Kordsa Teknik Tekstil Anonim Şirketi
and Its Subsidiaries

Consolidated Financial Statements
As at and for the Year Ended
31 December 2023
With Independent Auditor's Report

KPMG

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To the Shareholders of Kordsa Teknik Tekstil Anonim Şirketi

A) Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Kordsa Teknik Tekstil Anonim Şirketi ("the Company")and its subsidiaries (together will be referred to as "the Group"), which comprise the consolidated statement of financial position as at 31 December 2023, the consolidated statements of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

We conducted our audit in accordance with Standards on Auditing which is a component of the Turkish Auditing Standards as adopted within the framework of the Capital Markets Board ("CMB") regulations, published by the Public Oversight Accounting and Auditing Standards Authority ("POA") ("Standards on Auditing issued by POA"). Our responsibilities under Standards on Auditing issued by POA are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We declare that we are independent of the Group in accordance with the Code of Ethics for Auditors issued by POA *(including Independence Standards)* ("POA's Code of Ethics") and the ethical principles regarding independent audit of consolidated financial statements in the CMB legislation and other relevant legislation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

As explained in Note 2.1 to the consolidated financial statements, USD amounts shown in the accompanying consolidated financial statements have been translated from Turkish Lira, as a matter of arithmetic computation only, at the official USD bid and ask rates announced by the Central Bank of Republic of Turkey ("CBRT") at 31 December 2023 and 31 December 2022 for the consolidated statement of financial position for assets and, liabilities and equity, respectively; and the official USD average CBRT bid rates of the year 2023 and 2022 for the consolidated statement of profit or loss, consolidated statement of other comprehensive income and consolidated statement of cash flows, and do not form part of these consolidated financial statements.

Key Audit Matters

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

Revenue recognition

Refer to Note 2.5 to the consolidated financial statements for summary of significant accounting policies and significant accounting estimates and assumptions for revenue recognition.

The key audit matter	How the matter was addressed in our audit
The Group's revenue is primarily generated from sales of industrial fabrics included in the structure of vehicle tires and industrial fabrics to the companies operating in tire sector. Revenue is recognized when the control of the goods is transferred, and the Group fulfilled performance obligations. Since sales contracts can be complex, the recognition of revenue in the relevant period depends on the accurate evaluation of the sales conditions specific to each situation. For this reason, there is a risk that the revenue will not be recognized in the correct period or amount for the products that may be returned from the products that have been produced and delivered, and for those whose invoices have not yet been issued to the customer and for those invoices have been issued but the control of the goods has not been transferred to the customers. The revenue is key performance indicators for assessing the Group's financial performance and there is a risk whether determination and recognition of revenue in the not correct accounting period. In this context, the recognition of revenue has been determined as a key audit matter.	- Understanding the sales process of the Group and testing the design and implementation of the key internal controls over revenue recognition, - Examination of transfer of control through sales documents obtained for selected sample sales transactions and evaluation of appropriateness of revenue recognition in the appropriate financial reporting period - Evaluation the timing of revenue recognition for the different shipment arrangements by examining the terms of trade and shipping conditions in the contracts made with customers - Obtaining direct confirmation letters for trade receivables, on a sample basis, and reconciling to the financial statements - Performing analytical procedure to identify any unusual transaction, - The collections made for the sales revenues recognized throughout the year were tested by comparing them with bank statements on a sample basis, -Inspecting relevant underlying documentation for sales returns accepted after the year end in order to assess whether the sales returns are properly accounted for

	in the appropriate financial period, - Analysing the journal entries posted by the Group regarding the revenue within the reporting period, - Evaluation of the Group's disclosures regarding the revenue in the consolidated financial statements in accordance with TFRS 15 and disclosure requirements.

Impairment Tests of indefinite-life intangible assets

Refer to Note 2.5 and Note 15 to the consolidated financial statements for summary of significant accounting policies and significant accounting estimates and assumptions for business combinations and goodwill impairment.

<u>The key audit matter</u>	<u>How the matter was addressed in our audit</u>
The Group has accounted goodwill and trademark amounting to TL 3,959,700,724 and TL 819,673,634, respectively as an indefinite-life intangible assets in consolidated financial statements as of 31 December 2023. Per TFRS, impairment test on indefinite life intangible assets is required annually. The recoverable amount of the cash generating units calculated based on the higher of the value in use or the fair value less costs, was obtained from the discounted cash flow models. In those models too many basic assumptions have been used, such as future growth rate expectation of earnings before interest, tax, depreciation and amortization ("EBITDA"), final growth rates, and weighted average cost of capital ("WACC"). Indefinite-life intangible assets are significant in the consolidated financial statements and determining the assumptions used in estimating recoverable amounts requires significant judgments. Therefore, this item has been identified as one of the key audit matters.	We have performed the following audit procedures to be responsive to this area: - Evaluation of appropriateness of cash generating units determining by Group management, - Performing inquiries with management to understand plans for each cash generating units and evaluate explanations in the framework with macroeconomic dataset, - Evaluate of appropriateness of each future cash flow estimation by comparing past financial performance for each cash generating units, - Evaluation of the appropriateness of the discount rates used in the work for each cash generating unit with the comparison of the sector WACC rates as well as discount rates, long term growth rates and EBITDA growth rates with the assistance of our valuation experts, - Evaluation of the discounted cash flow calculation model and controlling its mathematical calculation, - Controlling management analyzes regarding the sensitivity of the assumptions used to market conditions, - Evaluation of the appropriateness of the disclosures in related to the impairment regarding the principal assumptions used, judgments and sensitivities.

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

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

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

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

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

Responsibilities of auditors in an audit are as follows:

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

As part of an audit in accordance with Standards on Auditing issued by POA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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

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

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

B) Other Legal and Regulatory Requirements

1) Pursuant to the fourth paragraph of Article 398 of Turkish Commercial Code ("TCC") numbered 6102; the Independent Auditor's Report on System and Committee of Early Identification of Risks is presented to the Board of Directors of the Company on 21 March 2024.

2) Pursuant to the fourth paragraph of Article 402 of the TCC; no significant matter has come to our attention that causes us to believe that for the period between 1 January 2023 and 31 December 2023, the Company's bookkeeping activities and consolidated financial statements are not in compliance with TCC and provisions of the Company's articles of association in relation to financial reporting.

3) Pursuant to the fourth paragraph of Article 402 of the TCC; the Board of Directors provided us the necessary explanations and required documents in connection with the audit.

KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi

Hakan Ölekli, SMMM
Partner
16 May 2024
İstanbul, Türkiye

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KORDSA TEKNİK TEKSTİL A.Ş. AND ITS SUBSIDIARIES
AUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023

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

Assets	Notes	31 December 2023 USD (*)	31 December 2022 USD (*)	Audited 31 December 2023	Audited 31 December 2022
Current Assets					
Cash and Cash Equivalents	*5*	58.171.638	42.743.364	1.712.468.307	799.228.246
Financial Investments	*6*	3.112.929	3.112.929	91.639.021	58.206.477
Trade Receivables	*8*	162.168.166	206.413.403	4.773.938.898	3.859.579.739
Due from Related Parties	*28*	*10.789.059*	*13.414.900*	*317.610.477*	*250.835.834*
Due from Third Parties		*151.379.107*	*192.998.503*	*4.456.328.421*	*3.608.743.905*
Other Receivables	*9*	15.262.003	13.072.131	449.285.901	244.426.631
Due from Third Parties		*15.262.003*	*13.072.131*	*449.285.901*	*244.426.631*
Derivatives	*31*	115.524	23.578	3.400.830	440.876
Inventories	*10*	232.349.787	293.998.491	6.839.959.506	5.497.271.981
Prepayments	*11*	14.727.546	10.882.183	433.552.431	203.478.322
Prepayments To Third Parties		*14.727.546*	*10.882.183*	*433.552.431*	*203.478.322*
Current Tax Assets	*26*	1.612.792	5.968.925	47.477.693	111.608.753
Other Current Assets	*19*	13.257.770	19.859.032	390.284.876	371.330.131
Other Current Assets from Third Parties		*13.257.770*	*19.859.032*	*390.284.876*	*371.330.131*
Total Current Assets		**500.778.154**	**596.074.036**	**14.742.007.463**	**11.145.571.156**
Non-Current Assets					
Financial Investments	*6*	66.894	65.636	1.969.244	1.227.282
Other Receivables	*9*	3.839.913	3.389.423	113.040.134	63.376.444
Due from Third Parties		*3.839.913*	*3.389.423*	*113.040.134*	*63.376.444*
Derivatives	31	639.341	1.399.298	18.821.056	26.164.494
Investment Properties	*15*	23.678.631	22.804.527	697.056.265	426.405.882
Property, Plant, and Equipment	*12*	322.103.844	311.983.744	9.482.157.379	5.833.565.634
Right of Use Assets	*14*	29.573.785	26.815.980	870.598.988	501.413.236
Intangible Assets		255.743.509	257.354.805	7.528.628.568	4.812.097.358
Goodwill	*16*	*134.508.928*	*134.508.928*	*3.959.700.724*	*2.515.088.288*
Other Intangible Assets	*13*	*121.234.581*	*122.845.877*	*3.568.927.844*	*2.297.009.070*
Prepayments	*11*	3.871.636	2.971.556	113.974.008	55.563.044
Prepayments to Third Parties		*3.871.636*	*2.971.556*	*113.974.008*	*55.563.044*
Deferred Tax Assets	*26*	34.844.705	26.316.721	1.025.765.381	492.077.938
Other Non-Current Assets	*19*	12.979.585	11.324.217	382.095.611	211.743.612
Total Non-Current Assets		**687.341.843**	**664.425.906**	**20.234.106.634**	**12.423.634.924**
Total Assets		**1.188.119.997**	**1.260.499.943**	**34.976.114.097**	**23.569.206.080**

(*) USD amounts presented above have been translated from Turkish Lira (TL) for convenience purposes only, at the official buying bid rate announced by the Central Bank of Republic of Turkey("CBRT") at 31 December 2023, and therefore do not form part of these consolidated financial statements (Note 2.1).

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

KORDSA TEKNİK TEKSTİL A.Ş. AND ITS SUBSIDIARIES
AUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023

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

Liabilities	Notes	31 December 2023 USD (*)	31 December 2022 USD (*)	Audited 31 December 2023	Audited 31 December 2022
Short Term Liabilities					
Short Term Borrowings	7	235.821.724	189.198.661	6.954.689.210	3.544.069.320
Short Term Portion of Long-Term Borrowings	7	14.500.000	67.278.098	427.623.845	1.260.253.327
Short Term Lease Liabilities	7	3.832.393	2.831.616	113.022.245	53.041.833
Trade Payables	8	114.448.638	158.632.785	3.375.239.130	2.971.509.321
Due to Related Parties	28	*2.597.325*	*3.893.958*	*76.598.491*	*72.941.629*
Due to Third Parties		*111.851.313*	*154.738.826*	*3.298.640.639*	*2.898.567.692*
Payables Related to Employee Benefits	18	2.775.546	1.996.328	81.854.474	37.395.221
Other Payables	9	4.842.964	4.355.868	142.825.312	81.594.124
Due to Third Parties		*4.842.964*	*4.355.868*	*142.825.312*	*81.594.124*
Deferred Revenue		504.405	894.378	14.875.555	16.753.488
Deferred Revenue from Third Parties	11	*504.405*	*894.378*	*14.875.555*	*16.753.488*
Current Tax Liabilities		4.742.825	4.480.109	139.872.061	83.921.401
Short Term Provisions		8.132.539	10.924.856	239.839.144	204.644.406
Short-Term Employee Benefits	18	*6.913.004*	*8.859.991*	*203.873.470*	*165.965.351*
Other Short Term Provisions		*1.219.535*	*2.064.865*	*35.965.674*	*38.679.055*
Other Short-Term Liabilities	19	11.253.945	12.339.893	331.893.469	231.150.884
Other Short-Term Liabilities to Third Parties		11.253.945	12.339.893	*331.893.469*	*231.150.884*
Derivative Financial Instruments	31	256.022	287.976	7.550.407	5.394.369
Subtotal		**401.111.001**	**453.220.569**	**11.829.284.852**	**8.489.727.694**
Liability Directly Associated with the Assets Held For Sale	32	1.002.532	741.543	29.565.974	13.890.583
Total Short-Term Liabilities		**402.113.533**	**453.962.112**	**11.858.850.826**	**8.503.618.277**
Long Term Liabilities					
Long Term Borrowings	7	144.760.633	165.252.866	4.269.179.252	3.095.516.682
Long Term Lease Liabilities	7	28.881.825	26.249.266	851.762.569	491.701.254
Deferred Income		1.268.497	1.053.407	37.409.611	19.732.428
Long Term Provisions		14.846.639	20.473.384	437.846.681	383.507.436
Long-Term Employee Benefits	18	*12.352.625*	*18.163.271*	*364.294.960*	*340.234.400*
Other Long-Term Provisions	9	*2.494.014*	*2.310.113*	*73.551.721*	*43.273.036*
Deferred Tax Liabilities	26	20.193.111	26.503.274	595.521.083	496.459.330
Other Long-Term Liabilities	19	27.752.048	28.186.461	818.443.973	527.988.792
Derivative Financial Instruments	31	1.574.188	1.300.794	46.424.861	24.366.477
Total Long-Term Liabilities		**239.276.940**	**269.019.453**	**7.056.588.030**	**5.039.272.399**
Total Liabilities		**641.390.473**	**722.981.565**	**18.915.438.856**	**13.542.890.676**
Shareholder's Equity					
Equity Attributable to Owners of The Company		**437.684.769**	**430.297.767**	**12.844.248.184**	**8.017.858.925**
Share Capital	20	6.596.151	10.384.854	194.529.076	194.529.076
Share Premium		2.104.107	3.312.666	62.052.856	62.052.856
Put Option Valuation Fund on Non-Controlling Interest		(17.472.681)	(28.175.800)	(515.292.078)	(527.789.084)
Other Comprehensive Income or Expenses That Will Not Be Reclassified to Profit or Loss		(1.751.507)	(1.006.505)	(51.654.215)	(18.853.844)
Revaluation And Remeasurement Gain /(Loss)	20	*(3.108.758)*	*(3.143.334)*	*(91.681.312)*	*(58.880.941)*
Defined Benefit Plans Remeasurement Fund		*(3.108.758)*	*(3.143.334)*	*(91.681.312)*	*(58.880.941)*
Revaluation and Reclassification Gain /(Loss)	20	*1.357.251*	*2.136.830*	*40.027.097*	*40.027.097*
Other Revaluation and Reclassification Gain/(Loss)	20	*1.357.251*	*2.136.830*	*40.027.097*	*40.027.097*
Currency Translation Difference		*62.372.825*	*26.368.062*	*1.839.455.691*	*493.926.535*
Other Comprehensive Income or Expenses That Will Be Reclassified to Profit Or Loss		272.350.578	237.424.334	8.015.748.482	4.627.238.132
Currency Translation Difference	20	*304.638.605*	*288.266.649*	*8.967.964.364*	*5.579.616.372*
Gain/Loss on Hedge Reserve	20	*(32.278.866)*	*(50.827.893)*	*(951.945.731)*	*(952.108.089)*
Investment Hedging Losses Related to Foreign Operations		*(32.353.115)*	*(50.936.122)*	*(954.135.431)*	*(954.135.431)*
Cash Flow Hedge Gains/Loss		*74.249*	*108.229*	*2.189.700*	*2.027.342*
Revaluation and Reclassification Gain /(Loss)		*(9.160)*	*(14.422)*	*(270.151)*	*(270.151)*
Other Revaluation and Reclassification Gain/(Loss)		*(9.160)*	*(14.422)*	*(270.151)*	*(270.151)*
Restricted Reserves	20	15.057.496	21.825.423	444.065.124	408.833.825
Retained Earnings	20	90.603.667	79.474.900	2.672.019.932	1.488.723.818
Profit For The Period		7.824.132	80.689.834	183.323.316	1.289.197.611
Total Non-Controlling Interests	20	**109.044.755**	**107.220.611**	**3.216.427.057**	**2.008.456.479**
Total Equity		**546.729.524**	**537.518.378**	**16.060.675.241**	**10.026.315.404**
Total Equity and Liabilities		**1.188.119.997**	**1.260.499.943**	**34.976.114.097**	**23.569.206.080**

(*) USD amounts presented above have been translated from Turkish Lira (TL) for convenience purposes only, at the official selling bid rate announced by the Central Bank of Republic of Turkey("CBRT") at 31 December 2023, and therefore do not form part of these consolidated financial statements (Note 2.1).

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

KORDSA TEKNİK TEKSTİL A.Ş. AND ITS SUBSIDIARIES
AUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 31 DECEMBER 2023
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

Profit or Loss	Notes	1 January-31 December 2023 USD (*)	1 January-31 December 2022 USD (*)	Audited 1 January-31 December 2023	Audited 1 January-31 December 2022
Revenue	*21*	1.003.097.703	1.154.128.627	23.503.080.721	18.439.743.907
Cost of Sales	*21*	(853.016.340)	(943.874.483)	(19.986.599.362)	(15.080.471.396)
Gross Profit		**150.081.363**	**210.254.144**	**3.516.481.359**	**3.359.272.511**
General and Administrative Expenses	*22*	(60.599.028)	(53.301.308)	(1.419.865.517)	(851.605.657)
Selling, Marketing and Distribution Expenses	*22*	(41.359.503)	(56.195.830)	(969.073.823)	(897.852.011)
Research and Development Expenses	*22*	(5.511.234)	(4.303.087)	(129.130.962)	(68.751.281)
Other Income From Operating Activities	*23*	23.404.240	27.805.319	573.120.563	444.251.150
Other Expenses From Operating Activities	*23*	(13.572.447)	(20.983.248)	(342.756.728)	(335.253.545)
Operating Profit		**52.443.391**	**103.275.991**	**1.228.774.892**	**1.650.061.167**
Income From Investing Activities	*24*	3.894.083	1.638.661	91.240.311	26.181.218
Expense From Investing Activities	*24*	(746.859)	(1.338.212)	(17.499.271)	(21.380.884)
Operating Profit Before Finance Cost		**55.590.615**	**103.576.440**	**1.302.515.932**	**1.654.861.501**
Finance Income	*25*	21.371.605	35.405.946	500.747.401	565.687.874
Finance Expense	*25*	(61.729.128)	(38.903.702)	(1.446.344.336)	(621.572.226)
Profit Before Tax From Continuing Operations		**15.233.092**	**100.078.684**	**356.918.997**	**1.598.977.149**
Tax (Expense)/Benefit From Continuing Operations		1.706.993	(5.471.149)	39.995.705	(87.413.637)
Current Tax Expense	*26*	*(13.218.399)*	*(14.593.160)*	*(309.713.695)*	*(233.157.836)*
Deferred Tax (Expense)/Income	*26*	*14.925.392*	*9.122.011*	*349.709.400*	*145.744.199*
Profit For The Year From Continuing Operations		**16.940.085**	**94.607.535**	**396.914.702**	**1.511.563.512**
Net Profit/(Loss) For The Year From Discontinued Operations	*32*	**(104.464)**	**(151.209)**	**(2.447.635)**	**(2.415.900)**
Profit For The Year		**16.835.623**	**94.456.326**	**394.467.067**	**1.509.147.612**
Profit/(Loss) Attributable to:					
- Non-Controlling Interests		9.011.491	13.766.442	211.143.751	219.950.001
-Owners of the Company		7.824.132	80.689.884	183.323.316	1.289.197.611
Earnings (Loss) per share; (thousand of shares TL))	27				
Earnings/(losses) per share from continuing operations		*0,41*	*4,15*	*9,49*	*66,34*
Earnings/ (losses) per share from discontinuing operations		*(0,003)*	*(0,004)*	*(0,064)*	*(0,063)*
Earnings / (losses) per diluted shares from operations		*0,40*	*4,15*	*9,42*	*66,27*

(*) USD amounts presented above have been translated from TL for convenience purposes only, at the monthly average exchange rates for the related year and therefore do not form part of these audited consolidated financial statements (Note 2.1)

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

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

	Notes	1 January-31 December 2023 USD (*)	1 January-31 December 2022 USD(*)	Audited 1 January-31 December 2023	Audited 1 January-31 December 2022
PROFIT FOR THE PERIOD		**16.835.623**	**94.456.326**	**394.467.067**	**1.509.147.612**
OTHER COMPREHENSIVE INCOME					
Items That Will Not Be Reclassified To Profit Or Loss		**56.007.520**	**27.550.176**	**1.312.284.192**	**440.174.667**
Defined Benefit Plans Remeasurement Fund	*18*	*(1.886.065)*	*(4.207.057)*	*(44.191.439)*	*(67.216.995)*
Deferred Tax Benefit/(Expense)	*26*	*467.189*	*842.771*	*10.946.475*	*13.465.127*
Foreign Currency Translation Differences		*57.426.395*	*30.914.462*	*1.345.529.156*	*493.926.535*
Items That Are Or May Be Reclassified Subsequently To Profit Or Loss		**196.732.626**	**138.626.128**	**4.609.543.798**	**2.214.857.373**
Foreign Currency Translation Differences		*196.725.697*	*138.618.320*	*4.609.381.440*	*2.214.732.626*
Hedging gains/losses on cas flow risk	*21*	*9.239*	*9.760*	*216.477*	*155.933*
Deferred Tax Benefit/(Expense)	*26*	*(2.310)*	*(1.952)*	*(54.119)*	*(31.186)*
Total Other Comprehensive Income		**252.740.146**	**166.176.304**	**5.921.827.990**	**2.655.032.040**
Total Comprehensive Income		**269.575.769**	**260.632.630**	**6.316.295.057**	**4.164.179.652**
Total comprehensive income attributable to:					
Owners of the company		208.470.261	216.536.036	4.884.562.451	3.459.639.561
Non-controlling interests		61.105.508	44.096.593	1.431.732.606	704.540.091

(*) USD amounts presented above have been translated from TL for convenience purposes only, at the monthly average exchange rates for the related year and therefore do not form part of these consolidated financial statements (Note 2.1)

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

KORDSA TEKNİK TEKSTİL A.Ş. AND ITS SUBSIDIARIES
AUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2023

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

				Other comprehensive income or expenses that will not be reclassified to profit or loss			Other comprehensive income or expenses that will be reclassified to profit or loss				Retained earnings				
				Revaluation and reclassification gain/(loss)				Gain/(loss) on hedge reserve	Revaluation and reclassification gain/(loss)						
	Share capital	Share premium	Put option valuation fund on non-controlling interest	Currency translation differences	Defined benefit plans remeasurement fund	Other revaluation and reclassification gain/(loss)	Currency translation differences	Cash flow hedge gains / (losses))	Other revaluation and reclassification gain/(loss)	Restricted reserves	Retained earnings	Net profit for the year	Equity attributable to owners of the Company	Total non-controlling interests	Total equity
Balance on 1 January 2022	**194.529.076**	**62.052.856**	-	-	**(5.454.587)**	**40.027.097**	**3.849.799.350**	**(952.232.836)**	**(270.151)**	**171.866.392**	**1.117.130.373**	**768.560.878**	**5.246.008.448**	**1.237.568.448**	**6.483.576.896**
Transfer	-	-	-	-	-	-	-	-	-	236.967.433	531.593.445	(768.560.878)	-	-	-
Total comprehensive income	-	-	-	493.926.535	(53.426.354)	-	1.729.817.022	124.747	-	-	-	1.289.197.611	3.459.639.561	704.540.091	**4.164.179.652**
Gains/(losses) due to other changes (***)	-	-	(527.789.084)	-	-	-	-	-	-	-	-	-	(527.789.084)	-	**(527.789.084)**
Subsidiary acquisition	-	-	-	-	-	-	-	-	-	-	-	-	-	188.793.810	**188.793.810**
Dividend paid (*)	-	-	-	-	-	-	-	-	-	-	(160.000.000)	-	(160.000.000)	(122.445.870)	**(282.445.870)**
Balance on 31 December 2022	**194.529.076**	**62.052.856**	**(527.789.084)**	**493.926.535**	**(58.880.941)**	**40.027.097**	**5.579.616.372**	**(952.108.089)**	**(270.151)**	**408.833.825**	**1.488.723.818**	**1.289.197.611**	**8.017.858.925**	**2.008.456.479**	**10.026.315.404**
Balance on 1 January 2023	**194.529.076**	**62.052.856**	**(527.789.084)**	**493.926.535**	**(58.880.941)**	**40.027.097**	**5.579.616.372**	**(952.232.836)**	**(270.151)**	**408.833.825**	**1.488.723.818**	**1.289.197.611**	**8.017.858.925**	**2.008.456.479**	**10.026.315.404**
Transfer	-	-	-	-	-	-	-	-	-	35.231.299	1.253.966.312	(1.289.197.611)	-	-	-
Total comprehensive income	-	-	-	1.345.529.156-	(32.800.371)	-	3.388.347.992	162.358	-	-	-	183.323.316	4.884.562.451	1.431.732.606	**6.316.295.057**
Increase / (decrease) due to other changes (***)	-	-	12.497.006	-	-	-	-	-	-	-	(13.670.198)	-	(1.173.192)	(2.360.683)	**(3.533.875)**
Dividend paid (**)	-	-	-	-	-	-	-	-	-	-	(57.000.000)	-	(57.000.000)	(221.401.345)	**(278.401.345)**
Balance on 31 December 2023	**194.529.076**	**62.052.856**	**(515.292.078)**	**1.839.455.691**	**(91.681.312)**	**40.027.097**	**8.967.964.364**	**(951.945.731)**	**(270.151)**	**444.065.124**	**2.672.019.932**	**183.323.316**	**12.844.248.184**	**3.216.427.057**	**16.060.675.241**

(*) At the 2021 Ordinary General Assembly Meeting held on March 22, 2022, the shareholders representing a capital of TL 194,529,076 for 2021 will receive a gross of 82.25%, depending on their legal status; It has been decided to pay dividends at a net rate of 74.02%, totaling TL 160,000,000.00 (gross 0.8225 TL/Krş per share, net 0.7402 TL/Krş) and to distribute the dividends in cash as of April 4, 2022.

