

**SASA POLYESTER
SANAYİ A.Ş. AND ITS SUBSIDIARIES**

CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS FOR THE
INTERIM PERIOD 1 JANUARY - 30 JUNE 2023
AND THE INDEPENDENT AUDITOR'S
REVIEW REPORT

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

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

REVIEW REPORT ON THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

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

Introduction

We have reviewed the accompanying condensed consolidated statement of financial position of SASA Polyester Sanayi A.Ş. (“the Company”) and its subsidiaries (together referred as “the Group”) as at 30 June 2023, and the condensed consolidated statement of profit or loss and comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-months period then ended, and a summary of significant accounting policies and other explanatory notes. The Group management is responsible for the preparation and fair presentation of this condensed consolidated interim financial information in accordance with Turkish Accounting Standard 34 “Interim Financial Reporting” (“TAS 34”). Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

Scope of Review

We conducted our review in accordance with Independent Auditing Standard on Review Engagements 2410, “Review of Interim Condensed Financial Information Performed by the Independent Auditor of the Entity”. A review of condensed consolidated interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review of interim condensed consolidated financial information is substantially less in scope than an independent audit conducted in accordance with Independent Auditing Standards and the objective of which is to express an opinion on the consolidated financial statements. Consequently, a review of the interim condensed consolidated financial information does not provide assurance that the audit firm will be aware of all significant matters which would have been identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial information does not present in accordance with TAS 34, in all material respects.

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Additional paragraph for convenience translation to English

In the accompanying interim condensed consolidated financial statements, the accounting principles described in Note 2 (defined as Turkish Accounting Standards/Turkish Financial Reporting Standards) differ from International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board with respect to the application of inflation accounting. Accordingly, the accompanying interim condensed consolidated financial statements are not intended to present the financial position and results of operations in accordance with IFRS.

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



Osman Arslan
Partner

İstanbul, 4 August 2023

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SASA POLYESTER SANAYİ A.Ş. AND ITS SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2023 AND 31 DECEMBER 2022

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

		Current Period	Prior Period
		(Reviewed)	(Audited)
	Notes	30 June 2023	31 December 2022
ASSETS			
Current Assets		22,131,474	14,349,023
Cash and Cash Equivalents	3	4,392,746	803,111
Financial Investments	4	-	55,239
Trade Receivables	5	7,465,424	3,614,608
- Trade Receivables from Third Parties	5	7,369,154	3,614,608
- Trade Receivables from Related Parties	26	96,270	-
Other Receivables	7	72,976	5,828
- Other Receivables from Third Parties	7	72,976	5,828
Inventories	8	9,474,624	8,757,034
Prepaid Expenses	9	51,962	86,478
Other Current Assets	15	673,742	1,026,725
Non-Current Assets		57,409,357	38,113,122
Other Receivables		98	98
Property, Plant and Equipment	10	30,491,519	21,993,760
Intangible Assets	11	7,159	7,502
Prepaid Expenses	9	3,851,297	1,764,327
Deferred Tax Asset	24	23,059,284	14,347,435
TOTAL ASSETS		79,540,831	52,462,145
LIABILITIES			
Current Liabilities		47,383,430	26,330,857
Short-Term Borrowings	4	37,456,865	16,609,612
- Bank Loans	4	31,984,041	11,159,070
- Short-Term Portion of Long-Term Borrowings	4	5,345,182	5,378,292
- Lease Liabilities	4	127,642	72,250
Trade Payables	5	5,816,394	7,507,950
- Trade Payables to Third Parties	5	5,816,394	7,507,950
Payables Related to Employee Benefits	6	115,079	84,477
Other Payables	7	356,872	25,161
- Other Payables to Third Parties	7	356,872	25,161
Deferred Income	7	3,634,894	2,101,168
- Deferred Income from Third Parties	7	3,461,371	1,844,462
- Deferred Income from Related Parties	26	173,523	256,706
Short-term Provisions	12	3,326	2,489
- Other Short-Term Provisions	12	3,326	2,489
Non-Current Liabilities		15,104,602	9,710,135
Long-Term Borrowings	4	11,392,100	9,541,873
- Bank Loans	4	10,638,050	7,640,623
- Convertible Bonds	4	561,275	1,815,345
- Lease Liabilities	4	192,775	85,905
Other payables		3,573,556	-
- Other Payables to Third Parties	26	3,573,556	-
Long-Term Provisions	14	138,946	168,262
- Long-Term Provisions for Employee Benefits	14	138,946	168,262
EQUITY		17,052,799	16,421,153
Paid-in Capital	16	5,295,960	2,263,633
Adjustments to Share Capital	16	13	13
Repurchased Shares	16	(1,000)	-
Restricted Reserves Appropriated from Profit	16	303,750	213,747
Other Reserves	16	83,902	83,902
Share Premiums	16	2,124,149	777,134
Accumulated Other Comprehensive Income that will not be Reclassified to Profit or Loss		1,178,323	1,178,323
- Remeasurement Losses on Defined Benefit Plans	16	(4,109)	(4,109)
- Revaluation Profit on Property, Plant and Equipment	16	1,182,432	1,182,432
Prior Years' Profits	16	8,771,840	1,314,827
Net (Loss) / Profit for the Period	16	(704,138)	10,589,574
TOTAL LIABILITIES AND EQUITY		79,540,831	52,462,145

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

SASA POLYESTER SANAYİ A.Ş. AND ITS SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE PERIODS ENDED 30 JUNE 2023 AND 2022

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

	Notes	Reviewed	Not Reviewed	Reviewed	Not Reviewed
		1 January - 30 June 2023	1 April - 30 June 2023	1 January - 30 June 2022	1 April - 30 June 2022
Revenue	17	15,617,660	7,488,057	15,629,053	8,520,914
Cost of Sales (-)	17	(12,963,751)	(5,824,091)	(11,247,904)	(6,361,376)
GROSS PROFIT		2,653,909	1,663,966	4,381,149	2,159,538
General Administrative Expenses (-)	18	(172,545)	(94,818)	(114,299)	(60,622)
Marketing Expenses (-)	18	(468,334)	(222,484)	(528,508)	(292,729)
Research and Development Expenses (-)	18	(1,705)	(1,072)	(964)	(741)
Other Income from Operating Activities	19	7,245,373	6,134,066	3,909,303	561,035
Other Expenses from Operating Activities (-)	19	(7,551,543)	(6,236,250)	(4,273,856)	(673,006)
OPERATING PROFIT		1,705,155	1,243,408	3,372,825	1,693,475
Income from Investing Activities	21	1,647	1,465	1,438	366
Expenses from Investing Activities (-)	21	(64)	(53)	(452)	(130)
OPERATING PROFIT BEFORE FINANCE EXPENSES		1,706,738	1,244,820	3,373,811	1,693,711
Financing Income	22	1,150,372	567,608	1,115,848	600,982
Financial Expenses (-)	23	(12,273,097)	(10,230,728)	(2,788,015)	(1,414,036)
(LOSS)/PROFIT BEFORE TAX FROM CONTINUING OPERATIONS		(9,415,987)	(8,418,300)	1,701,644	880,657
Tax Income from Continuing Operations		8,711,849	5,218,190	3,878,012	2,366,481
- Current Tax Expense (-)	24	-	-	-	-
- Deferred Tax Income	24	1,715,326	1,742,641	203,965	138,439
- Deferred Tax Income with Incentive Certificate	24	6,996,523	3,475,549	3,674,047	2,228,042
PROFIT (LOSS) / FOR THE PERIOD		(704,138)	(3,200,110)	5,579,656	3,247,138
Other comprehensive income		-	-	-	-
TOTAL COMPREHENSIVE INCOME		(704,138)	(3,200,110)	5,579,656	3,247,138
Profit for the Period Attributable to:					
Equity Holders of the Parent		(704,138)	(3,200,110)	5,579,656	3,247,138
Non - Controlling Interests		-	-	-	-
Earnings Per Share	25	(0.2335)	(1.0611)	1.8501	1.0767
Total Comprehensive Income Attributable to:					
Equity Holders of the Parent		(704,138)	(3,200,110)	5,579,656	3,247,138
Non - Controlling Interests		-	-	-	-

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

SASA POLYESTER SANAYİ A.Ş. AND ITS SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIODS ENDED 30 JUNE 2023 AND 2022

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

Reviewed	Notes	Paid-in Capital	Capital Adjustment Differences	Share Premiums	Other Reserves	Repurchase d Shares	Accumulated other comprehensive income and expenses that will not be reclassified to profit or loss	Loss on Remeasurement of Defined Benefit Plans	Restricted Reserves Appropriated from Profit	Retained Earnings		Total Equity
							Gain on Revaluation of Property, Plant and Equipment			Prior years' Profit / (Losses)	Net Profit for the Period	
1 January 2022	16	1,120,000	13	-	83,902	(14,993)	1,182,432	(4,109)	213,747	884,200	697,435	4,162,627
Transfers from Retained Earnings	16	1,120,000	-	-	-	-	-	-	-	(422,565)	(697,435)	-
Total Comprehensive Income		-	-	-	-	-	-	-	-	-	5,579,656	5,579,656
Decrease from Share Repurchase Transactions	16	-	-	-	-	(16,454)	-	-	-	(267,738)	-	(284,192)
30 June 2022	16	2,240,000	13	-	83,902	(31,447)	1,182,432	(4,109)	213,747	193,897	5,579,656	9,458,091
Reviewed												
1 January 2023	16	2,263,633	13	777,134	83,902	-	1,182,432	(4,109)	213,747	1,314,827	10,589,574	16,421,153
Transfers from Retained Earnings (**)	16	2,993,369	-	-	-	-	-	-	90,003	7,506,202	(10,589,574)	-
Total Comprehensive Income		-	-	-	-	-	-	-	-	-	(704,138)	(704,138)
Decrease from Share Repurchase Transactions	16	-	-	-	-	(1,000)	-	-	-	(49,189)	-	(50,189)
Transactions with Non-Controlling Shareholders (*)	16-4	38,958	-	1,347,015	-	-	-	-	-	-	-	1,385,973
30 June 2023	16	5,295,960	13	2,124,149	83,902	(1,000)	1,182,432	(4,109)	303,750	8,771,840	(704,138)	17,052,799

(*) 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 38,958 equivalent to TL 1,347,015 on 9 January 2023.

