SASA POLYESTER
SANAYİ A.Ş. AND ITS SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022 AND
THE INDEPENDENT AUDITOR'S REPORT

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

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

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
SASA Polyester Sanayi A.Ş.

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 2022, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and 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 2022, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

2) Basis for Opinion

We conducted our audit in accordance with Standards on Independent Auditing (SIAs). 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 International Ethics Standards Board for Accountants' Code of Ethics for Independent Auditors (Code of Ethics) together with the ethical requirements that are relevant to our audit of the financial statements in Turkey, 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.

Deloitte.

3) 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 IFRS, 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.

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 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 financial statements.

As part of an audit in accordance with the 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.

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

- 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.

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

İstanbul, 2 May 2023

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SASA POLYESTER SANAYİ A.Ş. AND ITS SUBSIDIARIES

AUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022

(Amounts expressed in thousand Turkish Lira (TL) unless otherwise stated)

		Current Period	**Prior Period**
	Notes	**31 December 2022**	**31 December 2021**
ASSETS			
Current Assets		**14,710,569**	**15,252,973**
Cash and Cash Equivalents	3	803,111	3,565,301
Financial Investments	4	55,239	5,145
Trade Receivables	5	3,614,608	3,644,142
- Trade Receivables from Third Parties	5	*3,614,608*	*3,635,945*
- Trade Receivables from Related Parties	28	-	*8,197*
Other Receivables	7	5,828	13,597
- Other Receivables from Third Parties	7	*5,828*	*13,597*
Inventories	8	9,118,580	6,906,835
Derivative Instruments	29	-	6,025
Prepaid Expenses	9	86,478	51,170
Other Current Assets	16	1,026,725	1,060,758
Non-Current Assets		**50,639,026**	**29,184,406**
Other Receivables		98	192
Investment Properties	10	-	74
Property, Plant and Equipment	11	37,205,338	23,824,876
Intangible Assets	12	13,232	9,327
Prepaid Expenses	9	2,449,518	1,318,496
Deferred Tax Asset	26	10,970,840	4,031,441
TOTAL ASSETS		**65,349,595**	**44,437,379**
LIABILITIES			
Current Liabilities		**26,368,832**	**15,213,819**
Short-Term Borrowings	4	16,609,612	5,268,110
- Bank Loans	*4*	*11,159,070*	*2,818,921*
- Short-Term Portion of Long-Term Borrowings	*4*	*5,378,292*	*2,362,530*
- Lease Liabilities	*4*	*72,250*	*86,659*
Trade Payables	5	7,507,950	6,503,074
- Trade Payables to Third Parties	5	*7,507,950*	*6,503,074*
Payables Related to Employee Benefits	6	84,477	43,126
Other Payables	7	25,161	82,573
- Other Payables to Third Parties	7	*25,161*	*82,573*
Deferred Income	7	2,139,143	3,236,480
- Deferred Income from Third Parties	7	*1,882,437*	*2,490,941*
- Deferred Income from Related Parties	28	*256,706*	*745,539*
Current Tax Liabilities	26	-	78,058
Short-term Provisions	13	2,489	2,398
- Other Short-Term Provisions	*13*	*2,489*	*2,398*
Non-Current Liabilities		**9,710,135**	**14,586,823**
Long-Term Borrowings	4	9,541,873	14,442,389
- Bank Loans	*4*	*7,640,623*	*9,610,060*
- Convertible Bonds	*4*	*1,815,345*	*4,636,122*
- Lease Liabilities	*4*	*85,905*	*196,207*
Long-Term Provisions	15	168,262	144,434
- Long-Term Provisions for Employee Benefits	*15*	*168,262*	*144,434*
EQUITY		**29,270,628**	**14,636,737**
Paid-in Capital	17	5,990,913	4,610,675
Repurchased Shares	17	-	(35,500)
Restricted Reserves Appropriated from Profit	17	600,114	600,114
Other Reserves	17	169,871	169,871
Share Premiums	17	777,134	-
Accumulated Other Comprehensive Expenses that will not be Reclassified to Profit or Loss		(9,185)	(9,185)
- Remeasurement Losses on Defined Benefit Plans	17	*(9,185)*	*(9,185)*
Prior Years' Profit	17	8,422,687	5,704,710
Net Profit for the Period	17	13,319,094	3,596,052
TOTAL LIABILITIES AND EQUITY		**65,349,595**	**44,437,379**

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 2022

(Amounts expressed in thousand Turkish Lira (TL) unless otherwise stated)

	Notes	Current Period 1 January - 31 December 2022	Prior Period 1 January - 31 December 2021
Revenue	18	37,527,517	29,290,685
Cost of Sales (-)	18	(29,725,942)	(22,268,702)
GROSS PROFIT		**7,801,575**	**7,021,983**
General Administrative Expenses (-)	19	(270,806)	(227,731)
Marketing Expenses (-)	19	(1,268,775)	(942,071)
Research and Development Expenses (-)	19	(10,804)	(15,833)
Other Income from Operating Activities	20	4,827,254	5,003,976
Other Expenses from Operating Activities (-)	20	(4,926,486)	(6,310,215)
OPERATING PROFIT		**6,151,959**	**4,530,110**
Income from Investing Activities	22	9,551	9,104
Expenses from Investing Activities (-)	22	(622)	(2,426)
OPERATING PROFIT BEFORE FINANCE EXPENSE		**6,160,888**	**4,536,787**
Finance Income	23	1,525,259	2,302,894
Finance Expenses (-)	24	(7,951,315)	(9,722,595)
Monetary Loss / Gain		4,626,569	4,170,167
PROFIT BEFORE TAX FROM CONTINUING OPERATIONS		**4,361,401**	**1,287,253**
Tax Income from Continuing Operations		**8,957,693**	**2,308,799**
- Current Tax Expense (-)	26	-	(106,284)
- Deferred Tax (Expense) / Income	26	(1,150,068)	31,309
- Deferred Tax Income within Incentive Certificate	26	10,107,761	2,383,774
PROFIT FOR THE YEAR		**13,319,094**	**3,596,052**
Other comprehensive income/expense		**-**	**-**
Attributable to the Parent		-	-
Non - Controlling Interests		-	-
TOTAL COMPREHENSIVE INCOME		**13,319,094**	**3,596,052**
Distribution of Profit for the Year:			
Attributable to the Parent		13,319,094	3,596,052
Non - Controlling Interests		-	-
Earnings Per Share	**27**	**5.9370**	**1.6054**
Distribution of Total Comprehensive Income:			
Attributable to the Parent		13,319,094	3,596,052
Non - Controlling Interests		-	-

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 2022

(Amounts expressed in thousand Turkish Lira (TL) unless otherwise stated)

						Other comprehensive income or expenses not to be reclassified to profit or loss		**Retained Earnings**		
	Notes	**Paid-in Capital**	**Share Premiums**	**Other Reserves**	**Repurchased Shares**	**Loss on Remeasurement of Defined Benefit Plans**	**Restricted Reserves Appropriated from Profit**	**Prior Years' Profit / (Losses)**	**Net Profit for the Year**	**Total Equity**
1 January 2021	**17**	**3,995,920**	**-**	**-**	**(16,821)**	**(9,185)**	**553,078**	**6,008,120**	**661,791**	**11,192,903**
Transfers from Retained Earnings	**17**	614,755	-	-	-	-	47,036	-	(661,791)	-
Total Comprehensive Income		-	-	-	-	-	-	-	3,596,052	3,596,052
Equity Component of Convertible Bond	**4**	-	-	169,871	-	-	-	-	-	169,871
Decrease from Share Repurchase Transactions	17	-	-	-	(18,679)	-	-	(303,410)	-	(322,089)
31 December 2021	**17**	**4,610,675**	**-**	**169,871**	**(35,500)**	**(9,185)**	**600,114**	**5,704,710**	**3,596,052**	**14,636,737**
1 January 2022	**17**	**4,610,675**	**-**	**169,871**	**(35,500)**	**(9,185)**	**600,114**	**5,704,710**	**3,596,052**	**14,636,737**
Transfers from Retained Earnings	17	1,356,426	-	-	-	-	-	2,239,626	(3,596,052)	-
Total Comprehensive Income		-	-		-	-	-	-	13,319,094	13,319,094
Decrease from Share Repurchase Transactions	17	-	-	-	(7,500)	-	-	(408,662)	-	(416,162)
Transactions with Non-Controlling Shareholders (*)	17-4	23,812	777,134	-	43,000	-	-	887,013	-	1,730,959
31 December 2022	**17**	**5,990,913**	**777,134**	**169,871**	**-**	**(9,185)**	**600,114**	**8,422,687**	**13,319,094**	**29,270,628**

(*) The Group has realised the share conversions of the Convertible Bonds through conditional capital increase and repurchased shares. The conditional capital increase was subject to an issue premium of TL 512,000 equivalent to TL 16,009 on 27 October 2022 and an issue premium of TL 265,134 equivalent to TL 7,803 on 2 December 2022.