(**) At the 2022 Ordinary General Assembly Meeting held on March 27, 2023, the shareholders representing a capital of TL 194,529,076 for 2022 will receive a gross of 29.30%, depending on their legal status; It has been decided to pay dividends at a net rate of 26.37%, totaling TL 57,000,000.00 (gross 0.2930 TL/Krş per share, net 0.2637 TL/Krş) and to distribute the dividends in cash as of March 29, 2023.

(***) The increase (decrease) due to other changes consists of the share purchase effect of the non-controlling shares of the Group's subsidiary Microtex Composites S.r.l. (Microtex) and the call/put option valuation fund on non-controlling interest of the Group's subsidiary Microtex Composites S.r.l.

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

KORDSA TEKNİK TEKSTİL A.Ş. AND ITS SUBSIDIARIES
AUDITED CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE YEAR ENDED 31 DECEMBER 2023

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

	Notes	1 January- 31 December 2023 USD (*)	1 January-31 December 2022 USD (*)	Audited 1 January- 31 December 2023	Audited 1 January- 31 December 2022
A.CASH FLOWS FROM (USED IN) / OPERATING ACTIVITIES		**137.138.021**	**58.105.477**	**3.213.212.412**	**928.366.210**
Profit for the period		16.835.623	94.455.981	394.467.067	1.509.147.612
Profit/(loss) for the period from continuing operations		*16.940.087*	*94.607.190*	*396.914.702*	*1.511.563.512*
Profit/(loss) from discontinuing operations		*(104.464)*	*(151.209)*	*(2.447.635)*	*(2.415.900)*
Adjustments to reconcile profit/(loss) for the period		**90.708.338**	**45.746.211**	**2.125.341.714**	**730.899.027**
Adjustments related to depreciation and amortization	12, 13, 14,22	40.687.998	38.234.756	953.340.137	610.886.573
Adjustments related to provisions for (reversal) of impairment		4.485.576	800.065	105.099.294	12.782.846
Adjustments related to provision for (reversal) of doubtful receivables	8	*(93.580)*	*(591.456)*	*(2.192.616)*	*(9.449.845)*
Adjustments related to provision for (reversal) of inventory allowances	10	*4.579.156*	*1.391.521*	*107.291.910*	*22.232.691*
Adjustments related to provisions		3.632.496	(2.478.632)	85.111.207	(39.601.601)
Adjustments related to provision for employee benefit provision		*2.456.025*	*(2.478.623)*	*57.545.903*	*(39.601.601)*
Adjustments Related to Other Provision (Reversal)		*1.176.471*	-	*27.565.304*	-
Adjustments related to interest (income)/expense		*38.975.263*	*18.022.581*	913.209.909	287.951.425
Adjustments related to interest income	24	*(2.471.006)*	*(1.479.571)*	*(57.896.905)*	*(23.639.494)*
Adjustments related to interest expense	25	*40.192.298*	*18.638.543*	*941.725.646*	*297.792.810*
Adjustments related to unrealized finance expenses on credit purchases	8	*(1.294.475)*	*(955.728)*	*(30.330.193)*	*(15.269.909)*
Adjustments related to unrealized finance income on credit sales	8	*2.548.446*	*1.819.337*	*59.711.361*	*29.068.018*
Adjustments related to unrealized currency translation difference		5.144.991	(342.021)	120.549.718	(5.464.555)
Foreign exchange (gain) or loss(net)	25	(5.302.747)	(17.698.147)	(124.246.013)	(282.767.869)
Other finance (income)/expense(net)	25	5.937.630	2.108.179	139.121.644	33.682.916
Adjustments related to fair value changes		(1.343.763)	1.629.924	(31.485.034)	26.041.719
Adjustments related to fair value losses /(gains) of investment properties		(874.104)	1.180.755	*(20.480.692)*	*18.865.224*
Adjustments related to fair value losses /(gains) of derivatives	25	(469.659)	449.169	*(11.004.342)*	*7.176.495*
Adjustments related to tax (benefit)/expense	26	(1.706.993)	5.471.129	(39.995.705)	87.413.637
Adjustments related to losses /(gains) on disposal of non-current assets		197.886	111.285	4.636.557	1.778.025
Adjustments related to gains on disposal of tangible assets	24	*197.886*	*111.285*	4.636.557	1.778.025
Other		-	(112.916)	-	(1.804.089)
Changes in working capital		**29.594.060**	**(82.096.715)**	**693.403.631**	**(1.311.680.429)**
(Increase)/decrease in trade receivables		41.747.937	(2.999.083)	978.175.036	(47.917.117)
(Increase)/decrease in other receivables		(14.219.057)	(5.029.021)	(333.159.605)	(80.349.967)
(Increase)/decrease in inventories		57.069.548	(63.321.617)	1.337.168.040	(1.011.705.828)
(Increase) in prepaid expenses		(4.745.443)	(5.319.750)	(111.188.104)	(84.995.017)
Increase/(decrease) in trade payables		(42.889.671)	12.481.174	(1.004.926.444)	199.414.945
Increase(decrease) in employee benefit payables		(8.744.109)	4.471.602	(204.878.857)	71.443.936
Increase/(decrease) in other payables		12.517.455	3.734.272	293.290.224	59.663.436
Increase/(decrease) in deferred income		(749.761)	536.803	(17.567.274)	8.576.633
Other increase/(decrease) in working capital		3.866.876	(8.380.087)	**90.602.845**	**(133.890.820)**
Decrease/(increase) in other assets from operating activities		*4.945.895*	*(9.639.407)*	*115.884.801*	*(154.011.292)*
Increase/(decrease) in other liabilities from operating activities		*(1.079.019)*	*1.259.319*	*(25.281.956)*	*20.120.472*
Payments related to the provision of employee benefits		(5.816.688)	(1.391.121)	(136.287.919)	(22.226.300)
Income tax returns/(payments)		(8.599.550)	(17.470.223)	(201.491.760)	(279.126.265)
Other		156.525	590.335	3.667.449	9.431.935
B. CASH FLOWS FROM INVESTING ACTIVITIES		**(43.179.983)**	**(87.165.877)**	**(1.011.728.593)**	**(1.392.671.731)**
Proceeds from sales of property. plant and equipment and intangible assets		10.304.146	452.565	241.431.291	7.230.740
Acquisition of sales of property. plant and equipment and intangible assets	12, 13	(55.270.946)	(55.612.342)	(1.295.025.908)	(888.532.754)
Securities Purchase		–	(3.643.083)	-	(58.206.477)
Acquisition of subsidiary and/or associates or cash outflow for capital increase of subsidiaries		(684.189)	(29.842.588)	(16.030.881)	(476.802.734)
Interest received	24	2.471.006	1.479.571	57.896.905	23.639.494
C. CASH FLOWS FROM FINANCING ACTIVITIES		**(72.833.651)**	**58.765.272**	**(1.706.528.863)**	**938.907.923**
Proceeds from borrowings	7	472.433.897	562.427.807	11.069.362.435	8.986.054.342
Cash inflows /(outflows) from borrowing transactions	7	(500.573.165)	(452.090.801)	(11.728.679.534)	(7.223.171.508)
Cash outflows for financial lease liabilities	7	(1.925.345)	(1.062.233)	(45.111.805)	(16.971.579)
Dividend paid		(2.432.727)	(10.014.234)	(57.000.000)	(160.000.000)
Interest paid	7	(31.852.032)	(16.546.901)	(746.309.047)	(264.374.111)
Cash outflows from derivatives (net)		965.000	(16.284.606)	22.610.433	(260.183.351)
Cash outflow for dividends paid to non-controlling interest		(9.449.280)	(7.663.760)	(221.401.345)	(122.445.870)
NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENT (A+B+C)		**21.124.387**	**29.704.871**	**494.954.956**	**474.602.402**
D.IMPACT OF THE CURRENCY TRANSLATION DIFFERENCE ON CASH AND CASH EQUIVALENT		**(5.696.114)**	**(1.576.654)**	**418.285.105**	**129.820.550**
E. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	5	**42.743.364**	**14.615.147**	**799.228.246**	**194.805.294**
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (A+B+C+D+E)		**58.171.638**	**42.743.364**	**1.712.468.307**	**799.228.246**

(*) USD amounts presented above have been translated from TL for convenience purposes only, at the monthly average exchange rates for the related year and therefore do not form part of these consolidated financial statements (Note 2.1)

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

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

NOTE 1 – ORGANISATION AND NATURE OF OPERATIONS OF THE GROUP

Kordsa Teknik Tekstil Anonim Şirketi ("Kordsa" or the "Company") was established in 1973 as a subsidiary of Hacı Ömer Sabancı Holding A.Ş. ("Sabancı Holding") in İzmit district of Kocaeli city and is registered in Turkey. The Company operates under the Turkish Commercial Code.

The Group is mainly engaged in production of carcass and industrial fabrics included in the structure of vehicle tires, manufacture of industrial fabrics included in the structure of rubber and plastic materials such as transmission belts, V belts, rubber hoses etc., production of heavy denier fibre and connection fabrics, conversion of any type of yarn into cord fabric, fabric for mechanical rubber goods and other rubber reinforcement materials and the marketing thereof, production of Nylon 6, Nylon 6.6 and PET (Polyethylene-terephthalate) HMLS (High Modulus Low Shrinkage) polyester, and rayon heavy decitex yarn for use in tires and mechanical rubber goods; participating in capitals and management of every domestic and foreign company that is founded for mainly marketing, sales, import and export along with commercial and industrial infrastructure services, transportation services, mining, tourism and construction while providing these companies with the same management and behavioural principles to operate more efficiently, rationally and profitably, in accordance with and responding to the current conditions, creating competition conditions in favour of these companies.

Kordsa changed its name from "Kordsa Endüstriyel İplik ve Kord Bezi Sanayi ve Ticaret Anonim Şirketi", to "Kordsa Teknik Tekstil Anonim Şirketi" by the decision made at the General Assembly for the year 2016 dated 27 March 2017. The Registry of Commerce of Kocaeli registered the title change on 10 April 2017.

Kordsa is registered with the Capital Markets Board of Turkey ("CMB") and its shares have been traded in Borsa Istanbul ("BIST") since 1986. As of 31 December 2023, 28,89% of the Company's shares are listed on BIST. As of the same date, the shareholders owning the Company's shares and the percentage of the shares are as follows:

Shareholder Structure	**Shareholding %**	
	31 December 2023	**31 December 2022**
Sabancı Holding A.Ş.	71,11	71,11
Other	28,89	28,89
	100,00	**100,00**

Group's main shareholder and the ultimate controlling party is Sabancı Holding A.Ş.

The number of employees within the Group is 4.614. (31 December 2022: 5.092).

The address of the registered office is as follows:

Kordsa Teknik Tekstil A.Ş.
Alikahya Fatih Mah.
Sanayici Cad. No:90
41310 İzmit
Kocaeli

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

NOTE 1 – ORGANISATION AND NATURE OF OPERATIONS OF THE GROUP (continued)

Subsidiaries

Geographical divisions in which the subsidiaries that are consolidated in the consolidated financial statements as at 31 December 2023 and 31 December 2022 in accordance with the operating country and segment reporting purpose are as follows:

31 December 2023

Company name	Country	Geographical division	Area of activity	Functional Currency
Nile Kordsa Company SAE (**)	Egypt	Europe, Middle East, and Africa	Cord fabric manufacture and trade	Egyptian Pound
Kordsa Inc.	United States of America	North America	Industrial yarn and cord fabric manufacture and trade	USD
Fabric Development Inc.	United States of America	North America	Advanced composite manufacture in the civil aviation sector	USD
Textile Products Inc.	United States of America	North America	Advanced composite manufacture in the civil aviation sector	USD
Axiom Materials Acquisition LLC	United States of America	North America	Advanced composite manufacture in the civil aviation sector	USD
Microtex Composites S.r.l	Italy	Europe	Carbon fiber weaving and prepreg production for the luxury automotive industry and motorsports	EUR
Kordsa Brasil S.A.	Brazil	South America	Industrial yarn and cord fabric manufacture and trade	Brazilian Real
PT Indo Kordsa Tbk (*)	Indonesia	Asia	Industrial yarn and cord fabric manufacture and trade	USD
Thai Indo Kordsa Co., Ltd.	Thailand	Asia	Cord fabric manufacture and trade	Thai Baht
Kordsa Advanced Materials Gmbh	Germany	Europe	Research and Development Facility	EUR

31 December 2022

Company name	Country	Geographical division	Area of activity	Functional Currency
Nile Kordsa Company SAE (**)	Egypt	Europe, Middle East, and Africa	Cord fabric manufacture and trade	Egyptian Pound
Kordsa Inc.	United States of America	North America	Industrial yarn and cord fabric manufacture and trade	USD
Fabric Development Inc.	United States of America	North America	Advanced composite manufacture in the civil aviation sector	USD
Textile Products Inc.	United States of America	North America	Advanced composite manufacture in the civil aviation sector	USD
Advanced Honeycomb Technologies Corporation	United States of America	North America	Advanced composite manufacture in the civil aviation sector	USD
Axiom Materials Acquisition LLC	United States of America	North America	Advanced composite manufacture in the civil aviation sector	USD
Microtex Composites S.r.l	Italy	Europe	Carbon fiber weaving and prepreg production for the luxury automotive industry and motorsports	EUR
Kordsa Brasil S.A.	Brazil	South America	Industrial yarn and cord fabric manufacture and trade	Brazilian Real
PT Indo Kordsa Tbk (*)	Indonesia	Asia	Industrial yarn and cord fabric manufacture and trade	USD
PT Indo Kordsa Polyester (*)	Indonesia	Asia	Industrial yarn and cord fabric manufacture and trade	USD
Thai Indo Kordsa Co., Ltd.	Thailand	Asia	Cord fabric manufacture and trade	Thai Baht

(*) The Company's shares are traded on the Indonesia Stock Exchange ("IDX").

(**) According to the Group's Board of Directors, decision numbered 2015/29 dated 31 December 2015, Group's shares amounting to %51, Nile Kordsa Company for Industrial Fabrics S.A.E. %51 of rates, has been classified as "Assets Held for sale" in the consolidated statement of financial position as of 31 December 2015.

The Company and its subsidiaries will collectively be referred to as the "Group".

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

2.1 Basis of Presentation

Statement of Compliance to Turkish Financial Reporting Standards ("TFRS"s)

The accompanying consolidated financial statements are prepared in accordance with Turkish Financial Reporting Standards ("TFRS") published by Public Oversight Accounting and Auditing Standards Authority ("POA") as set out in the Communiqué numbered II-14.1 "Communiqué on Principles of Financial Reporting in Capital Markets" published in the Official Gazette numbered 28676 on 13 June 2013. TFRSs consist of standards and interpretations which are published as Turkish Accounting Standards ("TAS"), Turkish Financial Reporting Standards, interpretations of TAS, and interpretations of TFRS.

The consolidated financial statements are presented in accordance with the TFRS Taxonomy Announcement and Financial Statements Example and User Guide published by CMB on 15 April 2019.

The Company and its Turkish subsidiaries maintain their books of account and prepare their statutory financial statements in accordance with accounting principles in the Turkish Commercial Code ("TCC") and tax legislation. Subsidiaries that are registered in foreign countries maintain their books of account and prepare their statutory statements in accordance with the prevailing accounting principles in their registered countries.

Approval of the Financial Statements

These consolidated financial statements have been approved to be issued during the meeting of the Board of Directors held on 20 March 2024, and have been signed by the General Manager İbrahim Yıldırım and Chief Finance Officer Volkan Özkan on behalf of the Board of Directors. General Assembly and related regulatory authorities have the right to make changes to these consolidated financial statements.

Functional and Presentation Currency

Since the Group's operating income/expenses and financial assets/payables consist of US Dollar (USD) based items, the conditions for transition to USD-based reporting in functional currency have been fulfilled and USD-based reporting will be effective as of 1 January 2023. It has been decided that the change in functional currency will not have any effect on the financial statements of previous periods.

Conversion to presentation currency

The presentation currency of the Group is TL. Financial statements prepared in USD within the scope of TAS 21 ("Effects of Currency Changes") have been translated into TL using the following method:

a. Assets in the balance sheet are translated into TL using the USD buy exchange rate of 29,4382 TL = 1 USD (2022: 18,6983) announced by the Central Bank of the Republic of Turkey and the liabilities are converted into TL using the foreign exchange selling rate of 29,4913 TL = 1 USD (2022: 18,7320). The capital account of the company is shown over the nominal capital amount, all other equity items are kept at their historical TL values and all differences are accounted for in the foreign currency translation differences account.

b. The profit or loss and other comprehensive income statement are translated into TL using the monthly average exchange rates of 23,4305 TL = 1 USD (2022:15,9772).

c. All the resulting exchange differences are presented as a separate component of equity under the name of translation differences.

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

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

2.1 Basis of Presentation (continued)

Adjustment of Financial Statements in High Inflation Periods

Public Oversight Authority (POA) made an announcement on 23 November 2023 related with "TAS 29 Financial Reporting in Hyperinflation Economies and BOBI FRS Chapter 25 Financial Reporting in Hyperinflation Economies". According to this announcement the entities for the annual reporting period ending on or after 31 December 2023 which apply TFRS prepare the financial staments regarding with "Turkish Accounting Standard 29 Financial Reporting in Hyperinflation Economies" standard.

Pursuant to the decision of the Capital Markets Board ("CMB") dated 28 December 2023 and numbered 81/1820, it has been decided that issuers and capital market institutions subject to financial reporting regulations that apply Turkish Accounting/Financial Reporting Standards will apply inflation accounting by applying the provisions of TAS 29 starting from their annual financial reports for the periods ending on 31 December 2023. According to explanations above as of reporting date, the functional currency of the Group is USD, the application of inflation accounting will not have an impact on the Group's financial statements related with TAS 29. However as of 31 December 2023 financial statements which are prepared according to Tax Procedure Law are considered to inflation adjustment.

Basis of Consolidation

The table below sets out all Subsidiaries and shows their shareholding rates as at 31 December 2023:

Subsidiaries	Direct and indirect ownership interest by the Group and its subsidiaries (%)	Proportion of effective interest (%)
Nile Kordsa Company SAE	51,00	51,00
Kordsa Inc.	100,00	100,00
Fabric Development Inc.	100,00	100,00
Textile Products Inc.	100,00	100,00
Axiom Materials Acquisition LLC(*)	100,00	100,00
Microtex Composites S.r.l.(****)	61,00	61,00
Kordsa Brasil S.A.	97,31	97,31
PT Indo Kordsa Tbk.(**)	61,59	61,59
Thai Indo Kordsa Co., Ltd.	64,19	39,53
Kordsa Advanced Materials Gmbh(***)	100,00	100,00

(*) The merger process under the name of Axiom Materials Inc for Axiom Materials Inc and Advanced Honeycomb Technologies which are 100% subsidiaries of our subsidiary Kordsa Inc was completed on January 4, 2023.

(**) Our indirect subsidiary PT Indo Kordsa Polyester is acquired by our subsidiary PT Indo Kordsa Tbk and the progress was completed after getting legal approvals relating the merger on January 4, 2023.

(***) The incorporation of Kordsa Advanced Materials Gmbh based on Munich, Germany was completed on January 13, 2023

(****) The purchase of 1% shares of our subsidiary Microtex Composites S.r.l was completed on September 21, 2023.

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

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

2.1 Basis of Presentation (continued)

Basis of Consolidation (continued)

The table below sets out all Subsidiaries and shows their shareholding rates as at 31 December 2022:

Subsidiaries	Direct and indirect ownership interest by the Group and its subsidiaries (%)	Proportion of effective interest (%)
Nile Kordsa Company SAE	51,00	51,00
Kordsa Inc.	100,00	100,00
Fabric Development Inc.	100,00	100,00
Textile Products Inc.	100,00	100,00
Advanced Honeycomb Technologies Corporation	100,00	100,00
Axiom Materials Acquisition LLC(*)	100,00	100,00
Microtex Composites S.r.l.	60,00	60,00
Kordsa Brasil S.A.	97,31	97,31
PT Indo Kordsa Tbk	61,59	61,59
PT Indo Kordsa Polyester	99,97	61,56
Thai Indo Kordsa Co., Ltd.	64,19	39,53

(*) Kordsa Inc., a 100% subsidiary of our company, purchased the 4,14% minority shares of Axiom Materials Acquisition LLC, 95,86% already owned by our company, for 6.533.413 (six million five hundred thirty three thousand four hundred thirteen) US Dollars. With this transaction, Kordsa Inc has become the sole partner of Axiom Materials Acquisition LLC with its 100% shareholding.

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 the amount of the investor's returns.

The Group 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.

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to the control power, including:

- The comparison of voting rights held by the Group to those held by the other shareholders;
- Potential voting rights held by the Group and other shareholders;
- Rights arising from other contractual arrangements; and
- Any additional facts and circumstances that indicate whether the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings

The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income is attributed to the owners of the Company and the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group.

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

2.1 Basis of Presentation (continued)

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable TFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under TFRS 9 ("Financial Instruments"), when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

Elimination in Consolidation

Intercompany balances and unrealized income and expenses arising from intercompany transactions are eliminated during the preparation of financial statements.

USD Amounts Presented in the consolidated financial statements

USD amount shown in the consolidated statement of financial position prepared in accordance with TAS/TFRS has been translated from TL, as a matter of arithmetic computation only, at the official USD bid rate announced by the CBRT on 31 December 2023 of TL 29,4382= 1 USD (31 December 2022 of TL 18,6983 = 1 USD) for asset and at the official USD ask rate announced by the CBRT on 31 December 2023 of TL 29,4913 = 1 USD (31 December 2022 of TL 18,7320 = USD 1) for liabilities and equity, and USD amount shown in the consolidated statement of profit or loss, consolidated statement of other comprehensive income and cash flows have been translated from TL, as a matter of arithmetic computation only, at the average USD bid rates calculated from the official daily bid rates announced by the CBRT for the year ended 31 December 2023 of TL 23,4305 = 1 USD (31 December 2022 of TL 15,9772 = USD 1) and do not form part of these consolidated financial statements.

The audited Consolidated financial statements of the Group which were presented in TL were announced to the public on 21 March 2024 via Public Discloure Platform.

2.2 Changes in Accounting Policies, Comparative Information and Restatement of Prior Periods' Financial Statements

Accounting policies have been consistently applied by the Group in all periods presented in the consolidated financial statements. Significant changes in accounting policies are applied retrospectively and previous period consolidated financial statements are rearranged.

The-re is no change in accounting policies while preparing the consolidated financial statements as of 31 December 2023.

As of 31 December 2022 consolidated financial statements, classified as other payables for provisions for employment and tax-related lawsuit against Kordsa Brasil amount TL 42.757.696 have been reclassified as long-term provisions.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

2.3 Changes in Accounting Estimates and Errors

Changes in the accounting estimates should be accounted for in financial statements prospectively; if the change is related to only one period, it should be accounted at the current year that the change is performed, but if it is related to more than one period it should be accounted at both the current and future periods. There are no significant changes in the accounting estimates for the current period.

