking into account the retrospective effects of the aforementioned share distributions. As of 31 December 2023, the Company is not presenting the diluted earnings per share since the convertible debt is antidilutive.

	1 January- 31 December 2023	1 January- 31 December 2022
Net profit	18,192,162	22,753,904
Weighted average number of shares:		
Weighted average number of ordinary shares	4,160,729,692	4,160,658,897
Earnings per share with a nominal value of 1 TL (full TL)	4.3723	5.4688
Earnings per share from continuing operations	4.3723	5.4688

NOTE 27 - RELATED PARTY DISCLOSURES

a) Trade receivables from related parties:

Trade receivables from related parties are comprised of trade receivables for chips, fiber, yarn and poy sales.

	31 December 2023	31 December 2022
Özerdem Mensucat San. Tic. A.Ş.	70,372	-
	70,372	**-**

b) Deferred income from related parties:

Deferred income from related parties are comprised of from taken order advances received for fiber, yarn and poy future sales orders of the Group.

	31 December 2023	31 December 2022
Merinos Halı San. Tic. A.Ş.	198,228	216,319
Zeki Mensucat Sanayi ve Tic. A.Ş.	161,837	21,799
Özerdem Mensucat San. Tic. A.Ş.	-	184,864
	360,065	**422,982**

NOT 27 - RELATED PARTY DISCLOSURES (cont'd)

c) Other payables to related parties:

	31 December 2023	31 December 2022
Erdemoğlu Holding A.Ş. (*)	8,272,981	-
	8,272,981	**-**

(*) The Company's application to the Capital Markets Board for the issuance of debt instruments that can be converted into contingent shares, to be sold privately to Erdemoğlu Holding A.Ş., the controlling shareholder of the Company, without public offering in Turkish Lira, was approved on 17 January 2024, with a nominal issue ceiling of TL 3,547,704.

The Company, with the decision of the board of directors dated 8 February 2024, has decided to increase its issued capital of TL 5,321,654 through cash capital increase by the nominal capital to be calculated according to the share sales price to be determined at a premium within the framework of Borsa Istanbul A.Ş.'s Wholesale Buying and Selling Transactions Procedure, so that a total of TL 4,365,000 (four billion three hundred and sixty-five million Turkish Liras) of sales revenue will be obtained within the registered capital ceiling of TL 15,000,000, by allocation, with the pre-emptive rights of existing partners being completely restricted. Interest is charged on the amount sent to the Company by Erdemoğlu Holding A.Ş.

NOTE 27 - RELATED PARTY DISCLOSURES (cont'd)

d) Sales to related parties:

The Group sells chips, fiber, yarn and poy products to its related parties.

	1 January - 31 December 2023	1 January - 31 December 2022
	Product	**Product**
Merinos Halı San. Tic. A.Ş.	1,548,030	1,338,300
Özerdem Mensucat San. Tic. A.Ş.	1,014,357	1,173,430
Zeki Mensucat Sanayi ve Tic. A.Ş.	1,003,213	1,088,098
	3,565,600	**3,599,828**

e) Purchases from related parties:

	1 January - 31 December 2023	1 January - 31 December 2022
	Product	**Product**
Erdemoğlu Holding A.Ş.	10,000	5,719
Merinos Halı San. Tic. A.Ş.	310	531,793
Ozerdem Mensucat San. Tic. A.Ş.	-	81
	10,310	**537,593**

e) Foreign exchange difference and interest income from related parties:

	1 January - 31 December 2023	1 January - 31 December 2022
Merinos Halı San. Tic. A.Ş.	37,392	41,435
Zeki Mensucat San. Tic. A.Ş.	6,102	14,011
Özerdem Mensucat San. Tic. A.Ş.	232	2
	43,726	**55,448**

f) Remuneration of the Board of Directors and key management personnel amounts;

As of 31 December 2023 and 2022, remuneration of the Board of Directors and key management personnel amounts are as follows:

	1 January - 31 December 2023	1 January - 31 December 2022
Short-term benefits provided to key management	34,084	22,478
	34,084	**22,478**

NOTE 28 - NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

a) Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximizing the return to stakeholders through the optimization of the debt and equity balance.