SASA POLYESTER SANAYİ A.Ş. AND ITS SUBSIDIARIES

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

(Amounts expressed in thousand Turkish Lira (TL) unless otherwise stated)

	Notes	Current Period 1 January - 31 December 2022	Prior Period 1 January - 31 December 2021
Cash Flows From Operating Activities:			
Profit/(Loss) For The Period Before Tax from Continuing Operations		**4,361,401**	**1,287,253**
Adjustments Related to Reconciliation of Net Profit for the Year		**820,230**	**3,556,868**
Adjustments Related to Depreciation and Amortization Expenses	10,11,12	677,894	633,324
Adjustments Related to Interest Income/Expenses		2,367,957	900,012
Adjustments Related to Interest Expenses	4,24	*2,401,168*	*938,441*
Adjustments Related to Interest Income	22,23	*(28,157)*	*(39,817)*
Unearned Finance Income Related to Credit Sales		*(5,054)*	*1,388*
Adjustments Related to Losses (Gains) on Disposal of Property, Plant and Equipment		(4,100)	(5,935)
Adjustments Related to Losses (Gains) on Disposal of Property, Plant and Equipment	*22*	*(4,100)*	*(5,935)*
Adjustments Related to Provisions		104,517	60,641
Adjustment Related to Provisions for Employee Benefits	*15*	*104,517*	*60,641*
Adjustments Related to Provisions for Legal Cases	13	1,029	1,430
Adjustments Related to Impairment / (Reversal)		6,158	3,140
Adjustments for Impairment / (Reversal) of Receivables	5	*6,158*	*3,140*
Adjustments Related to Unrealized Foreign Exchange Difference	4	2,488,688	3,865,045
Monetary (Gain) / Loss		(4,360,755)	(1,595,706)
Adjustments Related to Foreign Exchange Difference on Cash and Cash Equivalents		(461,158)	(305,083)
Changes in Working Capital:		**(2,165,835)**	**(1,206,963)**
Adjustments Related to Increase in Trade Receivables		(1,467,986)	*(2,526,822)*
Increase in Trade Receivables from Third Parties		*(1,472,976)*	*(2,604,691)*
Decrease in Trade Receivables from Related Parties		*4,990*	*77,869*
Adjustment Related to Increase in Operational Other Receivables		(5,037)	(5,612)
Increase in Other Receivables		*(5,037)*	*(5,612)*
Adjustments Related to Increase in Inventories		(4,853,784)	(4,206,625)
Adjustments Related to (Increase)/Decrease in Prepaid Expenses		637,109	89,782
Adjustments Related to Increase in Other Current Assets		(373,480)	(651,160)
Adjustments Related to Increase in Trade Payables to Third Parties		3,619,834	4,115,401
Adjustments Related to Increase / (Decrease) in Other Payables		(21,423)	68,744
Adjustments Related to Increase in Deferred Income		240,708	1,901,680
Adjustments Related to Increase in Payables Related to Employee Benefits		58,224	7,649
Cash Flows Generated from Operating Activities:		**3,015,796**	**3,637,158**
Payments Related to Provisions for Employee Benefits	15	(24,180)	(9,420)
Tax Paid	26	(78,058)	(28,226)
Net Cash (Used in) / Generated from Operating Activities		**2,913,558**	**3,599,512**
Cash Flows Used in Investing Activities:			
Payment for Purchase of Property, Plant and Equipment and Intangible Assets		(14,676,307)	(5,784,138)
Cash Outflows from Purchase of Property, Plant and Equipment and Intangible Assets	9,11,12	*(14,676,307)*	*(5,784,138)*
Cash Inflows from Sale for Property, Plant and Equipment and Intangible Assets		6,439	7,642
Cash Inflows from Sale of Property, Plant and Equipment		*6,439*	*7,642*
Interest Received	22,23	28,157	39,817
Net Cash Used in Investing Activities		**(14,641,711)**	**(5,736,679)**
Cash Flows from Financing Activities:			
Cash Inflows from Borrowings	4	19,282,308	12,869,165
Cash Inflows from Bank Loans	*4*	*19,282,308*	*9,488,338*
Cash Inflows from Convertible Bond	*4*	-	*3,380,827*
Cash Outflows Related to Debt Payments	4	(7,186,585)	(6,750,861)
Cash Outflow on Repayment of Bank Loans	*4*	*(7,119,628)*	*(6,684,143)*
Cash Outflow on Repayment of Lease Liabilities	*4*	*(66,957)*	*(66,718)*
Interest Paid		(1,729,757)	(871,075)
Cash Outflows Related to the Acquisition of Own Shares and Other Equity Instruments		(416,162)	(322,089)
Other Cash (Outflows) / Inflows		(50,094)	43,850
Net Cash Generated from Financing Activities		**9,899,710**	**4,968,990**
NET CHANGE IN CASH AND CASH EQUIVALENTS		(1,828,443)	2,831,823
EFFECT OF FOREIGN EXCHANGE DIFFERENCES ON CASH AND CASH EQUIVALENTS		461,158	305,083
MONETARY GAIN ON CASH AND CASH EQUIVALENTS		(1,394,905)	(529,237)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	3	3,565,301	957,632
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	3	**803,111**	**3,565,301**

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:

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

As of 31 December 2022, the number of employees of the Company is 4,743 (31 December 2021: 4,477).

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".

NOTE 2 - BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

2.1 Basis of Presentation

The accompanying consolidated financial statements are prepared on the historical cost basis, except for the fair value of derivative instruments.

Historical cost is generally based on the fair value of the consideration given in exchange for assets.

Inflation in Turkey has increased significantly since the beginning of 2021. With the effect of the three-year cumulative inflation rate, International Accounting Standards ("IAS") 29 - Financial Reporting in Hyperinflationary Economies are required to be applied as of 30 June 2022.

(Amounts expressed in thousand Turkish Lira (TL) unless otherwise stated)

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

2.1 Basis of Presentation (cont'd)

As of 31 December 2022, adjustments have been made in accordance with the requirements of IAS 29 ("Financial Reporting in Hyperinflationary Economies") regarding the changes in the general purchasing power of the Turkish Lira. The terms of IAS 29 require that financial statements prepared in the currency of the economy with hyperinflation should be expressed in terms of the measurement unit valid at the balance sheet date and the amounts in prior periods should be adjusted in the same way. One of the requirements that requires the application of IAS 29 is a three-year compounded inflation rate approaching or exceeding 100%. Indexation is done by using the coefficient obtained from the Consumer Price Index in Turkey published by TUIK.

Date	Index	Adjustment Coefficient	Three-Year Compound Inflation Rate
31 December 2022	1,128.45	1.000	156%
31 December 2021	686.95	1.643	74%
31 December 2020	504.81	2.235	54%

The outlines of the adjustment process mentioned above are as follows:

- Monetary assets and liabilities are currently not adjusted as they are expressed in current purchasing power at the balance sheet date.

- Non-monetary assets and resources are expressed in the unit of measurement (TL) valid at the balance sheet date, and are revalued over the consumer price index increase from the transaction date to the balance sheet date.

- Financial statements for prior reporting periods have been restated based on the current purchasing power of money at the latest balance sheet date. The current period adjustment coefficient has been applied to the prior period financial statements.

- All items in the consolidated statement of profit or loss and other comprehensive income are expressed in terms of the current measurement unit (TL) valid at the balance sheet date, and are revalued over the consumer price index increase in the month in which they occur.

- Inflation adjustment for deposits subject to agreement to price changes has been netted off with net monetary gain / (loss).

2.2 Statement of Compliance

The accompanying consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS").

2.3 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.

(Amounts expressed in thousand Turkish Lira (TL) unless otherwise stated)

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

2.4 Changes in Accounting Policies

Significant changes in accounting policies are applied retrospectively and prior period financial statements are restated.

2.5 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 2022, the Group's current liabilities exceed its current assets by TL 11,658,263 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 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.

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. In order to meet its financial and operational activities and capital expenditures, the Group has updated the repayment schedules of its loans to long term by obtaining financing amounting to TL 3,983,045 with a 10 year maturity on 26 January 2023, TL 300,000 with a 10 year maturity on 13 February 2023, in addition to these, the Group has obtained financing amounting to 570,000 and 300,000 with a 7 year maturity in February. 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.

2.6 Basis of Consolidation

As at 31 December 2022 and 2021, the details of the Company's subsidiaries are as follows:

	31 December 2022	31 December 2021
Sasa Dış Ticaret A.Ş.	100%	100%
Sasa Uluslararası Finansal Yatırım A.Ş.	100%	-

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/asset;
- is exposed, or has rights, to variable returns from its involvement with the investee/asset; 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.

(Amounts expressed in thousand Turkish Lira (TL) unless otherwise stated)

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

2.6 Basis of Consolidation (cont'd)

Consolidation of a subsidiary commences when the Company obtains control over the subsidiary and ends when the Company loses control. The income and expenses of subsidiaries acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date of acquisition to the date of disposal.

Where necessary, adjustments are made to the financial statements of subsidiaries to conform to the Group's accounting policies and all intra-group assets and liabilities, equity, income and expenses and cash flows relating to transactions between Group entities are eliminated on consolidation.

2.7 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 recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

2.8 New and Amended International Financial Reporting Standards

The accounting policies adopted in preparation of the financial statements for the year ended 31 December 2022 are consistent with those of the previous financial year, except for the adoption of new and amended IFRS and IFRS interpretations effective as of 1 January 2022.

a) Amendments that are mandatorily effective from 2022

Amendments to IFRS 3	*Reference to the Conceptual Framework*
Amendments to IAS 16	*Property, Plant and Equipment – Proceeds before Intended Use*
Amendments to IAS 37	*Onerous Contracts – Cost of Fulfilling a Contract*
Annual Improvements to IFRS Standards 2018-2020	*Amendments to IFRS 1, IFRS 9 and IAS 41*
Amendments to IFRS 16	*COVID-19 Related Rent Concessions beyond 30 June 2021*

Amendments to IFRS 3 *Reference to the Conceptual Framework*

The amendments update an outdated reference to the Conceptual Framework in IFRS 3 without significantly changing the requirements in the standard.

The amendments are effective for annual periods beginning on or after 1 January 2022. Early application is permitted if an entity also applies all other updated references (published together with the updated *Conceptual Framework*) at the same time or earlier.

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

2.8 New and Amended International Financial Reporting Standards (cont'd)

Amendments to IAS 16 ***Proceeds before Intended Use***

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the cost of producing those items, in profit or loss.

The amendments are effective for annual periods beginning on or after 1 January 2022. Early application is permitted.

Amendments to IAS 37 ***Onerous Contracts – Cost of Fulfilling a Contract***

The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract or an allocation of other costs that relate directly to fulfilling contracts.

The amendments published today are effective for annual periods beginning on or after 1 January 2022. Early application is permitted.

Annual Improvements to IFRS Standards 2018-2020 Cycle

<u>Amendments to IFRS 1 *First time adoption of International Financial Reporting Standards*</u>

The amendment permits a subsidiary that applies paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by its parent, based on the parent's date of transition to IFRSs.

<u>Amendments to IFRS 9 *Financial Instruments*</u>

The amendment clarifies which fees an entity includes in assessing whether to derecognize a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.

<u>Amendments to IAS 41 *Agriculture*</u>

The amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique. This will ensure consistency with the requirements in IFRS 13.

The amendments to IFRS 1, IFRS 9, and IAS 41 are all effective for annual periods beginning on or after 1 January 2022. Early application is permitted.