2.4 New and Revised Turkish Accounting Standards

Standards issued but not yet effective and not early adopted as of 31 December 2023

A number of new standards, interpretations of and amendments to existing standards are not effective at the reporting date and earlier application is permitted; however, the Group has not early adopted are as follows.

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

On 23 January 2020, IASB issued "Classification of Liabilities as Current or Non-Current" which amends IAS 1 Presentation of Financial Statements to clarify its requirements for the presentation of liabilities in the statement of financial position which are issued by POA on 12 March 2020 as amendments to TAS 1.

The amendments clarify one of the criteria in TAS 1 for classifying a liability as non-current—that is, the requirement for an entity to have the right to defer settlement of the liability for at least 12 months after the reporting period.

After reconsidering certain aspects of the 2020 amendments; IASB has removed the requirement for a right to be unconditional and instead, now requires that a right to defer settlement must have substance and exist at the end of the reporting period. Related amendment was published by POA as "TFRS 2023" on 3 January 2023.

This right may be subject to a company complying with conditions (covenants) specified in a loan arrangement. Additional disclosure is also required for non-current liabilities subject to future covenants. The amendments also clarify how an entity classifies a liability that can be settled in its own shares.

The Group shall apply retrospectively these amendments for annual periods beginning on or after 1 January 2024 with earlier application permitted. It also specifies the transition requirements for companies that may have early-adopted the previously issued but not yet effective 2020 amendments

The Group does not expect that application of these amendments to TAS 1 will have significant impact on its consolidated financial statements.

Lease Liability in a Sale and Leaseback – Amendments to TFRS 16 Leases

In September 2022, IASB issued Lease Liability in a Sale and Leaseback, which amends IFRS 16 Leases. Related amendment was published by POA as "TFRS 2023" on 3 January 2023. Amendments to TFRS 16 Leases impact how a seller-lessee accounts for variable lease payments that arise in a sale-and-leaseback transaction. The amendments introduce a new accounting model for variable payments and will require seller-lessees to reassess and potentially restate sale-and-leaseback transactions entered into since 2019.

The amendments confirm the following:

- On initial recognition, the seller-lessee includes variable lease payments when it measures a lease liability arising from a sale-and-leaseback transaction.
- After initial recognition, the seller-lessee applies the general requirements for subsequent accounting of the lease liability such that it recognises no gain or loss relating to the right of use it retains.

A seller-lessee may adopt different approaches that satisfy the new requirements on subsequent measurement.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

2.4 New and Revised Turkish Accounting Standards (continued)

Lease Liability in a Sale and Leaseback – Amendments to TFRS 16 Leases(continued)

The amendments are effective for annual reporting periods beginning on or after 1 January 2024, with earlier application permitted.

Under TAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*, a seller-lessee will need to apply the amendments retrospectively to sale-and-leaseback transactions entered into or after the date of initial application of TFRS 16. This means that it will need to identify and re-examine sale-and-leaseback transactions entered into since implementation of TFRS 16 in 2019, and potentially restate those that included variable lease payments.

The Group does not expect that application of these amendments to Amendments to TFRS 16 Leases will have significant impact on its consolidated financial statements.

Amendments to TAS 7 Statement of Cash Flows and TFRS 7 Financial Instruments: Disclosures – Supplier Finance Arrangements

On 25 May 2023, IASB has amended IAS 7 *Statement of Cash Flows* and TFRS 7 *Financial Instruments: Disclosures*. Related amendment was published by POA on 19 September 2023.The amendments introduce additional disclosure requirements for companies that enter into supplier finance arrangements (referred to as supply chain finance, payables finance or reverse factoring arrangements). However, they do not address the classification and presentation of the related liabilities and cash flows.

The IASB's amendments apply to supplier finance arrangements1 that have all of the following characteristics.

- A finance provider pays amounts a company (the buyer) owes its suppliers.
- A company agrees to pay under the terms and conditions of the arrangements on the same date or at a later date than its suppliers are paid.
- The company is provided with extended payment terms or suppliers benefit from early payment terms, compared with the related invoice payment due date.

The amendments do not apply to arrangements for financing receivables or inventory.

The amendments introduce two new disclosure objectives – one in TAS 7 and another in TFRS 7 – for a company to provide information about its supplier finance arrangements that would enable users (investors) to assess the effects of these arrangements on the company's liabilities and cash flows, and the company's exposure to liquidity risk.

The amendments are effective for periods beginning on or after 1 January 2024, with early application permitted. However, some relief from providing certain information in the year of initial application is available.

The Group does not expect that application of these amendments to TAS 7 Statement of Cash Flows and TFRS 7 Financial Instruments: Disclosures – Supplier Finance Arrangements will have significant impact on its consolidated financial statements.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

2.4 New and Revised Turkish Accounting Standards (continued)

TSRS 1 General Requirements for Disclosure of Sustainability-related Financial Information and TSRS 2 Climate-related Disclosures

On 26 June 2023, The International Sustainability Standards Board (ISSB) has issued IFRS® Sustainability Disclosure Standards (IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information and IFRS S2 Climate-related Disclosures to create a global baseline of investor-focused sustainability reporting that local jurisdictions can build on. Related standards were published by POA as "TSRS 1 and TSRS 2" on 29 December 2023.

Two standards are designed to be applied together, supporting companies to identify and report information that investors need for informed decision making – in other words, information that is expected to affect the assessments that investors make about companies' future cash flows.

To achieve this, the general standard provides a framework for companies to report on all relevant sustainability-related topics across the areas of governance, strategy, risk management, and metrics and targets.

The standards are effective for annual reporting periods beginning on or after 1 January 2024, with early application permitted. But it will be for individual jurisdictions to decide whether and when to adopt. Accordingly, POA announced in the Board Decision published in the Official Gazette dated 29 December 2023 that certain entities will be subject to mandatory sustainability reporting as of 1 January 2024 .

"The Company is within the scope of the application as it meets the criteria specified in the Board Decision."

<u>The new standards, amendments and interpretations that are issued by the IASB but not issued by POA</u>

Lack of Exchangeability – Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates

In August 2023, the International Accounting Standards Board (IASB) amended IAS 21 to clarify:

- when a currency is exchangeable into another currency; and
- how a company estimates a spot rate when a currency lacks exchangeability.

A currency is exchangeable into another currency when a company is able to exchange that currency for the other currency at the measurement date and for a specified purpose. When a currency is not exchangeable, a company needs to estimate a spot rate.

A company's objective when estimating a spot rate is only that it reflects the rate at which an orderly exchange transaction would take place at the measurement date between market participants under prevailing economic conditions. The amendments contain no specific requirements for estimating a spot rate.

Therefore, when estimating a spot rate a company can use:

- an observable exchange rate without adjustment; or
- another estimation technique.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

2.4 New and Revised Turkish Accounting Standards (continued)

Lack of Exchangeability – Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates (continued)

Under the amendments, companies will need to provide new disclosures to help users assess the impact of using an estimated exchange rate on the financial statements. These disclosures might include:

- the nature and financial impacts of the currency not being exchangeable;
- the spot exchange rate used;
- the estimation process; and
- risks to the company because the currency is not exchangeable.

The amendments apply for annual reporting periods beginning on or after 1 January 2025. Earlier application is permitted.

The Group does not expect that application of these Amendments to IAS 21 will have significant impact on its consolidated financial statements.

Amendments are effective on 1 January 2023

Changes that have become effective and have been adopted for annual periods beginning on or after 1 January 2023:

1- Disclosure of Accounting Policies (Amendments to TAS 1)
2- Definition of Accounting Estimates (Amendments to TAS 8)
3- Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction – Amendments to TAS 12 Income Taxes
4- International Tax Reform - Pillar Two Model Rules -Amendments to TAS 12-
5- Amendments to IAS 12- IFRS for SMEs Accounting Standard – International Tax Reform – Pillar Two Model Rules
6- TFRS 17 Insurance Contracts
7- TFRS 17 and TFRS 9 first application-Comparative Informations- (Amendments to TFRS 17)
8- First Application-Comparative Informations (Amendments to TFRS 17)
9- Amendments to TFRS 4-Amendments to TFRS 4 Insurance and TFRS 9 application

These newly adopted amendments to standards have not been a significant impact on the consolidated financial statements of the Group.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

2.5 Summary of Significant Accounting Policies

Significant accounting policies applied in the preparation of the consolidated financial statements are summarized below:

a) Revenue

The general model for accounting of revenue

In accordance with TFRS 15, a five-step model is followed in recognizing revenue for all contacts with customers.

Step 1: Identify the contract

A contract with a customer is in the scope of the new standard when the contract is legally enforceable and certain criteria are met. If the criteria are not met, then the contract does not exist for purposes of applying the general model of the new standard, and any consideration received from the customer is generally recognized as a deposit (liability).

Contracts entered into at or near the same time with the same customer (or a related party of the customer) are combined and treated as a single contract when certain criteria are met.

Step 2: Identify the performance obligations

The Group defines the *"performance obligations"* as a unit of account for revenue recognition. The company assesses the goods or services it has committed in a contract with the customer and determines each commitment to the customer as one of the performance obligations as a performance obligation:

a) a good or service (or a bundle of goods or services) that is distinct; or

b) a series of distinct goods or services that are substantially the same and that have the same pattern of transfer to the customer.

An entity may define a contract or a service separately from other contractual obligations and define it as a different commodity or service if the customer makes use of such goods or services alone or in combination with other resources available for use. A single contract may contain promises to deliver to the customer more than one good or service. At contract inception, an entity evaluates the promised goods or services to determine which goods or services (or bundle of goods or services) are distinct and therefore constitute performance obligations.

Step 3: Determine the transaction price

When determining the transaction price, an entity assumes that the goods or services will be transferred to the customer based on the terms of the existing contract. In determining the transaction price, an entity considers variable considerations and significant financing components.

Significant financing component

To estimate the transaction price in a contract, the Group adjusts the promised amount of consideration to reflect the time value of money if the contract contains a significant financing component. A significant financing component exists if the timing of payments agreed to by the parties to the contract (either explicitly or implicitly) provides the customer or the Group with a significant benefit of financing the transfer of goods or services to the customer.

Step 4: Allocate the transaction price

The transaction price is allocated to each performance obligation – generally each distinct good or service – to depict the amount of consideration to which an entity expects to be entitled in exchange for transferring the promised goods or services to the customer.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

2.5 Summary of Significant Accounting Policies (continued)

Step 5: Recognize revenue

Group recognizes revenue over time when one of the following criteria are met:

- Customer simultaneously receives and consumes the benefits as the entity performs, or

- Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced, or

- Group's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date

For each performance obligation that is satisfied over time, Group applies a single method of measuring progress toward complete satisfaction of the obligation. The objective is to depict the transfer of control of the goods or services to the customer. To do this, Group selects an appropriate output or input method. It then applies that method consistently to similar performance obligations and in similar circumstances.

If a performance obligation is not fulfilled in time, then the Group recognizes revenue when the control of goods or services is transferred to the customer.

The Group generates revenue by producing and selling products such as cord fabric, polyester and nylon yarn and composite materials. Revenue is recognized in accordance with delivery terms agreed with the customer when the control of the products is transferred to the customer.In cases where the cost to be incurred by the Group exceeds the expected economic benefits to be incurred to fulfil the contractual obligations exceeds the expected economic benefit, the Group provides a provision in accordance with TAS 37 Provisions, Contingent Liabilities and Contingent Assets.

Contract modifications

The Group recognizes a contract modification as a separate contract if the modification results in a promise to deliver additional goods or services that are distinct and an increase in the price of the contract by an amount of consideration that reflects the entity's stand-alone selling price of those goods or services adjusted to reflect the circumstances of the contract. If the goods or services are, the entity accounts for it on a combined basis with the original contract, as if the additional goods or services were part of the initial contract.

The group records revenue when it transfers control of the products to the customer in accordance with the contracts. Net sales are shown by deducting returns, discounts and sales-related taxes from the sales amounts of goods

b) Inventories

Inventories are valued based on the lower of acquisition cost or net realizable value. The cost of inventories includes all acquisition costs, conversion costs, and other costs incurred in bringing the inventories to their current state and location. The unit cost of inventories is determined on the moving weighted average basis (Note 10). The net realizable value represents the estimated selling price less all estimated costs of completion and costs necessary to make a sale. When the net realizable value of inventory is less than cost, the inventory is written down to the net realizable value and the expense is included in the statement of income/(loss) in the period the write-down or loss occurred. When the circumstances that previously caused inventories to be written down below cost no longer exist or when there is clear evidence of an increase in net realizable value because of changed economic circumstances, the amount of the write-down is reversed. The reversal amount is limited to the amount of the original write-down. In line with the purpose of their use spare parts are reclassified under other non-current assets.

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

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

2.5 Summary of Significant Accounting Policies (continued)

c) Property, plant and equipment

Property, plant and equipment are carried at cost less accumulated depreciation and impairment if any (Note 12). Depreciation is provided on property, plant and equipment on a straight-line basis. The depreciation periods for property, plant and equipment, which approximate the economically useful lives of such assets, are as follows:

	Years
Land improvements	15
Buildings	20-40
Machinery and equipment	2-30
Motor vehicles	3-5
Leasehold Improvements	15
Furniture and fixtures	3-7

Useful lives and residual values are reviewed at each reporting date and adjusted if necessary. Gains or losses on disposals of property, plant and equipment are determined by comparing proceeds with their carrying amounts and are included in the related income and expense accounts, as appropriate.

Expenses for the repair of property, plant and equipment are normally charged against income. They are, however, capitalised in exceptional cases if they result in an enlargement or substantial improvement of the respective assets. Spare part changes and labour costs included in the large comprehensive maintenance and repair expenses are capitalised and depreciated on average useful lives until the next-largest comprehensive maintenance period.

d) Intangible assets

Intangible assets include rights, software and other identifiable rights. Intangible assets are recognized at acquisition cost and amortisation is calculated using the straight-line method over a period (Note 13). The estimated useful life and amortisation method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

The fair value of intangible assets, which includes customer relationships and brand names acquired through business combinations, is determined on basis of the expected cash flow from the use or disposal of the related assets. Indefinite life has been determined for trademarks.

The estimated useful lives of these assets are as follows:

	Useful Lives
Customer relationship	14-30
Technology licences	7-8
Other intangible assets	5-20

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

2.5 Summary of Significant Accounting Policies (continued)

d) Intangible assets (continued)

Internally generated intangible assets – research and development expenses
Expenditure on research activities is recognized as an expense in the period in which it is incurred.

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

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

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

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

Derecognition of intangible assets

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

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

2.5 Summary of Significant Accounting Policies (continued)

e) Financial instruments

i) Recognition and measurement

Trade receivables and debt securities are initially recognized when they originated. All other financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability for an item not at FVTPL is initially measured at fair value plus, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

ii) Classification and subsequent measurement

According to TFRS 9, on initial recognition, a financial asset is classified as measured at amortized cost, FVOCI – debt and equity investment, or equity investment.

Financial assets are not reclassified subsequently to their initial recognition unless the Group changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

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

A debt instrument is measured at amortized cost if it meets both of the following conditions and is not designated as at FVOCI:

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

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL. Investments in equity instruments that are not held for trading, in recognition of subsequent changes in fair value in other comprehensive income an irreversible preference can be made to present it. The choice of this preference is for each investment that can be made on the basis of each investment.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

2.5 Summary of Significant Accounting Policies (continued)

e) Financial instruments (continued)

ii) Classification and subsequent measurement (continued)

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets and equity investments measured at FVTPL. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets- Business model assessment

The Group assesses of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales.

Financial assets- Assessment of whether contractual cash flows are solely payments of principal and interest

The principal is defined as the fair value of the financial asset on initial recognition. Interest is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

2.5 Summary of Significant Accounting Policies (continued)

e) Financial instruments (continued)

In assessing whether the contractual cash flows are sole payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).
- A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract.

Additionally, for a financial asset acquired at a significant discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Since the principal is the present value of expected cash flows, trade receivables and other receivables meet the sole payments of principal and interest criteria. It is managed in accordance with the business model based on a collection of these receivables.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

2.5 Summary of Significant Accounting Policies (continued)

e) Financial instruments (continued)

ii) Classification and subsequent measurement (continued)

Financial assets- Subsequent measurement and gains and losses

The accounting policies below are applicable for the following measurement of financial assets.

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss. For derivatives defined as hedging instruments, see section (v) below.
Financial assets at amortized cost	These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on de-recognition is recognized in profit or loss.
Equity instruments at FVTPL	These instruments are subsequently measured at fair value. Dividens are recognized in profit or loss unless recovery of the cost of the investment.Other net gains and losses are recognized in other comprehensive income and are not reclassified in profit or loss.

Financial liabilities - Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortized cost and at FVTPL. If a financial liability meets the definition of held for trading, it is classified as FVTPL. A financial liability is classified as a financial liability held for trading if it is a derivative instrument or if it is defined in this way at the time of first registration. Financial liabilities, whose fair value is reflected in profit or loss, are measured at their fair value and net gains and losses, including interest income, are recognized in profit or loss. Following their initial recording, other financial liabilities are measured by deducting impairments over the amortized cost values of future principal and interest cash flows at effective interest rates. Interest expenses and exchange differences are recognized in profit or loss. Gains and losses arising from the derecognition of these liabilities are recognized in profit or loss. For derivatives defined as hedging instruments, see section (v) below.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

2.5 Summary of Significant Accounting Policies (continued)

e) Financial instruments (continued)

iii) Derecognition

Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group continues to recognize the financial asset in the statement of financial position if it retains substantially all the risks and benefits arising from the ownership of a financial asset.

Financial liability

The Group derecognises a financial liability from the statement of financial position only and only when the liability for the related liability is eliminated or cancelled. In addition, the Group derecognises a financial liability from the statement of financial position in the event of a significant change in the conditions or cash flows of an existing financial liability. Instead, it requires recognition of a new financial liability at fair value based on the modified conditions.

In derecognising the financial liability from its records, the difference between the carrying amount and the amount paid (including any transferred non-cash assets or any liabilities assumed) is included in the financial statements as profit or loss.

iv) Offsetting

Financial assets and financial liabilities are offset and the net amount is presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

2.5 Summary of Significant Accounting Policies (continued)

e) Financial instruments (continued)

v) Derivative financial instruments and hedge accounting

The Group uses derivative financial instruments to hedge foreign currency. Embedded derivative instruments are separated from the main contract and recognized separately when the underlying contract is not a financial asset and meets certain criteria.

Derivatives are initially recognized at fair value. After the initial recognition of derivative instruments, changes in fair value are recognized in profit or loss or other comprehensive income.

The Group defines certain derivatives as hedging instruments to maintain the variability in the cash flows related to the high probability of realization arising from the changes in exchange rates. The Group defines certain derivatives and non-derivative financial liabilities as hedging instruments for net investment in foreign operations.

At the beginning of the hedge relationship, the Group makes documentation regarding the risk management purpose and strategy that causes the protection relationship and the operation of the enterprise.

The Group also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in the cash flows of the hedged item and the protection means are expected to offset each other.

Hedge accounting- cash flow hedge

If a derivative instrument is designed as a cash flow hedge hedging instrument, the effective portion of the change in the fair value of the derivative instrument is recognized in other comprehensive income and presented under equity in the hedging reserve. The ineffective portion of the change in the fair value of the derivative is recognized directly in profit or loss. The effective portion of the change in the fair value of the derivative instrument determined on the present value basis from the beginning of the hedging relationship recognized in other comprehensive income is limited to the cumulative effect of the change in the fair value of the hedging instrument.

In the cash flow hedge relationship, the Group defines only the change in the spot item of the forward contract as a means of the hedging instrument.

The change in the fair value of (forward value) forward foreign exchange contracts is recognized as a hedging reserve in equity as a hedging cost.

The amount accumulated in the hedge reserve and the cost of hedging are included directly in the initial cost of the non-financial asset or liability if a hedged transaction results in a non-financial asset or liability which is subsequently recognized in the financial statements.

For all other hedge transactions, the hedging reserve and the hedging cost are classified as profit or loss in the period or periods when the estimated future cash flows of the hedged item are affected by profit or loss.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

2.5 Summary of Significant Accounting Policies (continued)

v) Derivative financial instruments and hedge accounting (continued)

The hedge accounting is discontinued in case the hedging relationship (or part of it) no longer meets the required criteria, the hedging instrument is expired or sold, terminated or used. In case of discontinuation of cash flow hedge accounting, the retained amount in the hedge reserve shall continue to be classified under equity until the hedged estimate of the non-financial item is recorded; hedging cost is classified as profit or loss in the period or periods in which the estimated future cash flows are affected by profit or loss.

If the expected future cash flows are no longer expected to materialize, the amount accumulated in the hedge fund and the cost of that fund are immediately classified as profit or loss.

f) Impairment of assets

i. Non-derivative financial assets

Financial instruments and contract assets

The Group recognizes loss allowances for ECLs on:

- financial assets measured at amortized cost

The Group measures loss allowances at an amount equal to lifetime ECL, except for the following, which are measured as 12-month ECL:

- bank balances for which credit risk has not increased significantly since initial recognition.

The Group applied lifetime ECL for the calculation of loss allowances for trade receivables.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 90 days past due.

Measurement of ECL

ECLs are a probability-weighted estimate of credit losses. In other words, it is the credit losses that are measured on the present value of all the cash deficits (for example, the difference between the cash inflows to the entity and the cash flows expected by the entity to be collected based on the contract).

The cash deficit is the difference between the cash flows to be incurred and the cash flows expected to be received by the entity. As the amount and timing of payments are considered in anticipated credit losses, a credit loss occurs even if the entity expects to receive the full payment in the contract with the maturity specified in the contract. Expected credit losses are discounted over the effective interest rate of the financial asset.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

2.5 Summary of Significant Accounting Policies (continued)

f) Impairment of assets (continued)

i. Non-derivative financial assets (continued)

Financial instruments and contract assets (continued)

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortized cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- the significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial re-organization; or
- the disappearance of an active market for security because of financial difficulties.

Presentation of impairment in the statement of financial position

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities to comply with the Group's procedures for recovery of amounts due.

g) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial time to get ready for their intended use or sale, are added to the cost of those assets until the assets are substantially ready for their intended use or sale. All other borrowing costs are classified on the income statement in the period. Since the Group has no borrowing costs related to qualifying assets, all borrowing costs are classified on the income statement in the period.

h) Business combinations

The acquisition of subsidiaries and businesses is accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

2.5 Summary of Significant Accounting Policies (continued)

h) Business combinations (continued)

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date, except that:

- Deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with TAS 12 Income Taxes and TAS 19 Employee Benefits respectively;
- Liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with TFRS 2 Share-based Payment at the acquisition date; and
- Assets (or disposal groups) that are classified as held for sale in accordance with TFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another TFRS.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with TFRS 9, or TAS 37 Provisions, Contingent Liabilities and Contingent Assets or other relevant TFRSs, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

2.5 Summary of Significant Accounting Policies (continued)

h) Business combinations (continued)

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree before the acquisition date that has previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of. If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

i) Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses if any.

For impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that are expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss in the consolidated income statement. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

j) Due date income / (charges)

Due date income / (charges) represents the income / (charges) that are resulting from credit purchases or sales. These kinds of income / (charges) are accepted as financial income and expenses which result from credit purchases or sales come true during the accounting period and are included in the other operating income and expenses within the maturity period.

k) Provisions, contingent assets and liabilities

Provisions are recognised when the Group has a present legal constructive obligation as a result of past events, an outflow of resources will probably be required to settle the obligation, and a reliable estimate of the amount can be made.

Possible assets or obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group are treated as contingent assets or liabilities and not included in financial statements (Note 17).

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

2.5 Summary of Significant Accounting Policies (continued)

l) Impairment of non-financial assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets except for inventories, deferred tax assets and investment properties, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise, they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives such as goodwill are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired. The recoverable amount is the higher fair value fewer costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs), and then to reduce the carrying amounts of the other assets in the CGU (group of CGUs) on a pro-rata basis. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation if no impairment loss had been recognised.

m) Leases transactions

The Group – as a lessee

At the inception of a contract, the Group assesses whether a contract is, or contains a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a certain period in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, The Group assess whether:

a) the contract involved the use of an identified asset – this may be specified explicitly or implicitly.

b) the asset should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, the asset is not identified.

c) the Group has the right to obtain substantially all of the economic benefits from the use of an asset throughout the period of use, and

d) the Group has the right to direct use of the asset. The Group concludes to have the right of use when it is predetermined how and for what purpose the Group will use the asset. The Group has the right to direct use of asset if either:

i. the Group has the right to operate (or to have the right to direct others to operate) the asset over its useful life and the lessor does not have the rights to change the terms to operate or;

ii. the Group designed the asset (or the specific features) in a way that predetermines how and for what purpose it is used

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

2.5 Summary of Significant Accounting Policies (continued)

m) Leases transactions (continued)

The Group – as a lessee (continued)

The Group books a right of use and a lease obligation to the financial statements at the date that the lease is commenced.

