HEKTAŞ TİCARET TÜRK ANONİM ŞİRKETİ (“Hektaş” or “the Company”)
AND ITS SUBSIDIARIES (“Hektaş Group” or “the Group”)

CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2024 AND
INDEPENDENT AUDITOR’S REPORT

(ORIGINALLY ISSUED IN TURKISH)

Deloitte.

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

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

Mersis No :0291001097600016
Ticari Sicil No: 304099

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

INDEPENDENT AUDITOR'S REPORT

To the General Assembly of Hektaş Ticaret Türk Anonim Şirketi

A) Report on the Audit of the Consolidated Financial Statements

1) Opinion

We have audited the consolidated financial statements of Hektaş Ticaret Türk Anonim Şirketi ("the Company") and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of 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 2024, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Turkish Financial Reporting Standards (TFRS).

2) Basis for Opinion

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

3) 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.

Key Audit Matter	How the matter was addressed in the audit
Revenue recognition Main operation of the Group comprises production and sale of products for plant nutrition, protection and animal health. The Group recognizes revenue according to the five-step model as described in TFRS 15 "Revenue from Contracts with Customers". Five step model comprises identification of contract, identification of performance obligations, determination and allocation of transaction price to performance obligations and recognition of revenue when these performance obligations are satisfied. As revenue is a measurement criterion for evaluating the results of the strategy implemented during the year and monitoring performance, and due to its unique nature, being susceptible to risks due to fraud and error, considered to be a material account balance. Determining when the related performance obligations are satisfied and recognition of revenue in the correct period has been identified as a key audit matter. The Group's accounting policies regarding revenue, revenue amounts, receivables and additional explanations regarding the risk levels of these receivables are presented in Note 2.5, Note 24, Note 7 and Note 34, respectively.	During our audit, the following audit procedures have been applied regarding the revenue recognition: The revenue process of the Group has been evaluated, the relevant controls within this process have been determined, and the design and implementation of these controls have been understood. Satisfaction of performance obligations are assessed based on the timing for transfer of control of goods to customers. Revenue amounts recognized closed to year end, are tested by selecting samples and controlling proof of deliveries from supporting documents. With the additional substantive procedures performed, completeness and accuracy of the revenue recognized in the consolidated financial statements have also been tested. In addition to the procedures mentioned above, the adequacy of the disclosures in Note 7, Note 24 and Note 34 has been evaluated within the scope of the relevant TFRSs.

3) Key Audit Matters (continued)

Recoverability of trade receivables	
In the consolidated financial statements as of 31 December 2024, the Group sets allowance for doubtful receivables amounting to TL 177,789,824, for the trade receivables from third parties amounting to TL 1,264,261,651. The Group management assesses recoverability of trade receivables and set allowance for the ones that there is collection risk. The allowance amount is based on expected loss to be incurred from the related receivable, as presented in Note 7. Due to the industry that the Group operates in, average collection days of the Group is 214 days and receivables are spread to many different customers. While assessing recoverability of these receivables, the Group management considers past payment performance, collateral levels, current financial strength based on market intelligence gathered, therefore the assessment is based on significant management estimates and assumptions. As trade receivables constitutes significant part of the total assets of the Group, as the average collection periods are long, as the period between financial statement and report dates is limited and accordingly subsequent collection from these receivables are also limited and as the recoverability assessment of trade receivables include significant management estimates and assumptions, recoverability of trade receivables has been identified as key audit matter. The Group's accounting policies regarding receivables, receivable amounts and additional explanations regarding the risk levels of these receivables are presented in Note 2.5, Note 7 and Note 34, respectively.	During our audit, the following audit procedures have been applied regarding the recoverability of trade receivables: The process and controls set for monitoring trade receivables have been evaluated. Aging of trade receivables and allowance calculation for doubtful trade receivables have been obtained from the Group management. Completeness and accuracy of the information used in these calculations have been controlled, assumptions used are evaluated and arithmetic accuracy has been tested. Considering long collection period of the receivables, a further assessment is made by analyzing opening balances, sales and collections throughout the year and collateral level for individual customer and for the ones that are assessed to be risky additional information has been asked from the Group management and subsequent collection is controlled on sampling basis. In addition to the procedures mentioned above, the adequacy of the disclosures in Note 7 and Note 34 has been evaluated within the scope of the relevant TFRSs.

3) Key Audit Matters (continued)

Recoverability of deferred tax assets	
As stated in Note 31, the Group recognizes deferred tax assets amounting to TL 1,675,624,067 in the consolidated statement of financial position as of 31 December 2024. The recoverable amount of deferred tax assets has been estimated through projections prepared by the Group management based on assumptions under current conditions. As these projections are based on estimates and the deferred tax assets recognized in the consolidated financial statements as at 31 December 2024 are significant, the recoverability of these assets is considered as Key Audit Matter.	During our audit, the following audit procedures have been applied regarding the recoverability of trade receivables: - Projections were obtained from the Group management and the appropriateness of the key assumptions included in these projections were evaluated in meetings with senior management, including our tax experts. - The reasonableness of the estimates has been assessed. We assessed the Group's budget processes (the basis of the estimates) and analyzed the principles and mathematical accuracy of the calculation model. - The appropriateness of financial indicators such as revenue, capital expenditures and production costs, which have a significant impact on taxable profit, has been evaluated by comparing them with the current year realizations. In addition to the procedures mentioned above, the adequacy of the disclosures in the consolidated financial statements and notes to them has been assessed in accordance with TFRS.

4) 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.

Deloitte.

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

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

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

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

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

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

5) Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements (continued)

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

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

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

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

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

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

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

B) Report on Other Legal and Regulatory Requirements

In accordance with paragraph four of the Article 398 of the Turkish Commercial Code No. 6102 (“TCC”), the auditor’s report on the system and the committee of early detection of risk has been submitted to the Board of Directors of the Company on 11 March 2025.

In accordance with paragraph four of the Article 402 of TCC, nothing has come to our attention that may cause us to believe that the Group’s set of accounts and financial statements prepared for the period 1 January-31 December 2024 does not comply with TCC and the provisions of the Company’s articles of association in relation to financial reporting.