The capital structure of the Group consists of debt, which includes the borrowings disclosed in Note 4, cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings.

The Group's objectives when managing capital are to maintain the Group's ability to continue to operate in order to provide returns for shareholders, benefits for other shareholders, and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or reorganize its capital structure, the Group determines the amount of dividend payable to shareholders, can issue new shares and sell assets to reduce borrowing.

As of 31 December 2023 and 2022, the debt-to-equity ratio calculated by dividing net debt, calculated by deducting cash and cash equivalents and short-term financial investments from financial liabilities, by total capital is as follows:

	31 December 2023	**31 December 2022**
Financial Borrowings (Note 4-27)	73,607,806	43,090,565
Less: Cash and Cash Equivalents and Financial Investments (Note 3-4)	(5,261,236)	(1,414,328)
Net Debt	68,346,570	41,676,237
Total Equity	65,844,785	40,525,810
Total Capital	134,191,355	82,202,047
Net Debt/Total Capital Ratio	51%	51%

b) Financial Risk Management

Financial risk factors

The Group is exposed to various financial risks due to its activities. These risks are market risk (currency risk, interest rate risk), credit risk, liquidity risk and funding risk. The Group's wholesale risk management program focuses on the unpredictability of financial markets and aims to minimize potential adverse effects on the Group's financial performance.

Financial Risk management is carried out by the Group's Finance Unit, within the framework of policies approved by the Management, excluding receivables. The Finance department establishes close cooperation with the other units of the Group and ensures that financial risks are identified, evaluated and protected from risk.

NOTE 28 - NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont'd)

b) Financial Risk Management (cont'd)

b.1 Credit risk management

Credit risk consists of cash and cash equivalents, bank deposits and customers exposed to credit risk due to uncollectible receivables.

Receivables

The Group implements Credit Control procedure approved by the Board of Directors to manage credit risk due to receivables from customers. According to the procedure, the Group determine a risk limit for every single customer (except related parties) by taking into consideration receivable insurance, bank guarantee, mortgage and other guarantees and sales are conducted without exceeding customer risk limits. In circumstances where these guarantees do not exist or it is required to exceed the guarantees, sales are conducted through determined internal limits which are specified in the procedure.

NOTE 28 - NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont'd)

b) Financial Risk Management (cont'd)

b.1 Credit risk management (cont'd)

Receivables (cont'd)

	Receivables				
	Trade Receivables		Other Receivables	Bank	Derivative
31 December 2023	Related Party	Third Party	Third Party	Deposits	Instruments
Maximum credit risk as of reporting date	70,372	10,689,493	24,561	5,261,130	-
Secured portion of the maximum credit risk by guarantees (*)	-	10,090,198	-	-	-
Net book value of financial assets finansal that are neiter past due nor impaired	70,372	9,574,048	24,561	5,261,130	-
Net book value of financial assets whose conditions have been renegotiated otherwise would be deemed to be overdue or impaired	-	-	-	-	-
Net book value of financial assets that are past due but not impaired net book value of assets	-	1,115,445	-	-	-
The part under guarantee with colleteral etc.	-	516,150	-	-	-
Net book value of the assets impaired	-	-	-	-	-
- Overdue (gross carrying amount)	-	6,158	-	-	-
- Impairment	-	(6,158)	-	-	-

NOTE 28 - NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont'd)

b) Financial Risk Management (cont'd)

b.1 Credit risk management (cont'd)

Receivables (cont'd)

	Receivables				
	Trade Receivables		Other Receivables	Bank	Derivative
31 December 2022	**Related Party**	**Third Party**	**Third Party**	**Deposits**	**Instruments**
Maximum credit risk as of reporting date	-	5,955,895	9,603	1,323,281	-
Secured portion of the maximum credit risk by guarantees (*)	-	5,871,664	-	-	-
Net book value of financial assets finansal that are neiter past due nor impaired	-	3,817,121	9,603	1,323,281	-
Net book value of financial assets whose conditions have been renegotiated otherwise would be deemed to be overdue or impaired	-	-	-	-	-
Net book value of financial assets that are past due but not impaired net book value of assets	-	2,138,774	-	-	-
The part under guarantee with colleteral etc.	-	2,054,543	-	-	-
Net book value of the assets impaired	-	-	-	-	-
- Overdue (gross carrying amount)	-	10,147	-	-	-
- Impairment	-	(10,147)	-	-	-