(Amounts expressed in thousand Turkish Lira (TL) unless otherwise stated)

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

2.8 New and Amended Internationa Financial Reporting Standards (cont'd)

Annual Improvements to IFRS Standards 2018-2020 Cycle (cont'd)

Amendments to IFRS 16 *COVID-19 Related Rent Concessions beyond 30 June 2021*

Public Oversight Accounting and Auditing Standards Authority ("POA") has published Amendments to IFRS 16 *COVID-19 Related Rent Concessions beyond 30 June 2021* that extends, by one year, the June 2020 amendment that provides lessees with an exemption from assessing whether a COVID-19 related rent concession is a lease modification.

On issuance, the practical expedient was limited to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2021. Since lessors continue to grant COVID-19 related rent concessions to lessees and since the effects of the COVID-19 pandemic are ongoing and significant, the POA decided to extend the time period over which the practical expedient is available for use.

The new amendment is effective for lessees for annual reporting periods beginning on or after 1 April 2021. Earlier application is permitted.

The Group management has evaluated that these amendments and comments, which are effective from 2022, do not have any impact on the consolidated financial statements of the Group.

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

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

IFRS 17	*Insurance Contracts*
Amendments to IAS 1	*Classification of Liabilities as Current or Non-Current*
Amendments to IFRS 4	*Extension of the Temporary Exemption from Applying IFRS 9*
Amendments to IAS 1	*Disclosure of Accounting Policies*
Amendments to IAS 8	*Definition of Accounting Estimates*
Amendments to IAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*
Amendments to IFRS 17	*Initial Application of IFRS 17 and IFRS 9 — Comparative Information (Amendment to IFRS 17)*
Amendments to IFRS 16	*Lease Liability in a Sale and Leaseback*
Amendments to IAS 1	*Non-current Liabilities with Covenants*

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

2.8 New and Amended International Financial Reporting Standards (cont'd)

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

IFRS 17 *Insurance Contracts*

IFRS 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. IFRS 17 supersedes IFRS 4 *Insurance Contracts* as of 1 January 2023.

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

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

The amendment changes the fixed expiry date for the temporary exemption in IFRS 4 *Insurance Contracts* from applying IFRS 9, so that entities would be required to apply IFRS 9 for annual periods beginning on or after 1 January 2023 with the deferral of the effective date of IFRS 17.

Amendments to IAS 1 *Disclosure of Accounting Policies*

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

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

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

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

2.8 New and Amended International Financial Reporting Standards (cont'd)

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

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

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

Amendments have been made in IFRS 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 IFRS 17 and IFRS 9 at the same time to present comparative information about a financial asset as if the classification and measurement requirements of IFRS 9 had been applied to that financial asset before.

Amendments are effective with the first application of IFRS 17.

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

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

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

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

Amendments to IAS 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.

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

2.9 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 2022 are consistent with those used in the preparation of financial statements for the year ended 31 December 2021.

2.9.1 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.

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

2.10.1 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 IFRS 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 IFRS financial statements. The Group has deferred tax assets amounting to TL 10,970,840 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 (Note 26). As a result of the assessments made, it has been concluded that these assets, which have indefinite useful lives, will be recoverable in the foreseeable future.

2.10.2 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 15.

2.10.3 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 as of the reporting date.

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

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

2.10.4 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.

2.10.5 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.

2.11 Summary of Significant Accounting Policies

2.11.1 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 recognises 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)

2.11 Summary of Significant Accounting Policies (cont'd)

2.11.1 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.

<u>Dividend, interest and rental income</u>

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.

2.11.2 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.

2.11.3 Property, Plant and Equipment

<u>Cost Method</u>

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

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

2.11 Summary of Significant Accounting Policies (cont'd)

2.11.3 Property, Plant and Equipment (cont'd)

Cost Method (cont'd)

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)

2.11 Summary of Significant Accounting Policies (cont'd)

2.11.4 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
Softwares	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)

2.11 Summary of Significant Accounting Policies (cont'd)

2.11.4 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.

2.11.5 Leases

The Group as Lessee

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises 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 recognises 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 the related right-of-use asset):

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

2.11 Summary of Significant Accounting Policies (cont'd)

2.11.6 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 11.

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

2.11.7 Financial Instruments

Financial instruments are recognised 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 recognised at fair value through profit or loss.

Financial Assets

All regular way purchases or sales of financial assets are recognised and derecognised 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 amortised 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 amortised 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)

2.11 Summary of Significant Accounting Policies (cont'd)

2.11.7 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) Amortised 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 recognised 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)

2.11 Summary of Significant Accounting Policies (cont'd)

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

Impairment of financial assets

The Group recognises 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 amortised 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 recognises 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)

2.11 Summary of Significant Accounting Policies (cont'd)

2.11.7 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 derecognises 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 amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised 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 recognised at FVTPL, transaction costs directly attributable to the acquisition or issuance thereof are also recognised 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 recognised 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)

2.11 Summary of Significant Accounting Policies (cont'd)

2.11.7 Financial Instruments (cont'd)

Financial Liabilities (cont'd)

a) A contingent consideration recognized in the financial statements by the entity acquired in a business combination where IFRS 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 amortised cost basis until extinguished on conversion or maturity of the bonds. The remainder of the proceeds is allocated to the conversion option and is recognised and included under shareholders' equity.

An entity may not reclassify any financial liability.

Derecognition of financial liabilities

The Group derecognises 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 derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised 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. Detailed information on derivative financial instruments is given in Note 29 and Note 31.

Derivatives are recognised 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 recognised 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 recognised as a financial asset whereas a derivative with a negative fair value is recognised 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 realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

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

2.11 Summary of Significant Accounting Policies (cont'd)

2.11.8 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.

2.11.9 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 Turkey 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.

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

2.11 Summary of Significant Accounting Policies (cont'd)

2.11.10 Events After the Reporting Period

Subsequent events include all events that take place between the balance sheet date and the date of authorization for the release of the balance sheet, although the events occurred after the announcements related to the profit or even after the public disclosure of other selective financial information. In the case that events occur requiring an adjustment, the Group adjusts the amounts recognized in its financial statements to reflect the adjustments after the balance sheet date.

2.11.11 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.

2.11.12 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.

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

2.11 Summary of Significant Accounting Policies (cont'd)

2.11.12 Related Parties (cont'd)

(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.

2.11.13 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 Turkey, 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 Turkey ("TÜBİTAK") and the Para-Credit and Coordination Board. Within the scope of the Communiqué on R&D 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 incentive certificate application made by the Group to the Republic of Turkey Ministry of Economy, General Directorate of Incentive Implementation and Foreign Capital, the incentive application for Polymer Production Facilities Investment was included in the scope of granting Project Based State Aid to Investments, which was put into effect by the decision of the Council of Ministers, was approved by the Council of Ministers on 30 April 2018 and published in the Official Gazette of the Republic of Turkey dated 23 June 2018 (Note 26). 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.

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 capitalized 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)

2.11 Summary of Significant Accounting Policies (cont'd)

2.11.14 Investment Properties

Investment properties are properties held to earn rentals and/or for capital appreciation and are initially recognised 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 recognised 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.

2.11.15 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)

2.11 Summary of Significant Accounting Policies (cont'd)

2.11.15 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.

2.11.16 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 IAS 19 (Revised) *Employee Benefits* ("IAS 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.

2.11.17 Statement of Cash Flows

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

(Amounts expressed in thousand Turkish Lira (TL) unless otherwise stated)

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

2.11 Summary of Significant Accounting Policies (cont'd)

2.11.18 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.

2.11.19 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 18. In 2022, 14% of sales revenue of the Group is generated from one third party customer (2021: 13%).

NOTE 3 – CASH AND CASH EQUIVALENTS

	31 December 2022	31 December 2021
Cash	17	200
Cash at banks	803,094	3,565,101
-Demand deposit	481,258	1,528,819
-Time deposit	321,836	2,036,282
	803,111	**3,565,301**

As of 31 December 2022, the details of the Group's time deposits are as follows. (31 December 2021: USD 93,000,000, maturity date 3 January 2022, interest rate 0.75%)

Currency	Interest Rate (%)	Maturity	31 December 2022
Turkish Lira	21.00	2 January 2023	250,000
US Dollar (*)	1.75	2 January 2023	2,200
Euro (*)	0.75	2 January 2023	1,540

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

(Amounts expressed in thousand Turkish Lira (TL) unless otherwise stated)

NOTE 4 – FINANCIAL INSTRUMENTS

Short-Term Financial Investments	**31 December 2022**	**31 December 2021**
Currency hedged deposit balances (*)	55,239	-
Blocked deposits with maturity longer than 3 months (**)	-	5,145
Total	**55,239**	**5,145**

(*) As of 31 December 2022, the Group has TL 55,239 foreign currency protected deposit balance within the scope of the Communiqué on Supporting Translation to Turkish Lira Deposit and Participation Accounts. (31 December 2021: None.) Details of the Group's currency hedged deposits as at 31 December 2022 is as follows.

Currency	**Interest Rate (%)**	**Maturity**	**31 December 2022**
Turkish Lira	17.00	3 January 2023	55,239

(**) As of 31 December 2022, the Group does not have any blocked deposits with a maturity longer than 3 months (31 December 2021: TL 5,145).