(**) The increase of the capital from 2,263,633 TL to TL 2,302,592 by Sasa Polyester Sanayi A.Ş., has been completed as of 9 January 2023. In addition, within the scope of the decision of the Board of Directors dated 12 April 2023, the application regarding the increase of the Group's issued capital from TL 2,302,591 to TL 5,295,960 by TL 2,993,369, TL 2,940,767 of which is covered from the profit of 2022 and TL 52,602 of which is covered from extraordinary reserves, was approved by the Capital Markets Board on 17 May 2023.

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

SASA POLYESTER SANAYİ A.Ş. AND ITS SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIODS ENDED 30 JUNE 2023 AND 2022

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

		Current Period Reviewed	Prior Period Reviewed
	Notes	1 January - 30 June 2023	1 January - 30 June 2022
Cash Flows From Operating Activities:			
Profit/(Loss) For The Period Before Tax from Continuing Operations		(9,415,987)	1,701,644
Adjustments Related to Reconciliation of Net Profit for the Period		12,727,338	2,238,307
Adjustments Related to Depreciation and Amortization	10.11	151,817	145,235
Adjustments Related to Interest Income/Expenses		1,621,611	622,319
<i>Adjustments Related to Interest Expenses</i>	4	<i>1,708,811</i>	<i>614,732</i>
<i>Adjustments Related to Interest Income</i>	22	<i>(87,200)</i>	<i>(13,133)</i>
<i>Unearned Finance Income Related to Maturity Sales</i>		<i>-</i>	<i>20,720</i>
Adjustments Related to Losses (Gains) on Disposal of Property, Plant and Equipment		(1,583)	(860)
<i>Adjustments Related to Losses (Gains) on Disposal of Property, Plant and Equipment</i>	21	<i>(1,583)</i>	<i>(860)</i>
Adjustments Related to Provisions		97,772	61,488
<i>Adjustment Related to Provisions for Employee Benefits</i>	14	<i>97,772</i>	<i>61,488</i>
Adjustments Related to Provisions for Legal Cases	12	837	459
Adjustments Related to Derivative Instruments Valuation		-	3,668
Adjustments Related to Impairment / (Reversal)		-	3,601
<i>Adjustments for Impairment / (Reversal) of Receivables</i>	5	<i>-</i>	<i>3,601</i>
Adjustments Related to Unrealized Foreign Exchange Difference	4	10,776,741	1,393,061
Adjustments Related to Cash and Cash Equivalents Foreign Exchange Difference		80,143	9,336
Changes in Working Capital:		(4,049,730)	(8,015,610)
Adjustments Related to Increase in Trade Receivables		(3,856,974)	(761,418)
<i>Increase in Trade Receivables from Third Parties</i>		<i>(3,760,704)</i>	<i>(766,408)</i>
<i>Decrease in Trade Receivables from Related Parties</i>		<i>(96,270)</i>	<i>4,990</i>
Adjustment Related to Increase in Operational Other Receivables		(67,148)	(12,506)
<i>Increase in Other Receivables</i>		<i>(67,148)</i>	<i>(12,506)</i>
Adjustments Related to Increase in Inventories		(717,590)	(4,161,442)
Adjustments Related to (Increase)/Decrease in Prepaid Expenses		34,516	(1,641,072)
Adjustments Related to Increase in Other Current Assets		352,983	(409,408)
Adjustments Related to Increase in Trade Payables to Third Parties		(1,691,556)	(614,938)
Adjustments Related to (Decrease) / Increase in Other Payables		331,711	6,432
Adjustments Related to Increase in Deferred Income		1,533,726	(443,135)
Adjustments Related to Increase in Payables Related to Employee Benefits		30,602	21,877
Cash Flows Generated from Operating Activities:		(738,379)	(4,075,659)
Payments Related to Provisions for Employee Benefits	14	(127,088)	(11,686)
Tax Paid		-	(47,518)
Net Cash (Used in) / Generated from Operating Activities		(865,467)	(4,134,863)
Cash Flows Used in Investing Activities:			
Cash Outflows from Purchase of Property, Plant and Equipment and Intangible Assets		(9,804,270)	(2,151,079)
<i>Cash Outflows from Purchase of Property, Plant and Equipment and Intangible Assets</i>		<i>(9,804,270)</i>	<i>(2,151,079)</i>
Cash Inflows from Sale for Property, Plant and Equipment and Property, Plant and Equipment		3,591	2,902
<i>Cash Inflows from Sale of Property, Plant and Equipment</i>		<i>3,591</i>	<i>2,902</i>
Interest Received	22	87,200	13,133
Net Cash Used in Investing Activities		(9,713,479)	(2,135,044)
Cash Flows from Financing Activities:			
Cash Inflows from Borrowings		24,219,806	9,025,167
<i>Cash Inflows from Bank Loans</i>	4	<i>24,219,806</i>	<i>9,025,167</i>
Cash Outflows Related to Debt Payments		(11,870,712)	(3,416,172)
<i>Cash Outflows from Repayment of Bank Loans</i>	4	<i>(11,829,654)</i>	<i>(3,384,976)</i>
<i>Cash Outflows from Repayment of Lease Liabilities</i>	4	<i>(41,058)</i>	<i>(31,196)</i>
Interest Paid	4	(1,685,134)	(526,826)
Cash Outflows Related to the Acquisition of Own Shares and Other Equity Instruments		(50,189)	(284,192)
Other Cash (Outflows) / Inflows		3,634,953	(9,878)
Net Cash Used in / Generated from Financing Activities		14,248,724	4,788,099
NET CHANGE IN CASH AND CASH EQUIVALENTS		3,699,778	(1,481,808)
EFFECT OF FOREIGN EXCHANGE DIFFERENCES ON CASH AND CASH EQUIVALENTS		(80,143)	(9,336)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	3	803,111	2,170,396
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	3	4,392,746	679,252

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

SASA POLYESTER SANAYİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2023

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

NOTE 1 – ORGANIZATION AND OPERATIONS OF THE GROUP

Sasa Polyester Sanayi A.Ş. (“the Company”) was incorporated on 8 November 1966 in Adana and 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”). 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 30 June 2023, number of employees of the Company is 4,462 (31 December 2022: 4,743).

Subsidiaries

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

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

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

Approval of the Consolidated Financial Statements

The Board of Directors has approved the consolidated financial statements and delegated authority for publishing it on 4 August 2023. The General Assembly has the authority to modify the consolidated financial statements.

NOTE 2 - BASIS OF PRESENTATION OF THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

2.1 Basis of Presentation

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

The Group has prepared its condensed consolidated financial statements for the interim ended 30 June 2023 according to the TAS 34 “Interim Financial Reporting” standard within the scope of CMB’s Communiqué Serial II, No: 14.1 and announcements that account for the Communiqué. Interim condensed consolidated financial statements and notes are presented according to the recommended formats by CMB, and by including necessary information.

Entities are allowed to prepare their interim financial statements as full set or condensed according to the TAS 34 standard. The Group has preferred to prepare condensed financial statements for interim periods. The Group’s interim condensed consolidated financial statements do not include all disclosures and notes that are required for year-end consolidated financial statements and the financial statements must be evaluated together with the Group’s financial statements as of 31 December 2022.

SASA POLYESTER SANAYİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2023

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

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

2.1 Basis of Presentation (cont'd)

In addition, the condensed consolidated financial statements have been prepared in accordance with the formats of “TFRS Taxonomy Announcement” published by POA and “Financial Statement Examples and Guidelines for Use” published by CMB, on 4 October 2022. The condensed consolidated financial statements are prepared on the historical cost basis, except for the revaluation of land and derivative financial instruments. The determination of historical cost is generally based on the fair value of the amount paid for the assets.

Currency Used

The financial statements of each entity of the Group are presented in the currency of the main economic environment in which they operate. The financial position and operating results of each entity are expressed in TL, which is the functional currency of the Group and the presentation currency for the consolidated financial statements.

Restatement of Financial Statements During Periods of High Inflation

In accordance with the CMB's decision dated 17 March 2005 and numbered 11/367, for companies operating in Turkey and preparing financial statements in accordance with Turkish Financial Reporting Standards, the application of inflation accounting has been terminated as of 1 January 2005. Accordingly, as of 1 January 2005, the Standard No. 29 “Financial Reporting in Hyperinflationary Economies” (“TAS 29”) has not been applied.