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

The engagement partner on the audit resulting in this independent auditor’s report is Volkan Becerik.

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

Volkan Becerik, SMMM
Partner

İstanbul, 11 March 2025

INDEX	PAGE

HEKTAŞ GROUP

AUDITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2024

(All amounts expressed in TL in terms of the purchasing power of Turkish Lira ("TL") as of 31 December 2024, unless otherwise stated.)

	Notes	Current Period Audited 31 December 2024	Prior Period Audited 31 December 2023
ASSETS			
Current Assets		**8,848,414,927**	**21,844,083,146**
Cash and Cash Equivalents	3	1,872,306,925	6,673,440,210
Financial Equivalents	4	1,164,718,399	1,401,713,931
Trade Receivables	7a	1,325,635,767	4,381,843,439
From Related Parties	*33*	*61,893,295*	*42,573,885*
From Third Parties		*1,263,742,472*	*4,339,269,554*
Other Receivables	9a	195,398,793	2,166,596,876
From Related Parties	*33*	-	*2,154,402,147*
From Third Parties		*195,398,793*	*12,194,729*
Inventories	12	3,382,640,299	6,136,829,514
Prepaid Expenses	10	132,478,410	160,300,813
From Related Parties	*33*	*601,584*	*2,166,502*
From Third Parties		*131,876,826*	*158,134,311*
Current Tax Assets	20	105,791,171	86,276,701
Other Current Assets	22	669,445,163	837,081,662
Non-Current Assets		**15,228,946,134**	**14,908,018,975**
Trade Receivables	7a	519,179	-
Other Receivables	9a	4,518,518	6,073,655
Investment Properties	16	107,827,196	56,694,978
Property, Plant and Equipment	13	9,551,723,492	6,303,082,801
Intangible Assets		1,583,799,315	4,861,379,985
Goodwill	*17*	*425,492,370*	*425,492,370*
Other	*15*	*1,158,306,945*	*4,435,887,615*
Right-of-Use Assets	14	639,231,086	214,202,996
Prepaid Expenses	10	1,665,703,281	1,231,898,795
Deferred Tax Asset	31	1,675,624,067	2,234,685,765
TOTAL ASSETS		**24,077,361,061**	**36,752,102,121**

HEKTAŞ GROUP

AUDITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2024

(All amounts expressed in TL in terms of the purchasing power of Turkish Lira ("TL") as of 31 December 2024, unless otherwise stated.)

	Notes	Current Period Audited 31 December 2024	Prior Period Audited 31 December 2023
LIABILITIES AND EQUITY			
Current Liabilities		**7,328,602,945**	**22,809,342,097**
Short-Term Borrowings	6	4,484,377,079	19,393,663,106
Lease Liabilities	6	56,649,046	76,606,134
Trade Payables	7b	1,336,147,977	2,021,416,826
To Related Parties	*33*	*136,707,026*	*248,782,172*
To Third Parties		*1,199,440,951*	*1,772,634,654*
Payables Related to Employee Benefits	8	160,228,296	117,380,618
Other Payables	9b	1,216,606,643	1,095,462,112
To Related Parties	*33*	*1,193,483,775*	*1,072,413,303*
To Third Parties		*23,122,868*	*23,048,809*
Derivative Instruments	5	-	2,580,245
Deferred Income	11	49,894,402	40,242,818
Current Tax Liability	31	-	38,218,844
Short-Term Provisions	21a	24,699,502	23,771,394
Related to Employee Benefits	*21a*	*19,502,897*	*19,125,567*
Other	*21a*	*5,196,605*	*4,645,827*
Non-Current Liabilities		**3,014,575,332**	**3,056,924,587**
Long-Term Borrowings	6	2,204,405,117	1,318,451,839
Lease Liabilities	6	509,764,229	53,888,998
Other Payables	9b	125,006,301	161,638,386
Other Payables to Related Parties	*33*	*125,006,301*	*161,638,386*
Long-Term Provisions	21b	104,992,164	106,645,917
Related to Employee Benefits		*104,992,164*	*106,645,917*
Deferred Tax Liability	31	70,407,521	1,416,299,447
EQUITY		**13,734,182,784**	**10,885,835,437**
Equity Attributable to the Parent		**13,772,162,689**	**10,898,916,641**
Paid-in Capital	23a	8,430,000,000	2,530,000,000
Share Capital Adjustment Differences	23a	7,304,039,454	7,243,379,289
Premiums/Discounts Related to Interests		211,035,305	72,248,548
Other Comprehensive Income (Expenses) that will be Reclassified to Profit or Loss		(295,337,496)	205,492,915
- Foreign Currency Translation Differences		*(295,337,496)*	*205,492,915*
Other Comprehensive (Expenses) that will not be Reclassified to Profit or Loss		(58,670,580)	(60,025,650)
- Defined Benefit Plans Remeasurement Losses	*23c*	*(58,670,580)*	*(60,025,650)*
Restricted Reserves Appropriated from Profit	23b	456,563,215	456,563,215
Prior Years' Profit		451,258,324	1,719,249,068
Net Loss for the Period		(2,726,725,533)	(1,267,990,744)
Non-Controlling Interests		**(37,979,905)**	**(13,081,204)**
TOTAL LIABILITIES AND EQUITY		**24,077,361,061**	**36,752,102,121**

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

HEKTAŞ GROUP

AUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE PERIOD 1 JANUARY – 31 DECEMBER 2024

(All amounts expressed in TL in terms of the purchasing power of Turkish Lira ("TL") as of 31 December 2024, unless otherwise stated.)