Financial Borrowings

Short-Term Financial Borrowings	**31 December 2022**	**31 December 2021**
Short-term bank loans	11,159,070	2,818,921
Short-term portion of long-term borrowings	5,378,292	2,362,530
Lease liabilities	72,250	86,659
	16,609,612	**5,268,110**

Long-Term Financial Borrowings	**31 December 2022**	**31 December 2021**
Long-term bank loans	7,640,623	9,610,060
Convertible bonds	1,815,345	4,636,122
Lease liabilities	85,905	196,207
	9,541,873	**14,442,389**
	26,151,485	**19,710,499**

(Amounts expressed in thousand Turkish Lira (TL) unless otherwise stated)

NOTE 4 – FINANCIAL INSTRUMENTS (cont'd)

Financial Borrowings (cont'd)

a) Bank loans

As of 31 December 2022 and 31 December 2021, bank loans and interest accruals related to these loans are as follows:

Principal	**31 December 2022**			**31 December 2021**		
Original currency	**Weighted average effective interest rate (%)**	**Original amount (*)**	**TL**	**Weighted average effective interest rate (%)**	**Original amount (*)**	**TL**
TL	18.53	-	11,461,256	25.04	-	2,690,008
US Dollar	5.38	36,451	681,572	2.54	41,002	547,501
Euro	5.20	572,164	11,426,572	2.90	754,814	11,408,185
			23,569,400			**14,645,694**
Interest accrued						
TL		-	497,515		-	82,478
US Dollar		488	9,150		47	622
Euro		5,103	101,920		4,150	62,718
			24,177,985			**14,791,512**

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

The repayment schedule of the bank loans as follows:

	31 December 2022	**31 December 2021**
Within 1 year	16,537,362	5,181,451
Within 1–2 year	1,608,128	2,161,824
Within 2 - 3 year	1,367,668	1,833,045
Within 3 - 4 year	1,296,255	1,449,351
Within 4 - 5 year	751,166	1,365,747
5 + years	2,617,405	2,800,093
	24,177,985	**14,791,511**

(Amounts expressed in thousand Turkish Lira (TL) unless otherwise stated)

NOTE 4 – FINANCIAL INSTRUMENTS (cont'd)

Financial Borrowings (cont'd)

b) Lease liabilities

Distribution of lease liabilities	31 December 2022	31 December 2021
Short-term	72,250	86,659
Long-term	85,905	196,207
	158,155	**282,866**

Maturity distribution:	31 December 2022	31 December 2021
Within 1 year	72,250	86,659
Within 1–2 years	71,785	86,838
Within 2-3 years	14,120	86,674
Within 3-4 years	-	22,695
	158,155	**282,866**

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 4.02% annually (2021: 3.56%). 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. Within the scope of the bonus issue completed on 9 May 2022, the conversion price was updated as EUR 1.7814 and the conversion rate was updated as 56,135.6237 shares (lot).

Proceeds from the issuance of convertible bond are used for refinancing of existing borrowings and financing the long-term investments.

(Amounts expressed in thousand Turkish Lira (TL) unless otherwise stated)

NOTE 4 – FINANCIAL INSTRUMENTS (cont'd)

Financial Borrowings (cont'd)

c) Convertible bonds (cont'd)

	31 December 2022			31 December 2021		
Currency type	**Interest rate (%)**	**Currency amount (*)**	**TL**	**Interest rate (%)**	**Currency amount (*)**	**TL**
Euro	3.25	81,160	1,815,345	3.25	306,614	4,636,122
			1,815,345			**4,636,122**

(*) 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 recognised on an amortised cost basis until extinguished on conversion or maturity of the bonds. The remainder of the proceeds will be allocated to the conversion option and recognised in shareholders' equity.

As of the reporting period, EUR 110,700,000 nominal amount of the bonds 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 2022	**31 December 2021**
The nominal value of the convertible bond on the day of issue	3,380,827	3,380,827
Equity component of convertible bond on the day of issue	(169,871)	(169,871)
The liability component of the convertible bond on the day of issue	4,636,122	3,210,956
Exchange rate differences	1,077,107	1,468,568
Bonds converted into shares	(1,730,959)	-
Interest accruals (*)	265,756	112,684
Interest payments	(223,534)	(176,810)
Inflation effect	(2,209,147)	20,724
Liability component of convertible bond as of 31 December	1,815,345	4,636,122

(*) 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 recognised as an expense in the current period.

From the issue date of the convertible bond until 31 December 2022, the Group has made coupon interest payments amounting to EUR 7,812,188 and conversion related interest payments amounting to EUR 21,127,438.

(Amounts expressed in thousand Turkish Lira (TL) unless otherwise stated)

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 2022	31 December 2021
Opening balance	**19,710,499**	**13,202,183**
Interest expense	2,269,491	879,453
Interest paid	(1,598,005)	(812,087)
Foreign exchange difference	2,488,688	3,865,045
Capitalized borrowing costs (Note 11)	463,880	237,184
Payments for lease liabilities	(66,957)	(66,718)
Loans received	19,282,308	9,488,338
Repayments of loans	(7,119,628)	(6,684,143)
Cash Inflows from Issued Convertible Bonds	-	3,380,827
Cash Outflows from Issued Convertible Bonds	(1,730,959)	-
Commission expenses	131,677	58,988
Commission paid	(131,677)	(58,988)
Reclassification of Cash Inflows from Convertible Bond to Equity (Note 17)	-	(169,871)
Inflation effect	(7,547,832)	(3,609,712)
Closing balance	**26,151,485**	**19,710,499**

NOTE 5 - TRADE RECEIVABLES AND PAYABLES

Trade Receivables

	31 December 2022	31 December 2021
Trade receivables (*)	2,882,427	2,649,332
Notes received (**)	738,339	988,916
Provision for doubtful receivables	(6,158)	(2,303)
	3,614,608	**3,635,945**
Receivables from related parties (Note 28)	-	8,197
	3,614,608	**3,644,142**

(*) As of 31 December 2022, trade receivables are discounted by using monthly 1.75% for TL, 1.17% for US Dollar, 0.75% for Euro (As of 31 December 2021: 2.09% for TL, 0.21% for US Dollar, 0.25% for Euro).

(**) Notes received constitute the notes obtained from customers and kept in portfolio as a result of trade activities and consist of TL 521,867 with maturities of less than three months (31 December 2021: TL 526,213).

(Amounts expressed in thousand Turkish Lira (TL) unless otherwise stated)

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 2022	31 December 2021
Up to 1 month	347,982	301,431
1 - 3 months	29,571	37,265
Over 3 months	-	6,416
	377,553	**345,112**

As of 31 December 2022 and 31 December 2021, 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 2022	31 December 2021
Over 6 months	6,158	2,303
	6,158	**2,303**

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 recognised 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 2022	1 January - 31 December 2021
Balance at 1 January	(2,303)	-
Provision for the period (Note 19)	(6,158)	(3,140)
Provision written-off during the period (Note 19)	1,402	-
Inflation effect	901	837
Balance 31 December	**(6,158)**	**(2,303)**

Trade Payables

	31 December 2022	31 December 2021
Trade payables (*)	7,507,950	6,503,074
	7,507,950	**6,503,074**

(*) As of 31 December 2022, trade payables are discounted by using monthly 1.75% for TL, 1.17% for USD, 0.75% for EUR (31 December 2021: 2.09% for TL, 0.21% for USD, 0.25% for EUR). As of 31 December 2022, average turnover for trade receivables and trade payables are 49 days and 79 days, respectively (31 December 2021: 54 days and 66 days).

(Amounts expressed in thousand Turkish Lira (TL) unless otherwise stated)

NOTE 6 – PAYABLES RELATED TO EMPLOYEE BENEFITS

	31 December 2022	31 December 2021
Social security premiums payable	52,667	21,961
Due to personnel	31,810	21,165
	84,477	**43,126**

NOTE 7 – OTHER RECEIVABLES, PAYABLES AND DEFERRED INCOME

Other Current Receivables

	31 December 2022	31 December 2021
Deposits and guarantess given	249	521
Other receivables (*)	5,579	13,076
	5,828	**13,597**

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

Other Payables

	31 December 2022	31 December 2021
Taxes, duties and charges payable	25,161	82,573
	25,161	**82,573**

Deferred Income

	31 December 2022	31 December 2021
Order advances received	1,882,437	2,490,941
Order advances received from related parties (Note 28)	256,706	745,539
	2,139,143	**3,236,480**

(Amounts expressed in thousand Turkish Lira (TL) unless otherwise stated)

NOTE 8 – INVENTORIES

	31 December 2022	31 December 2021
Raw materials and supplies	3,359,969	2,136,454
Finished goods	2,225,497	1,133,117
Goods in transit (*)	3,175,692	3,191,403
Spare parts	152,519	156,043
Working in progress	60,560	59,868
Other inventories	144,343	229,950
	9,118,580	**6,906,835**

(*) 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 2022	31 December 2021
Prepaid insurance expenses	84,139	48,824
Other prepaid expenses	2,339	2,346
	86,478	**51,170**

Prepaid Expenses (Long-term)

	31 December 2022	31 December 2021
Given advances for fixed asset (*)	2,449,518	1,318,496
	2,449,518	**1,318,496**

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

(Amounts expressed in thousand Turkish Lira (TL) unless otherwise stated)

NOTE 10 - INVESTMENT PROPERTIES

The movement of investment properties and related depreciation for the years ended 31 December 2022 and 2021 are as follows:

	1 January 2022	Additions	Transfers (*)	31 December 2022
Cost				
Land	5	-	(5)	-
Buildings	3,780	-	(3,780)	-
	3,785	**-**	**(3,785)**	**-**
Accumulated depreciation				
Buildings	3,711	61	(3,772)	-
	3,711	**61**	**(3,772)**	**-**
Net book value	**74**			**-**

(*) Sasa, one of the Group companies, has started to use its real estates with a net book value of TL 13 in its own production activities after the expiry of the lease agreements. Therefore, these properties have been transferred from investment property to property, plant and equipment.

	1 January 2021	Additions	Transfers (*)	31 December 2021
Cost:				
Land	5	-	-	5
Buildings	3,780	-	-	3,780
	3,785	**-**	**-**	**3,785**
Accumulated depreciation				
Buildings	3,517	194	-	3,711
	3,517	**194**	**-**	**3,711**
Net book value	**268**		**-**	**74**

The income statement related accounts for total depreciation expense incurred for the accounting periods ended on 31 December 2022 and 2021 are associated are given in Note 11.

(Amounts expressed in thousand Turkish Lira (TL) unless otherwise stated)

NOTE 11 - PROPERTY, PLANT AND EQUIPMENT

The movement of property, plant and equipment and related accumulated depreciation for the accounting periods ended 31 December 2022 and 2021 is as follows:

	1 January 2022	Additions	Transfers	Disposals	31 December 2022
Cost					
Land	5,417,270	2,328,873	5	-	7,746,148
Land improvements	107,197	3,200	8	-	110,405
Buildings	2,357,196	7,881	223	(2,864)	2,362,436
Machinery, plant and equipment	16,224,844	113,464	6,806	(6,966)	16,338,148
Vehicles	53,515	11,297	1,113	(1,671)	64,254
Furniture and fixtures	119,272	49,115	-	(1,256)	167,131
Construction in progress (*)	4,294,482	11,545,030	(8,142)	-	15,831,370
	28,573,776	**14,058,860**	**13**	**(12,757)**	**42,619,892**
Accumulated depreciation					
Land improvements	69,471	2,097	-	-	71,568
Buildings	606,882	72,695	-	(2,758)	676,819
Machinery, plant and equipment	3,985,034	595,947	-	(6,735)	4,574,246
Vehicles	28,359	2,212	-	(633)	29,938
Furniture and fixtures	59,154	3,122	-	(293)	61,983
	4,748,900	**676,073**	**-**	**(10,419)**	**5,414,554**
Net book value	**23,824,876**				**37,205,338**

(*) During the period ended 31 December 2022, capitalized borrowing costs for construction in progress is amounting to TL 463,880 (31 December 2021: TL 237,184) (Note 4). As of 31 December 2022, the Group has mortgage on property, plant and equipment amounting to TL 6,441,824 (31 December 2021: TL 9,271,464) (Note 14).