Right of use asset

The right-of-use asset is initially recognized at cost comprising of:

a) amount of the initial measurement of the lease liability;

b) any lease payments made at or before the commencement date, less any lease incentives received;

c) any initial direct costs incurred by the Group; and

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

a) less any accumulated depreciation and any accumulated impairment losses; and

b) adjusted for any remeasurement of the lease liability.

The Group applies TAS 16 "Property, Plant and Equipment" to amortize the right of use asset and to assess for any impairment. If the supplier transfers the ownership of the underlying asset to the Group at the end of the lease term or if the cost of the right to use property indicates that the Group will use a purchase option, the Group depreciates the right to use the right to the end of the useful life of the underlying asset from the effective date of the lease. In other cases, the Group depreciates the right of use by the shorter than the useful life of the asset or the lease term, starting from the date on which the lease actually commences.

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

Lease Liability

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

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

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

b) the exercise price of a purchase option if the Group is reasonably certain to exercise that option; and

c) payments of penalties for terminating the lease, if the lease term reflects the Group exercising an option to terminate the lease.

After the commencement date, the Group measure the lease liability by:

a) increasing the carrying amount to reflect interest on the lease liability;

b) reducing the carrying amount to reflect the lease payments made; and

c) remeasuring the carrying amount to reflect any reassessment or lease modifications, or to reflect revised in-substance fixed lease payments.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

2.5 Summary of Significant Accounting Policies (continued)

l) Leases transactions (continued)

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

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

a) There is a change in the lease term. The Group determine the revised lease payments on the basis of the revised lease term, or

b) There is a change in the assessment of an option to purchase the underlying asset. The Group determine the revised lease payments to reflect the change in amounts payable under the purchase option.

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

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

a) There is a change in the amounts expected to be payable under a residual value guarantee. The Group determine the revised lease payments to reflect the change in amounts expected to be payable under the residual value guarantee.

b) There is a change in future lease payments resulting from a change in an index or a rate used to determine those payments. The Group remeasure the lease liability to reflect those revised lease payments only when there is a change in the cash flows.

The Group determine the revised lease payments for the remainder of the lease term based on the revised contractual payments. In that case, the Group use an unchanged discount rate.

The Group account for a lease modification as a separate lease if both:

a) The restructuring extends the scope of the leasing by including the right of use of one or more underlying assets, and

b) The lease payment amount increases as much as the appropriate adjustments to the price mentioned individually so that the increase in scope reflects the individual price and the terms of the relevant agreement.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

2.5 Summary of Significant Accounting Policies (continued)

l) Leases transactions (continued)

The Group – as a lessee (continued)

Short-term leases and low-value leases

The Group has elected not to recognise right-of-use assets and lease liabilities for some leases of low-value assets which have equal to or less than 12 months of maturity. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

The Group – as a lessor

All the leasings of the Group as lessor are operational leasings. For operational leasings, leased assets are classified under investment properties in the consolidated statement of financial position and rental income is accounted for in the consolidated profit or loss in equal amounts for the leasing period. Rental income is accounted for in the consolidated profit or loss for the leasing period on a straight-line basis.

The Group distributes an amount that takes place in an agreement which includes an item that has or has not had one or more extra leasing qualities along with a leasing item through applying the TFRS 15 "Revenue arising from agreements made with customers" standard.

n) Provision for post-employment benefits

Provision for post-employment benefits is the present value of the defined benefit obligations arising from current and past services of the employees, net of the fair value of plan assets at the reporting date. Independent actuarial assumptions and the 'projected unit credit method' are used to determine the present value of defined benefit obligations and the related current service cost and, where applicable, past service cost.

In determining the present value of defined benefit obligations and the related current service cost and, where applicable, past service cost, the Group attributes benefit to periods of service under the plan's benefit formula. However, if an employee's service in later years will lead to a materially higher level of benefit than in earlier years, the Group attributes benefit on a straight-line basis from the date when service by the employee first leads to benefits under the plan until the date when further service by the employee will lead to no material amount of further benefits under the plan, other than from further salary increases (Note 18).

o) Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attached to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred revenue in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

2.5 Summary of Significant Accounting Policies (continued)

p) Equity items

Ordinary shares are classified as equity. Dividends payable are recognised in the financial statements as a result of profit distribution in the period in which they are declared.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Where any group company purchases the Group's equity share capital, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Group's equity holders until the shares are cancelled or reissued. Where such shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects is included in equity attributable to the Group's equity holders.

In the restatement of shareholders' equity items, the addition of funds formed due to inflation such as the revaluation value increase fund in share capital is not considered as a contribution from shareholders. Additions of legal reserves and retained earnings to share capital are considered contributions by shareholders.

In the restatement of shareholders' equity items added to share capital, the capital increase registry dates or the payment dates are considered. In the restatement of share premiums, the payment dates are considered (Note 20).

r) Taxes on income

Taxes on income for the period comprise current tax and the change in deferred income taxes. Current year tax liability consists of the taxes calculated over the taxable portion of the current year's income by reference to corporate income tax rates enacted as of the reporting date and adjustments provided for the previous years' income tax liabilities.

Deferred income tax is provided, for all temporary differences arising between the tax base of assets and liabilities and their carrying values for financial reporting purposes. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from how the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the reporting date.

Deferred tax assets or liability are reflected in the consolidated financial statements to the extent that they will decrease or increase the tax payable amount when the temporary differences will reverse. Deferred income tax liabilities are recognised for all taxable temporary differences, whereas deferred income tax assets resulting from deductible temporary differences are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary difference can be utilised. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that there will probably be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Deferred income tax assets and deferred income tax liabilities related to income taxes levied by the same taxation authority are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

2.5 Summary of Significant Accounting Policies (continued)

r) Taxes on income (continued)

Group companies, while recording all deferred tax assets, make their assessment according to whether there is a sufficient amount of taxable profit in the future or not for 3 years taking into account business plans.

Deferred tax assets and liabilities are expected to be valid in the period when assets will be realized or liabilities will be fulfilled and become legal or significant as of the balance sheet date. It is calculated over the legalized tax rates. Deferred tax during the calculation of assets and liabilities, the Group's assets as of the balance sheet date the methods anticipated to recover the book value or fulfil its obligations tax consequences are taken into account.

Deferred tax assets and liabilities are net off when there is a legal right to set off current tax assets and current tax liabilities if such assets and liabilities are associated with income tax collected by the same tax authority, or if the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the period

Current tax and deferred tax for the period, excluding those that are associated with items that are directly accounted as receivables or debts in equity or arising from the initial registration of business combinations, are accounted as expenses or income in the statement of profit or loss. In business combinations, in the calculation of goodwill or in determining the portion exceeding the purchase cost of the share acquired by the purchaser in the fair value of the identifiable assets, liabilities and contingent liabilities of the purchased subsidiary, the tax effect is taken into consideration.

Deferred tax, provided that the tax legislation of the same country is subject and there is a legally enforceable right to offset current tax assets from current tax liabilities assets and deferred tax liabilities are mutually deducted from each other.

Tax risk

While determining the amount of current and deferred tax expense, the Group takes into account the uncertain tax positions and whether there are any additional tax and interest obligations to be paid. Based on the tax law and past experiences, the Group believes that the tax provisions are sufficient for the periods not subjected to tax inspection. This assessment may contain many professional judgments about future events and is based on estimates and assumptions. In case new information arises that will change the professional opinion of the Group regarding the adequacy of the existing tax liability, this change in the tax liability will affect the tax expense for the period in which this situation is determined.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

2.5 Summary of Significant Accounting Policies (continued)

s) Effect of changes in foreign exchange rates

Foreign Currency Transactions and Balances

The effects of currency changes on the Group's consolidated financial statements are explained under the heading 2.1 Change in Functional Currency in Note 2, Basis of Presentation. In the conversion of the consolidated financial statements to TL for presentation purposes, the assets in the balance sheet are translated into TL using the USD buying rate and the liabilities are converted into TL using the FX selling rate. The capital account of the company is shown over the nominal capital amount, all other equity items are kept at their historical TL values and all differences are accounted for in the foreign currency translation differences account.

Exchange differences are recognized in profit or loss in the period in which they occur, except as follows:

• Exchange differences related to assets under construction for future use and included in the cost of such assets, treated as an adjustment to interest costs on foreign currency denominated liabilities,

• Exchange differences arising from transactions carried out to provide financial hedging against foreign currency risks (accounting policies for financial hedging are explained below),

• Exchange differences arising from monetary debts and receivables from foreign operations that form part of the net investment in foreign operations, recognized in translation reserves and attributed to profit or loss on the sale of the net investment.

Financial Statements of Foreign Subsidiaries

To present consolidated financial statements, the assets and liabilities of the Group's foreign operations are expressed in TL using exchange rates prevailing on the reporting date. Income and expense items are translated at the average exchange rates for the period unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are classified in other comprehensive income and transferred to the Group's translation reserve.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

2.5 Summary of Significant Accounting Policies (continued)

t) Related parties

Related parties are individuals or entities that are related to the entity that is preparing its financial statements ("reporting entity").

a) An individual or a close family member is considered a related party of the reporting entity when the following criteria are met: If a certain individual,
   (i) Has control or joint control over the reporting entity,
   (ii) Has significant influence over the reporting entity,
   (iii) Is a key management personnel of the reporting entity or a parent company of the reporting entity.

b) An entity is considered a related party of the reporting entity when the following criteria are met:
   (i) If the entity and the reporting entity are within the same group. (meaning every parent company, subsidiary and other subsidiaries are considered related parties of others).
   (ii) If the reporting entity is a subsidiary or a joint venture of another entity (or of another entity that the entity is within the same group).
   (iii) If both of the entities are a joint venture of a third party.
   (iv) If one of the entities is a joint venture of a third party while the other entity is a subsidiary of this third party.
   (v) If an entity has plans of post-employment benefits for employees of reporting entity or a related party of a reporting entity. If the reporting entity has its plans, sponsor employers are also considered related parties.
   (vi) If the entity is controlled or jointly controlled by an individual defined in article (a).
   (vii) If an individual defined in clause (i) of the article (a) has significant influence over the reporting entity or is a key management personnel of this certain entity (or a parent company of the entity).

Related party transactions are transfers of resources, services or liabilities between related parties and the reporting entity, regardless of whether or not against remuneration. For these consolidated financial statements, shareholders of Hacı Ömer Sabancı Holding A.Ş. Group Companies, key management personnel and board members, in each case together with their families and companies controlled by or affiliated with them and associated companies are considered and referred to as related parties The Group determined its top management as the board of directors, the president (CEO) and vice presidents, and the general managers of the subsidiaries (Note 28).

u) Earnings per share

Earnings per share are determined by dividing net profit by the weighted average number of shares that have been outstanding during the period concerned. In Turkey, companies can increase their share capital by making a pro-rata distribution of shares ("Bonus Shares") to existing shareholders from retained earnings. For earnings per share computations, such Bonus Share issuances are regarded as issued shares. Accordingly, the weighted average number of shares used in earnings per share computations is derived by giving retrospective effect to the issuances of the shares without consideration (Note 27).

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

2.5 Summary of Significant Accounting Policies (continued)

v) Statement of cash flows

Consolidated statements of cash flows are reported by presenting cash flows from operating, investing and financing activities separately.

Cash flows from operating activities are the cash flows from Group's principal revenue-producing activities.

Cash flows from investing activities are the cash flows from the Group's acquisition and disposal of long-term assets and other investments not included in cash equivalents.

Cash flows from financing activities are the cash flows from the Group's changes in the size and composition of the contributed equity and borrowings.

y) Share premium

Share premium represents the difference between the nominal value of the Group's shares and the net proceeds from the offering of the Group's shares to the public (Note 20).

z) Investment property

Investment properties are properties held to earn rentals and/or for capital appreciation and are measured initially at cost, including transaction costs. After initial recognition, investment properties are stated at fair value. Gains or losses arising from changes in the fair values of investment properties are included in the profit or loss in the year in which they arise.

Investment properties are derecognized when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognized in profit or loss in the year of retirement or disposal.

Transfers are made when there is a change in the use of investment properties. When the use of a property change such that it is reclassified as property, plant and equipment, its fair value at the date of reclassification becomes its cost for subsequent accounting. If an owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under "Property, Plant and Equipment" up to the date of use change (Note 15).

If a land or building is changed to investment property while its owner is using it, that property is remeasured at fair value and classified as an investment property. Gains on fair value remeasurement are recognised in profit or loss up to a pre-existing impairment on a particular property; the remainder is recognized in other comprehensive income and presented as a revaluation reserve in equity. Losses are recognized directly in profit or loss.

aa) Segment reporting

The Group has four operating segments, which include the information used by the management to evaluate their performance and decide on resource allocation. These segments are managed separately, as they are affected by different economic situations and different geographic locations in terms of risk and return. Group management has determined the operating profit as the most appropriate method while evaluating the performance of the segments (Note 4).

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

2.5 Summary of Significant Accounting Policies (continued)

ab) Discontinued operations and liabilities directly associated with the assets held for sale

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group.

Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held-for-sale.

When an operation is classified as a discontinued operation, the comparative statement of profit or loss and other comprehensive income is represented as if the operation had been discontinued from the start of the comparative year.

ac) Events after reporting period

The Group corrects the amounts received in the consolidated financial statements in accordance with this new situation in the case of events that need to be corrected after the reporting date. Those matters that do not require adjustment after the reporting date are disclosed in the notes to the financial statements in the event those matters affect the financial decisions of users of the financial statements.

2.6 Critical accounting estimates and assumptions

Preparation of the consolidated financial statements in accordance with Turkish Financial Reporting Standards necessitates the usage of estimations and assumptions that can affect amounts of reported assets and liabilities as of reporting date, the explanation for the contingent assets and liabilities and income and expenses reported during the accounting period. Although these estimations and assumptions are based on the best judgement of the Group management related to the current conditions and transactions, actual results may differ from these estimations. Estimations are revised regularly necessary adjustments and corrections are made; and they are included in the income statement when they accrue. Estimations and assumptions subject to the risk of leading to corrections in the registered value of the assets and liabilities in the next financial period are given below.

a) Impairment test of goodwill

The Group tests annually whether goodwill has been impaired, in accordance with the accounting policy stated in Note 2.5. The recoverable amount of cash-generating units have been determined based on value-in-use calculations. These value-in-use calculations include the discounted after-tax cash flow projections, and these projections are based on USD financial budgets approved by KordsaManagement covering 5 years (2022:10 years). In 2022, the group conducted goodwill impairment tests based on 10 year projections to normalize the effects of Covid-19 and obtain healtier results.

To predict the future cash flows (infinite), a terminal growth rate of 3.0%, not exceeding the estimated average growth rate of the country's economy is used.

To calculate the recoverable amount of the unit, the weighted average cost of capital rate is used as the after-tax discount rate between 9.6% - 9.8% and 8.5% - 8.7% for calculations going to infinity.

As at 31 December 2023, the Group did not determine any impairment in the amount of the goodwill as a result of the impairment test performed by using the aforementioned assumptions.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

2.6 Critical accounting estimates and assumptions (continued)

b) Net realisable value

Inventories are valued at the lower of cost or net realisable value as described in the accounting policy in Note 2.5. Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses.

c) Useful lives of tangible and intangible assets

In accordance with the accounting policy given in Note 2.5, tangible and intangible assets are stated at historical cost less depreciation and net of any impairment. Depreciation on tangible assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives. Useful lives depend on the best estimates of management, are reviewed in each financial period and necessary corrections are made.

d) Provisions

In accordance with the accounting policy given in Note 2.5, provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, an outflow of resources will probably be required to settle the obligation, and a reliable estimate of the amount can be made.

e) Deferred tax

Deferred tax assets and liabilities are recorded using substantially enacted tax rates for the effect of temporary differences between financial statements which are prepared according to TFRS and tax bases of financial statements. Based on available evidence, both positive and negative, it is determined whether all or a portion of the deferred tax assets will probably be realized. The main factors which are considered include future earnings potential; cumulative losses in recent years; history of loss carry-forwards and other tax assets expiring; the carry-forward period associated with the deferred tax assets; future reversals of existing taxable temporary differences; tax-planning strategies that would, if necessary, be implemented, and the nature of the income that can be used to realize the deferred tax asset. If based on the weight of all available evidence, the Group believes that taxable profit will not be available sufficiently to utilize some portion of these deferred tax assets, then some portion of or all of the deferred tax assets are not recognized. The Group recognized deferred tax assets for Kordsa Türkiye's operating loss carry-forwards and search and development operations. The Group has not recognized deferred tax assets for Kordsa Brazil's operating loss carry-forwards because it is not apparent that taxable profit will be available sufficiently to recognize deferred tax assets. According to Brazilian tax legislation, there is no time limit for carrying forward operating losses. However, the maximum deductible balance is limited to 30% of total taxable income for the related year. If future results of operations exceed the Group's current expectations, the existing unrecognized deferred tax assets may be recognized, resulting in future tax benefits. The deferred tax effect of the financial losses which are not calculated as deferred tax of Kordsa Brasil is TL 496.374.114. The amount for which Group does not recognize deferred tax with Teknopark investment incentives is TL 77.020.589. The temporary difference which are not recognized as deferred tax asset between TFRS base financial statements in Turkey with tax base financial statements is TL 91.258.420.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

2.6 Critical accounting estimates and assumptions (continued)

f) Internally-generated intangible assets

Expenditure on research activities is recognized as an expense in the period in which it is incurred. An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognized if, and only if, all of the following have been demonstrated. The technical feasibility of completing the intangible asset so that it will be available for use or sale, the intention to complete the intangible asset and use or sell it, the ability to use or sell the intangible asset, how the intangible asset will generate probable future economic benefits, the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset and the ability to measure reliably the expenditure attributable to the intangible asset during its development. The amount initially recognized for internally-generated intangible assets is the sum of expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognized, development expenditure is charged to profit or loss in the period in which it is incurred.

In the current year, the Group management re-examined the probable economic benefits of the internally generated intangible assets. The Group management expects the projects to continue as expected and relying on the analysis performed, expects them to create similar economic benefits. The management is sure about being able to recover the book values of the assets even though their economic benefits decrease. The aforementioned situation is followed up closely by the Group management who will make the necessary adjustments if required by future market transactions.

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

NOTE 3 – BUSINESS COMBINATIONS

3.1 Microtex Composites S.r.l. purchase

Microtex's shares representing 60% were purchased by the Group from Microtex Composites S.r.l(Microtex) on 5 August 2022 amounted by TL 489.564.992.

In accordance with the TFRS 3 Business Combinations ("TFRS 3") standard, the fair value calculations of the identifiable assets and liabilities required for accounting and the allocation of the purchase price to tangible and intangible assets ("The study of allocating the purchase cost") were completed by the independent valuation firm, Marcum LLP. as of 31 December 2022, the fair values of the related party's identifiable assets, liabilities, and contingent liabilities are reflected in the consolidated financial statements following the TFRS standards (Note 16)

Purchase price and recognized assets and liabilities at the date of purchase (TL):

Identifiable assets and liabilities purchased	**Fair Value as of August 5, 2022**
Cash and cash equivalents	12.762.258
Trade receivables	217.202.678
Inventories	140.565.997
Other long-term assets	47.472.070
Property, plant and equipment (Note 12)	61.633.826
Other intangible assets(Note 13)	326.534.472
Right-of-use assets (Note 14)	73.553.856
Trade payables	(50.916.107)
Borrowings	(245.156.326)
Lease liabilities	(73.553.856)
Other short-term liabilities	(38.114.344)
The fair value of total identifiable net assets (100%)	**471.984.524**

Net assets acquired (corresponding to 60% of the purchased)	283.190.714
Goodwill	**206.374.277**
Total Purchase Price	**489.564.992**

The Group has the option to buy/sell the remaining 40% of Microtex's shares from non-controlling shares, according to the shareholder agreement regarding the purchase of shares. The stock call/put option will expire on August 5, 2027. The mentioned share buy/sell option is recorded under other long-term liabilities at EBITDA value (31 December 2022: TL 527.789.084) in the consolidated financial statements of the Group and is shown separately under equity attributable to owners of the Company.

Goodwill has formed the basis of Microtex's positioning in the European market as a strong company that offers high-quality composite and prepreg production in the luxury automotive industry and this company will add value to the Group's growth targets in the European composites industry.

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

NOTE 4 - SEGMENT REPORTING

The reportable geographical segments for segment reporting are as follows:

a) External revenue

	1 January- 31 December 2023	1 January- 31 December 2022
Europe, Middle East and Africa	8.677.820.321	6.329.635.523
North America	7.269.303.551	5.308.971.587
South America	2.238.429.852	1.982.887.669
Asia	5.317.526.997	4.818.249.128
	23.503.080.721	**18.439.743.907**

b) Segment assets	**31 December 2023**	**31 December 2022**
North America	16.092.046.575	10.138.717.623
Europe, Middle East and Africa	9.206.063.746	7.003.503.930
Asia	8.793.547.555	5.452.679.542
South America	2.238.374.588	1.431.159.274
Segment assets (*)	**36.330.032.464**	**24.026.060.369**
Unallocated assets	1.949.486.942	1.017.897.683
Less: Intersegment elimination	(3.303.405.309)	(1.474.751.972)
Total assets per consolidated financial statements	**34.976.114.097**	**23.569.206.080**

c) Segment liabilities	**31 December 2023**	**31 December 2022**
Europe, Middle East and Africa	10.054.984.349	7.268.551.351
North America	7.523.398.698	4.683.230.452
South America	481.560.369	443.283.457
Asia	1.769.026.917	1.088.850.338
Segment liabilities (**)	**19.828.970.333**	**13.483.915.598**
Unallocated liabilities	1.729.743.932	1.139.014.401
Less: Intersegment elimination	(2.643.275.409)	(1.080.039.323)
Total liabilities per consolidated financial statements	**18.915.438.856**	**13.542.890.676**

(*) Segment assets mainly comprised assets regarding operations. Deferred tax assets, time deposits and financial investments have not been associated with segments.

(**) Segment liabilities mainly comprised liabilities regarding operations. Tax liabilities, and other financial liabilities have not been associated with segments.

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

NOTE 4 - SEGMENT REPORTING (continued)

d) Segment analysis for the period 1 January – 31 December 2023

	Europe, Middle East and Africa(**)	North America	South America	Asia	Elimination (*)	Total
External revenue	8.677.820.321	7.269.303.551	2.238.429.852	5.317.526.997	-	23.503.080.721
Intersegment revenue	628.613.568	432.359.888	14.290.486	477.670.040	(1.552.933.982)	-
Revenue	9.306.433.889	7.701.663.439	2.252.720.338	5.795.197.037	(1.552.933.982)	23.503.080.721
Segment operating expenses	(8.791.840.284)	(7.429.421.809)	(2.323.898.609)	(5.240.374.179)	1.511.229.052	(22.274.305.829)
Segment operating results	514.593.605	272.241.630	(71.178.271)	554.822.858	(41.704.930)	1.228.774.892
Operating profit	**514.593.605**	**272.241.630**	**(71.178.271)**	**554.822.858**	**(41.704.930)**	**1.228.774.892**

e) Segment analysis for the period 1 January – 31 December 2022

	Europe, Middle East and Africa(**)	North America	South America	Asia	Elimination (*)	Total
External revenue	6.329.635.523	5.308.971.587	1.982.887.669	4.818.249.128	-	18.439.743.907
Intersegment revenue	443.485.267	2.014.440.089	624.702	426.596.309	(2.885.146.367)	-
Revenue	6.773.120.790	7.323.411.677	1.983.512.370	5.244.845.437	(2.885.146.367)	18.439.743.907
Segment operating expenses	(6.139.344.659)	(7.188.169.936)	(1.846.520.035)	(4.569.089.398)	2.953.441.288	(16.789.682.740)
Segment operating results	633.776.131	135.241.741	136.992.336	675.756.039	68.294.920	1.650.061.167
Operating profit	**633.776.131**	**135.241.741**	**136.992.336**	**675.756.039**	**68.294.920**	**1.650.061.167**

(*) Unallocated consolidation adjustments are included in this line.