NOTE 28 - NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont'd)

b) Financial Risk Management (cont'd)

b.1 Credit risk management (cont'd)

Receivables (cont'd)

Trade receivables	**31 December 2023**	**31 December 2022**
1 - 30 days past due	865,072	2,075,867
1 - 3 months past due	218,125	47,641
3 - 12 months past due	32,248	15,266
Total	**1,115,445**	**2,138,774**
Portion under guarantee with collaterals, mortgages and other financial instruments (*)	516,150	2,054,543

(*) The mentioned guarantees consist of direct debiting system, bank guarantee and mortgages.

b.2 Liquidity risk management

Liquidity risk

Prudent liquidity risk management consists of providing sufficient cash and securities, enabling funding through adequate credit facilities, and the ability to close short positions. Due to the dynamic nature of the business environment, the Group has sought flexibility in funding by keeping credit lines available.

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities and its derivative financial liabilities. The tables below have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows. The liquidity analysis for its derivative financial instruments has been drawn up based on the undiscounted net cash inflows/ outflows on the derivative instrument that settle on a net basis and the undiscounted gross inflows and outflows on those derivatives that require gross settlement. When the amount payable or receivable is not fixed, the amount disclosed has been determined by reference to the projected interest rates as illustrated by the yield curves existing at the reporting date.

NOTE 28 - NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont'd)

b) Financial Risk Management (cont'd)

b.2 Liquidity risk management (cont'd)

Liquidity Risk (cont'd)

As of 31 December 2023

Contractual maturities

Non-Derivative Financial Liabilities

	Book value	Total cash outflows	Less than 3 months	3-12 months	1-5 years	More than 5 years
Bank loans	65,003,002	80,858,773	5,814,841	16,679,782	42,245,465	16,118,685
Financial lease liabilities	331,823	359,914	43,648	126,061	190,205	-
Other Payables	8,533,698	8,533,698	-	260,717	8,272,981	-
Trade payables	8,644,651	8,644,651	8,065,831	578,820	-	-

As of 31 December 2022

Contractual maturities

Non-Derivative Financial Liabilities

	Book value	Total cash outflows	Less than 3 months	3-12 months	1-5 years	More than 5 years
Bank loans	39,838,772	48,632,008	1,923,527	29,617,561	12,134,717	4,956,203
Financial lease liabilities	260,598	271,518	31,599	94,881	145,038	-
Debt instruments issued	2,991,195	3,024,671	8,369	25,105	2,991,197	-
Other Payables	41,459	41,459	41,459	-	-	-
Trade payables	12,371,068	12,371,068	12,341,437	29,631	-	-

NOTE 28 - NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont'd)

b) Financial Risk Management (cont'd)

b.3 Market risk management

The Group's operations are primarily exposed to financial risks related to changes in foreign exchange rates and interest rates, as detailed below. In order to control the risks associated with foreign exchange and interest rates, the Group uses various derivative financial instruments, including:

1. Forward foreign exchange purchase/sale contracts used to hedge foreign exchange risk arising from foreign currency debts

Market risks are also evaluated with sensitivity analyzes and stress scenarios.

There has been no change in the market risk that the Group is exposed to in the current year, or in the management and measurement methods of the risks it is exposed to, compared to the previous year.

b.3.1) Foreign exchange risk management

The Group is subject to foreign exchange risk due to foreign currency denominated liabilities and assets' conversion to Turkish Lira. Foreign exchange risk is traced through regular analysis of foreign currency position and minimized mostly with foreign currency sales.