(Amounts expressed in thousand Turkish Lira (TL) unless otherwise stated)

NOTE 11 - PROPERTY, PLANT AND EQUIPMENT (cont'd)

	1 January 2021	Additions	Transfers	Disposals	31 December 2021
Cost					
Land	5,014,971	402,385	-	(86)	5,417,270
Land improvements	86,113	15,825	5,259	-	107,197
Buildings	2,104,101	129,000	124,095	-	2,357,196
Machinery, plant and equipment	12,536,197	1,921,784	1,773,064	(6,201)	16,224,844
Vehicles	39,799	10,822	3,073	(179)	53,515
Furniture and fixtures	87,002	23,133	9,193	(56)	119,272
Construction in progress	3,394,848	2,814,318	(1,914,684)	-	4,294,482
	23,263,031	**5,317,267**	**-**	**(6,522)**	**28,573,776**
Accumulated depreciation					
Land improvements	67,838	1,633	-	-	69,471
Buildings	536,811	70,071	-	-	606,882
Machinery, plant and equipment	3,449,481	540,249	-	(4,696)	3,985,034
Vehicles	21,768	6,685	-	(94)	28,359
Furniture and fixtures	49,869	9,310	-	(25)	59,154
	4,125,767	**627,948**	**-**	**(4,815)**	**4,748,900**
Net book value	**19,137,264**				**23,824,876**

(Amounts expressed in thousand Turkish Lira (TL) unless otherwise stated)

NOTE 11 - 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 31 December 2021. 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 2022 are as follows:

		Fair value level as of the reporting date		
	31 December 2022	**Level 1**	**Level 2**	**Level 3**
Land	7,746,148	-	-	7,746,148
	7,746,148	**-**	**-**	**7,746,148**

		Fair value level as of the reporting date		
	31 December 2022	**Level 1**	**Level 2**	**Level 3**
Land	5,417,270	-	-	5,417,270
	5,417,270	**-**	**-**	**5,417,270**

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 2022	**1 January - 31 December 2021**
Opening balance	5,417,270	5,014,971
Additions	2,328,878	402,385
Disposals	-	(86)
Closing balance	**7,746,148**	**5,417,270**

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

	31 December 2022	**31 December 2021**
Lands	2,503,824	343,195
	2,503,824	**343,195**

(Amounts expressed in thousand Turkish Lira (TL) unless otherwise stated)

NOTE 11 - 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 2022 and 2021 are as follows:

	1 January - 31 December 2022	1 January - 31 December 2021
Production cost (Note: 18)	663,449	617,175
General administrative expenses (Note: 19)	8,933	8,374
Marketing, sale and distribution expenses (Note: 19)	5,161	7,046
Research expenses (Note: 19)	351	729
	677,894	**633,324**

NOTE 12 – INTANGIBLE ASSETS

The movement of intangible assets and related accumulated amortization for the periods ended 31 December 2022 and 2021 is as follows:

	1 January 2022	Additions	31 December 2022
Cost			
Software	71,142	9,437	80,579
Development costs	51,467	-	51,467
	122,609	**9,437**	**132,046**
Accumulated amortization			
Software	62,776	5,270	68,046
Development costs	50,506	262	50,768
	113,282	**5,532**	**118,814**
Net book value	**9,327**		**13,232**

	1 January 2021	Additions	31 December 2021
Cost			
Software	62,903	11,618	74,521
Development costs	48,088	-	48,088
	110,991	**11,618**	**122,609**
Accumulated amortization			
Software	57,962	4,814	62,776
Development costs	50,138	368	50,506
	108,100	**5,182**	**113,282**
Net book value	**2,891**		**9,327**

The income statement accounts related to the total amortization for the accounting periods ending on 31 December 2022 and 2021 are given in Note 11.

(Amounts expressed in thousand Turkish Lira (TL) unless otherwise stated)

NOTE 13 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

Provision for Litigation

	31 December 2022	31 December 2021
Provision for litigation (*)	2,489	2,398
	2,489	**2,398**

(*) 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 organisation and the lawsuits filed against the Group for reinstatement and other receivable lawsuits. These lawsuits have not been finalised as of the report date and are still pending before the labour courts.

As of 31 December 2022 and 2021, the movement tables of the provision for litigation are as follows:

	1 January - 31 December 2022	1 January - 31 December 2021
Balance at 1 January	**2,398**	**1,317**
Provision for the period (Note 19)	1,139	1,446
Provision written-off within the period (Note 19)	(110)	(16)
Inflation effect	(938)	(349)
Balance at 31 December	**2,489**	**2,398**

NOTE 14 – COMMITMENTS

As of 31 December 2022 and 31 December 2021, the total of commitments not included in the liabilities:

Commitments based on export incentive certificates

	31 December 2022	31 December 2021
Total amount of export commitment of certificates	40,265,329	30,861,254
Total amount of export commitment of documents which are presently fulfilled but closing transactions are not concluded yet	14,880,442	9,949,094
Total amount of registered open export incentives	25,384,887	20,912,161
Other open export incentives	16,519,572	10,247,346

	31 December 2022	31 December 2021
Open Letter of Credits	5,767,442	5,874,145

(Amounts expressed in thousand Turkish Lira (TL) unless otherwise stated)

NOTE 14 – COMMITMENTS (cont'd)

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

	31 December 2022				31 December 2021			
	TL Equivalent	**TL**	**US Dollar**	**Euro**	**TL Equivalent**	**TL**	**US Dollar**	**Euro**
A. Total CPMs given for Company's Own Legal Entity (*)	9,751,664	3,735,936	-	301,226	7,860,010	2,749,278	19,300	321,706
B. Total 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 to on Behalf of Third Parties Which are Not in Scope of C	-	-	-	-	-	-	-	-
Total CPM	**9,751,664**	**3,735,936**	**-**	**301,226**	**7,860,010**	**2,749,278**	**19,300**	**321,706**

(*) 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 and purchases made in relation to investments. In addition, there is a pledge of machinery amounting to TL 6,441,824.

As of 31 December 2022, the percentage of the other CPM`s given by the Group to the total equity is 0% (31 December 2021: 0%).

Guarantees received as of 31 December 2022 and 31 December 2021 are as follows:

	31 December 2022	31 December 2021
Letters of guarantee received	1,474,495	649,013
	1,474,495	**649,013**

(Amounts expressed in thousand Turkish Lira (TL) unless otherwise stated)

NOTE 15 - PROVISIONS FOR EMPLOYEE BENEFITS

Provisions for long-term employee benefits

	31 December 2022	31 December 2021
Provision for employment termination benefits	150,305	126,862
Accumulated provision for unused vacation	17,957	17,572
	168,262	**144,434**

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 2022 and 2021 are as follows:

	1 January - 31 December 2022	1 January - 31 December 2021
Balance at 1 January	**17,572**	**14,058**
Provision for the period	13,791	7,400
Provision released during the period	(6,531)	(149)
Inflation effect	(6,875)	(3,737)
Balance at 31 December	**17,957**	**17,572**

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 2022, the maximum amount payable consists of TL 15 per month for each year of service (31 December 2021: TL 8) 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. International 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 2022	31 December 2021
Discount rate (%)	3.50	4.75
Retention rate to estimate probability of retirement (%)	98	98

(Amounts expressed in thousand Turkish Lira (TL) unless otherwise stated)

NOTE 15 - 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 19.98 (1 January 2022: TL 10.84), which is expected to be effective from 1 January 2023, has been taken into consideration in calculating the provision for employment termination benefits of the Group:

	1 January - 31 December 2022	1 January - 31 December 2021
Balance at 1 January	**126,862**	**112,934**
Provision recognised during the period	97,257	53,390
Payment within the period	(24,180)	(9,420)
Inflation effect	(49,634)	(30,042)
Balance at 31 December	**150,305**	**126,862**

NOTE 16 - OTHER ASSETS AND LIABILITIES

Other Current Assets

	31 December 2022	31 December 2021
Deferred VAT (*)	574,733	545,930
VAT return receivables from export and domestic market sales (**)	451,992	514,827
	1,026,725	**1,060,758**

(*) TL 195,173 of the relevant amount is related to the construction works of the PTA Facility, the construction of which was started in 2021, and will be in 2023. The remaining part is related to continuous investments and stock purchases and will be net off in 2023.

(**) As of 31 December 2022, the Group has completed the application process for TL 192,153 of the VAT receivable amounting to TL 451,992 and as of the report publication date, TL 127,808 of the refund application has been collected (31 December 2021: TL 264,651).

(Amounts expressed in thousand Turkish Lira (TL) unless otherwise stated)

NOTE 17 - EQUITY

Sasa Polyester Sanayi A.Ş's fully paid and issued capital each Kr 1 nominal value of 226,363,300,000 shares (31 December 2021: 112,000,000,000). The shareholders and shareholding structure of the Group as of 31 December 2022 and 31 December 2021 are as follows:

	31 December 2022		31 December 2021	
	Share amount	Share percentage	Share amount	Share percentage
Erdemoğlu Holding A.Ş.	3,716,763	62.04	2,895,504	62.80
Merinos Halı San. ve Tic. A.Ş.	807,575	13.48	679,152	14.73
Dinarsu İmalat ve Ticaret T.A.Ş.	460,701	7.69	360,094	7.81
Other	1,005,874	16.79	675,925	14.66
Share Capital	**5,990,913**	**100**	**4,610,675**	**100**

Shareholders' equity items of Group as of 31 December 2022 and 31 December 2021 are as follows:

	31 December 2022	31 December 2021
Share Capital (*)	5,990,913	4,610,675
Repurchased Shares (**)	-	(35,500)
Restricted Reserves Appropriated from Profit	600,114	600,114
Other Reserves (Note 4)	169,871	169,871
Share Premiums	777,134	-
Prior Years' Profit	8,422,687	5,704,710
Loss on Remeasurement of Defined Benefit Plans	(9,185)	(9,185)
Net Profit for the Period	13,319,094	3,596,052
Total equity	**29,270,628**	**14,636,737**

(*) The nominal amount of the Group's shares increased by TL 1,356,426 as a result of the bonus issue decision taken at the General Assembly meeting dated 31 March 2022.