(**) Kordsa Teknik Teksil A.Ş. has been included in Europe, Middle East and Africa Segment.

f) Capital expenditure	1 January – 31 December 2023	1 January – 31 December 2022
Europe, Middle East and Africa	498.347.548	424.379.094
North America	424.785.020	306.485.230
South America	103.344.683	22.188.674
Asia	268.548.657	135.479.756
	1.295.025.908	**888.532.754**

g) Depreciation and amortization expense	1 January – 31 December 2023	1 January – 31 December 2022
Europe, Middle East and Africa	207.675.365	103.928.925
North America	434.615.441	300.008.498
Asia	266.341.812	175.187.947
South America	44.707.519	31.761.203
	953.340.137	**610.886.573**

h) Provision/(reversal) for doubtful receivables	1 January – 31 December 2023	1 January – 31 December 2022
South America	921.514	513.519
Europe, Middle East and Africa	4.218.172	60.938
North America	(7.332.302)	(10.024.302)
	(2.192.616)	**(9.449.845)**

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

NOTE 4 - SEGMENT REPORTING (continued)

i) Provision/ (reversal) for inventory obsolescence	1 January - 31 December 2023	1 January - 31 December 2022
Europe, Middle East and Africa	(4.671.772)	7.173.592
North America	20.940.459	15.402.247
South America	6.878.920	(1.073.815)
Asia	84.144.303	730.667
	107.291.910	**22.232.691**

The segment reporting based on industry groups of reportable segments is as follows:

a) External revenue	1 January - 31 December 2023	1 January - 31 December 2022
Industrial Yarn and Cord Fabric	18.121.856.016	15.396.331.917
Advanced Composite Materials	4.702.613.025	2.086.792.100
Other	678.611.680	956.619.890
	23.503.080.721	**18.439.743.907**

b) Capital expenditures	1 January - 31 December 2023	1 January - 31 December 2022
Industrial Yarn and Cord Fabric	925.148.733	631.166.035
Advanced Composite Materials	109.553.874	111.090.017
Other	260.323.301	146.276.702
	1.295.025.908	**888.532.754**

NOTE 5 – CASH AND CASH EQUIVALENTS

The details of cash and cash equivalents as at 31 December 2023 and 2022 are as follows

	31 December 2023	31 December 2022
Cash	19.890.239	6.085.972
Bank-demand deposits	1.306.452.816	395.715.321
Bank-time deposits	386.125.252	119.970.447
Other(*)	-	277.456.506
	1.712.468.307	**799.228.246**

Time deposits have less than 3 months of maturity. The average annual interest rate for time deposits is 0,01% for Euro (31 December 2022: 0,01%). The Average annual interest rate for time deposits is 0,01% for US Dollars (31 December 2022: 0,05%) and the annual interest rate of time deposits in TL is 25.00% (31 December 2022: 13.5%).

The Group's related party balance related to cash and cash equivalents are disclosed in Note 28.

There are no restricted cash and cash equivalents of the Group as at 31 December 2023 and 2022.

Foreign currency, interest rate and sensitivity risks for the financial assets and liabilities of the Group are presented under Note 30.

(*) Other cash and cash equivalents consist of short-term free liquid funds that the Company bought from Ak Portföy Yönetimi A.Ş. The interest rate of the related fund is 27%.

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

NOTE 6 – FINANCIAL INVESTMENTS

	31 December 2023	31 December 2022
Common Stocks	1.969.244	1.227.282
	1.969.244	**1.227.282**

Detail of the common stocks are as follows:

	31 December 2023		31 December 2022	
	Percentage of shareholding %	Amount	Percentage of shareholding %	Amount
Investimentos Lei 8200	<0,01	-	<0,01	-
Desenbanco	<0,01	470.305	<0,01	277.178
Cetrel	<0,01	43.039	<0,01	25.364
Other	-	1.455.900	-	924.740
		1.969.244		**1.227.282**

	31 December 2023	31 December 2022
Financial Investments(*)	91.639.021	58.206.477
	91.639.021	**58.206.477**

*The Group's short-term financial investment consists of convertible bonds.

NOTE 7 – BORROWINGS

	31 December 2023	31 December 2022
Short-term borrowings	6.954.689.210	3.544.069.320
Short-term portion of long term borrowings	427.623.845	1.260.253.327
Lease liabilities	113.022.245	53.041.833
Total short-term financial borrowings	**7.495.335.300**	**4.857.364.480**
Long-term borrowings	4.269.179.252	3.095.516.682
Lease liabilities	851.762.569	491.701.254
Total long-term financial borrowings	**5.120.941.821**	**3.587.217.936**
Total borrowings	**12.616.277.121**	**8.444.582.416**

The Group has long-term guarentees (sureites) given by Kordsa Teknik Tekstil A.Ş for Kordsa Inc's USD loans (Note 17). The Group does not have any other guarentees given for it's loans.

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

NOTE 7 – BORROWINGS (continued)

The details of long and short term borrowings as of 31 December 2023 and 31 December 2022 are as follows:

	31 December 2023		31 December 2022	
	Weighted average effective interest rate %	TL	Weighted average effective interest rate %	TL
Short-term borrowings				
TL borrowings	34,79	1.646.920.444	14,84	471.262.278
USD borrowings	8,68	4.242.790.470	5,28	1.583.948.316
EUR borrowings	8,23	908.398.549	4,44	1.396.608.500
Other borrowings(*)	4,42	156.579.747	3,34	92.250.226
		6.954.689.210		**3.544.069.320**
Short-term portion of long-term borrowings				
USD borrowings	9,33	427.623.845	3,86	1.248.383.733
Other borrowings(*)	-	-	6,25	11.869.594
		427.623.845		**1.260.253.327**
Total short-term borrowings		**7.382.313.055**		**4.804.322.647**
Long term borrowings				
USD Borrowing	8,25	4.040.308.100	4,05	2.910.216.888
EUR Borrowing	3,59	228.871.152	3,60	155.621.558
Other Borrowing (*)	-	-	8,40	29.678.236
Total long-term borrowings		**4.269.179.252**		**3.095.516.682**

(*) Consists of Indonesian Rupiah(IDR) and Thai Baht(THB) currency loans.

As of 31 December 2023 and 31 December 2022, the redemption schedules of long term borrowings are summarized below:

	31 December 2023	31 December 2022
1 to 2 years	1.605.328.906	1.357.027.879
2 to 3 years	1.529.907.507	773.781.812
3 to 4 years	846.845.320	643.137.994
4 to 5 years	184.584.201	321.568.997
Over 5 years	102.513.318	-
	4.269.179.252	**3.095.516.682**

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

NOTE 7 – BORROWINGS (continued)

As of 31 December 2023 and 31 December 2022, the redemption schedules of long-term lease liabilities are summarized below:

	31 December 2023	31 December 2022
1 to 2 years	198.554.207	74.217.899
2 to 3 years	85.360.126	97.019.694
3 to 4 years	84.400.032	23.899.196
4 to 5 years	78.960.952	25.443.807
Over 5 years	404.487.252	271.120.658
	851.762.569	**491.701.254**

There are financial commitments that could not be partially meet in this period within the scope of the loan agreements in USD. Related financial institutions were informed, actions have taken for the waives and 54.050.000 USD of long term to short term borrowings reclassification have been made according to TAS 1.

The reconciliation of the Group's obligations arising from its financial activities is as follows:

	2023	2022
1 January	**8.444.582.416**	**4.434.124.302**
Proceed from borrowings	11.069.362.435	8.986.054.342
Repayment of borrowings	(11.728.679.534)	(7.223.171.508)
Interest expense recognized in the statement of profit or loss (Note 25)	941.725.646	297.792.810
Interest payment	(746.309.047)	(264.374.111)
New Lease Liability Agreements(Note 14)	133.644.690	113.532.759
Lease liability repayments	(45.111.805)	(16.971.579)
Foreign exchange gain/loss - net	256.699.774	260.904.923
Currency translation differences	4.290.362.546	1.856.690.478
31 December	**12.616.277.121**	**8.444.582.416**

NOTE 8 - TRADE RECEIVABLES AND TRADE PAYABLES

	31 December 2023	31 December 2022
Trade receivables		
Trade receivables	4.525.475.297	3.607.172.196
Cheques received	14.139.530	47.071.100
Due from related parties (Note 28)	317.610.477	250.835.834
	4.857.225.304	**3.905.079.130**
Less: Provision for doubtful receivables	(23.575.045)	(16.431.373)
Less: Unearned credit finance income	(59.711.361)	(29.068.018)
	4.773.938.898	**3.859.579.739**

As of 31 December 2023, the annual interest rates used for the discount of trade receivables and payables are 52.73%, 9.47% and 8.60% for TL, USD and EUR, respectively (2022: 13.54%, 7.93%, and 6.93%). As of 31 December 2023, the average maturity of trade receivables is 68 days and the average maturity of trade payables is 56 days (31 December 2022: 71 days, 63 days respectively). The Group has transferred TL 641.695.472 of it's USD and EUR recievables with assignment of receivables.

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

NOTE 8 - TRADE RECEIVABLES AND TRADE PAYABLES (continued)

As of 31 December 2023, trade receivables amounting to TL 543.697.365 (31 December 2022: TL 451.411.438) were past due but not impaired. The aging of these receivables as of 31 December 2023 and 2022 are as follows:

	31 December 2023	31 December 2022
Up to 1 month	320.989.742	287.577.382
1 to 3 months	126.601.175	109.809.406
3 to 12 months	52.026.502	48.828.323
1 to 5 years	44.079.946	5.196.327
	543.697.365	**451.411.438**

As of 31 December 2023, trade receivables amounting to TL 23.575.044 (2022: 16.431.373 TL) are overdue and the provisions have been booked for these doubtful receivables, as of 31 December 2023 and 31 December 2022, the aging schedule of the related receivables is as follows:

	31 December 2023	31 December 2022
Up to 1 month	1.572.399	939.263
1 to 3 months	961.998	996.710
3 to 12 months	9.800.653	6.522.707
1 to 5 years	11.239.994	7.972.693
	23.575.044	**16.431.373**

Movement schedules of provision for doubtful receivables for the years ended 2023 and 2022 are as follows:

	1 January- 31 December 2023	1 January- 31 December 2022
Balance on 1 January	**16.431.373**	**19.532.353**
Additions	6.222.227	922.215
Reversals	(8.414.843)	(10.372.060)
Currency translation differences	9.336.287	6.348.865
Balance on 31 December	**23.575.044**	**16.431.373**

Trade payables	**31 December 2023**	**31 December 2022**
Trade payables	3.328.970.832	2.913.837.601
Due to related parties (Note 28)	76.598.491	72.941.629
	3.405.569.323	**2.986.779.230**
Less: Unrealised credit finance expense on purchases	(30.330.193)	(15.269.909)
	3.375.239.130	**2.971.509.321**

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

NOTE 9 – OTHER RECEIVABLES AND OTHER PAYABLES

Other short-term receivables	**31 December 2023**	**31 December 2022**
Taxes and other duties (*)	304.496.833	94.406.061
Other	144.789.068	150.020.570
	449.285.901	**244.426.631**

Other long-term receivables	**31 December 2023**	**31 December 2022**
Litigation guarantee receivables (**)	108.197.159	61.044.877
Other	4.842.975	2.331.567
	113.040.134	**63.376.444**

(*) Prepaid taxes and other withholding taxes mainly comprise VAT receivables of Kordsa Brazil arising from production incentives related to state regulations and provisional tax receivables of Kordsa Turkey.

(**) Litigation guarantee receivables comprise guarantees given to courts by Kordsa Brazil.

Other short-term payables	**31 December 2023**	**31 December 2022**
Taxes and duties payable	109.056.976	69.777.473
Other	33.768.336	11.816.651
	142.825.312	**81.594.124**

Other long-term provisions	**31 December 2023**	**31 December 2022**
Taxes and duties payable (***)	73.551.721	43.273.036
	73.551.721	**43.273.036**

(***) Taxes and duties payable mainly comprise the provisions for employment and tax-related lawsuits against Kordsa Brazil

NOTE 10 – INVENTORIES

	31 December 2023	**31 December 2022**
Finished Goods	2.735.008.091	2.109.464.542
Raw materials and supplies	2.512.795.610	2.305.202.178
Semi-finished goods	530.719.908	202.550.585
Spare parts	400.160.356	206.372.217
Intermediate goods	735.863.664	687.239.826
Other inventories	195.826.698	103.018.881
	7.110.374.327	**5.613.848.229**
Less: Provision for obsolescence	(270.414.821)	(116.576.248)
	6.839.959.506	**5.497.271.981**

The allocation of the impairment of inventories for the years ended 31 December 2023 and 2022 are as follows:

	31 December 2023	**31 December 2022**
Finished goods	90.321.148	23.301.091
Spare parts	91.293.450	53.124.649
Semi-finished and intermediate goods	33.992.739	4.185.205
Other inventories	25.319.725	28.728.413
Raw materials and supplies	29.487.759	7.236.890
Balance on 31 December	**270.414.821**	**116.576.248**

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

NOTE 10 – INVENTORIES (continued)

Movement schedules for impairment of inventories for the years ended 31 December 2023 and 2022 are as follows:

	1 January-31 December 2023	1 January-31 December 2022
Balance on 1 January	**116.576.248**	64.279.766
Additions	116.763.021	29.091.742
Reversals	(9.471.111)	(6.859.051)
Currency translation differences	46.546.663	30.063.791
Balance on 31 December	**270.414.821**	**116.576.248**

The amount of provision for impairment of inventory charged to the cost of goods sold for the year 2023 is TL 107.291.910 (2022: TL 22.232.691).

NOTE 11 – PREPAYMENTS AND DEFERRED INCOME

Short-term prepaid expenses	**31 December 2023**	**31 December 2022**
Prepaid expenses	334.131.186	135.696.423
Advances given	87.283.649	63.241.082
Other prepaid expenses	12.137.596	4.540.817
	433.552.431	**203.478.322**

Long-term prepaid expenses	**31 December 2023**	**31 December 2022**
Advances given	93.765.659	42.872.540
Other prepaid expenses	20.208.349	12.690.504
	113.974.008	**55.563.044**

Deferred revenue	**31 December 2023**	**31 December 2022**
Deferred revenue (*)	14.875.555	16.753.488
	14.875.555	**16.753.488**

(*) Deferred revenue comprises advances received from customers.

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

NOTE 12 – PROPERTY, PLANT AND EQUIPMENT

The movement of property, plant and equipment for the year ended 31 December 2023 is as follows:

	1 January 2023	Additions	Disposals	Transfers(*)	Currency translation differences	31 December 2023
Cost:						
Land and land improvements	253.098.156	-	(15.097)	9.387.942	149.191.573	411.662.574
Buildings	1.771.419.385	29.551.498	-	72.186.844	1.056.590.887	2.929.748.614
Machinery and equipment	9.422.412.646	135.214.652	(214.260.365)	554.553.632	5.664.562.739	15.562.483.304
Motor vehicles	8.204.576	3.328.959	(854.113)	-	3.524.978	14.204.400
Furniture and fixtures	331.465.529	5.345.805	(4.925.172)	62.593.733	215.454.737	609.934.632
Construction in progress	853.049.916	1.063.481.018	(170.082.298)	(808.167.798)	502.454.931	1.440. 735.769
	12.639.650.208	**1.236.921.932**	**(390.137.045)**	**(109.445.647)**	**7.591.779.845**	**20.968.769.293**
Accumulated depreciation:						
Land improvements	53.197.366	3.588.292	-	-	31.606.344	88.392.002
Buildings	934.089.818	76.013.923	-	-	574.551.185	1.584.654.926
Machinery and equipment	5.548.520.347	552.927.657	(138.671.119)	-	3.427.931.923	9.390.708.808
Motor vehicles	2.814.282	899.963	(854.113)	-	6.339.062	9.199.194
Furniture and fixtures	267.462.760	31.486.073	(4.543.965)	-	119.252.116	413.656.984
	6.806.084.573	**664.915.908**	**(144.069.197)**	**-**	**4.159.680.629**	**11.486.611.914**
Net book value	**5.833.565.634**					**9.482.157.379**

(*) For the twelve months period ended 31 December 2023, TL 109.445.647 was transferred to other intangible assets.

TL 705.141.647 (31 December 2022: TL 470.985.529) of depreciation and amortization expenses related to tangible fixed assets, intangible assets and right of use assets in the current period is to cost of goods sold, TL 12.895.093 (31 December 2022: TL 3.156.819) to research and development expenses, TL 229.327.799 (31 December 2022: TL 133.134.499) to general administrative expenses and TL 5.975.598 (31 December 2022: TL 3.609.726) to marketing, sales and distribution expenses.

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

NOTE 12 – PROPERTY, PLANT AND EQUIPMENT (continued)

The movement of property, plant and equipment for the year ended 31 December 2022 is as follows:

	1 January 2022	Additions	Disposals	Transfers	Acquisition of Subsidiary(*)	Currency translation differences	31 December 2022
Cost:							
Land and land improvements	171.833.973	12.363.202	-	-	-	68.900.981	253.098.156
Buildings	1.236.777.638	9.847.710	-	25.645.057	-	499.148.980	1.771.419.385
Machinery and equipment	6.446.687.486	138.651.998	(16.042.637)	111.189.877	57.315.531	2.684.610.391	9.422.412.646
Motor vehicles	6.435.329	254.286	(1.025.032)	-	-	2.539.993	8.204.576
Furniture and fixtures	218.707.451	1.959.286	(1.292.712)	10.899.860	4.318.295	96.873.349	331.465.529
Construction in progress	175.413.174	711.341.754	(6.479.240)	(187.444.550)	-	160.218.778	853.049.916
	8.255.855.051	**874.418.236**	**(24.839.621)**	**(39.709.756)**	**61.633.826**	**3.512.292.472**	**12.639.650.208**
Accumulated depreciation:							
Land improvements	36.590.096	1.536.536	-	-	-	15.070.734	53.197.366
Buildings	634.023.961	41.007.625	-	-	-	259.058.232	934.089.818
Machinery and equipment	3.626.704.011	385.724.906	(14.021.792)	-	-	1.550.113.222	5.548.520.347
Motor vehicles	2.568.773	296.810	(1.025.032)	-	-	973.732	2.814.283
Furniture and fixtures	170.710.995	21.539.222	(784.032)	-	-	75.996.575	267.462.760
	4.470.597.836	**450.105.099**	**(15.830.856)**	**-**	**-**	**1.901.212.495**	**6.806.084.574**
Net book value	**3.785.257.215**						**5.833.565.634**

(*) Net TL 61.633.826 acquisition of subsidiary is related to acquisition of Microtex.

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

NOTE 13 – INTANGIBLE ASSETS

	1 January 2023	Additions	Disposals	Transfers	Currency translation differences	31 December 2023
Cost:						
Rights	74.597.405	4.100.974	-	4.191.076	48.667.843	131.557.298
Technology licences	291.275.314	-	-	-	168.207.522	459.482.836
Capitalized development costs	182.895.674	22.546.164	-	102.648.491	137.151.878	445.242.207
Computer software	76.883.714	31.456.838	-	2.606.080	57.907.667	168.854.299
Customer relationships	1.682.620.657	-	-	-	966.460.994	2.649.081.651
Trademarks(*)	521.565.284	-	-	-	299.576.433	821.141.717
Other intangible assets	82.774.734	-	-	-	47.544.021	130.318.755
	2.912.612.782	**58.103.976**	-	**109.445.647**	**1.725.516.358**	**4.805.678.763**
Accumulated Depreciation						
Rights	34.410.568	9.596.952	-	-	25.243.528	69.251.048
Technology licences	123.268.391	41.477.179	-	-	82.092.670	246.838.240
Capitalized development costs	89.851.894	47.829.182	-	-	63.872.636	201.553.712
Computer software	76.271.179	9.618.256	-	-	49.321.202	135.210.637
Customer relationships	254.617.687	96.808.172	-	-	171.069.014	522.494.873
Trademarks	932.671	-	-	-	535.412	1.468.083
Other intangible assets	36.251.323	2.277.152	-	-	21.405.851	59.934.326
	615.603.713	**207.606.893**	-	-	**413.540.313**	**1.236.750.919**
Net book value	**2.297.009.069**					**3.568.927.844**

(*) Consists of Fabric Development Inc.(88.314.600 TL), Textile Products. Inc.(114.808.980 TL) , Axiom Materials Acquisition LLC(512.594.041 TL), and Microtex Composites S.r.l(105.424.082 TL).

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

NOTE 13 – INTANGIBLE ASSETS (continued)

	1 January 2022	Addition	Disposals	Transfers	Acquisition of Subsidiary(*)	Currency translation differences	31 December 2022
Cost:							
Rights	44.028.408	1.526.617	-	-	9.589.844	19.452.536	74.597.405
Technology licences	195.617.354	-	(14.242.636)	-	32.483.613	77.416.982	291.275.313
Capitalized development costs	99.213.650	-	-	37.354.215	-	46.327.809	182.895.674
Computer software	48.078.389	12.587.901	(4.874.919)	582.180	-	20.510.163	76.883.714
Customer relationships	1.035.789.621	-	-	-	220.227.884	426.603.152	1.682.620.657
Trademarks	323.981.491	-	-	-	64.233.132	133.350.662	521.565.285
Other intangible assets	57.526.170	-	-	1.773.361	-	23.475.203	82.774.734
	1.804.235.083	**14.114.518**	**(19.117.555)**	**39.709.756**	**326.534.473**	**747.136.507**	**2.912.612.782**
Accumulated Depreciation							
Rights	18.827.438	4.777.161	-	-	-	10.805.969	34.410.568
Technology licences	79.117.316	25.156.322	(14.242.636)	-	-	33.237.389	123.268.391
Capitalized development costs	44.825.151	23.045.134	-	-	-	21.981.609	89.851.894
Computer software	53.175.928	4.585.086	(4.874.919)	-	-	23.385.084	76.271.179
Customer relationships	130.550.131	61.076.441	-	-	-	62.991.115	254.617.687
Trademarks	-	700.922	-	-	-	231.749	932.671
Other intangible assets	25.475.761	1.552.858	-	-	-	9.222.703	36.251.322
	351.971.725	**120.893.924**	**(19.117.555)**	**-**	**-**	**161.855.618**	**615.603.712**
Net book value	**1.452.263.358**						**2.297.009.070**

(*) Net TL 326.534.473 acquisition of subsidiary is related to acquisition of Microtex

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

NOTE 14 – RIGHT OF USE ASSETS

	1 January 2023	Addition	Disposals	Transfer	Currency translation differences	31 December 2023
Cost						
Properties	543.335.686	93.439.694	-	2.463.257	312.718.924	951.957.561
Fixtures	736.759	-	-	-	1.414.575	2.151.334
Vehicles	58.391.069	15.242.052	(5.434.475)	(2.463.257)	35.994.244	101.729.633
Other	39.649.193	24.962.944	(1.719.714)	-	30.338.318	93.230.741
	642.112.707	**133.644.690**	**(7.154.189)**	**-**	**380.466.062**	**1.149.069.269**
Accumulated depreciation						
Properties	96.712.513	41.573.169	-	1.261.967	31.253.516	170.801.169
Fixtures	461.194	753.314	-	-	611.489	1.825.997
Vehicles	23.521.236	21.059.561	(5.127.232)	(1.261.967)	16.328.291	54.519.889
Other	20.004.528	17.431.292	(1.412.479)	-	15.299.885	51.323.226
	140.699.471	**80.817.336**	**(6.539.711)**	**-**	**63.493.183**	**278.470.281**
Net book value	**501.413.236**					**870.598.988**

	1 January 2022	Addition	Disposals	Transfers	Acquisition of Subsidiary(*)	Currency translation differences	31 December 2022
Cost							
Properties	262.912.186	74.391.144	-	(2.477.069)	73.553.856	134.955.569	543.335.686
Fixtures	697.488	-	-	(4.214.289)	-	4.253.561	736.759
Vehicles	18.034.085	30.213.277	(1.825.173)	(2.434.941)	-	14.403.821	58.391.069
Other	20.655.757	8.928.338	-	9.126.299	-	938.799	39.649.192
	302.299.516	**113.532.759**	**(1.825.173)**	**-**	**73.553.856**	**154.551.750**	**642.112.707**
Accumulated depreciation							
Properties	46.854.330	24.771.083	-	(1.810.305)	-	26.897.405	96.712.513
Fixtures	373.972	66.536	-	(533.806)	-	554.493	461.194
Vehicles	14.889.770	8.839.401	(1.825.173)	1.029.684	-	587.553	23.521.236
Other	7.181.298	6.210.530	-	1.314.427	-	5.298.273	20.004.528
	69.299.370	**39.887.550**	**(1.825.173)**	**-**	**-**	**33.337.711**	**140.699.471**
Net book value	**233.000.146**						**501.413.236**

(*) Net TL 73.553.856 acquisition of subsidiary is related to acquisition of Microtex

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

NOTE 15 – INVESTMENT PROPERTIES

	31 December 2023	31 December 2022
Balance on 1 January	**426.405.882**	**319.699.817**
Losses from fair value adjusments (Note24) (*)	-	(18.865.224)
Gains from fair value adjusments (Note24) (*)	20.480.692	-
Currency translation differences	250.169.691	125.571.289
Balance on 31 December	**697.056.265**	**426.405.882**

(*) As of 31 December 2023 and 2022, the fair value of the Group's investment property in PT Indo Kordsa Company in the Asia Pacific Region has been revalued by independent experts who are not related to the Group and have appropriate qualifications and recent experience in the valuation of properties. The estimated fair values of lands owned have been determined by taking reference of the market transaction prices of similar properties. When determining the fair values of the lands the highest value in use has been considered. In the current period, no different valuation methodology is performed. As of 31 December 2023, the fair value hierarchy level of investment properties measured by the revaluation method is 3.