POA made an announcement on 20 January 2022 regarding the application of TAS 29 “Financial Reporting in Hyperinflationary Economies” (“TAS 29”) for entities adopting Turkish Financial Reporting Standards (“TFRS”) for the year ended 31 December 2021. The announcement stated that, entities that apply TFRS should not adjust their financial statements in accordance with TAS 29 for the year ended 31 December 2021. As of the date of this report, POA has not made any further announcements regarding the scope and application of TAS 29. As a result, no inflation adjustment was made to the accompanying consolidated financial statements as of 30 June 2023 in accordance with TAS 29.

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 30 June 2023, the Group's current liabilities exceed its current assets by TL 25,251,956 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, negotiations and agreements that the management has reached as a result of negotiations with the banks as explained in Note 28, 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. The Group has obtained loans amounting to TL 24,219,806 in the first 6 months of 2023 and TL 311,528 as of the following July by providing financing to cover its financial, operational activities and investment expenditures. 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.

SASA POLYESTER SANAYİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2023

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

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

2.1 Basis of Presentation (cont'd)

Basis of Consolidation

As of 30 June 2023 and 2022, the details of the Company's subsidiaries are as follows:

	30 June 2023	31 December 2022
Sasa Dış Ticaret A.Ş.	100%	100%
Sasa Uluslararası Finansal Yatırım A.Ş.	100%	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;
- is exposed, or has rights, to variable returns from its involvement with the investee; and has the ability to use its power to affect its returns.

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

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

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

2.2 Offsetting

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

2.3 New and Amended Turkish Financial Reporting Standards

The accounting policies adopted in preparation of the financial statements for the year ended 30 June 2023 are consistent with those of the previous financial year, except for the adoption of new and amended TFRS and TFRS interpretations effective as of 1 January 2023.

a) Amendments that are mandatorily effective from 2023

Amendments to TAS 1	<i>Disclosure of Accounting Policies</i>
Amendments to TAS 8	<i>Definition of Accounting Estimates</i>
Amendments to TAS 12	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>
Amendments to TFRS 17	<i>Initial Application of TFRS 17 and TFRS 9 — Comparative Information (Amendment to TFRS 17)</i>

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

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

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

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

Amendments to TAS 1 *Disclosure of Accounting Policies*

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

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

Amendments to TAS 8 *Definition of Accounting Estimates*

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

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

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

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

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

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

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

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

Amendments are effective with the first application of TFRS 17.

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

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

TFRS 17	<i>Insurance Contracts</i>
Amendments to TFRS 4	<i>Extension of the Temporary Exemption from Applying TFRS 9</i>
Amendments to TAS 1	<i>Classification of Liabilities as Current or Non-Current</i>
Amendments to TFRS 16	<i>Lease Liability in a Sale and Leaseback</i>
Amendments to TAS 1	<i>Non-current Liabilities with Covenants</i>

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

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

TFRS 17 Insurance Contracts

TFRS 17 requires insurance liabilities to be measured at a current fulfillment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. TFRS 17 supersedes TFRS 4 *Insurance Contracts* as of 1 January 2024 for insurance and reinsurance and pension companies.

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

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

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

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

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

Amendments to TFRS 16 Lease Liability in a Sale and Leaseback

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

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

Amendments to TAS 1 Non-current Liabilities with Covenants

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

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

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

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

2.4 Significant Accounting Estimations 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 significant estimates used during the preparation of the consolidated financial statements for the period ended 30 June 2023 are consistent with the estimates used during the preparation of the consolidated financial statements for the period ended 31 December 2022.

2.4.1 Comparative Information and Reclassification of Prior Period Financial Statements

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

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

2.5.1 Deferred tax

The Group recognizes deferred tax on the temporary differences between the carrying amounts of assets and liabilities in the financial statements prepared in accordance with TFRS and statutory financial statements which is used in the computation of taxable profit. The related differences are generally due to the timing difference of the tax base of some income and expense items between statutory and TFRS financial statements. The Group has deferred tax assets amounting to TL 23,059,284 that can be deducted from future profits. The partially or fully recoverable amount of deferred tax assets has been estimated under current circumstances. During the assessment, future profit projections and the expiry dates of tax assets are taken into consideration. As a result of the assessments made, it has been concluded that these assets, which have indefinite useful lives, will be recoverable in the foreseeable future. (Note 24)

2.5.2 Liabilities for employee benefits

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

2.5.3 Impairment on assets

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

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

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

2.5.4 Impairment on financial assets

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

2.5.5 Calculation of Loss Provision

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

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

2.6 Summary of Significant Accounting Policies

The condensed interim financial statements for the six-month period ended 30 June 2023 have been prepared by applying accounting policies consistent with those applied in the preparation of the financial statements for the year ended 31 December 2022. Accordingly, these condensed interim financial statements should be evaluated together with the financial statements for the year ended 31 December 2022.

NOTE 3 - CASH AND CASH EQUIVALENTS

	<u>30 June 2023</u>	<u>31 December 2022</u>
Cash	1,237	17
Cash at banks	4,391,509	803,094
-Demand deposit	1,426,161	481,258
-Time deposit	2,965,348	321,836
	4,392,746	803,111

As of 30 June 2023, the details of the Group's time deposits are as follows. (31 December 2022: USD 2,200,000, maturity date 2 January 2023, interest rate 1.75%, EUR 1,540,000, maturity date 2 January 2023, interest rate 0.75%, TL 250,000,000, maturity date 2 January 2023, interest rate 0.21%)

<u>Currency</u>	<u>Interest Rate (%)</u>	<u>Maturity</u>	<u>30 June 2023</u>
Turkish Lira	43.00	21 July 2023	1,500,000
Turkish Lira	42.50	3 July 2023	503,000
Turkish Lira	43.75	22 July 2023	500,000
Turkish Lira	39.75	3 July 2023	400,000
Turkish Lira	35.00	3 July 2023	28,000
Euro	1.00	3 July 2023	1,120

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

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2023

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

NOTE 4 – FINANCIAL INSTRUMENTS

Short-Term Financial Investments	<u>30 June 2023</u>	<u>31 December 2022</u>
Currency hedged deposit balances (*)	-	55,239
Total	-	55,239

(*) As of 30 June 2023, the Group has no foreign currency protected deposit balance within the scope of the Communiqué on Supporting Translation to Turkish Lira Deposit and Participation Accounts. (31 December 2022: TL 55,239.) Details of the Group's currency hedged deposits as at 31 December 2022 is as follows.

<u>Currency</u>	<u>Interest Rate (%)</u>	<u>Maturity</u>	<u>31 December 2022</u>
Turkish Lira	17.00	3 January 2023	55,239

Financial Borrowings

Short-Term Financial Borrowings	<u>30 June 2023</u>	<u>31 December 2022</u>
Short-term bank loans (*)	31,984,041	11,159,070
Short-term portion of long-term borrowings	5,345,182	5,378,292
Lease liabilities	127,642	72,250
	37,456,865	16,609,612

Long-Term Financial Borrowings

	<u>30 June 2023</u>	<u>31 December 2022</u>
Long-term bank loans	10,638,050	7,640,623
Convertible bonds issued	561,275	1,815,345
Lease liabilities	192,775	85,905
	11,392,100	9,541,873
	48,848,965	26,151,485

(*) The Company's long-term bank loans amounting to TL 16,236,917 are presented as short-term in the balance sheet as at 30 June 2023 due to the financial ratios in the covenants of the agreements. As explained in Note 28, as a result of the negotiations with the banks after the balance sheet date, the banks have waived these terms and conditions for the loans amounting to TL 12,581,952 and the covenants were revised for the following months.

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2023

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

NOTE 4 - FINANCIAL INSTRUMENTS (cont'd)

Financial Borrowings (cont'd)

a) Bank loans

Foreign currency denominated bank loans and corresponding interest expense accruals as of 30 June 2023 and 31 December 2022 are as follows:

Principal Original currency	30 June 2023			31 December 2022		
	Weighted average effective interest rate (%)	Original amount (*)	TL	Weighted average effective interest rate (%)	Original amount (*)	TL
TL	15.98	-	12,119,731	18.53	-	11,461,256
US Dollar	8.45	178,954	4,629,458	5.38	36,451	681,572
Euro	5.96	1,069,502	30,315,972	5.20	572,164	11,426,572
			47,065,161			23,569,400
Interest accrued						
TL		-	332,968		-	497,515
US Dollar		2,435	62,998		488	9,150
Euro		17,945	506,146		5,103	101,920
			47,967,273			24,177,985

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

The repayment schedule of the Group's financial borrowings is as follows:

	<u>30 June 2023</u>	<u>31 December 2022</u>
Within 1 year	37,329,223	16,537,362
Within 1-2 year	2,665,074	1,608,128
Within 2 - 3 year	2,119,010	1,367,668
Within 3 - 4 year	1,930,531	1,296,255
Within 4 - 5 year	1,855,879	751,166
5 + years	2,067,556	2,617,405
	47,967,273	24,177,985

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(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	<u>30 June 2023</u>	<u>31 December 2022</u>
Short-term	127,642	72,250
Long-term	192,775	85,905
	320,417	158,155
Maturity distribution:	<u>30 June 2023</u>	<u>31 December 2022</u>
Within 1 year	127,642	72,250
Within 1–2 years	98,089	71,785
Within 2-3 years	30,253	14,120
Within 3-4 years	28,932	-
Within 4-5 years	35,501	-
	320,417	158,155

Finance lease is related to the purchase of production equipment with a lease term of 4-5 years. The Group's liabilities regarding financial leasing are secured by the ownership right of the lessor on the leased asset. On the contract date, interest rates for financial leasing transactions are fixed for the entire lease period. Average effective contract interest rate is approximately 5.05% annually (2022: 4.02%) and the currency of contracts is Euro.

c) Convertible Bonds

The transaction of issuance of Euro-denominated Convertible Bonds with a nominal value of EUR 200,000,000 (Two hundred million Euros) with a maturity of 5 (five) years, to be sold to qualified investors, was completed as of 30 June 2021, and the net amount of the transaction was transferred to the Company accounts on 1 July 2021.