(**) All of the repurchased shares of Sasa Polyester Sanayi A.Ş., one of the Group companies, were used in the redemption of the bonds with a nominal amount of EUR 110,700,000 of the bonds with a nominal amount of EUR 200,000,000 issued on 22 June 2021 by converting them into shares in 2022. The nominal value of the treasury shares used in the conversion is TL 62,977,901.

NOTE 17 – EQUITY (cont'd)

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 17 – 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). 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's profit for the period in its legal records is TL 13,319,094. (31 December 2021: TL 3,596,052)

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.

(Amounts expressed in thousand Turkish Lira (TL) unless otherwise stated)

NOTE 18 - REVENUE AND COST OF SALES

The Group derives its revenue from the transfer of goods and services at a point in time in the following major product lines. The amount that will be recognized in the future from the remaining performance obligation of the Group is amounting to TL 2,139,143 (31 December 2021: TL 3,236,481) (Note 7). The Group expects to recognize this revenue in its financial statements within one year.

Revenue

	1 January- 31 December 2022	**1 January- 31 December 2021**
Polyester Chips (SPC)	13,939,397	10,675,665
Domestic	*8,825,860*	*6,982,360*
Foreign	*5,113,537*	*3,693,305*
Polyester Fiber	11,989,305	9,609,323
Domestic	*7,651,011*	*6,572,749*
Foreign	*4,338,294*	*3,036,574*
Polyester Yarn (Filament)	6,142,960	4,476,813
Domestic	*6,113,658*	*4,461,947*
Foreign	*29,302*	*14,866*
Poy-Texturized (Filament)	4,836,003	4,256,858
Domestic	*4,825,053*	*4,256,781*
Foreign	*10,950*	*77*
DMT (SPC)	506,022	*240,195*
Domestic	*130*	*402*
Foreign	*505,892*	*239,793*
Other	113,830	31,831
Domestic	*109,671*	*3,777*
Foreign	*4,159*	*28,054*
Revenue	**37,527,517**	**29,290,685**

Cost of Sales

	1 January- 31 December 2022	**1 January- 31 December 2021**
Raw materials expense	25,494,504	18,741,415
Energy expenses	3,305,705	1,314,433
Labour expenses	1,032,121	814,248
Depreciation and amortization expenses (Note 11)	651,811	603,887
Spare parts and maintenance expenses	279,916	197,227
Insurance expenses	58,686	43,375
Usage of semi-finished goods	(29,627)	(42,431)
Other expenses	682,052	375,072
Production Cost for the Period	**31,475,168**	**22,047,226**
Usage of WIP and finished goods	(1,926,233)	76,011
Cost of waste goods sold	108,322	93,282
Other idle period expense	57,047	38,895
Depreciation and amortization of idle period (Note 11)	11,638	13,288
Cost of Goods Sold During the Period	**29,725,942**	**22,268,702**

(Amounts expressed in thousand Turkish Lira (TL) unless otherwise stated)

NOTE 19 – MARKETING, GENERAL ADMINISTRATIVE AND RESEARCH & DEVELOPMENT EXPENSES

General Administrative Expenses

	1 January- 31 December 2022	1 January- 31 December 2021
Personnel expenses	111,583	89,938
Consultancy expenses	47,255	70,202
Severance and notice pay	45,625	15,762
Supplies, repair and maintanence expenses	19,606	12,788
Insurance expenses	15,910	13,207
Depreciation and amortization expenses (Note 11)	8,933	8,374
Assisted services expenses	8,170	6,001
Doubtful receivable provision expense (Note 5)	6,158	3,140
Energy expenses	2,734	1,531
Lawsuit provision (Note 13)	1,139	1,446
Provisions released (Note 5-13)	(1,512)	(16)
Other expenses	5,205	5,358
	270,806	**227,731**

Marketing Expenses

	1 January- 31 December 2022	1 January- 31 December 2021
Export and freight expenses	1,079,477	825,049
Personnel expenses	73,443	63,457
Taxes and duties expenses	45,945	12,002
Insurance expenses	15,277	11,036
Depreciation and amortization expenses (Note 11)	5,161	7,046
Other expenses	49,472	23,481
	1,268,775	**942,071**

Research and Development Expenses

	1 January- 31 December 2022	1 January- 31 December 2021
Labour and personnel expenses	9,769	14,452
Depreciation and amortization expenses (Note 11)	351	729
Other expenses	684	652
	10,804	**15,833**

(Amounts expressed in thousand Turkish Lira (TL) unless otherwise stated)

NOTE 20 – OTHER INCOME / EXPENSE FROM OPERATING ACTIVITIES

Other Operating Income

	1 January- 31 December 2022	1 January- 31 December 2021
Foreign exchange gains on trade receivables/payables	3,807,650	4,717,498
Miscellaneous sales income	321,261	103,337
Income from sale of raw materials	96,548	83,899
Interest income from incentive	20,913	61,604
Other income (*)	580,882	37,638
	4,827,254	**5,003,976**

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

Other Operating Expenses

	1 January- 31 December 2022	1 January- 31 December 2021
Foreign exchange losses on trade receivables/payables	4,716,145	6,106,982
Raw materials sales costs	94,348	75,653
Cost of miscellaneous sales	29,452	21,741
Taxes, duties and charges	26,023	28,888
Other expenses	60,518	76,951
	4,926,486	**6,310,215**

NOTE 21 – EXPENSES BY NATURE

	1 January- 31 December 2022	1 January- 31 December 2021
Direct raw materials expense	25,494,504	18,741,415
Energy expenses	3,308,439	1,315,964
Personnel expenses	1,226,916	982,095
Export and freight costs	1,079,477	825,049
Depreciation and amortization expenses (Note 10-11-12)	677,894	633,324
Spare parts and maintenance expenses	279,916	197,227
Cost of waste goods sold	108,322	93,282
Insurance expenses	89,873	67,618
Consultancy expenses	47,255	70,202
Other idle period expense	57,047	38,895
Taxes, duties and charges	45,945	12,002
Severance and notice pay	45,625	15,762
Spare parts and maintenance expenses	19,606	12,788
Auxiliary service expenses	8,170	6,001
Provision for doubtful receivables (Note 5)	6,158	3,140
Provision for legal cases	1,139	1,446
Usage of semi-finished goods	(29,627)	(42,431)
Use of finished goods in the period	(1,926,233)	76,011
Other expenses	735,901	404,547
	31,276,327	**23,454,337**

(Amounts expressed in thousand Turkish Lira (TL) unless otherwise stated)

NOTE 22 – INCOME / (EXPENSES) FROM INVESTING ACTIVITIES

	1 January- 31 December 2022	1 January- 31 December 2021
Gain on sales of property, plant and equipment (*)	4,722	8,361
Interest income from currency hedged deposits	4,614	-
Loss on sales of property, plant and equipment (*)	(622)	(2,426)
Rent income	215	743
	8,929	**6,678**

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

NOTE 23 - FINANCE INCOME

	1 January- 31 December 2022	1 January- 31 December 2021
Foreign exchange income	1,501,716	2,255,975
Interest income	23,543	39,817
Fair value difference of derivative financial instruments	-	7,102
	1,525,259	**2,302,894**

NOTE 24 - FINANCE EXPENSES

	1 January- 31 December 2022	1 January- 31 December 2021
Foreign exchange expenses	5,006,994	8,673,615
Interest expenses	2,003,735	766,769
Commission expenses	131,677	58,988
Interest expenses of convertible bonds (Note 4)	265,756	112,684
Letter of guarantee and bank expenses	543,153	110,539
	7,951,315	**9,722,595**

NOTE 25 – ANALYSIS OF OTHER COMPREHENSIVE INCOME ITEMS

	31 December 2022	31 December 2021
Gain on remeasurement of defined benefit plans	(9,185)	(9,185)
	(9,185)	**(9,185)**

(Amounts expressed in thousand Turkish Lira (TL) unless otherwise stated)

NOTE 26 - 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 International 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 International Financial Reporting Standards and tax purposes. Tax rate used in the calculation of deferred tax assets and liabilities was 20%.

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 2022 and 31 December 2021 using the enacted tax rates are as follows:

	Cumulative temporary difference		Deferred tax asset / (liabilities)	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
Net difference between recorded value of property, plant and equipment and intangible assets and tax value	(11,897,260)	(7,269,974)	(2,379,451)	(1,453,991)
Investment incentives deduction to be used (*)	13,378,910	5,373,503	13,378,910	5,373,503
Provision for employment termination benefits	150,305	126,862	30,061	25,373
Valuation differences of inventories	(247,134)	(130,411)	(49,426)	(28,690)
Adjustment of periodicity of sales	52,878	52,226	10,576	11,489
Provision for unused vacation	17,957	17,571	3,591	3,865
Provision for litigation	2,489	2,397	498	527
Provision for doubtful receivables	6,158	2,303	1,232	506
Provision for export expense	11,399	23,506	2,280	5,171
Adjustment for not accrued financial income	(70,665)	(44,765)	(14,133)	(9,848)
Adjustment for not accrued financial expenses	65,611	34,973	13,122	7,694
Adjustments for the valuation of derivative financial instruments	-	(6,027)	-	(1,326)
Adjustments for foreign currency exchange difference	523,245	578,821	104,649	111,460
Adjustments for convertible bonds	(14,020)	(97,800)	(2,804)	(19,560)
Other adjustments	(641,325)	26,340	(128,265)	5,268
Deferred tax assets			13,544,919	5,544,856
Deferred tax liabilities			(2,574,079)	(1,513,415)
Deferred tax asset, net			**10,970,840**	**4,031,441**

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

(Amounts expressed in thousand Turkish Lira (TL) unless otherwise stated)

NOTE 26 - TAX ASSETS AND LIABILITIES (cont'd)

Deferred Taxes (cont'd)

	31 December 2022	31 December 2021
Sasa Polyester San. A.Ş.	10,951,826	4,014,275
Sasa Dış Ticaret A.Ş.	19,014	17,166
	10,970,840	**4,031,441**

Movement table of deferred tax is as follows:

	1 January - 31 December 2022	1 January - 31 December 2021
Balance at 1 January	**4,031,441**	**2,973,419**
Deferred tax (expense) / income for the period	(1,150,068)	31,309
Deferred tax income from incentive certificate	10,107,761	2,383,774
Inflation effect	(2,018,294)	(1,357,061)
Balance at 31 December	**10,970,840**	**4,031,441**

Reconciliation of tax provision

	1 January - 31 December 2022	1 January - 31 December 2021
Profit before tax from operating activities	4,361,401	1,287,253
Income tax rate: 22% (2021: 25%)	(959,508)	(321,813)
Tax effects:		
- Non-deductible expenses	(129,609)	(146,184)
- Effects of reduced corporate tax application	10,107,761	2,383,774
- Exemption used within the scope of the incentive certificate	763,697	657,942
- Other adjustments, inflation and tax rate change effec	(824,648)	(264,919)
Tax income recognised in the income statement	**8,957,693**	**2,308,799**

NOTE 26 - 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 2022 is 22% (2021: 25%) for the Group.