	Notes	Current Period Audited 1 January- 31 December 2024	Prior Peirod Audited 1 January- 31 December 2023
PROFIT OR (LOSS)			
Revenue	24a	4,867,088,189	8,719,027,378
Cost of Sales (-)	24b	(5,877,261,499)	(7,541,484,454)
GROSS PROFIT/(LOSS)		**(1,010,173,310)**	**1,177,542,924**
General Administrative Expenses (-)	25b	(1,014,472,800)	(1,171,963,371)
Marketing Expenses (-)	25a	(484,613,568)	(859,321,357)
Research and Development Expenses (-)	25c	(386,142,083)	(300,585,241)
Other Income from Operating Activities	27	207,700,303	219,457,519
Other Expenses from Operating Expenses (-)	28	(125,939,365)	(1,169,381,600)
OPERATING (LOSS)/PROFIT		**(2,813,640,823)**	**(2,104,251,126)**
Income from Investing Activities	29a	18,736,981	1,833,468,948
Expenses from Investing Activities (-)	29b	(1,856,472)	(2,608,764)
OPERATING (LOSS)/PROFIT BEFORE FINANCE EXPENSES		**(2,796,760,314)**	**(273,390,942)**
Finance Income	30a	2,133,048,009	2,349,620,051
Finance Expenses (-)	30b	(6,316,484,755)	(6,561,799,651)
Monetary Loss Gain, net	37	3,435,323,623	2,298,443,143
(LOSS)/PROFIT FROM CONTINUING OPERATIONS BEFORE TAX		**(3,544,873,437)**	**(2,187,127,399)**
Continuing Operations Tax (Expense) / Income		**790,715,918**	**895,720,172**
Current Tax (Expense) / Income	31	-	(81,353,119)
Deferred Tax (Expense) / Income	31	790,715,918	977,073,291
PROFIT/LOSS FOR THE PERIOD		**(2,754,157,519)**	**(1,291,407,227)**
Distribution of (Loss)/Profit for the Period			
Non-Controlling Interests		(27,431,986)	(23,416,483)
Parent Shares		(2,726,725,533)	(1,267,990,744)
		(2,754,157,519)	**(1,291,407,227)**
Earnings / (loss) per share			
One Hundred Ordinary Stock (TL)	32	**(0.79)**	**(0.50)**
OTHER COMPREHENSIVE (EXPENSE) / INCOME:			
Items that will not be Reclassified Subsequently to Profit or Loss		**1,355,070**	**(15,990,603)**
Defined Benefit Plans Remeasurement Gains/Losses		1,806,759	(21,320,804)
Defined Benefit Plans Remeasurement Gains/(Losses), Tax Effect		(451,689)	5,330,201
(Expense)/Income that will be Reclassified Subsequently to Profit or Loss		**(498,297,126)**	**162,975,400**
Other Comprehensive (Expense) / Income Related to Cash Flow Hedging		-	(6,065,145)
Foreign Currency Translation Differences		(498,297,126)	167,524,259
Other Comprehensive (Expense) / Income Related to Cash Flow Hedge, Tax Effect		-	1,516,286
OTHER COMPREHENSIVE (EXPENSE) / INCOME		**(496,942,056)**	**146,984,797**
TOTAL COMPREHENSIVE (EXPENSE) / INCOME		**(3,251,099,575)**	**(1,144,422,430)**
Distribution of Total Comprehensive (Expense) / Income:		**(3,251,099,575)**	**(1,144,422,430)**
Non-Controlling Interests		(24,898,701)	(30,911,715)
Parent Shares		(3,226,200,874)	(1,113,510,715)

HEKTAŞ GROUP

AUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD 1 JANUARY – 31 DECEMBER 2024

(All amounts expressed in TL in terms of the purchasing power of Turkish Lira ("TL") as of 31 December 2024, unless otherwise stated.)

				Other Comprehensive Income and Expenses that will not be Reclassified Subsequently to Profit or Loss	Other Comprehensive Income and Expenses that will be Reclassified Subsequently to Profit or Loss			Retained Earnings				
	Paid-in Capital	Share Capital Adjustment Differences	Share Issue Premiums / Discounts	Accumulated Remeasurement Losses of Defined Benefit Plans	Foreign Currency Translation Differences	Hedging Gain / Losses	Restricted Reserves Appropriated from Profit	Prior Years' Profit	Net Profit / Loss for the Period	Equity Attributable to the Parent	Non-Controlling Interests	Equity
Balances as of 1 January 2023	**2,530,000,000**	**7,243,379,289**	**72,248,548**	**(47,380,392)**	**30,473,424**	**4,548,859**	**412,818,620**	**79,877,363**	**1,684,212,708**	**12,010,178,419**	**17,830,511**	**12,028,008,930**
Transfers	-	-	-	-	-	-	44,841,003	1,639,371,705	(1,684,212,708)	-	-	-
Total Comprehensive Income / (Expense)	**-**	**-**	**-**	**(15,990,603)**	**175,019,491**	**(4,548,859)**	**-**	**-**	**(1,267,990,744)**	**(1,113,510,715)**	**(30,911,715)**	**(1,144,422,430)**
Profit /(Loss) for the Period	-	-	-	-	-	-	-	-	*(1,267,990,744)*	*(1,267,990,744)*	*(23,416,483)*	*(1,291,407,227)*
Other Comprehensive (Expense) / Income	-	-	-	*(15,990,603)*	*175,019,491*	*(4,548,859)*	-	-	-	*154,480,029*	*(7,495,232)*	*146,984,797*
Acquisition and disposal of subsidiaries (*)	-	-	-	3,345,345	-	-	(1,096,408)	-	-	2,248,937	-	2,248,937
Balances as of 31 December 2023	**2,530,000,000**	**7,243,379,289**	**72,248,548**	**(60,025,650)**	**205,492,915**	**-**	**456,563,215**	**1,719,249,068**	**(1,267,990,744)**	**10,898,916,641**	**(13,081,204)**	**10,885,835,437**
Balances as of 1 January 2024	**2,530,000,000**	**7,243,379,289**	**72,248,548**	**(60,025,650)**	**205,492,915**	**-**	**456,563,215**	**1,719,249,068**	**(1,267,990,744)**	**10,898,916,641**	**(13,081,204)**	**10,885,835,437**
Transfers	-	-	-	-	-	-	-	(1,267,990,744)	1,267,990,744	-	-	-
Total Comprehensive (Expense) / Income	**-**	**-**	**-**	**1,355,070**	**(500,830,411)**	**-**	**-**	**-**	**(2,726,725,533)**	**(3,226,200,874)**	**(24,898,701)**	**(3,251,099,575)**
Loss for the Period	-	-	-	-	-	-	-	-	*(2,726,725,533)*	*(2,726,725,533)*	*(27,431,986)*	*(2,754,157,519)*
Other Comprehensive Income / (Expense)	-	-	-	*1,355,070*	*(500,830,411)*	-	-		-	*(499,475,341)*	*2,533,285*	*(496,942,056)*
Capital Increase	5,900,000,000	60,660,165	138,786,757	-	-	-	-	-	-	6,099,446,922	-	6,099,446,922
Balances as of 31 december 2024	**8,430,000,000**	**7,304,039,454**	**211,035,305**	**(58,670,580)**	**(295,337,496)**	**-**	**456,563,215**	**451,258,324**	**(2,726,725,533)**	**13,772,162,689**	**(37,979,905)**	**13,734,182,784**

(*) On 29 December 2023, all shares of Arma, 100% subsidiary of the Company, were transferred to OYAK Gıda ve Tarım Holding A.Ş. (Note 38).