The bonds with a maturity date of 30 June 2026 (ISIN Code: XS2357838601) were sold in units with a minimum value of EUR 100,000 under the guarantee of Sasa Dış Ticaret A.Ş. Bond interest has been determined as fixed annual 3.25% in addition to the transaction commission fee, and interest payments will be made quarterly. Initial Conversion Price is determined as EUR 3,5629 by adding a premium of 27.5% to the Reference Share Price calculated as EUR 2,7944 for 1 lot (TL 1 nominal) of shares traded on the Exchange over the arithmetic average of the weighted average prices realized on the Exchange over the spot exchange rate within the 15-day monitoring period covering the date of 24 June 2021-14 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 this scope, the Conversion Rate calculated for the bond with a nominal value of EUR 0,7745 is 129,115 (lot) shares.

Income from bond issuance is used for refinancing existing debts and financing investments.

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2023

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NOTE 4 - FINANCIAL INSTRUMENTS (cont'd)

Financial Borrowings (cont'd)

c) Convertible Bonds (cont'd)

Currency type	30 June 2023			31 December 2022		
	Interest rate (%)	Currency amount (*)	TL	Interest rate (%)	Currency amount (*)	TL
Euro	3.25	19,900	561,275	3.25	89,300	1,815,345
			561,275			1,815,345

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

The fair value of the debt portion of the convertible bond is determined by using the market interest rate of the non-equivalent bond at the issue date. This amount is recognized as a liability on an amortized cost basis until the bonds are converted into shares or are matured. The remainder of the total issue price will be recognized under equity as a share conversion option. As of the reporting period, EUR 180,100,000 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.

	30 June 2023	31 December 2022
The nominal value of the convertible bond on the day of issue	2,061,480	2,061,480
Equity component of convertible bond on the day of issue	(83,902)	(83,902)
The liability component of the convertible bond on the day of issue	1,977,578	1,977,578
Exchange rate differences	1,915,899	1,921,793
Bonds converted into shares	(3,471,087)	(2,085,114)
Interest accruals (*)	443,204	224,622
Interest payments	(304,319)	(223,534)
Liability component of convertible bond as of 31 December	561,275	1,815,345

(*) 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.

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(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.

	30 June 2023	30 June 2022
Opening balance	26,151,485	11,998,872
Interest expense	1,708,811	614,732
Interest paid	(1,685,134)	(526,286)
Exchange difference	10,776,741	1,393,061
Capitalized borrowing costs (Note 10)	933,941	370,434
Payments for lease liabilities	(41,058)	(31,196)
Loans received	24,219,806	9,025,167
Repayments of loans	(11,829,654)	(3,468,878)
Share conversions of issued debt instruments	(1,385,973)	-
Commission expenses	59,226	-
Paid commission	(59,226)	-
Closing balance	48,848,965	19,375,906

NOTE 5 - TRADE RECEIVABLES AND PAYABLES

Trade Receivables

	30 June 2023	31 December 2022
Trade receivables (*)	6,078,018	2,882,427
Cheques received (**)	1,297,294	738,339
Provision for doubtful receivables	(6,158)	(6,158)
	7,369,154	3,614,608
Receivables from related parties (Note 26)	96,270	-
	7,465,424	3,614,608

(*) As of 30 June 2023, trade receivables are discounted by using monthly 3.26% for TL, 0.99% for US Dollar, 0.92% for Euro (As of 31 December 2022: 1.75% for TL, 1.17% for US Dollar, 0.75% for Euro).

(**) Notes received constitute the notes obtained from customers and kept in portfolio as a result of trade activities and consist of TL 727,716 with maturities of less than three months (31 December 2022: TL 521,867).

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2023

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

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

Trade Receivables (cont'd)

The table of trade receivables that are past due but not impaired is as follows.

Overdue period	<u>30 June 2023</u>	<u>31 December 2022</u>
Up to 1 month	638,839	347,982
1 - 3 months	34,341	29,571
Over 3 months	41	-
	673,221	377,553

As of 30 June 2023 and 31 December 2022, due to existence of credit insurance, 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	<u>30 June 2023</u>	<u>31 December 2022</u>
Over 6 months	6,158	6,158
	6,158	6,158

The Group measures the impairment for its trade receivables based on lifetime expected credit losses. Expected credit losses on trade receivables are estimated using a provision matrix generated from customers' past defaults, analyzing their current financial position, and taking into account the general economic conditions of the industry in which the relevant customer operates and conditions at the reporting date. The Group allocates a 100% provision for all receivables overdue for 6 months or more which do not have any collateral, based on the risk of non-collection in their past experience.

	<u>1 January - 30 June 2023</u>	<u>1 January - 30 June 2022</u>
Balance at 1 January	(6,158)	(1,402)
Provision during the period	-	(3,601)
Balance at 30 June	(6,158)	(5,003)

Trade Payables

	<u>30 June 2023</u>	<u>31 December 2022</u>
Trade payables (*)	5,816,394	7,507,950
	5,816,394	7,507,950

(*) As of 30 June 2023, trade payables are discounted by using monthly 3.26% for TL, 0.99% for US Dollar, 0.92% for Euro (As of 31 December 2022: 1.75% for TL, 1.17% for US Dollar, 0.75% for Euro.

As of 30 June 2023, average turnover for trade receivables and trade payables are 57 days and 110 days, respectively (31 December 2022: 49 days and 79 days, respectively).

SASA POLYESTER SANAYİ A.Ş. AND ITS SUBSIDIARIES**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2023**

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

NOTE 6 - PAYABLES RELATED TO EMPLOYEE BENEFITS

	<u>30 June 2023</u>	<u>31 December 2022</u>
Due to personnel	51,719	31,810
Social security premiums payable	63,360	52,667
	<u>115,079</u>	<u>84,477</u>

NOTE 7 - OTHER RECEIVABLES, PAYABLES AND DEFERRED INCOME**Other Current Receivables**

	<u>30 June 2023</u>	<u>31 December 2022</u>
Deposits and guarantees given	250	249
Other receivables (*)	72,726	5,579
	<u>72,976</u>	<u>5,828</u>

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

Other Payables

	<u>30 June 2023</u>	<u>31 December 2022</u>
Taxes, duties and fees payable	356,872	25,161
	<u>356,872</u>	<u>25,161</u>

Deferred Income

	<u>30 June 2023</u>	<u>31 December 2022</u>
Order advances received	3,461,371	1,844,462
Order advances received from related parties (Note 26)	173,523	256,706
	<u>3,634,894</u>	<u>2,101,168</u>

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2023

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

NOTE 8 - INVENTORIES

	<u>30 June 2023</u>	<u>31 December 2022</u>
Raw materials	3,833,217	3,237,111
Finished goods	2,379,491	2,148,233
Goods in transit (*)	2,904,530	3,062,090
Spare parts	170,410	141,122
Semi - finished goods	92,809	60,560
Other	94,167	107,918
	9,474,624	8,757,034

(*) As of the reporting period, they are raw material purchases on transit.

NOTE 9 - PREPAID EXPENSES

Prepaid Expenses (Short-Term)

	<u>30 June 2023</u>	<u>31 December 2022</u>
Prepaid insurance expenses	3,166	84,139
Other prepaid expenses	48,796	2,339
	51,962	86,478

Prepaid Expenses (Long-Term)

	<u>30 June 2023</u>	<u>31 December 2022</u>
Given advances for fixed asset (*)	3,851,297	1,764,327
	3,851,297	1,764,327

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

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2023

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

NOTE 10 - PROPERTY, PLANT AND EQUIPMENT

The movement of property, plant and equipment and related accumulated depreciation for the accounting periods ended 30 June 2023 and 2022 is as follows:

	1 January 2023	Additions	Transfers (**)	Disposals	30 June 2023
Cost					
Land	3,817,637	92,276	-	-	3,909,913
Land improvements	21,744	-	4	-	21,748
Buildings	752,783	6,916	19	-	759,718
Machinery, plant and equipment	5,170,630	44,387	298,088	(736)	5,512,369
Vehicles	25,656	566	722	-	26,944
Furniture and fixtures	80,263	5,699	2,404	(1,280)	87,086
Construction in progress (*)	13,209,866	8,498,986	(301,237)	-	21,407,615
	23,078,579	8,648,830	-	(2,016)	31,725,393
Accumulated depreciation					
Land improvements	3,830	422	-	-	4,252
Buildings	117,946	14,518	-	-	132,464
Machinery, plant and equipment	932,661	126,128	-	(7)	1,058,782
Vehicles	10,593	2,393	-	-	12,986
Furniture and fixtures	19,789	5,602	-	(1)	25,390
	1,084,819	149,063	-	(8)	1,233,874
Net book value	21,993,760				30,491,519

(*) In the period ending on 30 June 2023, the capitalized borrowing cost for investments in progress is TL 933,941 (30 June 2022: TL 370,434) (Note 4). As of 30 June 2023, the Group has machinery pledges amounting to TL 47,855,269 on property, plant and equipment (31 December 2022: TL 6,441,824) (Note 13).