NOTE 16 – GOODWILL

The goodwill by amount of USD 134.508.928 (2022: USD 134.508.928) as of 31 December 2023 consisted of USD 3.193.789 (2022: USD 3.193.789), which accrued in consequence of the merger with Dusa Endüstriyel İplik ve Sanayi ve Ticaret A.Ş on 30 September 1999, USD 226.961 (2022: USD 226.961), which accrued in consequence of the acquisition of the PT Indo Kordsa Group on 22 December 2006, respectively USD 9.656.000 (2022: USD 9.656.000) and USD 19.893.604 (2022: USD 19.893.604) which accrued in consequence of the acquisition of the Fabric Development Inc. ("FDI") and Textile Products, Inc.("TPI") on 13 July 2018, USD 1.268.000 (2022: USD 1.268.000) accrued in consequence of the acquisition of the Advanced Honeycomb Technologies Corporation ("AHT") on 1 October 2018 and USD 88.764.556 (2022: USD 88.764.556) which accrued in consequence of the acquisition of the Axiom Materials Acquisition ("Axiom") on 23 July 2019 and USD 11.506.020 (31 December 2022: USD 11.506.020) consists of Microtex acquisition.

As at 31 December, the movements in goodwill were as follows;

	31 December 2023	31 December 2022
Balance on 1 January	**2.515.088.288**	**1.639.505.779**
Acquisitions during the year (Note 3)	-	**206.374.277**
Microtex	-	*206.374.277*
Currency translation difference	1.444.612.436	669.208.232
Balance on 31 December	**3.959.700.724**	**2.515.088.288**

As disclosed in Note 2.6 in detail, there is no change in the book value of the goodwill after assessment for the impairment, which is TL 3.959.700.724 and TL 2.515.088.288 for the year ended as of 31 December 2023 and 2022 respectively.

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

NOTE 16 – GOODWILL (continued)

The cash-generating unit value has been tested for the sensitivity of cash flows to the weighted average cost of capital ("WACC") of +1%/-1% and growth rate (31 December 2022: +1%/-1%). As a result of the impairment test, it has been determined that there is no impairment in the cash-generating unit value and its downward impact on the values is presented below.

	WACC (+%1)	Terminal Growth Rate (-%1)
FDI	16%	12%
TPI	18%	14%
Axiom	17%	13%
Microtex	19%	16%

NOTE 17 - COLLATERAL, PLEDGE, MORTGAGE AND SURETIES

Commitments and contingencies, from which the Group management does not anticipate any significant losses or liabilities are summarized below :

a) Guarantees given	31 December 2023	31 December 2022
Pledges given to banks	619.450.052	430.111.866
Sureties (*)	3.691.877.368	1.308.881.004
Letter of credits	796.049.692	458.554.055
Letter of guarantees	1.340.614.363	397.949.890
Commitments	1.551.295	1.073.780
	6.449.542.770	**2.596.570.595**

(*) Kordsa Teknik Tekstil A.Ş. have been joint guarantor to borrowings used by Kordsa Inc. amounting to total USD 125.411.111 equivalents TL 3.691.877.368

b) Guarantees received	31 December 2023	31 December 2022
Letter of guarantees	100.062.473	44.797.956
Cheques and notes received as collateral	331.350	331.350
	100.393.823	**45.129.306**

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

NOTE 17 - COLLATERAL, PLEDGE, MORTGAGE AND SECURITIES (continued)

31 December 2023	TL Equivalent	TL	USD	EUR	Thai Baht	TL Equivalent
A. Total amount of CPMSs given in the name of its legal entity	2.757.665.402	950.635.909	42.710.536	8.810.393	140.147.143	142.166.483
B. Total amount of CPMSs given on behalf of subsidiaries consolidated in full	3.691.877.368	-	125.411.111	-	-	-
C. CPMS given fo ther continuation of its economic activities on behalf of third parties	-	-	-	-	-	-
D. Total amount of other CPMS	-	-	-	-	-	-
i. Total amount of CPMS given on behalf of the majority shareholders	-	-	-	-	-	-
ii. Total amount of CPMS given to on behalf of other Group companies which are not in scope B and C	-	-	-	-	-	-
iii. Total amount of CPMS given to on behalf of third parties which are not in the scope of clause C	-	-	-	-	-	-
E. Total amount of CPMSs given in the name of its own legal entity	-	-	-	-	-	-
F. Total amount of CPMSs given on behalf of subsidiaries consolidated in full	-	-	-	-	-	-
G. CPMS given for continuation of its economic activities on behalf of third parties	-	-	-	-	-	-
H. Total amount of other CPMS	-	-	-	-	-	-
iv. Total amount of CPMS given behalf of the majority shareholders	-	-	-	-	-	-
	6.449.542.770	**950.635.909**	**168.121.647**	**8.810.393**	**140.147.143**	**142.166.483**

31 December 2022	TL Equivalent	TL	USD	EUR	Thai Baht	TL Equivalent
A. Total amount of CPMSs given in the name of its own legal entity	1.287.689.591	119.020.392	41.882.814	10.711.400	140.328.493	103.301.056
B. Total amount of CPMSs given on behalf of subsidiaries consolidated in full	1.308.881.004	-	70.000.000	-	-	-
C. CPMS given for continuation of its economic activities on behalf of third parties	-	-	-	-	-	-
D. Total amount of other CPMS	-	-	-	-	-	-
i. Total amount of CPMS given on behalf of the majority shareholders	-	-	-	-	-	-
ii. Total amount of CPMS given to on behalf of other Group companies which are not in scope B and C	-	-	-	-	-	-
iii. Total amount of CPMS given to on behalf of third parties which are not in scope of clause C	-	-	-	-	-	-
E. Total amount of CPMSs given in the name of its own legal entity	-	-	-	-	-	-
F. Total amount of CPMSs given on behalf of subsidiaries consolidated in full	-	-	-	-	-	-
G. CPMS given for continuation of its economic activities on behalf of third parties	-	-	-	-	-	-
H. Total amount of other CPMS	-	-	-	-	-	-
iv. Total amount of CPMS given behalf of the majority shareholders	-	-	-	-	-	-
	2.596.570.595	**119.020.392**	**111.882.814**	**10.711.400**	**140.328.493**	**103.301.056**

(*) Group equity ratio to other CPMS given by the Group is 0 % as of 31 December 2023 (31 December 2022: 0%).

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

NOTE 18 – SHORT TERM PROVISIONS

Short-term provisions for employee benefits	31 December 2023	31 December 2022
Provision for unused vacation	95.788.338	65.461.747
Provision for bonus accrual	75.269.921	86.757.373
Provision for capital contribution plan (*)	32.815.211	13.746.231
	203.873.470	**165.965.351**

(*) The Group applies a contribution-based (premium pay) profit-sharing programme called "Capital Contribution Plan" for North American region workers, where 5% of the total premiums earned is paid annually to employees' accounts, which is reimbursable after fulfilling three years of work experience within the Group.

In addition to this benefit, another plan called 401(k) is applied to employees that work in North America. According to this plan, employees can contribute up to 5% of their salaries to the plan and the Group contributes the same amount as the employee's contribution.

Movements in the provision for unused vacation during the year are as follows:

	1 January- 31 December 2023	1 January- 31 December 2022
Balance on 1 January	**65.461.747**	40.432.271
Increase during the year	30.562.955	10.643.753
Decrease during the year	(42.234.333)	(3.820.331)
Currency translation differences	41.997.969	18.206.054
Balance on 31 December	**95.788.338**	**65.461.747**

Long-term provisions for employee benefits	31 December 2023	31 December 2022
Provision for employment termination benefits (*)	233.272.716	256.985.439
Accruals for employee retirement benefit plans (**)	131.022.244	83.248.961
	364.294.960	**340.234.400**

(*) Provision for employment termination benefits

Under Turkish Labour Law, the Group is required to pay termination benefits to each employee who has completed one year of service and whose employment is terminated without due cause, is called up for military service, dies or retires after completing 25 years of service and achieves the retirement (age 60 for men 58 for women).

Also, the possibility of saving severance payment for employees whose insurance-entry dates went back earlier than 8 September 1999 and before, and who had completed their 15th year in the company has been calculated as %100.

As at 31 December 2023 the amount payable consists of one month's salary limited to a maximum of TL 23.489,83 (31 December 2022: TL 15.371,40) for each year of service.

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

NOTE 18 – SHORT TERM PROVISIONS (continued)

The liability is not funded, as there is no funding requirement. The provision has been calculated by estimating the present value of the future probable obligation of the Company arising from the retirement of the employees. TAS 19 "Employee Benefits" requires actuarial valuation methods to be developed to estimate the enterprise's obligation under defined benefit plans. Accordingly, the following actuarial assumptions were used in the calculation of the total liability:

	2023	2022
Discount rate (%)	3,0	0,5

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. As the maximum liability is revised semi-annually, the maximum amount of TL 35.058,58 (1 January 2023: TL 19.982,83), which is effective from 1 January 2024, has been taken into consideration in calculating the provision for employment termination benefits of the Group.

Movements in the provision for employment termination benefits during the year are as follows:

	1 January- 31 December 2023	1 January- 31 December 2022
Balance on 1 January	**256.985.439**	**85.925.990**
Increase during the year	69.517.596	50.064.398
Payment during the year	(136.287.919)	(7.753.139)
Actuarial (gain)/loss	41.458.986	66.130.475
Currency translation differences	1.598.614	62.617.715
Balance on 31 December	**233.272.716**	**256.985.439**

(**) Provision for employee retirement benefits plans:

Provision for post-employment benefits is the present value of the defined benefit obligations of the Subsidiaries in Indonesia and Thailand, arising from current and past services of the employees, net of the fair value of plan assets at the reporting date. Independent actuarial assumptions and the 'projected unit credit method' are used to determine the present value of defined benefit obligations.

Provision for employee retirement benefit plans are to be calculated in accordance with the laws in the country the subsidiaries operate in and in proportion to the work hours of the employees. Work hours and salary provisions that should be paid are listed in the table below:

Duration of Employment/Service	Payable salary provision
Within 120 days - 1 year	30 days
Within 1 year - 3 years	90 days
Within 3 years - 6 years	180 days
Within 6 years - 10 years	240 days
Over 10 years	300 days

The provision of employee termination benefits is calculated by an independent firm by considering the variables such as employee age, working period, retirement age, turnover rate, salary increase rate and inflation rate. The calculation is renewed every year and the provision amount is adjusted in the consolidated profit or loss statement as income or expense with considering the expected working period of employees.

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

NOTE 18 – SHORT TERM PROVISONS (continued)

The movement schedule of provision for employee retirement benefit plans is as follows:

	1 January-31 December 2023	1 January-31 December 2022
Balance on 1 January	**83.248.961**	**67.890.797**
Addition during the year	7.223.962	1.119.750
Payment during the year	(7.524.277)	(10.652.830)
Actuarial (gain)/loss	2.732.453	1.086.520
Currency translation differences	45.341.145	23.804.724
Balance on 31 December	**131.022.244**	**83.248.961**

Employee benefit obligations	**31 December 2023**	**31 December 2022**
Wage accruals	27.056.762	7.382.099
Due to personnel	54.797.712	30.013.122
	81.854.474	**37.395.221**

Other Short Term Provision	**31 December 2023**	**31 December 2022**
Balance on 1 January	**38.679.055**	**35.682.978**
Payment during the year	(19.806.505)	(9.781.741)
Currency translation differences	17.093.124	12.777.818
Balance on 31 December	**35.965.674**	**38.679.055**

NOTE 19 – OTHER ASSETS AND LIABILITIES

Other current assets	**31 December 2023**	**31 December 2022**
Deferred VAT	143.085.812	191.590.679
Deductible VAT	115.748.729	110.294.899
Prepaid taxes and funds	66.586.201	51.944.906
Other	64.864.134	17.499.647
	390.284.876	**371.330.131**

Other non-current assets	**31 December 2023**	**31 December 2022**
Long-term spare parts	377.689.283	208.944.839
Long-term deposits	4.406.328	2.798.773
	382.095.611	**211.743.612**

Other current liabilities	**31 December 2023**	**31 December 2022**
Expense accruals	216.875.678	119.772.429
Sales discounts and commission accruals (*)	52.554.340	24.005.212
Other tax accruals (**)	19.434.913	12.085.886
Other	43.028.538	75.287.357
	331.893.469	**231.150.884**

(*) Sales discount and commission accruals consist of the accrued intermediary commissions as of the reporting date.

(**) Other tax accruals mainly comprise foreign Subsidiaries' export, environmental, security and other tax liabilities.

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

NOTE 19 – OTHER ASSETS AND LIABILITIES (continued)

Other long-term liabilities	31 December 2023	31 December 2022
Other (*)	818.443.973	527.988.794
	818.443.973	**527.988.794**

(*) The Group has the option to buy/sell the remaining 39% of Microtex's shares from non-controlling shares, according to the shareholder agreement regarding the purchase of shares. The option to buy/sell shares will expire on August 05, 2027. The mentioned share buy/sell option is recorded under other long-term liabilities at EBITDA value (31 December 2023: 515.292.078 TL) in the consolidated financial statements of the Group and is shown separately under equity attributable to owners of the Company.

NOTE 20 - EQUITY

Paid-in share capital

The Group's authorized and issued capital consists of 19.452.907.600 shares at 1 share of Kr nominal value (2022: 19.452.907.600 shares). All shares are paid and there is no preferred stock. The Group's shareholders and their shares on 31 December 2023 and 2022 are as follows:

	2023	Ownership interest %	2022	Ownership interest %
Sabancı Holding A.Ş.	138.327.614	71,11	138.327.614	71,11
Other	56.201.462	28,89	56.201.462	28,89
Paid-in capital total	**194.529.076**	**100,00**	**194.529.076**	**100,00**

Group has adopted the registered capital system in accordance with the provisions of the Capital Market Law No.6362 numbered 594 dated 21.09.1989 and has passed to this system with the permission of the Capital Market Board. The registered capital ceiling of the Company is TL 500.000.000 and consists of 50.000.000.000 shares each with a nominal value of Kr 1.

All company shareholders have the same equal rights and no privilage is granted to any one shareholder.

Revalution and edging reserves

	31 December 2023	31 December 2022
Financial assets fair value reserve	(270.151)	(270.151)
Hedging reserve	(951.945.731)	(952.108.089)
	(952.215.882)	**(952.378.240)**

Financial Assets Fair Value Reserve:

The Financial Assets Fair Value Reserve represents the cumulative gains and losses arising on the revaluation of available-for-sale financial assets that have been recognised in other comprehensive income, net of amounts reclassified to profit or loss when those assets have been disposed of or are determined to be impaired.

Hedging Reserve:

The Hedging Reserve represents the cumulative effective portion of gains or losses arising on changes in fair value of hedging instruments entered into cash flow hedges. The cumulative gain or loss arising on changes in the fair value of the hedging instruments that are recognised and accumulated under the hedging reserve will be reclassified to profit or loss only when the hedged transaction affects the profit or loss.

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

NOTE 20 - EQUITY (continued)

Movements of Hedging Reserve:

	1 January- 31 December 2023	1 January- 31 December 2022
Balance on 1 January	**(952.108.089)**	**(952.232.836)**
Increases/decreases	216.477	155.933
Income tax related to gains /losses recognized in other comprehensive income	(54.119)	(31.186)
Balance on 31 December	**(951.945.731)**	**(952.108.089)**

Share Premiums

Share premiums presented in the consolidated financial statements represent the proceeds obtained by issuing shares above the nominal values in the amount of TL 102.684.000 and TL 4.551.000 during the capital increases in May 2006 and June 2006, respectively following the establishment of the Company.

After the decision of Kordsa Global and Kordsa Turkey's merger through the acquisition of Kordsa Global by Kordsa Turkey as a whole with its assets and liabilities as of 30 June 2006 in the Extraordinary General Assembly Meeting of Kordsa Turkey on 29 November 2006, the share premium of TL 57.856 was accounted as an addition to sharing premium.

As of 23 January 2007, founding partners' redeemed shares are acquired in return for TL 45.240.000 and this amount is accounted for as a deduction from additional paid-in capital.

Restricted Reserves

Reserves reserve for specific purposes other than profit from the previous period, due to law or contractual obligations or other profit distributions. These reserves are shown in the amounts in the statutory records of the Group and differences arising in preparing the consolidated financial statements in accordance with TFRS are associated with prior years' profit/loss.

As at 31 December 2023 restricted reserves comprised legal reserves amounting to TL 444.065.124 (31 December 2022: TL 408.833.825).

The legal reserves consist of the first and the 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 company's paid-in share capital. The second legal reserve is appropriated at the rate of 10% per annum of all cash distributions over 5% of the paid-in share capital. Under the TCC, the legal reserves can only be used to offset losses and are not available for any other users unless they exceed 50% of paid-in share capital.

Other comprehensive income that will not be reclassified to profit or loss

Revaluation gains on property, plant and equipment

The amount for property, plant and equipment that is not recognized in profit or loss is recognized as other comprehensive income. As at 31 December 2023, the gains arising from the fair value changes arising from the parcels and lands transferred from the lands of PT Indo Kordsa in the Asia Pacific Region to the investment properties.

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

NOTE 20 - EQUITY (continued)

Other comprehensive income that will not be reclassified to profit or loss (continued)

Revaluation gains on property, plant and equipment (continued)

For the years ended 31 December, the movement of revaluation gains on tangible assets was as follows;

	2023	2022
Balance at the beginning of the period	40.027.097	40.027.097
Balance on the closing of the period	**40.027.097**	**40.027.097**

Defined Benefit Plans Remeasurement Fund

As at 31 December 2023, TL 91.681.312 (31 December 2022: TL 58.880.941) consists of actuarial gain or loss of long-term employee benefits and retirement plan provision (Turkey, Indonesia and Thailand) recognized as other comprehensive income.

Other accumulated comprehensive income or expenses that will be reclassified in profit or loss

Currency translation difference

Currency translation difference consists of foreign currency difference arising from translating to reporting currency from the functional currency of financial statements of the Group's subsidiaries in the foreign country and exchange difference arising from net investment hedge. There is a currency translation difference amounting to TL 8.967.964.364 (31 December 2022: TL 5.579.616.372) in the Group's accompanying consolidated financial statements.

Dividend Payments

Public companies distribute profit in accordance with Profit Share Communique no II-19.1 issued by CMB effective from 1 February 2014. Ventures distribute their profit due to profit distribution policies set by the general assembly in accordance with the related legislation verdicts with a general assembly minute. Within the extent of the communique mentioned above a minimal distribution rate is not designated. Companies distribute their profits in accordance with their main agreements of profit distribution policies.

Retained Earnings

Accumulated gain and loss are shown in retaining earnings as net-off except for net income for the period. Extraordinary reserves that are accumulated as profit/loss by their nature are also recognized as retained earnings shown.

Net Profit for the Period

As of 31 December 2023, the Group has a net profit of TL 394.467.067 (2022: TL 1.509.147.612).

Non-controlling Interest

The portion of the net assets of the subsidiaries that are not directly or indirectly controlled by the parent company is classified as a "non-controlling interest" in the Group's consolidated financial statements.

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

NOTE 20 - EQUITY (continued)

Non-controlling Interest (continued)

For the year ended 31 December, the movements of non-controlling interests were as follows:

	2023	2022
Balance at the beginning of the period	**2.008.456.479**	**1.237.568.448**
The portion of total comprehensive income attributed to non-controlling interest	1.431.732.606	704.540.091
Acquisition of subsidiary	-	188.793.810
Dividend paid to non-controlling interest	(221.401.345)	(122.445.870)
Other(*)	(2.360.683)	-
Closing at the beginning of the period	**3.216.427.057**	**2.008.456.479**

(*)Other changes comprimises of the share purchase effect of Microtex Composites S.r.l (Microtex), a subsidiary of the Group.

NOTE 21 - REVENUE AND COST OF SALES

	1 January-31 December 2023	1 January-31 December 2022
Sales income (gross)	24.029.149.450	18.749.858.467
Sales returns (-)	(94.728.158)	(60.200.799)
Sales discounts (-)	(160.936.236)	(52.574.783)
Other sales discounts (-)	(270.404.335)	(197.338.978)
Sales income (net)	**23.503.080.721**	**18.439.743.907**
Cost of sales (-)	(19.986.599.362)	(15.080.471.396)
Gross Profit	**3.516.481.359**	**3.359.272.511**

NOTE 22 - EXPENSES BY NATURE

	1 January-31 December 2023	1 January-31 December 2022
Raw material and supply expenses	14.145.669.396	11.203.572.521
Personnel expenses	3.304.848.735	1.828.430.903
Energy expenses	1.649.282.200	1.232.344.709
Depreciation and amortization expenses	953.340.137	610.886.573
Distribution expenses	501.273.242	625.282.833
Packaging expenses	368.356.470	286.560.716
Consultancy expenses	327.588.334	176.170.379
Idle mill expenses	113.800.349	30.988.603
Maintenance expenses	60.158.254	31.948.110
Rent expenses	14.049.162	1.927.944
Other	1.066.303.385	870.567.054
	22.504.669.664	**16.898.680.345**

General administrative expenses amounting to TL 1.419.865.517 (31 December 2022: TL 851.605.657), marketing expenses amounting to TL 969.073.823 (31 December 2022: TL 897.852.01), research and development expenses amounting to TL 129.130.962 (31 December 2022: TL 68.751.281) are shown in expenses by nature.

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

NOTE 22 - EXPENSES BY NATURE (continued)

Fees for Services Obtained from Independent Auditors/Independent Audit Firms

Fees for the services rendered by the independent audit firms, which are prepared pursuant to the Board Decision of the POA published in the Official Gazette on 30 March 2023 and prepared in accordance with the letter of the POA dated 19 August 2023 are as follows

	2023(*)	2022(*)
Independent audit fee for the reporting period	19.234.727	15.532.181
	19.234.727	**15.532.181**

(*) The fees above have been determined by including the legal audit and other related service fees of all subsidiaries, and the foreign currency fees of foreign subsidiaries and affiliates have been converted into TL using the annual average rates of the relevant years.

NOTE 23 - OTHER OPERATING INCOME AND EXPENSES

Other operating income	1 January-31 December 2023	1 January-31 December 2022
Unearned finance income on credit sales	283.748.150	210.499.899
Domestic production incentive income (*)	163.697.575	145.519.172
Export incentive income	28.012.156	19.864.285
Foreign exchange gain/loss on trade receivables/payables – net	24.747.507	-
Government incentive	17.297.265	-
Income from lawsuit (**)	-	24.735.141
Income from insurance claims	-	4.572.975
Other	55.617.910	39.059.678
	573.120.563	**444.251.150**

(*) Domestic production incentive income refers to the Brazilian Subsidiary's sales tax return income on finished goods produced and sold in its own country.

(**) It consists of the revenues related to the positive conclusion of Kordsa Brazil's double taxation lawsuits, which have continued since 2003 and were also collected over the state VAT on the sales by the federal tax office.