AUDITED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD 1 JANUARY – 31 DECEMBER 2024

(All amounts expressed in TL in terms of the purchasing power of Turkish Lira ("TL") as of 31 December 2024, unless otherwise stated.)

	Notes	Current Period Audited 1 January- 31 December 2024	Prior Period Audited 1 January- 31 December 2023
CASH FLOWS FROM OPERATING ACTIVITIES		**3,974,956,994**	**3,822,017,989**
Loss for the Period		**(2,754,157,519)**	**(1,291,407,227)**
Adjustments Related to the Net Profit/Loss Reconciliation for the Period		**1,263,960,579**	**1,721,859,697**
Adjustments Related to Depreciation and Amortization	26	826,080,479	787,514,297
Adjustments Related to Impairment (Cancellation)		292,259,014	431,474,576
- Adjustments Related to Impairment of Receivables	*7a*	*68,444,451*	*176,934,871*
- Adjustments Related to Inventory Impairment	*12*	*223,814,563*	*254,539,705*
Adjustments Related to Provisions		55,642,520	47,588,313
- Provisions for Employee Benefits		*53,391,617*	*43,014,171*
- Litigation Provisions / (Cancellation)	*21a*	*2,250,903*	*4,574,142*
Adjustments Related to Interest (Income) / Expenses		4,073,807,946	4,978,160,547
- Adjustments Related to Interest Income	*30*	*(1,571,921,067)*	*(1,086,568,947)*
- Adjustments Related to Interest Expenses	30	*5,472,203,758*	*5,606,882,077*
- Adjustments Related to Bank Transactions Expenses	30	*173,525,255*	*457,847,417*
Adjustments Related to Unrealized Foreign Currency Translation Differences		(586,061,410)	189,071,607
Adjustments Related to Monetary Losses/Gains		(2,602,877,366)	(1,985,853,551)
Adjustments Related to Fair Value Losses/Gains		(1,787,136)	(8,288,123)
- Adjustments Related to Fair Value Losses / (Gains) of Derivative Financial Instruments		*(1,787,136)*	*(8,288,123)*
Adjustments Related to Losses (Gains) on Disposal of Subsidiaries or Joint Businesses		-	(644,843,488)
Adjustments Related to Tax Income / (Expense)	31	(790,715,918)	(895,720,172)
Adjustments Related to Loss/Gains on Disposal of Fixed Assets		(2,387,550)	(1,177,244,309)
Changes in working capital		**3,904,741,616**	**2,503,637,372**
Adjustments Related to Increase/Decrease in Trade Receivables		1,627,690,127	1,343,180,609
Adjustments Related to Increase/Decrease in Other Operating Receivables		(298,842,733)	(592,939,067)
Adjustments Related to Increase/Decrease in Inventories		2,530,374,652	1,329,614,384
Adjustments Related to Increase/Decrease in Trade Payables		(63,931,000)	652,671,192
Increase / (Decrease) in Payables Related to Employee Benefits		78,927,827	15,806,510
Adjustments Related to Increase/Decrease in Other Operating Payables		30,522,743	(244,696,256)
Cash Flows from Operations		**1,560,412,318**	**887,928,147**
Interest Received		1,620,823,531	1,055,626,887
Payments Related to Provisions for Employee Benefits	21	(15,816,756)	(44,230,445)
Collections from Doubtful Receivables	7a	12,674,270	407,225
Tax Payments / Refunds		(57,268,727)	(123,875,520)
CASH FLOWS FROM INVESTMENT ACTIVITIES		**344,994,470**	**(3,371,408,005)**
Other Receivables Cash Inflows from Related Parties		1,492,187,616	-
Cash Inflows from Sales of Property, Plant and Equipment and Intangible Assets		7,649,383	1,383,979,565
- Cash Inflows from Sales of Property, Plant and Equipment		*3,519,562*	*1,358,440,052*
- Cash Inflows from Sales of Intangible Assets		*4,129,821*	*25,539,513*
Cash Outflows from Purchase of Property, Plant and Equipment and Intangible Assets		(668,358,973)	(3,942,186,441)
- Cash Outflows from Purchase of Property, Plant and Equipment	*13*	*(657,854,597)*	*(3,445,508,516)*
- Cash Outflows from Purchase of Intangible Assets	*15*	*(10,504,376)*	*(496,677,925)*
Cash Outflows from Purchase of Investment Properties	16	(52,679,070)	-
Cash Advances Given and Payables		(433,804,486)	(813,975,074)
Other Cash Inflows / Outflows		-	773,945
CASH FLOWS FROM FINANCE ACTIVITIES		**(7,144,166,080)**	**3,971,736,758**
Cash Inflows / (Outflows) Arising from Borrowing to Related Parties		200,000,000	1,055,355,283
Cash Inflows from Borrowings	6	9,224,306,008	21,530,440,577
Cash Outflows from Borrowings	6	(16,478,153,880)	(13,008,773,660)
Bank Transaction Costs Paid		(173,525,255)	(457,847,417)
Interest Paid		(5,758,770,306)	(5,016,560,974)
Cash Outflows Related to Debt Payments Arising from Lease Contracts	6	(192,381,959)	(130,877,051)
Cash Inflows from Shares Issues	23a	6,034,359,312	-
NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS BEFORE THE EFFECT OF FOREIGN CURRENCY TRANSLATION DIFFERENCES		**(2,824,214,616)**	**4,422,346,742**
THE EFFECT OF FOREIGN CURRENCY CONVERSION DIFFERENCES ON CASH AND CASH EQUIVALENTS		**105,817,108**	**(991,803)**
INFLATION EFFECT ON CASH AND CASH EQUIVALENTS		**(2,033,833,313)**	**(1,422,008,602)**
NET CHANGE IN CASH AND CASH EQUIVALENTS		**(4,752,230,821)**	**2,999,346,337**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	**3**	**6,616,730,156**	**3,617,383,819**
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**3**	**1,864,499,335**	**6,616,730,156**