NOTE 28 - NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont'd)

b) Financial Risk Management (cont'd)

b.3 Market risk management (cont'd)

b.3.1) Foreign currency risk management (cont'd)

Assets and liabilities denominated in foreign currencies as of 31 December 2023 and 31 December 2022 are as follows:

	31 December 2023		
	TL Equivalent	**US Dollar**	**Euro**
Trade receivables	5,809,355	128,169	62,192
Monetary financial assets (including cash, bank accounts)	3,735,276	114,796	10,719
Other	1,656,383	44,195	10,818
Total assets	**11,201,014**	**287,160**	**83,729**
Trade payables (including other payables)	3,909,306	106,577	23,480
Financial liabilities	18,790,057	114,242	472,561
Other	1,338,874	28,411	15,353
Current liabilities	**24,038,237**	**249,230**	**511,394**
Financial libilities	37,306,777	290,027	881,128
Non-current liabilities	**37,306,777**	**290,027**	**881,128**
Total liabilities	**61,345,014**	**539,257**	**1,392,522**
Net foreign currency position	**(50,144,000)**	**(252,097)**	**(1,308,793)**

	31 December 2022		
	TL Equivalent	**US Dollar**	**Euro**
Trade receivables	2,905,579	84,628	66,375
Monetary financial assets (including cash, bank accounts)	139,977	3,745	3,509
Other	1,168,974	17,804	41,940
Current assets	**4,214,530**	**106,177**	**111,824**
Total assets	**4,214,530**	**106,177**	**111,824**
Trade payables (including other payables)	6,816,344	252,593	105,006
Financial liabilities	3,073,269	5,493	149,013
Other	2,238,620	84,077	33,435
Current liabilities	**12,128,233**	**342,163**	**287,454**
Financial libilities	11,054,134	30,958	525,474
Non-current liabilities	**11,054,134**	**30,958**	**525,474**
Total liabilities	**23,182,367**	**373,121**	**812,928**
Net foreign currency position	**(18,967,837)**	**(266,944)**	**(701,104)**

(*) In 2023, USD 1,346 Million (2022: USD 1,601 Million) of imports and USD 340 Million (2022: USD 492 Million) of exports were realized, including USD 404 Million (2022: USD 255 Million) of ongoing investments.

NOTE 28 - NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont'd)

b) Financial Risk Management (cont'd)

b.3 Market risk management (cont'd)

b.3.1) Foreign currency risk management (cont'd)

Foreign currency sensitivity

	Profit / (Loss)	
As of 31 December 2023;	**Appreciation of foreign currency**	**Depreciation of foreign currency**
20% change in USD against TL:		
USD net asset	(1,486,938)	1,486,938
Part of hedged from the USD risk	-	-
USD net effect	**(1,486,938)**	**1,486,938**
20% change in EUR against TL:		
EUR net asset	(8,541,862)	8,541,862
Part of hedged from the EUR risk	-	-
EUR net effect	**(8,541,862)**	**8,541,862**
Total	**(10,028,800)**	**10,028,800**

	Profit / (Loss)	
As of 31 December 2022;	**Appreciation of foreign currency**	**Depreciation of foreign currency**
20% change in USD against TL:		
USD net asset	(998,280)	998,280
Part of hedged from the USD risk	-	-
USD net effect	**(998,280)**	**998,280**
20% change in EUR against TL:		
EUR net asset	(2,795,288)	2,795,288
Part of hedged from the EUR risk	-	-
EUR net effect	**(2,795,288)**	**2,795,288**
Total	**(3,793,568)**	**(3,793,568)**

NOTE 28 - NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont'd)

b) Financial Risk Management (cont'd)

b.3 Market risk management (cont'd)

b.3.2) Interest rate and risk management

The Group is exposed to interest rate risk due to the impact of changes in interest rates on interest bearing assets and liabilities. The Group considers its cash assets, which it holds and does not use, as time deposits. Apart from these, their income and cash flows from operations are largely independent of changes in market interest rates.

In order to minimize the interest rate risk, the Group carries out efforts to borrow at the most favorable rates.