Other operating expenses	1 January-31 December 2023	1 January-31 December 2022
Unrealized finance expense on credit purchase	106.815.719	78.369.288
Donations	106.622.805	42.376.895
Taxes and Duties	68.987.426	20.305.217
Expenses of the customer damages	2.276.334	2.124.277
Foreign exchange gain/loss on trade receivables/payables - net	-	119.622.447
Provision for litigation	-	36.571.314
Other	58.054.444	35.884.107
	342.756.728	**335.253.545**

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

NOTE 24 - INCOME AND EXPENSES FROM INVESTING ACTIVITIES

Income from investing activities	1 January- 31 December 2023	1 January- 31 December 2022
Interest income	57.896.905	23.639.494
Income from the fair value of investment properties (Note 15)	20.480.692	-
Gain on sale of property, plant and equipment	12.862.714	737.635
Other	-	1.804.089
	91.240.311	**26.181.218**

Losses from investing activities	1 January- 31 December 2023	1 January- 31 December 2022
Loss on sale of property, plant and equipment	17.499.271	2.515.660
Impairment losses on investment properties (Note 15)	-	18.865.224
	17.499.271	**21.380.884**

NOTE 25 - FINANCIAL INCOME AND EXPENSES

Finance income	1 January 31 December 2023	1 January 31 December 2022
Foreign exchange gain	479.660.163	560.358.58
Derivative financial instruments	18.100.141	5.329.29
Other	2.987.097	-
	500.747.401	**565.687.87**

Finance expense	1 January- 31 December 2023	1 January- 31 December 2022
Interest expenses	941.725.646	297.792.810
Foreign exchange losses	355.414.150	277.590.711
Losses on derivative instruments	7.095.799	12.505.789
Other	142.108.741	33.682.916
	1.446.344.336	**621.572.226**

NOTE 26 - TAXATION ON INCOME

Corporate Tax

	31 December 2023	31 December 2022
Corporate tax payable	309.713.695	233.157.836
Less: Prepaid taxes	(217.319.327)	(260.845.188)
Current tax (asset)/ liability, net	**92.394.368**	**(27.687.352)**

The Group and its subsidiaries located in Turkey are subject to the tax legislation and practices in force in Turkey. Corporate tax is declared until the evening of the twenty-fifth day of the fourth month following the end of the relevant accounting period and is paid in one installment until the end of the relevant month.

NOTE 26 - TAXATION ON INCOME (continued)

Corporate Tax (continued)

The Company and its subsidiaries located in Turkey are subject to the tax legislation and practices in force in Turkey. Corporate tax is paid in the fourth month following the end of the relevant accounting period. Corporations are required to declare the provisional tax calculated by the current rate based on the financial profits of the relevant accounting period until the seventeenth day of the second month following the end of the relevant accounting period and pay until the evening of the same day. Provisional taxes paid during the year are offset against the corporate tax calculated on the annual corporate tax return of that year. If the provisional tax amount remains despite the offset, this amount can be refunded in cash or offset against other financial debts.

In Turkey, the corporate tax rate applied to the legal tax base to be found by adding the expenses that are not accepted as deductible in accordance with the tax laws to the commercial income of the corporations in Turkey and by deducting the exemptions in the tax laws was applied as 20% as of December 31, 2022. According to Article 21 of the "Law on Additional Motor Vehicles Tax for the Compensation of Economic Losses Caused by the Earthquakes Occurred on 6/2/2023 and Amendments to Certain Laws and Decree Law No. 375" published in the Official Gazette dated July 15, 2023, and numbered 32249. Pursuant to Article 21 of the Law on Additional Motor Vehicles Tax and Amendments to Certain Laws and Decree Law No. 375, Article 32 of the Corporate Tax Law No. 5520 regulating the corporate tax rate has been amended to increase the general corporate tax rate from 20% to 25% and the rate for banks and financial institutions from 25% to 30%. This amendment will be effective for the taxation of corporate income for the periods starting from January 1, 2023, starting from the declarations to be submitted as of October 1, 2023.

Within the scope of the said amendment, the tax rate used in deferred tax calculation as of December 31, 2023, is 25%. (31 December 2022: 20%).

As of December 31, 2021, the conditions required for the inflation adjustment of the financial statements as of December 31, 2021, have been met in accordance with Article 298 of the Tax Procedure Law. However, in accordance with the provisional article 33 of the Tax Procedure Law numbered 213 with the Law numbered 7352 "Law on Amendments to the Tax Procedure Law and Corporate Tax Law" published in the Official Gazette dated January 29, 2022, and numbered 31734:

- Repeated financial statements will not be subject to inflation adjustment for the 2021 and 2022 accounting periods and the temporary tax periods of the 2023 accounting period, regardless of whether the conditions for inflation adjustment under Article 298 are met, including the temporary tax periods,

- 31 December 2023 dated financial statements will be subject to inflation adjustment in a way that will have no effect on the corporate tax base.

Pursuant to the "General Communiqué on Tax Procedure Law No. 555" published in the Official Gazette dated December 30, 2023 and the repeated article 298 of the Tax Procedure Law No. 213, it is essential that the financial statements of the enterprises operating in Turkey for the 2023 accounting period are subject to inflation adjustment. The aforementioned inflation adjusted financial statements will constitute an opening balance sheet base in the tax returns to be prepared as of January 1, 2024, and inflation effects will not be taken into consideration in the calculation of the period tax for 2023.

In accordance with the provisional Article 33 of the Tax Procedure Law, the tax effects arising from the inflation adjustment of the financial statements as of December 31, 2023, are included in the deferred tax calculation as of December 31, 2023.

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

NOTE 26 - TAXATION ON INCOME (continued)

Corporate Tax (continued)

As of 31 December 2023, tax rates (%) which are used in deferred tax calculations and considering the tax legislation in each country are mentioned below:

Country	31 December 2023	31 December 2022
Turkey	%25	%23
Egypt	%30	%30
United States of America	%25	%25
Brazil	%34	%34
Indonesia	%22	%22
Thailand	%20	%20
Italy	%24	%24

Tax legislation in Turkey does not allow the Company and its subsidiaries to file consolidated tax returns. Therefore, the tax provision reflected in the financial statements has been calculated on a company-by-company basis.

According to the Corporate Tax Law, financial losses shown on the return can be deducted from the corporate tax base of the period, provided that they do not exceed 5 years. Declarations and related accounting records can be examined by the tax office within five years and tax accounts can be revised.

Dividend payments made from joint stock companies residing in Turkey to joint stock companies residing in Turkey are not subject to income tax. In addition, if the profit is not distributed or added to the capital, income tax is not calculated.

Dividend earnings of corporations from participation in the capital of another corporation subject to full liability are exempt from corporation tax. In addition, 75% of the profits arising from the sale of the participation shares in the assets of the corporations for at least two full years and the founding certificates of the real estates (immovables) owned for the same period of time, the usufruct shares and the preference rights, are exempt from corporate tax. However, with the amendment made with the Law No. 7061, this rate has been reduced from 75% to 50% in terms of immovables and this rate is used as 50% in tax returns to be prepared as of 2018. In addition, as of July 15, 2023, with the amendment made, the 50% tax exemption stipulated in Law No. 5520 for the gains on the sale of immovable property has been abolished. However, this exemption will be applied as 25% for the sales of immovable properties included in the assets of the enterprises before July 15, 2023.

In order to benefit from the exemption, the said income must be kept in a passive fund account and not withdrawn from the business for 5 years. The sales price must be collected until the end of the second calendar year following the year of sale.

In Turkey, there is no practice of reaching an agreement with the tax administration regarding the taxes to be paid. Corporate tax returns are submitted within four months following the end of the accounting period. The tax inspection authorities may examine the tax returns and the accounting records underlying them during the five years following the accounting period and make a reassessment as a result of their findings.

There is a withholding tax liability on dividend distributions, and this withholding liability is accrued in the period when the dividend payment is made. Dividend payments are subject to a 15% withholding tax until December 22, 2021, except for non-resident companies that generate income through a workplace or their permanent representative in Turkey, and those made to companies residing in Turkey. However, in accordance with the President's Decision No. 4936, published in the Official Gazette dated December 22, 2021 and numbered 31697, the withholding tax rate, which was 15% according to the Corporate Tax Law No. 5520, was reduced to 10% with the Income Tax Law No. 193.

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

NOTE 26 - TAXATION ON INCOME (continued)

Corporate Tax (continued)

In the application of withholding tax rates for profit distributions to non-resident companies and natural persons, the withholding tax rates in the relevant Double Taxation Agreements are also taken into account. Adding retained earnings to the capital is not considered a dividend distribution, so it is not subject to withholding tax.

Transfer pricing regulations

In Turkey, transfer pricing regulations are specified in Article 13 of the Corporate Tax Law, titled "Disguised profit distribution through transfer pricing". The communiqué dated 18 November 2007 on disguised profit distribution through transfer pricing regulates the details of the implementation.

If the taxpayer buys or sells goods or services with related parties at the price or price they have determined in violation of the arm's length principle, the profit is deemed to have been distributed implicitly through transfer pricing, in whole or in part. Disguised profit distribution through such transfer pricing is considered as a non-deductible expense for corporate tax.

The taxes on income reflected in consolidated income statements for the years ended 31 December 2023 and 2022 are summarized as follows:

	1 January- 31 December 2023	1 January- 31 December 2022
Current period corporate tax expense	(309.713.695)	(233.157.836)
Deferred tax income /(expense)	349.709.400	145.744.199
	39.995.705	**(87.413.637)**

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

NOTE 26 - TAXATION ON INCOME (continued)

Corporate Tax (continued)

The reconciliation of tax on the consolidated statement of profit or loss for the years ended 31 December 2023 and 2022 is as follows:

	1 January- 31 December 2023	1 January- 31 December 2022
Profit before tax in the consolidated financial statements	356.918.997	1.598.977.149
Tax charge according to the parent company's tax rate	(89.229.749)	(367.764.744)
Tax rate differences of subsidiaries	(50.207.233)	(70.287.108)
Expected tax charge of the Group	**(139.436.982)**	**(438.051.852)**
Disallowable expenses	(127.086.625)	(36.340.353)
Lump-sum expense provision	7.196.201	3.888.684
Research and development incentive allowance	97.758.283	30.058.490
Use of losses from previous years for which no deferred tax has been calculated	-	44.806.447
Effects of current period loss that no deferred tax calculated	(23.831.708)	-
Revaluation effect (**)	-	226.877.891
Effect of legal tax rate change on deferred tax amount	133.336.720	20.931.917
Non-taxable income	23.237.215	32.956.272
Other(**)	68.822.602	27.458.867
Current period tax expense	**39.995.705**	**(87.413.637)**

(**) As of January 1, 2022, amendments were made to the Tax Procedure Law with Law No. 7338 published in the Official Gazette on October 26, 2021. Accordingly, the possibility of revaluation has been introduced for immovable properties registered in assets and economic assets subject to depreciation. In accordance with the Provisional Article 32 of the Law brought to the Tax Procedure Law, the assets within the scope will be valued with the D-PPI rate and tax will be paid in 3 installments (with two-month intervals) at the rate of 2% on the resulting value increase amount. In accordance with the amended Article 298 of the Law, the assets within the scope are valued with the revaluation rate announced in the relevant year and no tax is paid on the resulting value increase. For revalued assets, the valuation difference can be depreciated and recorded as an expense. Within the scope of the said law amendment, a deferred tax asset was created in the statement of financial position based on the revaluation records accounted for fixed assets in the legal ledger.

(***)The Group calculates deferred income tax assets and liabilities by taking into account the effects of temporary differences arising as a result of different evaluations between the financial statements prepared in accordance with TFRS and the tax financial statements in the balance sheet items. The main reason for temporary differences is that the functional currency TFRS based financials is the US Dollar, while the functional currency in the tax-based financial statements is TL. Exchange rate fluctuations are one of the main causes of temporary differences. Another difference consists of the deferred tax effect of temporary differences created by the corrections made regarding inflation accounting, together with the tax procedural law's communiqué dated 30 December 2023 and numbered 32415 (2nd Duplicate). The net effect from these differences is included in the other item.

Deferred Tax

Deferred tax is calculated over the temporary differences between the recorded values of assets and liabilities in the financial statements and the values used in the tax base, excluding the goodwill that is not subject to a tax deduction and the first recorded asset and liability differences that are not subject to accounting and taxation.

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

NOTE 26 – TAXATION ON INCOME (continued)

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

	Deferred tax assets/(liabilities)	
	31 December 2023	31 December 2022
Derivative financial instruments	7.938.346	662.650
Trade receivable	-	44.108.317
Trade payable	-	39.020.907
Tangible and intangible assets	(351.245.352)	(376.753.043)
Research and development	106.567.856	28.307.833
Inventories	40.642.182	34.871.748
Provision for employment termination benefits	86.214.157	81.856.647
Prepaid expenses	51.855.217	38.380.848
Deductible financial losses	425.285.367	2.200.976
Finance income	14.247.680	17.969.071
Other, net	48.738.845	84.992.654
Net deferred tax liabilities	**430.244.298**	**(4.381.392)**

According to the Tax Procedure Law, financial losses from previous year are taken into account at their relative values and can be carried forward for a maximum of five years. Accordingly, the latest date when all unused financial losses can be recorded is 2028. The Group management has evaluated that it is probable that there will be sufficient taxable profit in the future depending on the expected operational performance improvement in the following years, and accordingly, the deferred tax asset arising from unused tax losses amounting to TL 425.285.367 TL (31 December 2022: 2.200.976 TL) are reflected to consolidated financial statements.

	1 January- 31 December 2023	1 January- 31 December 2022
Balance on 1 January	**(4.381.392)**	**(136.558.605)**
Current year deferred tax income – net	349.709.400	145.744.199
Charges to equity	10.892.356	13.433.941
Currency translation differences	74.023.934	(27.000.927)
Balance on 31 December	**430.244.298**	**(4.381.392)**

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

NOTE 27 – EARNINGS PER SHARE

Earnings per share for each class of share disclosed in the consolidated income statements is determined by dividing the net income attributable to that class of share by the weighted average number of shares of that class outstanding during the year.

	1 January- 31 December 2023	1 January- 31 December 2022
Net income attributable to equity holders of the parent	183.323.316	1.289.197.611
Weighted average number of ordinary shares	19.452.907.600	19.452.907.600
Per 1.000 units of common stocks	9,42	66,27
Earning per share from continuing operations		
Net income attributable to equity holders of the parent	184.571.610	1.290.429.720
Weighted average number of ordinary shares	19.452.907.600	19.452.907.600
Per 1.000 units of common stocks	9,49	66,34
Earning per share from discontinued operations		
Net income/(loss) attributable to equity holders of the parent	(1.248.294)	(1.232.109)
Weighted average number of ordinary shares	19.452.907.600	19.452.907.600
Per 1.000 units of common stocks	(0,06)	(0,06)

Nominal values of ordinary shares for the years ended 31 December 2023 and 2022 are assumed to be Kr 1 each.

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

NOTE 28 – RELATED PARTY DISCLOSURES

Bank balances:	31 December 2023	31 December 2022
Akbank T.A.Ş. – time deposit	386.100.745	17.091.110
Akbank T.A.Ş. – demand deposit	36.791.480	284.412.502
	422.892.225	301.503.612

	31 December 2023	31 December 2022
Akbank T.A.Ş. – bank borrowings	117.752.800	200.000.000
	117.752.800	200.000.000

Due from related party:	31 December 2023	31 December 2022
Brisa Bridgestone Sabancı Lastik Sanayi ve Tic. A.Ş. ("Brisa")	317.359.840	249.263.857
Temsa	-	454.513
Aksigorta A.Ş.("Aksigorta")	-	437.992
Akçansa	-	364.453
Enerjisa Enerji Üretim A.Ş. ("Enerjisa")	-	-
Çimsa	204.831	239.499
Other	45.806	75.520
	317.610.477	250.835.834

Due to related party:	31 December 2023	31 December 2022
Enerjisa	58.935.945	46.776.403
Sabancı Dx	9.931.431	25.232.759
Aksigorta	6.634.392	-
Sabancı Holding	1.003.382	674.918
Other	93.341	257.549
	76.598.491	72.941.629

Product sales:	1 January-31 December 2023	1 January-31 December 2022
Brisa	759.260.760	574.218.417
Other	2.486.726	9.367.062
	761.747.486	583.585.479

Service received:	1 January-31 December 2023	1 January-31 December 2022
Enerjisa	544.532.599	452.249.233
SabancıDX	79.852.292	48.846.610
Aksigorta	92.016.424	38.755.130
Other	8.727.745	2.431.379
	725.129.060	542.282.352

Property, plant and equipment purchases	1 January-31 December 2023	1 January-31 December 2022
Teknosa	1.854.735	-
	1.854.735	-

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

NOTE 28 – RELATED PARTY DISCLOSURES (continued)

Interest income:	1 January- 31 December 2023	1 January- 31 December 2022
Akbank T.A.Ş.	8.289.547	6.623.484

Interest expense:	1 January- 31 December 2023	1 January- 31 December 2022
Akbank T.A.Ş.	20.837.681	60.031.940

Foreign exchange gain /(losses), net	1 January- 31 December 2023	1 January- 31 December 2022
Akbank T.A.Ş.	101.301.215	79.964.573

Other income	1 January- 31 December 2023	1 January- 31 December 2022
SabancıDX	254.268	1.446.653
Enerjisa	462.753	728.942
Akbank T.A.Ş.	690.479	482.091
	1.407.500	**2.657.686**

Transactions with key management personnel:

The Group defined its top management as the board of directors, the president (CEO) and vice presidents, and the general managers of the subsidiaries.

Details of the remunerations provided which consist of per diem payment, salary and other additional remunerations by the Group for 2023 and 2022 are as follows:

	1 January- 31 December 2023	1 January- 31 December 2022
Short-Term Employee Benefits	71.123.474	40.592.669
Post-Employment Benefits	815.892	369.176
Other Long-Term Benefits	154.211	-
	72.093.577	**40.961.845**

Security and guarantee letters given

The Group does not have any quarantees and letters of guarantee given as of 31 December 2023 and 31 December 2022.

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

NOTE 29 - INTERESTS IN OTHER ENTITIES

Financial information in respect of each of the Group's subsidiaries that has material non-controlling interests is set out below:

	31 December 2023			
	Noncontrolling interest %	Net profit/loss attributable to noncontrolling interest	Accumulated profit/(loss) allocated to noncontrolling interests	Dividends distributed to noncontrolling interests
Subsidiaries				
PT Indo Kordsa Tbk (*)	38,41%	183.912.275	2.995.903.962	(221.401.345)
Other		27.231.476	222.506.098	
Total		**211.143.751**	**3.218.410.060**	

	31 December 2022			
	Noncontrolling interest %	Net profit/loss attributable to noncontrolling interest	Accumulated profit/(loss) allocated to noncontrolling interests	Dividends distributed to noncontrolling interests
Subsidiaries				
PT Indo Kordsa Tbk (*)	38,41%	212.116.878	1.872.229.109	122.445.870
Other		7.833.123	136.227.370	
Total		**219.950.001**	**2.008.456.479**	

(*) Consists of consolidated financial statements of PT Indo Kordsa Tbk, PT Indo Kordsa Polyester and Thai Indo Kordsa Co., Ltd.

The financial information of PT Indo Kordsa Tbk before the Group's consolidation adjustments and eliminations is as follows:

Summary statement of financial position

	PT Indo Kordsa Tbk	
	31 December 2023	31 December 2022
Cash and cash equivalents	968.835.796	247.026.983
Other current assets	2.357.743.053	2.049.693.307
Non-current assets	5.724.887.878	3.311.825.487
Total assets	**9.051.466.727**	**5.608.545.777**
Short-term borrowings	156.579.743	115.651.847
Other short-term liabilities	1.552.530.493	878.681.671
Long-term borrowings	-	62.454.986
Other long-term liabilities	601.872.979	335.647.570
Total liabilities	**2.310.983.215**	**1.392.436.074**
Total equity	**6.740.483.512**	**4.216.109.703**
Total equity attributable to owners of the Company	**6.079.849.896**	**3.806.236.757**
Non-controlling interest (*)	**660.633.617**	**409.872.946**

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

NOTE 29 - INTERESTS IN OTHER ENTITIES (continued)

Summary statement of profit and loss:

	PT Indo Kordsa Tbk	
	1 January – 31 December 2023	1 January – 31 December 2022
Revenue	5.795.197.036	5.244.845.437
Cost of sales	(4.701.391.288)	(4.138.465.901)
Depreciation and amortization expense	(266.341.825)	(175.187.921)
Operating income	554. 822.856	675.756.040
Finance income /(expense), net	20.596.415	(35.323.384)
Profit before tax	575.419.271	640.432.656
Tax expenses	(174.584.843)	(157.010.168)
Non-controlling interests (*)	(48.630.900)	(42.848.260)
Profit for the year	352.203.528	440.574.229

(*) Arises from the consolidation of Thai Indo Kordsa Co., Ltd. under PT Indo Kordsa Tbk.

NOTE 30 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS

Financial risk management

Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk), credit risk and liquidity risk.

The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments to hedge certain risk exposures.

Financial risk management is carried out by the Finance department of Kordsa under policies approved by the board of directors. The finance department identifies, evaluates and hedges financial risks in close cooperation with the Group's operating units.

(a) *Liquidity risk*

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

The table below depicts the cash outflows the Group will pay for the financial liabilities in the balance sheet in accordance with the remaining maturities. The amounts in the table are contractual and non-discounted. The Group performs its liquidity risk management by considering expected non-discounted cash flows.

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

NOTE 30 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (continued)

Financial risk management (continued)

The analysis of the Group's financial liabilities to their maturities as of 31 December 2023 and 2022 is as follows:

Derivative and Non-derivative financial liabilities [(1)(2)]:

31 December 2023	Carrying value	Contractual cash flow	Less than 3 months	3-12 months	1-5 years	Over 5 years
Borrowings	11.651.492.307	11.851.896.348	3.755.975.236	3.826.741.860	4.255.139.834	14.039.418
Lease liabilities	964.784.814	964.784.814	58.094.841	54.927.417	398.785.783	452.976.773
Trade payables	3.375.239.130	3.402.468.004	2.852.115.126	550.352.878	-	-
Other payables	159.778.974	159.778.974	142.096.086	729.226	3.834.258	13.119.404
	16.151.295.225	**16.378.928.346**	**6.808.281.495**	**4.432.751.381**	**4.657.759.875**	**480.135.595**
Derivative financial liabilities						
Unrealized purchase/sale contracts (net)	(31.753.382)	(31.753.382)	(4.149.577)	-	(27.603.805)	-
	(31.753.382)	**(31.753.382)**	**(4.149.577)**	**-**	**(27.603.805)**	**-**

31 December 2022	Carrying value	Contractual cash flow	Less than 3 months	3-12 months	1-5 years	Over 5 years
Borrowings	7.899.839.329	8.206.367.933	2.185.323.298	1.310.015.047	4.711.029.588	-
Lease liabilities	544.743.087	544.743.087	17.687.615	33.450.427	168.784.897	324.820.148
Trade payables	2.971.509.321	2.984.237.089	2.753.022.387	227.738.531	3.476.171	-
Other payables	124.351.820	129.154.589	129.154.589	-	-	
	11.540.443.557	**11.864.502.698**	**5.085.187.889**	**1.571.204.005**	**4.883.290.656**	**324.820.148**
Derivative financial liabilities						
Unrealized purchase/sale contracts (net)	(3.155.476)	(3.155.476)	(4.953.493)	1.798.017	-	-
	(3.155.476)	**(3.155.476)**	**(4.953.493)**	**1.798.017**	**-**	**-**

(1) Maturity analyses have been applied solely to financial instruments and exclude legal liabilities.
(2) The aforementioned cash flows are contractual and non-discounted amounts. Since the discount amounts for the balances with a maturity of fewer than 3 months are immaterial, the discounted amounts are equal to the carrying value.

(b) Market risk

Interest rate risk

The Group is exposed to interest rate risk through the impact of rate changes on interest-bearing liabilities and assets. These exposures are managed by using natural hedges that arise from offsetting interest rate-sensitive assets and liabilities. The Group utilises its cash by making time deposits and by purchasing company bonds. To keep these exposures at a minimum level, the Group tries to borrow at the most suitable rates.

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

NOTE 30 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (continued)

Financial risk management (continued)

(b) Market risk (continued)

Interest rate risk (continued)

As at 31 December 2023 and 31 December 2022, the interest rate profile of the Group interest-bearing financial instruments is as follows:

Fixed interest rate financial instruments	**31 December 2023**	**31 December 2022**
Financial Liabilities	6.146.955.618	4.128.775.416
Time Deposits	386.821.747	119.970.447

Variable interest rate financial instruments	**31 December 2023**	**31 December 2022**
Financial liabilities	5.357.762.904	3.771.063.913
Time Deposits	-	-

Various scenarios are simulated by the Group for floating rate borrowings taking into consideration refinancing, renewal of existing positions, alternative financing and hedging. According to these scenarios:

On 31 December 2023, if interest rates on US Dollar denominated borrowings had been 10% higher/lower with all other variables held constant, profit before tax for the year would have been lower/higher by TL 62.887.921 (2022: TL 21.247.419), mainly as a result of higher/lower interest expense on floating rate borrowings.