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

1. ORGANIZATION AND OPERATIONS OF THE GROUP

Hektaş was established for the purpose of producing, importing, and marketing agricultural and veterinary pesticides upon registration and entry in the trade registry in 1956. The main field of activity of the Company is the production, import and marketing of agricultural and veterinary pesticides. The main shareholder of the Company is the Turkish Armed Forces Pension Fund ("OYAK") which owns 55.40 per cent of the Company's shares. OYAK is an institution with legal personality, which is financially and administratively autonomous and subject to the provisions of private law, which was founded pursuant to the law no. 205 on 1 March 1961. As the "solidarity and pension fund" of the members of the Turkish Armed Forces ("TSK"), OYAK provides various services and benefits to its members in line with the social security approach envisaged by the constitution. OYAK has direct and indirect subsidiaries and associates operating in industry, finance and service sectors. Detailed information about OYAK is available on its official web site at the address (www.oyak.com.tr).

These consolidated financial statements include the Company and its subsidiaries. The Company and its subsidiaries will hereinafter be referred to as "the Group" or "Hektaş Group" collectively.

The Company acquired 100% of FNC Tarım Ticaret ve Sanayi Anonim Şirketi ("FNC") on 29 November 2017 at a price of Turkish Lira ("TL") 14,117,000 (US Dollar 3,600,000) and included FNC within the scope of the consolidation based on its periodic statements of 30 September 2017.

The main field of activity of FNC is the production, import and marketing of agricultural pesticides. FNC is headquartered in the district of Bor in Niğde and has a capital of TL 40,500,000.

FNC's title was changed as 'Ferbis Tarım Ticaret ve Sanayi Anonim Şirketi' ("Ferbis") as declared in the Trade Registry Gazette dated 7 July 2020 and by the Extraordinary General Assembly dated 30 June 2020.

On 22 February 2019, the Company acquired 100 percent of Akça Tohumculuk Arge Sanayi ve Dış Ticaret Anonim Şirketi ("Akça") at a price of TL 25,150,000 and included Akça within the scope of consolidation based on its financial statements pertaining to the period ending on 31 January 2019.

Akça's main field of activity is to engage in all kinds of seed production and development activities and to set up green houses and specially equipped areas for this purpose. Akça's headquarters are located in Antalya Technocity.

Akça's title was changed as 'Areo Tohumculuk Arge Sanayi ve Dış Ticaret Anonim Şirketi' ("Areo") as declared in the Trade Registry Gazette dated 6 October 2020 and by the Extraordinary General Assembly dated 25 September 2020. Its capital is in the amount of TL 95,750,000.

On 9 June 2020, the Company acquired 100 per cent of Sunset Kimya Tarım Ürünleri ve Aletleri İmalat Pazarlama Sanayi ve Ticaret Anonim Şirketi ("Sunset") at a price of TL 65,000,000 and included Sunset within the scope of consolidation based on its financial statements pertaining to the period ending on 30 May 2020.

Sunset's main field of activity is the wholesale and retail trade, production, import and export and domestic and international marketing of all kinds of agricultural pesticides. Sunset is headquartered in the district of Bor in Niğde. Its capital is in the amount of TL 2,000,000.

Agriventis Technologies Pty Ltd ("Agriventis") was acquired by the OYAK group as of 18 September 2020. As of 12 January 2022, all the shares representing the 51% capital of Agriventis, field of activity of which is "agricultural seed technology development, seed improvement and production", controlled by Oyak Sermaye Yatırımları A.Ş, the subsidiary of the main shareholder, have been acquired for TL 28,000,000. Agriventis is headquartered in Sydney, Australia. Its capital is AUD 475,375.

Hektaş Asia LLC was established on 21 November 2022 in Tashkent, Uzbekistan, with 100% of its shares owned by HEKTAŞ Ticaret T.A.Ş. It was established to operate in export-oriented plant protection and plant nutrition fields. USD 49,782,247 has been paid for the capital of Hektaş Asia LLC and all of it has been registered.

The capital structure of Hektaş as of the related reporting dates is disclosed in Note 23.

The Company's shares have been quoted on Borsa İstanbul ("BIST") since 1986. The Group's main shareholder and principal controller is OYAK.

As of 31 December 2024, the number of employees of the Group is 579 in total, 205 of them being blue-collar and 374 being white-collar (31 December 2023: 621 employees).

The Company carries out its activities at is headquarters at the address Gebze Organize Sanayi Bölgesi, İhsandede Caddesi, 700. Sokak 41400 Gebze, Kocaeli.

1. ORGANIZATION AND OPERATIONS OF THE GROUP (cont'd)

Details of the types and fields of activity of the Company's subsidiaries are as follows:

	Types and Subject of Activity
Takimsan Tarım Kimya Sanayi ve Ticaret Anonim Şirketi ("Takimsan")	Production, import and marketing of pesticides
Çantaş Çankırı Tuz Ürünleri Üretim ve Dağıtım Anonim Şirketi ("Çantaş")	Inactive
Ferbis	Production, import and marketing of pesticides
Areo	To carry out all kinds of seed production and development activities, to establish related greenhouses and specially equipped areas related to this.
Sunset	Wholesale and retail trade of all kinds of pesticides, import and export, marketing in domestic and foreign markets
Agriventis (*)	Agricultural seed technology development, seed breeding and production
Hektaş Asia	Production, sales, distribution and marketing of plant protection and plant nutrition products

(*) Agriventis, which was acquired by the Company from its parent company's subsidiary on 12 January 2022, is presented in the accompanying consolidated financial statements by applying the pooling of interests method in accordance with the POA's resolution numbered 75935942-050.01.04-[04/177] and dated 11 October 2018 ("Principle Decision").