The Law numbered 7061 on Amendment of Certain Taxes and Laws and Other Acts was published on the Official Gazette dated 5 December 2017 and numbered 30261. Article 5 entitled "Exceptions" of the Corporate Tax Law has been amended in Article 89 of the Law. In accordance with (a) clause in the first paragraph of the Article, the exemption of 75% applied to gains from the sales of lands and buildings held by the entities for two full years has been reduced to rate of 50%. This regulation has been effective from 5 December 2017.

Pursuant to the temporary article added to the Corporate Tax Law with the 11th article of the Law no. 7316 published in the Official Gazette dated 22 April 2021 and numbered 31462, the corporate tax rate for the corporate earnings for the 2021 taxation period has been determined as 25%, and the corporate tax rate for the corporate earnings for the 2022 taxation period has been determined as 23%. With the amendment added to Article 32 of the Corporate Tax Law, these rates will be applied with a discount of 1 point to the earnings from production activities and earnings from exports.

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).

Dividends paid to non-resident corporations, which have a place of business in Turkey, or resident corporations are not subject to withholding tax. Otherwise, dividends paid are subject to withholding tax at the rate of 15%. An increase in capital via issuing bonus shares is not considered as a profit distribution.

The Group is required to pay advance corporation tax quarterly. Advance tax is declared (including the Income Tax Law No. 5615, which entered into force on 4 April 2007, and the Law on Amending some Laws, and the declarations to be submitted for March 2007) by the 17th of the second month following each calendar quarter end and payable by the 17th.

(Amounts expressed in thousand Turkish Lira (TL) unless otherwise stated)

NOTE 26 - TAX ASSETS AND LIABILITIES (cont'd)

Corporate Tax (cont'd)

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 Turkey, 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.

Total tax income for the periods ended 31 December 2022 and 2021 are as follows:

	1 January- 31 December 2022	1 January- 31 December 2021
Current period tax expense	-	(106,284)
Deferred tax (expense) / income	(1,150,068)	31,309
Deferred tax assets utilised within the scope of incentive certificate	10,107,761	2,383,774
Total tax income	**8,957,693**	**2,308,799**

	31 December 2022	31 December 2021
Corporate tax payable	-	106,284
Prepaid taxes and funds	-	(28,226)
Provision for current tax	**-**	**78,058**

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.

NOTE 26 - TAX ASSETS AND LIABILITIES (cont'd)

Corporate Tax (cont'd)

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).

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 20,885,002 (31 December 2021: TL 17,834,720), 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 of 31 December 2022, the Group has TL 13,378,910 tax deduction benefit to be used in the following periods (2021: TL 5,373,503).

(Amounts expressed in thousand Turkish Lira (TL) unless otherwise stated)

NOTE 26 - TAX ASSETS AND LIABILITIES (cont'd)

Corporate Tax (cont'd)

Government Grants and Incentives (cont'd)

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 IFRS. 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 IFRS. The Group has deferred tax assets amounting to TL 10,970,840 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 2022, 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 12.5% was used in the profit projections. 2023 exchange rate expectation is 22.35% and long term exchange rate increase expectation is used in the range of 10% - 12% (in USD terms).
- Possible tax planning strategies have been considered. As a result of the assessments made according to the available analyses, no impairment is found on the recoverability of deferred tax assets.

NOTE 27 - 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 Turkey 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 2022, the Company is not presenting the diluted earnings per share since the convertible debt is antidilutive.

	1 January- 31 December 2022	**1 January- 31 December 2021**
Net profit	13,319,094	3,596,052
Weighted average number of shares:		
Weighted average number of ordinary shares	2,243,395,667	2,240,000,000
Earnings per share with a nominal value of 1 TL (full TL)	5.9370	1.6054
Earnings per share from continuing operations		

(Amounts expressed in thousand Turkish Lira (TL) unless otherwise stated)

NOTE 28 - RELATED PARTY DISCLOSURES

a) Trade receivables from related parties:

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

	31 December 2022	31 December 2021
Dinarsu İmalat ve Ticaret T.A.Ş.	-	8,197
	-	**8,197**

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 2022	31 December 2021
Merinos Halı San. Tic. A.Ş.	124,647	265,305
Özerdem Mensucat San. Tic. A.Ş.	112,193	454,100
Zeki Mensucat Sanayi ve Tic. A.Ş.	13,230	26,134
Dinarsu İmalat Tic. A.Ş.	6,636	-
	256,706	**745,539**

c) Sales to related parties:

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

	1 January - 31 December 2022	1 January - 31 December 2021
	Product	**Product**
Merinos Halı San. Tic. A.Ş.	746,469	605,238
Özerdem Mensucat San. Tic. A.Ş.	712,150	567,930
Zeki Mensucat Sanayi ve Tic. A.Ş.	660,362	421,754
Dinarsu İmalat ve Ticaret T.A.Ş.	65,740	13,159
	3,886,212	**1,608,081**

(Amounts expressed in thousand Turkish Lira (TL) unless otherwise stated)

NOTE 28 - RELATED PARTY DISCLOSURES (cont'd)

d) Purchases from related parties:

	1 January - 31 December 2022	1 January - 31 December 2022
	Product	**Product**
Merinos Halı San. Tic. A.Ş.	278,287	1,337
Dinarsu İmalat ve Ticaret T.A.Ş.	44,456	-
Erdemoğlu Holding A.Ş.	3,471	3,957
Ozerdem Mensucat San. Tic. A.Ş.	49	-
	326,263	**5,294**

e) Foreign exchange and late interest charge from related parties:

	1 January - 31 December 2022	1 January - 31 December 2022
Merinos Halı San. Tic. A.Ş.	23,152	34,504
Zeki Mensucat San. Tic. A.Ş.	8,503	3,957
Dinarsu İmalat ve Ticaret T.A.Ş.	1,995	1,315
Özerdem Mensucat San. Tic. A.Ş.	1	1,281
	33,651	**41,057**

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

For the year ended 31 December 2022 and 2021, remuneration of the Board of Directors and key management personnel amounts are as follows:

	1 January - 31 December 2022	1 January - 31 December 2022
Short-term benefits provided to key management	13,642	11,168
	13,642	**11,168**

(Amounts expressed in thousand Turkish Lira (TL) unless otherwise stated)

NOTE 29 – DERIVATIVE INSTRUMENTS

	31 December 2022	31 December 2021
Derivative financial assets		
Presentation of derivative instruments at fair value:		
Option	-	5,715
Swap	-	310
	-	6,025

Classification of derivative instruments

Derivative instruments that are held for speculative purposes and that do not meet hedge accounting requirements are classified as "traded" and the fair value changes of these instruments are recognized in profit or loss. Assets related to derivative instruments that are expected to close within 12 months following the balance sheet date are presented as current assets and liabilities are presented as current liabilities.

Fair value measurement of derivative instruments

Information about the methods and assumptions used in determining the fair value of derivatives is disclosed in Note 30. Amounts recognised in profit or loss During the year, the following amounts have been recognised in profit or loss in relation to forward foreign currency purchase/sale contracts:

	1 January - 31 December 2022	1 January - 31 December 2021
Foreign exchange gains presented in finance income	-	6,025

(Amounts expressed in thousand Turkish Lira (TL) unless otherwise stated)

NOTE 30 - 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 2022 and 2021, 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 2022	31 December 2021
Financial Borrowings (Note 4)	26,151,485	19,710,499
Less: Cash and Cash Equivalents		
and Financial Investments (Note 3-4)	(858,350)	(3,570,446)
Net Debt	25,293,135	16,140,053
Total Equity	29,270,628	14,636,737
Total Capital	54,563,763	30,776,790
Net Debt/Total Capital Ratio	46%	52%

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 30 - 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.

(Amounts expressed in thousand Turkish Lira (TL) unless otherwise stated)

NOTE 30 - 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	-	3,614,608	5,926	803,094	-
Secured portion of the maximum credit risk by guarantees (*)	-	3,563,489	-	-	-
Net book value of financial assets finansal that are neiter past due nor impaired	-	3,237,055	5,926	803,094	-
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	-	377,553	-	-	-
The part under guarantee with colleteral etc.	-	326,434	-	-	-
Net book value of the assets impaired	-	-	-	-	-
- Overdue (gross carrying amount)	-	6,158	-	-	-
- Impairment	-	(6,158)	-	-	-

(Amounts expressed in thousand Turkish Lira (TL) unless otherwise stated)

NOTE 30 - 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 2021	**Related Party**	**Third Party**	**Third Party**	**Deposits**	**Instruments**
Maximum credit risk as of reporting date	8,197	3,635,945	13,789	3,565,101	6,025
Secured portion of the maximum credit risk by guarantees (*)	-	3,551,972	-	-	-
Net book value of financial assets finansal that are neiter past due nor impaired	8,197	3,290,833	13,789	3,565,101	6,025
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	-	345,112	-	-	-
The part under guarantee with colleteral etc.	-	261,139	-	-	-
Net book value of the assets impaired	-	-	-	-	-
- Overdue (gross carrying amount)	-	2,303	-	-	-
- Impairment	-	(2,303)	-	-	-

(Amounts expressed in thousand Turkish Lira (TL) unless otherwise stated)

NOTE 30 - 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 2022**	**31 December 2021**
1 - 30 days past due	347,982	301,431
1 - 3 months past due	29,571	37,265
3 - 12 months past due	-	6,416
Total	**377,553**	**345,112**
Portion under guarantee with collaterals, mortgages and other financial instruments (*)	326,434	261,139

(*) 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.