On 31 December 2023, if interest rates on EUR denominated borrowings had been 10% higher/lower with all other variables held constant, profit before tax for the year would have been lower/higher by TL 1.095.376 (2022: TL -), mainly as a result of higher/lower interest expense on floating rate borrowings

Derivative financial instruments

The Group's derivative financial instruments consist of forward foreign exchange transcations

As of 31 December 2023, Kordsa Inc. has IRS as a derivative instrument for the repayment of the loan agreement amounting to USD 110.000.000, to manage the variable interest risk of USD 74.750.000. The fair value of the derivative instrument as of 31 December 2023 is TL 16.232.606 of expense

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

NOTE 30 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (continued)

Financial risk management (continued)

(b) Market risk (continued)

Derivative financial instruments (continued):

As of 31 December 2023, the net book values of derivative forward and clearing instruments are as follows:

EUR sell USD buy	**Average Rate**	**Foreign Currency (EUR)**	**Contract Value (USD)**	**Fair Value (TL)**
Between 0-3 months	1,1082	15.000.000	16.623.100	2.613.894
Between 3-6 months	1,1099	15.000.000	16.648.100	1.730.272
Between 6-9 months	1,1114	15.000.000	16.671.500	1.075.045
Between 9-12 months	1,1131	15.000.000	16.696.300	453.824
Total				**5.873.035**

BRL sell USD buy	**Average Rate**	**Foreign Currency (USD)**	**Contract Value (BRL)**	**Fair Value (TL)**
Between 6-9 months	5,0300	9.443.637	47.501.495	(4.149.603)
Total				**(4.149.603)**

USD sell JPY buy	**Average Rate**	**Foreign Currency (JPY)**	**Contract Value (TL)**	**Fair Value (TL)**
Between 3-6 months	1,1965	500.000.000	103.733.500	(17.244.208)
Total				**(17.244.208)**
Forward/Swap Net				**(15.520.776)**

As of 31 December 2022 Foreign exchange forward and swap contracts:

EUR sell USD buy	**Average Rate**	**Foreign Currency (EUR)**	**Contract Value (USD)**	**Fair Value (TL)**
Between 0-3 months	1,0326	9.000.000	9.293.600	(6.368.866)
Between 3-6 months	1,0385	9.000.000	9.346.500	(6.355.536)
Between 6-9 months	1,0392	8.000.000	8.313.800	(6.204.265)
Between 9-12 months	1,0305	6.000.000	6.182.700	(6.046.974)
Total				**(24.975.641)**

BRL buy USD sell	**Average Rate**	**Foreign Currency (USD)**	**Contract Value (BRL)**	**Fair Value (TL)**
Between 6-9 months	5,4100	2.581.679	13.966.883	(4.952.703)
Total				**(4.952.703)**

USD sell JPY buy	**Average Rate**	**Foreign Currency (JPY)**	**Contract Value (TL)**	**Fair Value (TL)**
Between 18-24 months	1,1965	500.000.000	62.757.112	(2.691.152)
Total				**(2.691.152)**
Forward/Swap Net				**(32.619.496)**

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

NOTE 30 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (continued)

Financial risk management (continued)

Foreign currency position

Group's assets and liabilities denominated in foreign currencies on 31 December 2023 and 2022 are as follows:

	31 December 2023	31 December 2022
Assets	2.166.638.611	2.035.261.412
Liabilities	(3.158.224.240)	(2.440.610.018)
Net foreign currency position	**(991.585.629)**	**(405.348.606)**

NOTE 30 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (continued)

31 December 2023	Total TL equivalent	TL (*)	Euro (*)	Indonesian Rupiah ('000) (*)	Other TL equivalent(**)
Assets:					
Trade receivables	1.806.458.558	202.447.424	37.643.275	131.444.709.561	126.693.957
Cash and cash equivalent	176.147.868	47.921.795	2.306.662	20.516.086.749	13.892.395
Other monetary receivables and assets	149.246.928	4.920.331	706.490	59.577.345.718	7.488.744
Other non-monetary receivables and assets	-	-	-	-	-
Current assets	**2.131.853.354**	**255.289.550**	**40.656.427**	**211.538.142.028**	**148.075.095**
Non-current assets held for sale	-	-	-	-	-
Other monetary receivables and assets	34.785.257	18.944.507	-	8.291.253.454	-
Non-current assets	**34.785.257**	**18.944.507**	**-**	**8.291.253.454**	**-**
Total assets (a)	**2.166.638.611**	**274.234.057**	**40.656.427**	**219.829.395.482**	**148.075.095**
Liabilities:					
Trade payables	651.599.332	281.489.793	7.971.781	33.306.110.531	45.631.374
Financial liabilities	2.426.549.907	1.646.920.444	23.800.000	-	0
Other monetary payable and liabilities	79.450.273	0	110.181	39.631.467.118	729
Current liabilities	**3.157.599.512**	**1.928.410.237**	**31.881.962**	**72.937.577.649**	**45.632.103**
Financial liabilities	-	-	-	-	-
Other monetary receivables and assets	624.728	-	-	326.400.308	-
Non-current liabilities	**624.728**	**-**	**-**	**326.400.308**	**-**
Total liabilities (b)	**3.158.224.240**	**1.928.410.237**	**31.881.962**	**73.263.977.958**	**45.632.103**
Off-balance sheet derivative assets (c)	-	-	-	-	-
Off-balance sheet derivative liabilities (d)	-	-	-	-	-
Net foreign currency asset /(liability) position (a-b+c-d)	**(991.585.629)**	**(1.654.176.180)**	**8.774.465**	**146.565.417.524**	**102.442.992**
Fair value of financial instruments used for foreign exchange hedge	(4.149.603)	-	-	-	-
Hedges amount of foreign currency amount	-	-	-	-	

(*) The amounts are denominated in the related currency.

(**) The amounts are in British Pound (GBP), Japanese Yen (JPY), Swiss Franc (CHF).

NOTE 30 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (continued)

31 December 2022	Total TL equivalent	US Dollars (*)	Euro (*)	Indonesian Rupiah ('000) (*)	Other TL equivalent
Assets:					
Trade receivables	1.563.464.010	292.621.178	49.521.749	139.460.373.577	117.783.765
Cash and cash equivalent	344.762.232	286.755.185	570.379	30.523.233.549	10.338.009
Other monetary receivables and assets	105.346.515	1.029.821	1.149.322	65.356.009.761	3.682.934
Other non-monetary receivables and assets	-	-	-	-	-
Current assets	**2.013.572.757**	**580.406.184**	**51.241.450**	**235.339.616.887**	**131.804.708**
Non-current assets held for sale	-	-	-	-	-
Other monetary receivables and assets	21.688.655	11.396.366	23.244	8.265.069.254	-
Non-current assets	**21.688.655**	**11.396.366**	**23.244**	**8.265.069.254**	**-**
Total assets (a)	**2.035.261.412**	**591.802.551**	**51.264.694**	**243.604.686.141**	**131.804.708**
Liabilities:					
Trade payables	599.452.402	302.668.741	10.120.613	50.788.631.973	34.631.812
Financial liabilities	1.737.827.565	430.000.000	65.000.000	10.140.384.105	-
Other monetary payable and liabilities	73.348.595	-	293.927	56.750.775.732	497
Current liabilities	**2.410.628.561**	**732.668.741**	**75.414.540**	**117.679.791.810**	**34.632.308**
Financial liabilities	29.635.159	-	-	24.919.999.833	-
Other monetary receivables and assets	346.298	-	-	291.199.686	-
Non-current liabilities	**29.981.457**	**-**	**-**	**25.211.199.518**	**-**
Total liabilities (b)	**2.440.610.018**	**732.668.741**	**75.414.540**	**142.890.991.328**	**34.632.308**
Off-balance sheet derivative assets (c)	-	-	-	-	-
Off-balance sheet derivative liabilities (d)	-	-	-	-	-
Net foreign currency asset /(liability) position (a-b+c-d)	**(405.348.606)**	**(140.866.191)**	**(24.149.846)**	**100.713.694.813**	**97.172.400**
Fair value of financial instruments used for foreign exchange hedge	(4.952.703)	-	-	-	-
Hedges amount of foreign currency liabilities	-	-	-	-	-

(*) The amounts are denominated in the related currency.

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

NOTE 30 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (continued)

Foreign currency position (continued)

TL conversion rates of the foreign currencies where the Group operates are as follows:

Closing rates	**31 December 2023**	**31 December 2022**
US Dollars (Buy/Sell)	29,4382/29,4913	18,6983/18,7320
Euro	32,5739	19,9349
Indonesian Rupiah (1000 units)	1,9096	1,18862
Brazilian Real	6,0806	3,5836
Thai Baht	0,8602	0,5410
Egyptian Pound	0,9527	0,7560

Average rates	**31 December 2023**	**31 December 2022**
US Dollars	23,4305	15,9772
Euro	25,3362	16,7663
Indonesian Rupiah (1000 units)	1,5377	1,0760
Brazilian Real	4,6906	3,0935
Thai Baht	0,6732	0,4557
Egyptian Pound	0,7614	0,8143

Foreign currency position as of 31 December 2023 and 2022 regarding the 10% changes in foreign currency rates is depicted in the table below:

31 December 2023	**Profit / (Loss)**		**Equity**	
	Appreciation of foreign currency	**Depreciation of foreign currency**	**Appreciation of foreign currency**	**Depreciation of foreign currency**
Increase/(decrease) 10% of TL parity				
TL net asset/liability	(150.082.309)	150.082.309	-	-
Hedged portion of TL amounts(-)	-	-	-	-
Net effect of TL	**(150.082.309)**	**150.082.309**	-	-
Increase/(decrease) 10% of EUR parity				
EUR net asset/liability	28.581.816	(28.581.816)	-	-
Hedged portion of EUR amounts(-)	-	-	-	-
Net effect of EUR	**28.581.816**	**(28.581.816)**	-	-
Increase/(decrease) 10% of other parities				
Other foreign currency net asset/liability	37.704.912	(37.704.912)	-	-
Hedged portion of other foreign currency amounts(-)	-	-	-	-
Net effect of other foreign currencies	**37.704.912**	**(37.704.912)**	-	-
TOTAL	**(83.795.581)**	**83.795.581**	-	-

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

NOTE 30 – NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (continued)

31 December 2022	Profit / (Loss)		Equity	
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
Increase/(decrease) 10% of TL parity				
TL net asset / liability	(14.086.625)	14.086.625	-	-
Hedged portion of TL amounts(-)	-	-	-	-
Net effect of TL	**(14.086.625)**	**14.086.625**	-	-
Increase/(decrease) 10% of EUR parity				
EUR net asset / liability	(48.142.474)	48.142.474	-	-
Hedged portion of EUR amounts(-)	-	-	-	-
Net effect of EUR	**(48.142.474)**	**48.142.474**	-	-
Increase/(decrease) 10% of other parities				
Other foreign currency net asset / liability	21.694.238	(21.694.238)	-	-
Hedged portion of other foreign currency amounts(-)	-	-	-	-
Net effect of other foreign currencies	**21.694.238**	**(21.694.238)**	-	-
TOTAL	**(40.534.861)**	**40.534.861**	-	-

Export and import balances from Turkey as of 31 December 2023 and 2022 are as follows:

	31 December 2023		31 December 2022	
	Original Amount	TL Equivalent	Original Amount	TL Equivalent
Euro	173.603.032	4.398.447.748	191.552.415	3.211.629.543
US Dollars	84.746.078	1.985.642.980	97.248.096	1.553.757.949
Total export		**6.384.090.728**		**4.765.387.492**

	1 January-31 December 2023	1 January-31 December 2022
Total import	3.801.994.175	3.894.806.766

NOTE 30 – NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (continued)

(c) Credit risk

Credit risk arises from deposits with banks, as well as credit exposures to customers, including outstanding receivables.

Ownership of financial assets involves the risk that counterparties may be unable to meet the terms of their agreements. Group management covers these risks by limiting the aggregate risk from any individual counterparty and if necessary by obtaining a guarantee.

The Group uses an internal credit control procedure, credit rating system and internal control policy for the credit risk management of receivables from customers. According to these procedures, Group approves, increases or decreases individual customer credit limits for highly balanced customers (excluding related parties). The credit limits are set by taking into account the financial position, past payment performance, the position of trade relations, growth potential and management style of the customers. These limits are annually revised and letters of guarantees, mortgages and other guarantees are received for high-risk customers.

Disclosures on the credit quality of financial assets

As at 31 December 2023 and 2022, banks, where the cash and cash equivalents within the financial assets that are neither past due nor impaired are kept; mainly have high credit and parties in the trade receivables comprise the customers/ related parties that are worked with for a long time and without significant collection problems.

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

NOTE 30 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (continued)

As of 31 December 2023, the credit risks that the Group is exposed to by types of financial instruments are as follows:

	Trade Receivables		Other Receivables (*)	Derivatives	Bank Deposits	
31 December 2023	Related Party	Third Party	Related Party		Related Party	Other
As of reporting date, credit risk exposure (**)	**317.610.477**	**4.456.328.421**	-	**3.400.830**	**422.892.225**	**1.269.685.843**
- The part of maximum risk under guarantee with collateral	-	**100.393.823**	-	-	-	-
Net book value of financial assets that are neither past due nor impaired	317.610.477	3.912.631.056			422.892.225	1.269.685.843
Net book value of financial assets that are past due but not impaired	-	543.697.365	-	-	-	-
Net book value of impaired assets						
- *Past due (gross carrying amount)*	-	23.575.044	-	-	-	-
- *Impairment(-)*	-	(23.575.044)	-	-	-	-
- *The part under guarantee with collateral*	-	-	-	-	-	-

(*) Excludes taxes and other similar receivables.

(**) Amounts are determined by excluding received guarantees during the assessment of credibility.

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

NOTE 30 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (continued)

As of 31 December 2022, the credit risks that the Group is exposed to by types of financial instruments are as follows:

	Trade Receivables	Other Receivables (*)		Derivatives	Bank Deposits	
31 December 2022	**Related Party**	**Third Party**	**Related Party**		**Related Party**	**Other**
As of reporting date, credit risk exposure (**)	**250.835.834**	**3.590.740.823**	**-**	**440.876**	**301.503.612**	**491.638.662**
- The part of maximum risk under guarantee with collateral	-	45.129.306	-	-	-	-
Net book value of financial assets that are neither past due nor impaired	250.835.834	3.139.323.385			301.503.612	491.638.662
Net book value of financial assets that are past due but not impaired	-	451.411.438	-	-	-	-
Net book value of impaired assets						
Past due (gross carrying amount)	-	16.431.373	-	-	-	-
- Impairment(-)	-	(16.431.373)	-	-	-	-
- The part under guarantee with collateral	-	-	-	-	-	-

(*) Excludes taxes and other similar receivables.

(**) Amounts are determined by excluding received guarantees during the assessment of credibility.

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

NOTE 30 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (continued)

(c) Credit risk (continued)

The Group assumes that its receivables from the related parties including the ones which are overdue bear no risk of the collection since it takes into account that such receivables are to be collected from the Group companies and that all of such receivables had been collected in the previous periods.

The Group did not make any provisions for doubtful receivables since the overdue receivables are to be collected from the corporate customers who did not delay any collections in the previous periods, and even if they delayed, eventually managed to pay their debts. In addition, when the maturity composition of the receivables which are not impaired is analyzed, it is seen that a little time longer than three months has passed since the maturity date of most of them.

The aging table of the Group's overdue but not impaired trade receivables including the due from related parties which takes into account the overdue terms are as follows:

	31 December 2023	31 December 2022
Less than 1 month	320.989.742	287.577.382
Between 1-3 months	126.601.175	109.809.406
Between 3-12 months	52.026.502	48.828.323
Up to 5 years	44.079.946	5.196.327
	543.697.365	**451.411.438**

(d) Capital risk management

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

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

Consistent with others in the industry, the Group monitors capital based on the debt/(total capital+net debt+non-controlling interest) ratio. Net debt is calculated as total borrowings (including borrowings as shown in the balance sheet) less cash and cash equivalents.

As at 31 December 2023 and 2022 net debt/(equity+net debt+non-controlling interest) ratio is:

	31 December 2023	31 December 2022
Total financial liabilities	11.651.492.307	7.899.839.329
Cash and cash equivalents	(1.712.468.307)	(799.228.246)
Net debt	**9.939.024.000**	**7.100.611.083**
Equity	12.842.265.180	8.017.858.925
Non-controlling interest	3.218.410.060	2.008.456.479
Equity+net debt+non-controlling interest	**25.999.699.240**	**17.126.926.487**
Net debt/(Equity+net debt +non-controlling interest) ratio	38%	%41

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

NOTE 31 - FINANCIAL INSTRUMENTS

Fair value of financial instruments

Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced sale or liquidation, and is best evidenced by a quoted market price if one exists.

The methodology and assumptions used for determining the fair value of the financial instruments are as follows:

The estimated fair values of financial instruments have been determined by the Group using available market information and appropriate valuation methodologies. However, judgment is necessarily required to interpret market data to estimate the fair value. Accordingly, the estimates presented herein are not necessarily indicative of the amounts the Group can realize in a current market exchange.

31 December 2023 **Financial assets**	**Financial assets at amortised cost**	**FVOCI**	**Financial liabilities at amortized cost**	**Derivative financial assets and liabilities**	**Carrying value (*)**	**Note**
Cash and cash equivalents	1.712.468.307	-	-	-	1.712.468.307	5
Trade receivables	4.773.938.898	-	-	-	4.773.938.898	8
Receivables from related parties	317.610.477	-	-	-	317.610.477	28
Financial investments	-	93.608.265	-	-	93.608.265	6
Derivative financial instruments	-	-	-	22.221.886	22.221.886	31
Financial liabilities						
Borrowings	-	-	11.651.492.307	-	11.651.492.307	7
Lease Liabilities	-	-	964.784.814	-	964.784.814	7
Trade payables	-	-	3.375.239.130	-	3.375.239.130	8
Payables to related parties	-	-	76.598.491	-	76.598.491	28
Other financial liabilities (**)	-	-	142.825.312	-	142.825.312	9
Derivative financial instruments	-	-	-	53.975.268	53.975.268	31

31 December 2022 **Financial assets**	**Financial assets at amortised cost**	**FVOCI**	**Financial liabilities at amortized cost**	**Derivative financial assets and liabilities**	**Carrying value (*)**	**Note**
Cash and cash equivalents	799.228.246	-	-	-	799.228.246	5
Trade receivables	3.859.579.739	-	-	-	3.859.579.739	8
Receivables from related parties	250.835.834	-	-	-	250.835.834	28
Financial investments	-	59.433.759	-	-	59.433.759	6
Derivative financial instruments				26.605.370	26.605.370	31
Financial liabilities						
Borrowings	-	-	7.899.839.329	-	7.899.839.329	7
Lease Liabilities	-	-	544.743.087	-	544.743.087	7
Trade payables	-	-	2.971.509.321	-	2.971.509.321	8
Payables to related parties	-	-	72.941.629	-	72.941.629	28
Other financial liabilities (**)	-	-	81.594.124	-	81.594.124	9
Derivative financial instruments	-	-	-	5.394.369	5.394.369	31

(*) The Group believes that the carrying values of the financial instruments approximate their fair values.

(**) Excludes tax and other legal receivables and payables.

NOTE 31 - FINANCIAL INSTRUMENTS (continued)

Monetary assets

The fair values of balances denominated in foreign currencies, which are translated at period-end exchange rates to TL, are considered to approximate carrying values.

The fair values of certain financial assets carried at cost, including cash and amounts due from banks, are considered to approximate their respective carrying values due to their short-term nature.

The carrying values of trade receivables along with the related allowances for uncollectibility are estimated to be their fair values.

Monetary liabilities

The fair values of bank borrowings and other monetary liabilities are considered to approximate their respective carrying values due to their short-term nature.

Since long-term foreign currency loans generally have a floating rate, fair value is close to their book value. The fair value of long-term bank loans is discounted amounts of contractual cash flows with the market interest rate (Note 7).

Fair value estimation

The fair values of financial assets and financial liabilities are determined and grouped as follows:

- First level: The fair value of financial assets and financial liabilities with quoted market prices.
- Second level: The fair value of financial assets and financial liabilities are determined with direct or indirect observable inputs for the assets or liabilities other than quoted prices in the market.
- Third level: The fair value of financial assets and financial liabilities are determined with inputs for the assets and liabilities where observable market data cannot be determined.

Fair value hierarchy of financial assets and liabilities:

Certain financial assets and liabilities of the Group are accounted for their fair values on each balance sheet date in the financial statements. The table below the detail how the fair value of the financial assets and liabilities aforementioned are determined:

Financial assets / Financial liabilities	**Fair Value**		**Fair value hierarchy**	**Valuation technique**
	31 December 2023	**31 December 2022**		
Foreign currency forward/swap contracts	(3.155.476)	(221.461.266)	Level 2	Discounted cash flow method: The future cash flows, predicted by forward foreign currency rate (observable forward foreign currency rates at reporting date) and the contracted rates, are discounted by a discount rate which indicates other parties' credit risk.
Convertible bonds	91.639.021	58.206.477	Level 3	Discounted cash flows method: The future cash flows estimated using forward exchange rates (observable forward exchange rates at the end of the reporting period) and contract rates are discounted using a rate that reflects the credit risk of the various parties.

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

NOTE 32 – NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

According to The Group's Board of Management, decision numbered 2015/29 dated 31 December 2016, shares belonging to company partners, Nile Kordsa Company for Industrial Fabrics S.A.E. %51 of rates, would be classified as "Assets Held for Sale" in the balance sheet as of 31 December 2016. Hence, in the preparation of the consolidated financial statements as of 31 December 2023 and 31 December 2022, Nile Kordsa Company for Industrial Fabrics S.A.E. financials, non-current assets classified as held for sale in the statement of financial position (31 December 2023: None, 31 December 2022: TL None) and liabilities related to asset groups classified as held for sale (31 December 2023: 29.565.974 TL, 31 December 2022: 13.890.583 TL).

For the year ended 1 January- 31 December 2023 and 1 January- 31 December 2022, the result of the operating activities is shown at below:

NILE KORDSA

	1 January- 31 December 2023	1 January- 31 December 2022
Gross profit		
Revenue	-	-
Cost of sales	-	-
Operating profit	-	-
General and administrative expenses	-	-
Selling, marketing and distribution expenses	-	-
Research and development expenses	-	-
Other income from operating activities	-	-
Other expenses from operating activities (*)	(2.447.635)	(2.415.900)
Operating profit before finance costs	**(2.447.635)**	**(2.415.900)**
Gain from investing activities	-	-
Loss from investing activities	-	-
Profit before tax from continuing operations	**(2.447.635)**	**(2.415.900)**
Finance income	-	-
Finance costs	-	-
Tax expense/income from continuing operations	**(2.447.635)**	**(2.415.900)**
Current tax expense	-	-
Deferred tax benefit	-	-
Profit/ (Loss) for the period	**(2.447.635)**	**(2.415.900)**

(*) Refers to provision expenses which are related to the impairment of net assets of Nile Kordsa.

NOTE 33 – EVENTS AFTER THE REPORTING PERIOD

Group's 100% owned direct subsidiary Kordsa Inc, which operates in tire reinforcement and has transferred its shares in its directly controlled subsidiaries Fabric Development Inc. and Textile Products Inc. to its another 100% owned direct subsidiary Axiom Materials Acquisition LLC. Following this change, Axiom Materials Acquisition LLC is changing its corporate form and name as "Kordsa Advanced Materials Inc.", reorganizing US businesses whereby all entities in the composite business to be organized and managed under Kordsa Advanced Materials Inc.

As a result of the Group's strategy of further enhancing its expertise in the composite technologies, as at February 5th 2024, it has been finalized to purchase shares of B PREG Kompozit ve Tekstil Mühendislik Danışmanlık Sanayi Ticaret A.Ş., a Turkey-based sustainable advanced materials company established in 2017, specializing in natural fiber-reinforced industrial biocomposites and providing eco-friendly alternatives to synthetic composites, with a total nominal value of TL 25,000 representing 10% of BPREG's share capital.