2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

2.1 Basis of Presentation

Statement of Compliance with TFRS

The accompanying consolidated financial statements have been prepared in line with Capital Markets Board ("CMB"), Communiqué Serial: II, No. 14.1 on "Principles on Financial Reporting in Capital Market" ("the Communiqué"), promulgated in Official Gazette No. 28676 dated 13 June 2013. TFRSs include Standards and Interpretations published by POA under the names of Turkish Financial Reporting Standards ("TFRS"), Turkish Financial Reporting Standards, TAS Interpretations and TFRS Interpretations.

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

Approval of consolidated financial statements:

The consolidated financial statements were approved by the Board of Directors of Hektaş on 11 March 2025. The General Assembly of Hektaş has the right to amend and the related regulatory authorities have the right to demand the amendment of these consolidated financial statements.

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

2.1 Basis of Presentation (cont'd)

Measurement Principles

The consolidated financial statements have been prepared at historical costs, except for the items measured at fair value differences, which are stated below:

Derivative financial instruments at fair value through profit or loss, fixed assets of through business,

The determination of historical cost is generally based on the fair value of the amount paid for the assets at the acquisition date. The consolidated financial statements have been prepared on the historical cost basis, adjusted for the effects of inflation as of 31 December 2004.

Fair value measurement principles are explained in Note 2.4.

Functional and Reporting Currency

The consolidated financial statements are submitted in TL, which is the functional currency of the Group. All financial information submitted in TL is submitted in full, unless otherwise stated.

Restatement of financial statements during periods of high inflation

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

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

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

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

In accordance with the CMB's decision dated 28 December 2023 and numbered 81/1820, issuers and capital market institutions subject to financial reporting regulations applying Turkish Accounting/Financial Reporting Standards are required to apply inflation accounting by applying the provisions of TAS 29 to their annual financial statements for the accounting periods ending on 31 December 2023.

In this framework, while preparing the consolidated financial statements dated 31 December 2024, inflation adjustment has been made in accordance with TAS 29.

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

2.1 Basis of Presentation (cont'd)

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

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

Date	Index	Adjustment Coefficient	Three-year cumulative inflation rates
31 December 2024	2,684.55	1.00000	2.91000
31 December 2023	1,859.38	1.44379	2.68000
31 December 2022	1,128.45	2.37897	1.56000

The main outlines of TMS 29 indexing transactions are as follows:

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

The impact of the application of TAS 29 Inflation Accounting is summarized below:

Restatement of the Statement of Financial Position

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

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

Restatement of the Statement of Profit or Loss

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

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

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

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

2.1 Basis of Presentation (cont'd)

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

Restatement of Statement of Cash Flows

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

Consolidated financial statements

The consolidated financial statements of a subsidiary whose functional currency is the currency of a hyperinflationary economy are restated by applying the general price index before they are included in the consolidated financial statements prepared by the parent company. If the subsidiary is a foreign subsidiary, its restated consolidated financial statements are translated at the closing rate. When consolidating financial statements with different reporting period ends, all monetary and non-monetary items are restated in accordance with the measuring unit current at the date of the consolidated financial statements. The financial statements of Subsidiaries and Associates operating in foreign countries have been prepared in accordance with TFRSs issued by POA with adjustments and reclassifications reflected for the purpose of fair presentation. The assets and liabilities of the related foreign subsidiaries are translated into Turkish Lira at the exchange rate at the balance sheet date and income and expenses are translated into Turkish Lira at the average exchange rate on a monthly basis. Exchange differences arising from the use of closing and average exchange rates are recognized in the currency translation differences in equity.

Comparative figures

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

Basis of Consolidation

Business Combinations

The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The consideration transferred on the acquisition is generally accounted for at fair value, as with the identifiable net assets purchased. The resulting goodwill is tested for impairment annually. The gain or loss from the bargain purchase is recognized immediately in profit or loss. Transaction costs other than those associated with the issuance of debt or equity securities that the Group incurs in connection with a business combination are expensed as incurred.

The purchase price does not include amounts related to closing existing relationships. These amounts are generally recognized in profit or loss.

Any contingent consideration payable is recognized at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured, and settlement is accounted for within equity.

If the retained share-based payment rights (acquired rights) of employees of the acquired business for past service are replaced by a new share-based payment rights (renewal rights), all or a portion of the market-based measurement of the changed benefits is added to the acquisition cost under the business combination. This amount is determined to the extent that renewed rights are associated with pre-combination services and by comparing a market-based measure of renewal rights with a market-based measure of acquiree's rights.

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.

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

2.1 Basis of Presentation (cont'd)

Basis of Consolidation (cont'd)

Business Combinations (cont'd)

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.

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 recognized, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date.

Business Combinations Under Common Control

Business combinations under common control transactions have been accounted by pooling of interest method, therefore no goodwill has been recognized due to these transactions. When applying pooling of interest method, the financial statements should be adjusted and presented comparatively starting from the beginning of the reporting period when the common control transaction was occurred, as if the businesses had always been combined. Pooling of interest method is applied from parent company perspective and financial statements are prepared in accordance with TFRS and all adjustments due to initial acquisition of the related entity are reflected. Differences in assets and liabilities resulting from combinations under common control transactions are presented under equity in the line item "Effect of Business Combination Under Common Control".

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

As of 31 December 2024 and 2023, the details of the Company's subsidiaries and financial investments are as follows:

			Group's share rate in capital and voting rate (%)	
Title of the Company	Location of activity	Functional currency	31 December 2024	31 December 2023
Subsidiaries				
Takimsan	Kocaeli	TL	99.78	99.78
Ferbis	Niğde	TL	100.00	100.00
Areo	Antalya	TL	100.00	100.00
Sunset	Niğde	TL	100.00	100.00
Agriventis	Australia	AUD	51.00	51.00
Hektaş Asia	Uzbekistan	UZS	100.00	100.00
Financial investments				
Çantaş	Çankırı	TL	0.37	0.37

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

2.1 Basis of Presentation (cont'd)

Non-controlling Interests

Non-controlling interests are measured over the proportional amount of the net asset value of the subsidiary at the date of acquisition. Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as an equity transaction.