(Amounts expressed in thousand Turkish Lira (TL) unless otherwise stated)

NOTE 30 - 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 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	24,177,985	27,145,123	1,167,381	15,605,335	7,364,509	3,007,899
Financial lease obligations	158,155	164,783	19,177	57,583	88,023	-
Debt instruments issued	1,815,345	1,835,660	5,079	15,236	1,815,345	-
Trade payables	7,438,908	7,438,908	7,420,925	17,983	-	-

Expected maturities

	Book value	Total cash outflows	Less than 3 months	3-12 months	1-5 years	More than 5 years
Trade payables	69,042	69,042	69,042	-	-	-
Other payables	25,161	25,161	25,161	-	-	-

(Amounts expressed in thousand Turkish Lira (TL) unless otherwise stated)

NOTE 30 - 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 2021

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	14,791,511	16,448,531	1,757,452	4,095,910	7,648,358	2,946,811
Financial lease obligations	282,866	299,836	22,525	68,877	208,434	-
Debt instruments issued	4,636,122	5,692,666	40,278	123,074	5,529,314	-
Trade payables	212,865	212,865	212,865	-	-	-

Expected maturities

	Book value	Total cash outflows	Less than 3 months	3-12 months	1-5 years	More than 5 years
Trade payables	6,290,209	6,633,459	6,302,500	330,959	-	-
Other payables	82,573	82,573	82,573	-	-	-

NOTE 30 - 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.

(Amounts expressed in thousand Turkish Lira (TL) unless otherwise stated)

NOTE 30 - NATURE AND EXTENT 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 2022 and 2021 are as follows:

	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
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**
Foreign currency position	**(18,967,837)**	**(266,944)**	**(701,104)**
Net foreign currency position	**(18,967,837)**	**(266,944)**	**(701,104)**

	31 December 2021		
	TL Equivalent	**US Dollar**	**Euro**
Trade receivables	2,367,370	166,124	10,148
Monetary financial assets	-	-	-
(including cash, bank accounts)	3,111,405	213,469	17,637
Other	1,593,534	59,676	52,901
Total assets	**7,072,308**	**439,269**	**80,686**
Trade payables (including other payables)	6,110,642	402,312	49,595
Financial liabilities	2,968,940	39,104	162,244
Other	118,342	2,322	5,792
Current liabilities	**9,197,924**	**443,738**	**217,631**
Financial libilities	13,909,358	1,876	920,304
Non-current liabilities	**13,909,358**	**1,876**	**920,304**
Total liabilities	**23,107,282**	**445,614**	**1,137,935**
Net foreign currency position	**(16,034,974)**	**(6,345)**	**(1,057,249)**
Net foreign currency position of derivative contracts	6,016	25	389
Net foreign currency position	**(16,028,958)**	**(6,321)**	**(1,056,860)**

(*) In 2022, imports amounting to USD 1,601,248,358 (2021: USD 1,001,532,715) and exports amounting to USD 491,677,690 (2021: USD 395,775,090) were realised, of which USD 254,930,716 (2021: USD 14,059,579) was within the scope of ongoing investments.

(Amounts expressed in thousand Turkish Lira (TL) unless otherwise stated)

NOTE 30 - 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 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**

	Profit / (Loss)	
As of 31 December 2021;	**Appreciation of foreign currency**	**Depreciation of foreign currency**
10% change in USD against TL:		
USD net asset	(8,425)	8,425
Part of hedged from the USD risk	-	-
USD Net Effect	**(8,425)**	**8,425**
10% change in EUR against TL:		
EUR net asset	(1,594,453)	1,594,453
Part of hedged from the EUR risk	-	-
EUR Net Effect	**(1,594,453)**	**1,594,453**
Total	**(1,602,878)**	**1,602,878**

(Amounts expressed in thousand Turkish Lira (TL) unless otherwise stated)

NOTE 30 - 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)

Forward foreign exchange purchase/sale contracts

The Group makes forward foreign currency contracts for foreign Exchange rate fluctuations. The table below gives the details of forward foreign currency purchase/sale contracts that have not been matured as of the report date.

	Average rate		Nominal amount: Foreign currency		Nominal amount: Turkish Lira		Carrying values (liabilities)/assets of hedging instruments	
Hedging instruments - open contracts:	31 December 2022 TL	31 December 2021 TL	31 December 2022 FC	31 December 2021 FC	31 December 2022 TL	31 December 2021 TL	31 December 2022 TL	31 December 2021 TL
US dollar purchase less than 3 months	-	13.30	-	1,000	-	13,300	-	310
TL Purchase / EUR Sell 3 to 6 months	-	11.70	-	15,319	-	179,232	-	5,715
							-	6,025

(Amounts expressed in thousand Turkish Lira (TL) unless otherwise stated)

NOTE 30 - 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 2022**	**31 December 2021**
Principal	10,985,483	9,729,943
Interest	339,707	82,940
Fixed financial liabilities total	**11,325,190**	**9,812,883**

Variable rate financial instruments	**31 December 2022**	**31 December 2021**
Principal	14,570,521	9,834,154
Interest	255,774	63,462
Variable financial liabilities total	**14,826,295**	**9,897,616**

If the interest rate in TL currency was 10% higher/lower at 31 December 2022 and all other variables remained constant, profit before tax and non-controlling interest would have been lower/higher by TL 86,773 (31 December 2021: TL 31,959).

Funding risk

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

(Amounts expressed in thousand Turkish Lira (TL) unless otherwise stated)

NOTE 31 - FINANCIAL INSTRUMENTS (FAIR VALUE DISCLOSURES AND EXPLANATIONS ON HEDGE ACCOUNTING)

31 December 2022	Financial assets / liabilities amortized cost	Financial instruments at FVTPL	Carrying value	Note
Financial assets				
Cash and cash equivalents	803,111	-	803,111	3
Financial investments	-	55,239	55,239	4
Trade receivables	3,614,608	-	3,614,608	5
Other financial assets	1,032,651	-	1,032,651	7-16
Financial liabilities				
Financial borrowings	26,151,485	-	26,151,485	4
Trade payables	7,507,950	-	7,507,950	5
Other payables	25,161	-	25,161	7
31 December 2021				
Financial assets				
Cash and cash equivalents	3,565,301	-	3,565,301	3
Trade receivables	3,644,142	-	3,644,142	5
Receivables from related parties	8,197	-	8,197	28
Other financial assets	1,074,547	-	1,074,547	7-16
Derivative financial instruments	-	6,025	6,025	29
Financial liabilities				
Financial borrowings	19,710,499	-	19,710,499	4
Trade payables	6,503,074	-	6,503,074	5
Other payables	82,573	-	82,573	7

NOTE 32 - EVENTS AFTER THE BALANCE SHEET DATE

EUR 69,400,000 nominal amount of the Convertible Bonds with a nominal amount of EUR 200,000,000 issued on 22 June 2021 was redeemed by converting into shares on January 2023 in line with the requests of the bondholder investors submitted in November and December 2022. The shares with a nominal value of TL 38,958,121 issued against the bonds with a nominal amount of EUR 69,400,000, which were converted into shares, were covered by the SASA shares issued in return for the contingent and allocated increase of the Company's issued capital from TL 5,990,913 to TL 6,029,871.

The increase of the issued capital of the company from TL 5,990,913 to TL 6,029,871, which was approved by the Capital Markets Board with its decision dated 29 December 2022 and numbered 77/1869, was registered by Adana Trade Registry Office on 20 January 2023 and announced in the Turkish Trade Registry Gazette dated 20 January 2023 and numbered 10752.

The Group has signed licence, technical service and guarantee agreements with Honeywell UOP for the establishment of Propylene (PDH plant) Production Plant with a capacity of 1,000,000 tonnes/year, which is planned to be completed in the first half of 2026 in Yumurtalık investment area allocated to the company, with an expected contribution to turnover of USD 1.2 Billion under current conditions and an investment cost of USD 1.5 Billion.

The Group's application to the Capital Markets Board for the issuance of Euro denominated convertible bonds with a nominal value of EUR 500,000,000 (five hundred million Euro) with a maturity of 5 (five) years to be sold to qualified investors abroad was approved on 26 January 2023.

As of 6 February 2023, maintenance and repair works started on the DMT line, which was suspended on 22 February 2023 due to earthquakes and aftershocks, have been completed and the production line has been commissioned on 17 April 2023.

The Law numbered 7438 on Social Security and General Health Insurance and the Law on the Amendment of the Decree Law numbered 375, which includes the regulation on the Retirement Age Victims (EYT), entered into force after being published in the Official Gazette No. 32121, dated 3 March 2023. Although this issue is considered as a non-adjusting event after the reporting period within the scope of TAS 10 Events After the Reporting Period, studies on measuring the impact on the operations and financial position of the Group are still in progress.

In order to meet its financial and operational activities and investment expenditures, the Group has provided financing amounting to TL 3,983,045 with 10 year maturity on 26 January 2023, TL 300,000 with 10 year maturity on 13 February 2023, TL 570,000 and TL 300,000 with 7 year maturity in February, TL 300,000 with 9 year maturity on 11 April 2023 and TL 342,000 with 10 year maturity on 31 March 2023 in order to meet its financial and operational activities and capital expenditures.

Sasa, one of the Group companies, has applied to the Capital Markets Board on 12 April 2023 in order to increase its issued capital from TL 2,302,591 to TL 5,295,959 within the registered capital ceiling of TL 15,000,000 and to cover the increased TL 2,993,368 from the profit of 2022 amounting to TL 2,940,766 and TL 52,602 from extraordinary reserves and to give bonus shares to shareholders at the rate of 130% for each share they hold.