(**) As at 30 June 2023, TL 301.235 of the transfer amount is the transfer amount arising from the capitalisation of machinery and equipment acquired under finance lease.

SASA POLYESTER SANAYİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2023

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

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

	1 January 2022	Additions	Transfers	Disposals	30 June 2022
Cost					
Land	1,657,008	-	5	-	1,657,013
Land improvements	20,001	1,735	831	-	22,567
Buildings	750,461	200	5,665	-	756,326
Machinery, plant and equipment	5,032,039	64,485	-	(2,600)	5,093,924
Vehicles	16,524	6,205	1,113	(1,573)	22,269
Furniture and fixtures	38,414	16,484	-	(1,238)	53,660
Construction in progress	1,961,335	3,258,046	(1,113)	-	5,218,268
	9,475,782	3,347,155	6,501	(5,411)	12,824,027
Accumulated depreciation					
Land improvements	3,031	378	686	-	4,095
Buildings	92,101	14,252	5,591	-	111,944
Machinery, plant and equipment	660,585	118,306	-	(2,526)	776,365
Vehicles	7,035	1,650	-	(553)	8,132
Furniture and fixtures	11,787	3,274	-	(290)	14,771
	774,539	137,860	6,277	(3,369)	915,307
Net book value	8,701,243				11,908,720

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2023

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

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

Fair value measurement of the Group's freehold land and buildings

The Group's freehold land and buildings are stated at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. The fair value measurements of the Group's freehold land and buildings were performed on 31 December 2021 by İdeal Gayrimenkul Değerleme ve Danışmanlık A.Ş. which is authorized by Capital Markets Board, and they have appropriate qualifications and recent experience in the valuation of properties in the relevant locations. 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 land and information about the fair value hierarchy as of 30 June 2023 are as follows:

	Fair value hierarchy as of reporting date			
	30 June 2023	Level 1	Level 2	Level 3
Land	3,909,913	-	-	3,909,913
	3,909,913	-	-	3,909,913

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

The movement table for the plots and lands valued from Level 3 is as follows:

	1 January - 30 June 2023	1 January - 30 June 2022
Opening balance	3,817,637	1,657,008
Additions	92,276	5
Closing balance	3,909,913	1,657,013

If the land and plots were presented according to the cost method, the amounts would be as follows:

	30 June 2023	31 December 2022
Land	2,596,100	2,503,824
	2,596,100	2,503,824

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2023

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

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

Income statement accounts related to depreciation and amortization of total (property, plant and equipment, intangible assets, investment property) during the periods ended 30 June 2023 and 2022 are as follows:

	1 January - 30 June 2023	1 January - 30 June 2022
Production cost (Note: 17)	144,252	140,249
General administrative expenses (Note: 18)	5,113	2,728
Marketing, selling and distribution expenses (Note: 18)	2,268	2,072
Research expenses (Note: 18)	184	186
	151,817	145,235

NOTE 11 - INTANGIBLE ASSETS

The movement of intangible assets and related accumulated amortization for the year ended 30 June 2023 and 2022 is as follows:

	1 January 2023	Additions	30 June 2023
Cost			
Software	22,832	2,411	25,243
Development costs	8,210	-	8,210
	31,042	2,411	33,453
Accumulated amortization			
Software	15,330	2,754	18,084
Development costs	8,210	-	8,210
	23,540	2,754	26,294
Net book value	7,502		7,159
	1 January 2022	Additions	30 June 2022
Cost			
Software	13,620	1,382	15,002
Development costs	8,210	-	8,210
	21,830	1,382	23,212
Accumulated amortization			
Software	9,767	1,066	10,833
Development costs	8,210	-	8,210
	17,977	1,066	19,043
Net book value	3,853		4,169

The statement of income accounts in which total amortization for the year ended 30 June 2023 and 2022 are recognized, is presented in Note 10.

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2023

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

NOTE 12 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

Provision for Litigation

	<u>30 June 2023</u>	<u>31 December 2022</u>
Provision for litigation (*)	3,326	2,489
	3,326	2,489

(*) 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 30 June 2023 and 2022, the movement tables of the provision for expenses related to restructuring and other receivable requests are as follows:

	<u>1 January - 30 June 2023</u>	<u>1 January - 30 June 2022</u>
Balance at 1 January	2,489	1,460
Provision for the period (Note 18)	956	459
Provision written-off within the period (Note 18)	(119)	-
Balance at 30 June	3,326	1,919

NOTE 13 - COMMITMENTS

As of 30 June 2023 and 31 December 2022, the total of commitments not included in the liabilities:

Commitments based on export incentive certificates

	<u>30 June 2023</u>	<u>31 December 2022</u>
Total amount of export commitment of certificates	58,467,585	40,265,329
Total amount of export commitment of documents which are presently fulfilled but closing transactions are not concluded yet	21,235,446	14,880,442
Total amount of registered open export incentives	37,232,138	25,384,887
Other open export incentives	23,018,455	16,519,572
	30 June 2023	31 December 2022
Open Letter of Credits	4,686,719	5,767,442

SASA POLYESTER SANAYİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2023

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

NOT 13 - COMMITMENTS (cont'd)

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

	30 June 2023				31 December 2022			
	TL Equivalent	TL	US Dollar	Euro	TL Equivalent	TL	US Dollar	Euro
A. Total CPMs given for								
Company's Own Legal Entity (*)	53,434,281	3,641,739	55,018	1,714,930	9,751,664	3,735,936	-	301,226
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	53,434,281	3,641,739	55,018	1,714,930	9,751,664	3,735,936	-	301,226

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

The guarantees mostly consist of the guarantees given to the suppliers with reference to the bank loans used for the investments and the purchases made for the investments. In addition, machinery pledges amounting to TL 47,855,269 are included in the guarantees (31 December 2022: TL 6,441,824).

As of 30 June 2023, the percentage of the other GPM's given by the Group to the total equity is 0% (31 December 2022: 0%).

Mortgages and guarantees received at 30 June 2023 and 31 December 2022 are as follows:

	30 June 2023	31 December 2022
Letters of guarantee received	2,495,849	1,474,495
	2,495,849	1,474,495

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2023

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

NOTE 14 - PROVISIONS FOR EMPLOYEE BENEFITS

Provisions for long-term employee benefits

	<u>30 June 2023</u>	<u>31 December 2022</u>
Provision for employment termination benefits	117,923	150,305
Accumulated provision for unused vacation	21,023	17,957
	138,946	168,262

Unused Vacation Provision

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 unused vacation allowances as of 30 June 2023 and 2022 are as follows:

	<u>1 January - 30 June 2023</u>	<u>1 January - 30 June 2022</u>
Balance at 1 January	17,957	10,697
Provision for the period	10,918	11,080
Provision released during the period	(7,852)	(5,057)
Balance at 30 June	21,023	16,720

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.

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

	<u>30 June 2023</u>	<u>30 June 2022</u>
Discount rate (%)	3.50	4.50
Retention rate to estimate probability of retirement (%)	98	98.33

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2023

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

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

Provision for Employment Termination Benefits (cont'd)

Discount rate is derived upon the difference of long-term interest's rates in TL and the expected inflation rate. The principal assumption is that maximum liability for each year of service will increase in line with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. The maximum amount of TL 23.49 (1 January 2023: TL 19.98), which is expected to be effective from 1 July 2023, has been taken into consideration in calculating the provision for employment termination benefits of the Group. Movements of provision for employment termination benefits:

	<u>1 January- 30</u> <u>June 2023</u>	<u>1 January- 30</u> <u>June 202</u>
Balance at 1 January	150,305	77,228
Provision for the period	94,706	55,465
Payment within the period	(127,088)	(11,686)
Balance at 30 June	117,923	121,007

NOTE 15 - OTHER ASSETS AND LIABILITIES

Other Current Assets

	<u>30 June 2023</u>	<u>31 December 2022</u>
VAT return receivables from export and domestic market sales (*)	527,504	451,992
Deferred VAT	146,238	574,733
	673,742	1,026,725

(*) As of 30 June 2023, the Group has completed the application process for TL 449,561 of its VAT receivable amounting to TL 527,504, and as of the report publication date, TL 347,177 of the portion for which the refund application has been made has been collected (31 December 2022: TL 127,808).

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2023

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

NOTE 16 - EQUITY

Sasa Polyester Sanayi A.Ş fully paid and issued capital each Kr 1 nominal value of 529,595,979,910 shares (31 December 2022: 226,363,300,000). The shareholders and shareholding structure of the Group as of 30 June 2023 and 31 December 2022 are as follows.