Loss of control

If the Group loses control over the subsidiary, it derecognizes the assets and liabilities of the subsidiary, its non-controlling interests and the amounts under other equity related to the subsidiary. Any resulting gains or losses are recognized in profit or loss. The remaining interest in the previous subsidiary is measured at fair value as of the day of loss of control.

Elimination transactions in consolidation

During the preparation of the consolidated financial statements, intragroup balances, transactions and unrealized income and expenses arising from intragroup transactions are mutually eliminated. Unrealized income from transactions with investments accounted for using the equity method is written off in proportion to the Group's share in the investment. If there is no impairment, unrealized losses are written off in the same way as unrealized income.

2.2 Changes in accounting estimates and errors

If the changes in accounting estimates are related with one period only, they are applied in the current period when the change is applied; if they are related with future periods, they are applied prospectively both in the period of change and in the future periods. Material accounting errors detected are executed retrospectively and the previous period's financial statements are restated. There have been no significant changes in the Group's accounting estimates in the current year.

2.3 Significant Changes Related to Current Period

The Group has reviewed the estimates and assumptions used in the preparation of the consolidated financial statements as of 31 December 2024. In this context, the Group has evaluated the possible impairments in trade receivables, inventories, property, plant and equipment and investment properties in its consolidated financial statements as of 31 December 2024 and no impairment has been detected.

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

2.4 Summary of Significant Accounting Policies

New and Amended Turkish Financial Reporting Standards

a) Amendments that are mandatorily effective from 2024

Amendments to TAS 1	*Classification of Liabilities as Current or Non-Current*
Amendments to TFRS 16	*Lease Liability in a Sale and Leaseback*
Amendments to TAS 1	*Non-current Liabilities with Covenants*
Amendments to TAS 7 and TFRS 7	*Supplier Finance Arrangements*
TSRS 1	*General Requirements for Disclosure of Sustainability-related Financial Information*
TSRS 2	*Climate-related Disclosures*

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

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

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

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

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

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

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

The amendments add disclosure requirements, and 'signposts' within existing disclosure requirements, that ask entities to provide qualitative and quantitative information about supplier finance arrangements.

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

TSRS 1 sets out overall requirements for sustainability-related financial disclosures with the objective to require an entity to disclose information about its sustainability-related risks and opportunities that is useful to primary users of general-purpose financial reports in making decisions relating to providing resources to the entity. The application of this standard is mandatory for annual reporting periods beginning on or after 1 January 2024 for the entities that meet the criteria specified in POA's announcement dated 5 January 2024 and numbered 2024-5 and the Board Decision dated 16 December 2024 amending this announcement. Other entities may voluntarily report in accordance with TSRS.

TSRS 2 ***Climate-related Disclosures***

TSRS 2 sets out the requirements for identifying, measuring and disclosing information about climate-related risks and opportunities that is useful to primary users of general-purpose financial reports in making decisions relating to providing resources to the entity. The application of this standard is mandatory for annual reporting periods beginning on or after 1 January 2024 for the entities that meet the criteria specified in POA's announcement dated 5 January 2024 and numbered 2024-5 and the Board Decision dated 16 December 2024 amending this announcement. Other entities may voluntarily report in accordance with TSRS.

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

2.4 Summary of Significant Accounting Policies (cont'd)

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

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

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

TFRS 17	*Insurance Contracts*
Amendments to TFRS 17	*Initial Application of TFRS 17 and TFRS 9 — Comparative Information*
Amendments to TAS 21	*Lack of Exchangeability*

TFRS 17 *Insurance Contracts*

TFRS 17 requires insurance liabilities to be measured at a current fulfillment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. TFRS 17 has been deferred for insurance, reinsurance and pension companies for a further year and will replace TFRS 4 *Insurance Contracts* on 1 January 2026.

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

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

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

Amendments are effective with the first application of TFRS 17.

Amendments to TAS 21 *Lack of Exchangeability*

The amendments contain guidance to specify when a currency is exchangeable and how to determine the exchange rate when it is not. Amendments are effective from annual reporting periods beginning on or after 1 January 2025.

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

Inventories

Inventories are valued at the lower of cost or net realizable value. Costs, including some of the fixed and variable general production expenses, are valued according to the method appropriate to the class of the inventories and mostly according to the weighted average cost method. The net realizable value is the value of an asset that can be realized by a company or entity upon the sale of the asset, less a reasonable prediction of the costs associated with either the eventual sale or the disposal of the asset in question. When the net realizable value of the inventories is less than its cost, inventories reduced to its net realizable value and the irrecoverable amount is charged as an expense in the year when the write-down incurred. If the circumstances that caused the write-down cease to exist or if there is clear evidence that the net realizable value has increased because of change in economic circumstances, the write down is reversed to that extent. The reversal amount is limited to the amount of the original write-down.

Segment Reporting

The Group's operations are defined as the geographic operating segment. However, considering the nature of the products and production processes, the type of customers for their products and services, and the methods they use to distribute their products or provide their services, the segments have been combined into a single operating segment with similar economic characteristics.

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

2.4 Summary of Significant Accounting Policies (cont'd)

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and any impairment losses.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

Gains or losses on disposals of property, plant and equipment are accounted in profit or loss.

Subsequent expenditure is capitalized only when it is probable that the future economic benefits associated with the expenditure will flow to the Group.

Items of property, plant and equipment are depreciated from the date that they are available for use, or in respect of self-constructed assets, from the date that the asset is completed and ready for use. Depreciation is recognized in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property and equipment. Depreciation is generally recognized in profit or loss unless it is included in the carrying amount of another asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Land is not depreciated.

The estimated useful lives of property, plant and equipment items in the current and comparative periods are as follows:

	Useful Life
Lands and land improvements	4-50 years
Buildings	10-50 years
Plant, machinery and equipment	2-15 years
Vehicles	2-5 years
Furniture and fixtures	2-24 years
Leasehold Improvements	5-35 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted as necessary.

Intangible assets

Goodwill

Goodwill arising from the acquisition of subsidiaries is measured at cost less accumulated impairment losses.