Interest Position Table

Fixed interest rate instruments	**31 December 2023**	**31 December 2022**
Principal	22,799,049	18,101,101
Interest	426,566	559,745
Fixed financial liabilities total	**23,225,615**	**18,660,846**

Variable rate financial instruments	**31 December 2023**	**31 December 2022**
Principal	41,663,565	24,008,273
Interest	445,645	421,446
Variable financial liabilities total	**42,109,210**	**24,429,719**

If the interest rate in TL currency was 10% higher/lower at 31 December 2023 and all other variables remained constant, profit before tax and non-controlling interest would have been lower/higher by TL 20,295 (31 December 2022: TL 86,773).

Funding risk

The funding risk of current and prospective debt requirements is managed by maintaining the availability of sufficient number of high-quality lenders.

NOTE 29 - FINANCIAL INSTRUMENTS (FAIR VALUE DISCLOSURES AND EXPLANATIONS ON HEDGE ACCOUNTING)

31 December 2023	Financial assets / liabilities amortized cost	Financial instruments at FVTPL	Carrying value	Note
Financial assets				
Cash and cash equivalents	5,261,236	-	5,261,236	3
Trade receivables	10,689,493	-	10,689,493	5
Receivables from related parties	70,372	-	70,372	27
Other financial assets	769,106	-	769,106	7-15
Financial liabilities				
Financial borrowings	65,334,825	-	65,334,825	4
Trade payables	8,644,651	-	8,644,651	5
Other payables	260,717	-	260,717	7
Other payables to related parties	8,272,981	-	8,272,981	27
31 December 2022				
Financial assets				
Cash and cash equivalents	1,323,309	-	1,323,309	3
Financial investments	-	91,019	91,019	4
Trade receivables	5,955,895	-	5,955,895	5
Other financial assets	1,701,527	-	1,701,527	7-15
Financial liabilities				
Financial borrowings	43,090,565	-	43,090,565	4
Trade payables	12,371,068	-	12,371,068	5
Other payables	41,459	-	41,459	7

NOTE 30 - FEES RELATED TO SERVICES RECEIVED FROM INDEPENDENT AUDIT FIRM

	31 December 2023	31 December 2022
Audit fee for the reporting period	1,680	1,911
Audit services regarding bond issuance	-	4,091
Fee for other assurance services	340	115
	2,020	**6,117**

NOTE 31 - EVENTS AFTER THE BALANCE SHEET DATE

The Group, following the earthquakes and aftershocks experienced since 6 February 2023, carried out maintenance and strengthening works in the buildings where the DMT production line is located between 22 February 2023 and 17 April 2023, and the facility was put back into operation and continued its production without interruption until today. As of January 2024, as a result of detailed examinations and evaluations, it has been determined that the DMT production line built in the 1980s has completed its economic life and it has been decided to close the DMT production facility in line with the profitability and performance targets, taking into account the benefits and interests of the Group. A significant part of DMT is used in internal production, and therefore the share of direct DMT sales in total turnover is also quite low. In this context, after the termination of DMT production, it is expected that PTA-based products can be sold as an alternative to DMT-based products, therefore there will be no significant decrease in turnover, and all necessary economic measures are taken by the Group.

The Group’s application to the Capital Markets Board for the issuance of debt instruments denominated in Turkish Lira, which are convertible into contingent shares, to be sold privately to Erdemoğlu Holding A.Ş., the controlling shareholder of the Company, without public offering, has been approved on 17 January 2024, with a nominal issue ceiling of TL 3,547,704.

An application was made to the Capital Markets Board on 14 February 2024 to increase the Group’s issued capital of TL 5,321,654 through cash capital increase within the registered capital ceiling of TL 15,000,000, in the amount of the nominal capital amount to be calculated according to the share sales price to be determined at a premium within the framework of Borsa İstanbul A.Ş.'s Wholesale Buying and Selling Transactions Procedure, in a private placement by completely restricting the pre-emptive rights of the existing partners, in a way that a total sales revenue of TL 4,365,000 (four billion three hundred and sixty-five million Turkish Liras) is obtained. Within the scope of the cash and private placement capital increase, the rights of existing partners to purchase new shares will be completely restricted and all of the shares to be issued will be sold on a private basis to the Company's controlling shareholder, Erdemoğlu Holding A.Ş.