	<u>30 June 2023</u>		<u>31 December 2022</u>	
	Share amount	Share percentage	Share amount	Share percentage
Erdemoğlu Holding A.Ş. (*)	3,162,933	59.72	1,404,292	62.04
Merinos Halı San. ve Tic. A.Ş.	701,790	13.25	305,126	13.48
Dinarsu İmalat ve Ticaret T.A.Ş.	400,401	7.56	174,088	7.69
Other	1,030,836	19.47	380,127	16.79
Share capital	5,295,960	100	2,263,633	100
Adjustments to share capital	13		13	
Total capital	5,295,973		2,263,646	

(*) On 13 June 2023, Erdemoğlu Holding sold 66,937,802 shares of Sasa shares held by Erdemoğlu Holding at a price of TL 53 for a total of TL 3,547,704. After this sale, Erdemoğlu Holding's shareholding in Sasa Polyester decreased to 3,162,933 and its share percentage decreased to 59.72 (31 December 2022: shares 1,404,292, share percentage 62.04).

Shareholders' equity items of Group as at 30 June 2023 and 31 December 2022 prepared in accordance with the Communiqué No: XI-29 are as follows:

	<u>30 June 2023</u>	<u>31 December 2022</u>
Share Capital (*)	5,295,960	2,263,633
Adjustments to Share Capital	13	13
Repurchased Shares (**)	(1,000)	-
Restricted Reserves Appropriated from Profit	303,750	213,747
Other Reserves	83,902	83,902
Share Premiums	2,124,149	777,134
Prior Years' Profits	8,771,840	1,314,827
Loss on Remeasurement of Defined Benefit Plans	(4,109)	(4,109)
Gain on Revaluation of Property, Plant and Equipment	1,182,432	1,182,432
Net (Loss) / Profit for the Period	(704,138)	10,589,574
Total Equity	17,052,799	16,421,153

(*) The capital increase from TL 2,263,633 to TL 2,302,592 by Sasa Polyester Sanayi A.Ş., a group company, was completed as of 09 January 2023. In addition, the amended Article 8 of the Company's Articles of Association was registered by Adana Trade Registry Directorate and published in the Turkish Trade Registry Gazette dated 29 May 2023 and numbered 10840 within the scope of the 130% capital increase from TL 2,302,592 to TL 5,295,960.

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

NOTE 16 - EQUITY (cont'd)

Restricted Reserves Appropriated from Profit

The legal reserves 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 International Financial Reporting Standards.

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

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

NOTE 16 - EQUITY (cont'd)

Other Reserves

Other reserves are the fair value of conversion rights related to 3.25% convertible bonds, details of which are disclosed in Note 4(c).

Dividend Distribution

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

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

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

Resources that can be Subject to Profit Distribution:

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

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

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2023

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

NOTE 17 - 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 3,634,894 (31 December 2022: TL 2,101,168) (Note 7). The Group expects to recognize this revenue in its financial statements within one year.

Revenue

	1 January- 30 June 2023	1 April- 30 June 2023	1 January- 30 June 2022	1 April- 30 June 2022
Polyester Chips (SPC)	5,383,426	2,513,279	6,070,449	3,222,389
Domestic	3,665,299	1,772,260	4,114,741	2,190,629
Foreign	1,718,127	741,019	1,955,708	1,031,760
Polyester Fiber	4,965,256	2,371,169	4,869,960	2,795,481
Domestic	3,430,932	1,601,053	2,951,229	1,676,974
Foreign	1,534,324	770,116	1,918,731	1,118,507
Polyester Yarn (Filament)	2,572,282	1,348,329	2,279,445	1,232,846
Domestic	2,564,814	1,342,758	2,257,179	1,228,652
Foreign	7,468	5,571	22,266	4,194
Poy-Texturized (Filament)	2,388,227	1,071,408	2,160,090	1,145,946
Domestic	2,359,552	1,057,662	2,158,021	1,143,877
Foreign	28,675	13,746	2,069	2,069
DMT (SPC)	242,791	161,519	212,756	116,594
Domestic	-	-	33	33
Foreign	242,791	161,519	212,723	116,561
Other	65,678	22,353	36,353	7,658
Domestic	55,110	14,845	36,353	7,658
Foreign	10,568	7,508	-	-
Revenue	15,617,660	7,488,057	15,629,053	8,520,914

Cost of Sales

	1 January- 30 June 2023	1 April- 30 June 2023	1 January- 30 June 2022	1 April- 30 June 2022
Raw materials expense	10,584,506	5,458,249	9,872,219	5,565,351
Energy expenses	1,152,117	453,024	1,036,734	600,387
Labour expenses	737,204	398,349	377,749	215,969
Depreciation and amortization expenses (Note 10-11)	135,343	70,051	136,070	71,233
Spare parts and maintenance expenses	136,517	77,447	92,172	54,493
Insurance expenses	33,444	16,707	14,659	7,339
Usage of semi-finished goods	(32,249)	(52,147)	(50,519)	(34,720)
Other expenses	318,569	169,950	273,733	151,040
Production Cost for the Period	13,065,451	6,591,630	11,752,817	6,631,092
Usage of intermediate goods and finished goods	(212,017)	(815,158)	(564,092)	(302,376)
Cost of waste goods sold	42,120	17,429	43,209	22,857
Other idle period expense	59,288	25,755	11,791	7,049
idle period (Note 10-11)	8,909	4,435	4,179	2,754
Cost of Goods Sold During the Period	12,963,751	5,824,091	11,247,904	6,361,376

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2023

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

NOT 18 - MARKETING, GENERAL ADMINISTRATIVE AND RESEARCH & DEVELOPMENT EXPENSES

General Administrative Expenses

	1 January- 30 June 2023	1 April- 30 June 2023	1 January- 30 June 2022	1 April- 30 June 2022
Personnel expenses	84,939	42,641	38,640	20,545
Consultancy expenses	17,948	10,158	27,521	14,169
Supplies, repair and maintenance expenses	13,782	9,188	5,500	3,388
Insurance expenses	9,654	4,693	4,933	2,429
Severance and notice pay	8,205	5,591	14,744	5,639
Depreciation and amortization expenses (Note 10-11)	5,113	2,500	2,728	1,459
Assisted services expenses	4,030	2,844	3,052	1,805
Litigation provision (Note 12)	956	689	459	344
Energy expenses	911	376	947	507
Doubtful receivables provision expenses (Note 5)	-	-	3,601	3,601
Provisions released (Note 12)	(119)	(101)	-	-
Other expenses	27,126	16,239	12,174	6,736
	172,545	94,818	114,299	60,622

Marketing Expenses

	1 January- 30 June 2023	1 April- 30 June 2023	1 January- 30 June 2022	1 April- 30 June 2022
Export and freight expenses	367,922	187,625	442,245	264,547
Personnel expenses	37,576	18,529	26,345	13,517
Taxes and duties expenses	35,371	1,070	37,871	127
Insurance expenses	7,163	3,689	5,636	3,070
Depreciation expense and amortization (Note 10-11)	2,268	1,139	2,072	1,039
Rent expenses	678	253	-	-
Other expenses	17,356	10,179	14,339	10,429
	468,334	222,484	528,508	292,729

Research and Development Expenses

	1 January- 30 June 2023	1 April- 30 June 2023	1 January- 30 June 2022	1 April- 30 June 2022
Labour and personnel expense	811	548	620	545
Depreciation and amortization expenses (Note 10-11)	184	92	186	93
Other expenses	710	432	158	103
	1,705	1,072	964	741

SASA POLYESTER SANAYİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2023

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

NOTE 19 - OTHER INCOME / EXPENSE FROM OPERATING ACTIVITIES

Other Operating Income

	1 January- 30 June 2023	1 April- 30 June 2023	1 January- 30 June 2022	1 April- 30 June 2022
Foreign exchange gains on trade receivables/payables	6,661,781	5,766,895	3,769,161	516,281
Profit from insurance events	256,682	153,498	-	-
Income from sale of raw materials	34,302	15,085	47,762	5,696
Miscellaneous sales income	18,598	11,108	72,069	26,222
Interest income from incentive	-	-	10,675	9,044
Other income (*)	274,010	187,480	9,636	3,792
	7,245,373	6,134,066	3,909,303	561,035

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

Other Operating Expenses

	1 January- 30 June 2023	1 April- 30 June 2023	1 January- 30 June 2022	1 April- 30 June 2022
Foreign exchange expense from trade receivables/payables	7,342,329	6,172,644	4,113,691	598,443
Taxes, fees and penalties	29,076	17,275	11,553	9,199
Cost of raw materials sales	24,903	6,451	42,020	7,378
Cost of miscellaneous sales	10,773	4,322	12,996	8,349
Other expenses	144,462	35,558	93,596	49,637
	7,551,543	6,236,250	4,273,856	673,006

NOTE 20 – EXPENSES BY NATURE

	1 January- 30 June 2023	1 January- 30 June 2022
Direct raw materials expense	10,584,506	9,872,219
Energy expenses	1,153,028	1,037,705
Labour and personnel expenses	860,530	443,354
Export and freight costs	367,922	442,245
Depreciation and amortization expenses (Note 10-11)	151,817	145,235
Spare parts and maintenance expenses	136,517	92,172
Other idle period expense	59,288	11,791
Insurance expenses	50,261	25,228
Cost of waste goods sold	42,120	43,209
Taxes and funds	35,371	37,871
Consultancy expenses	17,948	27,521
Maintenance and repair expense	13,782	5,500
Severance and notice pay	8,205	14,744
Auxiliary service expenses	4,030	3,052
Provision for litigation	956	459
Doubtful receivables provision expense (Note 5)	-	3,601
Usage of semi-finished goods	(32,249)	(50,519)
Usage of finished goods in the period	(212,017)	(564,092)
Other expenses	364,320	300,380
	13,606,335	11,891,675

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NOTE 21 - INCOME / (EXPENSES) FROM INVESTING ACTIVITIES

	1 January- 30 June 2023	1 April- 30 June 2023	1 January- 30 June 2022	1 April- 30 June 2022
Gain on sales of property, plant and equipment (*)	1,647	1,465	1,312	357
Loss on sales of property, plant and equipment (*)	(64)	(53)	(452)	(130)
Rent income	-	-	126	9
	1,583	1,412	986	236

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

NOTE 22 - FINANCE INCOME

	1 January- 30 June 2023	1 April- 30 June 2023	1 January- 30 June 2022	1 April- 30 June 2022
Foreign exchange income	1,063,172	485,900	1,102,715	594,412
Interest income	87,200	81,708	13,133	6,570
	1,150,372	567,608	1,115,848	600,982

NOTE 23 - FINANCE EXPENSES

	1 January- 30 June 2023	1 April- 30 June 2023	1 January- 30 June 2022	1 April- 30 June 2022
Foreign exchange expenses	10,348,692	9,254,440	2,045,185	966,373
Interest expenses (Note 4)	1,550,403	764,985	562,003	311,324
Letter of guarantee and bank expenses	139,093	55,419	-	-
Commission expenses	76,501	-	128,098	94,492
Interest expense on issued loan instruments (Note 4)	158,408	155,884	52,729	41,847
	12,273,097	10,230,728	2,788,015	1,414,036

SASA POLYESTER SANAYİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2023

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NOTE 24 - 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 breakdown of accumulated temporary differences and deferred tax assets and liabilities as of 30 June 2023 and 31 December 2022, using the applicable tax rates, is as follows:

	Cumulative temporary difference		Deferred tax asset / (liabilities)	
	30 June 2023	31 December 2022	30 June 2023	31 December 2022
Net difference between recorded value of property, plant and equipment and intangible assets and tax value	11,662,083	4,633,872	2,332,417	926,774
Property, plant and equipment revaluation difference	(1,313,813)	(1,313,813)	(131,381)	(131,381)
Investment incentives deduction to be used (*)	20,375,433	13,378,910	20,375,433	13,378,910
Provision for employment termination benefits	117,923	150,305	23,585	30,061
Valuation differences of inventories	2,070,253	114,417	414,051	22,883
Adjustment of periodicity of sales	13,583	52,878	2,717	10,576
Provision for unused vacation	21,023	17,957	4,205	3,591
Provision for litigation	3,326	2,489	665	498
Provision for doubtful receivables	6,158	6,158	1,232	1,232
Provision for export expense	18,610	11,399	3,722	2,280
Adjustment for not accrued financial income	-	(70,665)	-	(14,133)
Adjustment for not accrued financial expenses	-	65,611	-	13,122
Adjustments for foreign currency exchange difference	82,309	523,245	16,459	104,649
Adjustments for convertible bonds	80,895	(14,020)	16,179	(2,804)
Other adjustments	-	5,885	-	1,177
Deferred tax assets			23,190,665	14,495,753
Deferred tax liabilities			(131,381)	(148,318)
Deferred tax asset, net			23,059,284	14,347,435

(*) The related amount is disclosed in government grants and incentives section.

SASA POLYESTER SANAYİ A.Ş. AND ITS SUBSIDIARIES**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
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NOTE 24 - TAX ASSETS AND LIABILITIES (cont'd)**Deferred Taxes (cont'd)**

	<u>30 June 2023</u>	<u>31 December 2022</u>
Sasa Polyester San. A.Ş.	23,046,687	14,328,421
Sasa Dış Ticaret A.Ş.	12,597	19,014
	<u>23,059,284</u>	<u>14,347,435</u>

Movement table of deferred taxes is as follows:

	<u>1 January - 30 June 2023</u>	<u>1 January - 30 June 2022</u>
Balance at 1 January	14,347,435	3,812,462
Deferred tax expense / income for the period	1,715,326	203,965
Deferred tax income from incentive certificate	6,996,523	3,674,047
Balance at 30 June	23,059,284	7,690,474

Reconciliation of tax provision

	<u>1 January - 30 June 2023</u>	<u>1 January - 30 June 2022</u>
Profit / (loss) before tax from operating activities	(9,415,987)	1,701,644
Income tax rate: 20% (2022: 23%)	1,883,197	(374,362)
Tax effects:		
- Non-deductible expenses	(218,369)	(160,310)
- Effects of reduced corporate tax application	6,996,523	3,674,047
- Exemption used within the scope of the incentive certificate	66,732	748,676
- Other adjustments, inflation and tax rate change effect	(16,234)	(10,039)
Tax income recognised in the income statement	8,711,849	3,878,012

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NOTE 24 - 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 investment incentives utilized.

The effective tax rate in 2023 is 20% (2022: 23%) for the Group.

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

The corporate tax rate in Turkey is 20% (2022: 23%). Corporate tax is payable in one instalment until the last day of the fourth month following the end of the accounting period to which it relates and is payable in one instalment until the end of the same month. In accordance with the tax legislation, temporary tax at the rate of 20% is calculated and paid on quarterly earnings and the amounts paid are deducted from the tax calculated on annual earnings.

SASA POLYESTER SANAYİ A.Ş. AND ITS SUBSIDIARIES

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

NOTE 24 - 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 corporation tax that will be calculated over corporate tax declaration. If any temporary tax amount remains despite the offsetting, the amount can be refunded in cash or deducted from other financial liabilities.

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 taxes income for 30 June 2023 and 2022 have been reconciled to the current year tax income as follows:

	1 January- 30 June 2023	1 January- 30 June 2022
Calculated corporate tax	66,732	748,676
Tax amount deducted under the incentive certificate	(66,732)	(748,676)
Current period tax expense	-	-
Deferred tax (expense) / income	1,715,326	203,965
Deferred tax asset utilized		
of incentive certificate	7,063,255	4,422,723
Discount amount used under the incentive certificate	(66,732)	(748,676)
Total tax income	8,711,849	3,878,012

Corporate tax rate actualized on the basis of taxable profit of the Group is calculated from remaining tax assessment after addition of non-deductible expenses and deduction of tax-exempt earnings, tax free income and other incentive (accumulated prior year losses and investment incentive).

SASA POLYESTER SANAYİ A.Ş. AND ITS SUBSIDIARIES

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

NOTE 24 - TAX ASSETS AND LIABILITIES (cont'd)

Corporate Tax (cont'd)

Government Grants and Incentives

As a result of the application of Sasa Polyester Sanayi A.Ş., one of the Group companies, 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 2,906,596 (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 start-up date providing not exceeding TL 300,000)

As a result of the incentive certificate application of Sasa Polyester Sanayi A.Ş., one of the Group companies, made to the Ministry of Industry and Technology, General Directorate of Incentive Implementation and Foreign Capital, it received an investment incentive certificate on PTA and Polymer Chips Production Facilities Investment on 4 January 2021.

The investment amount subject to the incentive is TL 23,849,887 (31 December 2022: TL 20,885,002) as of 30 June 2023, after the revisions made, and the incentive elements that will be imposed related to the incentive are as follows.

- Custom Duty Exemption,
- VAT Exemption
- VAT Return,
- Corporate Tax Reduction (tax reduction rate: 100%, investment contribution rate: 104%, 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 start-up date providing not exceeding TL 50,000).

As of 30 June 2023, the Group has TL 20,375,433 tax deduction right to be used in the following periods (2022: TL 13,378,910).

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

NOTE 24 - 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 TFRS. These differences are generally due to the fact that the tax base amounts of some income and expense items take place in different periods in the legal financial statements and the financial statements prepared in accordance with TFRS. The Group has deferred tax assets amounting to TL 23,059,284 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 30 June 2023, the following assumptions were used in the calculation of the recoverable amount of deferred tax assets:

- There is no time restriction on this incentive.
- Based on the consolidated tax profit projections prepared by the management. The Company's growth assumptions are based on 2024-2025 when the investments are planned to be completed.
- The long-term inflation expectation of 21% is used in the profit projections. The long-term exchange rate increase expectation at the end of 2023 is used in the range of 18% - 20% (in USD terms).
- Possible tax planning strategies have been considered.

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

NOTE 25 - 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. In Turkey, companies can increase their capital through the "bonus shares" they distribute to their shareholders from retained earnings. Such "bonus share" 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. Since the convertible bond is not tradable as of 30 June 2023, diluted earnings per share are not presented.

	1 January- 30 June 2023	1 April- 30 June 2023	1 January- 30 June 2022	1 April- 30 June 2022
Net profit	(704,138)	(3,200,110)	5,579,656	3,247,138
<i>Weighted average number of shares:</i>				
Weighted average number of ordinary shares	3,015,942,240	3,015,942,240	3,015,942,240	3,015,942,240
Earnings per share with a nominal value of 1 TL (full TL)	(0.2335)	(1.0611)	1.8501	1.0767
Earnings per share from continuing operations				

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NOTE 26 - RELATED PARTY DISCLOSURES

a) Trade receivables from related parties:

The Group's receivables from related parties consist of trade receivables related to fiber, yarn and yarn sales to related parties.

	30 June 2023	31 December 2022
Zeki Mensucat Sanayi ve Tic. A.Ş.	73,736	-
Merinos Halı San. Tic. A.Ş.	22,035	-
Dinarsu İmalat ve Ticaret T.A.Ş.	499	-
	96,270	-

b) Deferred income from related parties

The Group's deferred income from related parties consists of advances received for fiber, yarn and poy sales to its related parties.

	30 June 2023	31 December 2022
Özerdem Mensucat San. Tic. A.Ş.	173,523	112,193
Merinos Halı San. Tic. A.Ş.	-	124,647
Zeki Mensucat Sanayi ve Tic. A.Ş.	-	13,230
Dinarsu İmalat Tic. A.Ş.	-	6,636
	173,523	256,706

c) Other payables to related parties:

	30 June 2023	31 December 2022
Erdemoğlu Holding A.Ş. (*)	3,573,556	-
	3,573,556	-

(*) At the Company's board of directors meeting on 8 June 2023, within the scope of the decision to issue a contingent convertible debt instrument, which is planned to be sold entirely to the Company's controlling shareholder, Erdemoğlu Holding A.Ş., without being offered to the public, in Turkish Lira, up to a maximum of TL 4,000,000, interest is charged on the amount sent to the Company by Erdemoğlu Holding.

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NOTE 26 - RELATED PARTY DISCLOSURES (cont'd)**d) Sales to related parties:**

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

	1 January - 30 June 2023	1 April - 30 June 2023	1 January - 30 June 2022	1 April - 30 June 2022
	Goods	Goods	Goods	Goods
Zeki Mensucat Sanayi ve Tic. A.Ş.	627,494	382,111	330,798	177,362
Merinos Halı San. Tic. A.Ş.	499,941	265,863	435,338	234,230
Özerdem Mensucat San. Tic. A.Ş.	432,977	235,502	348,862	220,291
Dinarsu İmalat ve Ticaret T.A.Ş.	120,284	116,690	4,760	4,645
	1,680,696	1,000,166	1,119,758	636,528

e) Purchases from related parties:

	1 January - 30 June 2023	1 April - 30 June 2023	1 January - 30 June 2022	1 April - 30 June 2022
	Goods	Goods	Goods	Goods
Erdemoğlu Holding A.Ş.	64,836	62,336	1,725	1,725
Merinos Halı San. Tic. A.Ş.	277	130	121	-
Dinarsu İmalat ve Ticaret T.A.Ş.	17	-	-	-
Özerdem Mensucat San. Tic. A.Ş.	-	-	-	-
	65,130	62,466	1,846	1,725

f) Financial foreign exchange income from related parties:

	1 January - 30 June 2023	1 April - 30 June 2023	1 January - 30 June 2022	1 April - 30 June 2022
Merinos Halı San. Tic. A.Ş.	5,147	4,893	22,537	1,498
Zeki Mensucat San. Tic. A.Ş.	435	428	10,533	8,120
Dinarsu İmalat ve Ticaret T.A.Ş.	253	233	1,995	1,193
Özerdem Mensucat San. Tic. A.Ş.	-	-	1,411	630
	5,835	5,554	36,476	11,441

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

As of 30 June 2023 and 2022, remuneration of the Board of Directors and key management personnel amounts are as follows:

	1 January - 30 June 2023	1 April - 30 June 2023	1 January - 30 June 2022	1 April - 30 June 2022
Short-term benefits provided to key management	15,035	7,628	5,915	3,204
	15,035	7,628	5,915	3,204

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NOTE 27 - NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

Financial Risk Management

Financial risk factors

The Group's activities expose it to a variety of financial risks, including market risk, (foreign currency risk, interest rate risk), credit risk, liquidity risk and funding risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance of the Group.

The Group's risk management is implemented by the Group's Treasury Department according to approved policies by Board of Directors. Treasury Department detects and evaluates financial risks and relieve of a risk through close relations with other departments of the Group.

Foreign exchange risk management

The Group is subject to foreign exchange risk due to foreign currency denominated liabilities and assets' translation to Turkish Lira. Foreign exchange risk is traced and minimized through the analysis of foreign currency position.

Assets and liabilities denominated in foreign currencies at 30 June 2023 and 31 December 2022 are as follows:

	30 June 2023		
	TL Equivalent	USD	EURO
Trade receivables	4,337,905	98,506	63,450
Monetary financial assets (Including cash and banks)	513,848	11,517	7,655
Other	3,204,017	68,733	50,556
Total assets	8,055,770	178,756	121,661
Trade payables (including other payables)	5,199,235	130,351	64,780
Financial liabilities	27,095,074	122,705	848,109
Other	3,572,372	103,820	31,434
Current liabilities	35,866,681	356,876	944,323
Financial liabilities	9,158,083	58,984	270,599
Non-current liabilities	9,158,083	58,984	270,599
Total liabilities	45,024,764	415,860	1,214,922
Foreign currency position	(36,968,994)	(237,104)	(1,093,261)
Net foreign currency position	(36,968,994)	(237,104)	(1,093,261)

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NOTE 27 - NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont'd)

Financial Risk Management (cont'd)

Foreign exchange risk management (cont'd)

	31 December 2022		
	TL Equivalent	USD	EURO
Trade receivables	2,905,579	84,628	66,375
Monetary financial assets (Including cash and banks)	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 liabilities	11,054,134	30,958	525,474
Non-current liabilities	11,054,134	30,958	525,474
Total liabilities	23,182,367	373,121	812,928
Net foreign currency position	(18,967,837)	(266,944)	(701,104)

(*) Between 1 January 2023 and 30 June 2023, imports amounting to USD 707,410,074 (2022: USD 1,601,248,358) and exports amounting to USD 167,824,325 (2022: USD 491,677,690), of which USD 233,957,823 (2022: USD 254,930,716) is within the scope of ongoing investments.

Sensitivity to foreign currency risk

As of 30 June 2023;	Profit / (Loss)	
	Appreciation of foreign currency	Depreciation of foreign currency
20% change in US Dollar/TL parity:		
US Dollar net asset	(1,226,757)	1,337,494
US Dollar net hedged amount	-	-
US Dollar Net Effect	(1,226,757)	1,337,494
20% change in EUR/TL parity:		
EUR net asset	(6,167,042)	5,656,445
EUR net hedged amount	-	-
EUR Net Effect	(6,167,042)	5,656,445
Total	(7,393,799)	6,993,939

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NOTE 27 - NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont'd)

Financial Risk Management (cont'd)

Sensitivity to foreign currency risk (cont'd)

As of 31 December 2022;	Profit / (Loss)	
	Appreciation of foreign currency	Depreciation of foreign currency
20% change in US Dollar/TL parity:		
US Dollar net asset	(998,280)	998,280
US Dollar net hedged amount	-	-
US Dollar Net Effect	(998,280)	998,280
20% change in EUR/TL parity:		
EUR net asset	(2,795,288)	2,795,288
EUR net hedged amount	-	-
EUR Net Effect	(2,795,288)	2,795,288
Total	(3,793,568)	3,793,568

NOTE 28 - EVENTS AFTER THE BALANCE SHEET DATE

In accordance with the Presidential Decree numbered 7346 published in the Official Gazette dated 7 July 2023, the general VAT rate applied as 18% for taxable general transactions has been increased to 20% and the VAT rate applied for other deliveries and services subject to 8% VAT rate has been increased to 10% to enter into force on 10 July 2023. This matter is considered as an event after the reporting period that does not require an adjustment within the scope of TAS 10 Events after the Reporting Period.

Pursuant to the "Law on the Issuance of Additional Motor Vehicles Tax for the Compensation of Economic Losses Caused by the Earthquakes Occurring on 6/2/2023 and Amendments to Certain Laws and the Decree Law No. 375" published in the Official Gazette dated 15 July 2023; the corporate tax rate of 25% for banks, financial leasing, factoring, financing and savings finance companies, electronic payment and money institutions, authorised foreign exchange institutions, asset management companies, capital market institutions, insurance and reinsurance companies and pension companies has been increased to 30% and the corporate tax rate of 20% for other companies has been increased to 25%. The tax rate change will be effective for the earnings of the companies in 2023 and the following taxation periods. This matter is considered as a non-adjusting event after the reporting period within the scope of TAS 10 Events After the Reporting Period, and the Group continues to evaluate the possible effects of the relevant Law as of the date of publication of the financial statements.

As a result of the negotiations with the banks for the borrowings amounting to TL 12,581,952, which are recognised under short-term bank loans due to the contractual terms of the investment loans used by the Company from the banks, the banks waived current financial ratios in the covenant terms and revised covenant terms for the following months.

SASA POLYESTER SANAYİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2023

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

NOTE 28 - EVENTS AFTER THE BALANCE SHEET DATE (cont'd)

In June 2023, investors of Convertible Bonds received a request to convert into shares for bonds with a nominal amount of EUR 2,000,000 and in the meeting of the Board of Directors dated 4 July 2023, it was decided to apply to the Capital Markets Board on 5 July 2023 to meet the aforementioned demands by making a conditional capital increase and to increase the Company's issued capital from TL 5,295,960 to TL 5,298,542 by increasing the conversion amount of TL 2,582. The application was approved on 27 July 2023.