Subsequent costs

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenses are recognized in profit or loss when incurred, including internally generated goodwill and trademarks.

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

2.4 Summary of Significant Accounting Policies (cont'd)

Intangible assets (cont'd)

Trademarks, licenses and drug registrations

Acquired trademarks, licenses and drug registrations are shown at historical cost. Trademarks, licenses and drug registrations have a finite useful life and are carried at cost less accumulated amortization. Amortization is calculated using the straight-line method to allocate the cost of trademarks, licenses and drug registrations over their estimated useful lives (3 – 15 years).

Computer software

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized over their estimated useful lives (5 years).

Research and Development

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

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

Amortization is calculated using the straight-line method over the estimated useful lives of items of intangible assets, less their estimated residual values, and is generally recognized in profit or loss. Goodwill is not subject to depreciation.

The amortization periods used for intangible assets are as follows:

	Useful Life
Rights	3-20 years
Developlent Costs	5 years

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted as necessary.

2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont’d)

2.4 Summary of Significant Accounting Policies (cont’d)

Impairment of assets

Non-financial assets

At each reporting period, the Group reviews the carrying amounts of its non-financial assets (excluding investment property, inventories, contract assets and deferred tax assets) to determine if there are any signs of impairment If such an indicator exists, the asset's recoverable amount is estimated. Goodwill is tested for impairment annually.

For impairment testing, assets are grouped by the smallest group of assets generating cash inflows, regardless of continued use, cash inflows from other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs or CGU groups that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGUs is the higher of its value in use and its GUD to be sold at lower costs. Value in use is based on estimated future cash flows discounted to present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset or CGU.

If the recoverable amount of an asset or CGU is less than its carrying amount, the carrying amount of that asset or CGU is reduced to its recoverable amount.

Impairment losses are recognized in profit or loss. It is distributed first, which will reduce the carrying amount of any goodwill distributed to the CGU, and then reduced by the carrying amount of the other assets in the CGU.

An impairment loss recognized for goodwill is not reversed. For other assets, an impairment loss is reversed only if the carrying amount of the asset, after deducting any impairment or amortization, does not exceed its determined carrying amount if no impairment has been identified.

<u>Financial instruments and contractual assets</u>

The Group recognizes a loss allowance for expected credit losses (“ECL”) on the following items:

- Financial assets measured at amortized cost;

The Group measures the loss allowance at the amount equal to lifetime ECLs, as indicated below.

- Debt instruments determined to have low credit risk at the reporting date, and
- Other debt instruments and bank balances for which the credit risk (ie, the risk of default over the expected life of the financial instrument) has not increased significantly since initial recognition.

The Group has chosen lifetime ECLs in calculating the impairment of trade receivables and contract assets.

In determining whether a financial asset's credit risk has increased significantly since initial recognition and in estimating its ECLs, the Group considers reasonable and supportable information available without undue cost or effort regarding the estimation of expected credit losses, including the effects of expected prepayments. This information includes quantitative and qualitative information and analysis based on the Group's past experience of credit losses and forward-looking information.

2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont’d)

2.4 Summary of Significant Accounting Policies (cont’d)

Impairment of assets (cont’d)

Non-financial assets (cont’d)

The Group assumes that the credit risk on a financial asset increases significantly when it is 360 days past due.

The Group considers a financial asset in default if:

- The debtor's failure to fully fulfill its loan obligation without resorting to actions such as the use of collateral (if any) by the Group, or
- The financial instrument is past due 360 days.

The Group considers bank balances to have low credit risk if they are equal to the international definition of risk assessments "investment grade".

Lifetime ECLs are expected credit losses arising from all possible default events over the expected life of the financial instrument.

The 12-month ECLs are the portion of the expected credit losses arising from possible default events on the financial instrument within 12 months of the reporting date.

The maximum period for which ECLs will be measured is the maximum contractual period for which the Group is exposed to credit risk.

Measurement of ECLs

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 expected 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.

ECLs are discounted at the effective interest rate of the financial asset.

Credit impaired financial assets

At the end of each reporting period, the Group assesses whether financial assets carried at amortized cost. 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:

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

Presentation of impairment

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

Write-off

In the absence of reasonable expectations of a partial or full recovery of a financial asset's value, an entity writes-off the gross carrying amount of the financial asset directly. A write-off is a cause for derecognition.

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

2.4 Summary of Significant Accounting Policies (cont'd)

Investment properties

Property held by the Group to earn rental income or for capital appreciation and not used by the Group is classified as investment property. Investment properties consist of land, buildings, and land improvements. Investment properties are shown over their remaining values after deducting depreciation expenses and impairment losses, if any, from their acquisition costs. Buildings and land improvements are depreciated over their expected useful life (50 years) using the straight-line method. Investment properties are derecognized if they are disposed of or are completely out of use and no future economic benefits are expected from disposal. Income or loss resulting from the disuse or disposal of investment property is shown in the profit or loss statement of that year.

Transactions in foreign currency

Transactions in foreign currency are translated into TL at the exchange rate on the date of the transaction.

Monetary assets and liabilities in foreign currencies are translated into functional currency at the exchange rates at the end of the reporting period. Currency differences on reconversion are generally recognized in profit or loss. Non-monetary items measured at historical cost in a foreign currency are translated at the exchange rate at the date of the transaction.

Date	TL/US Dollar	TL/EUR	TL/AUD
31 December 2024	35.2803	36.7362	21.8769
31 December 2023	29.4382	32.5739	20.0213

Lease transactions

(i) As a lessee

At the actual commencement date of the lease or at the date of the change in the contract containing the lease component, the Group allocates to each lease component based on the relative stand-alone price of the lease component and the total stand-alone price of the non-lease components.

The Group has chosen not to separate the non-lease components from the lease components, but instead to account for each lease component and its associated non-lease components as a single lease component.

The Group has reflected right-of-use assets and lease liabilities in its financial statements at the commencement date of the lease. The initial measurement of the liability for the cost of the right-of-use asset consists of all lease payments made at or before the commencement of the lease, less any lease incentives received, plus all initial direct costs and disassembly and relocation of the asset, estimated future costs of restoring the site in which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

If the lease transfers ownership of the underlying asset to the lessee at the end of the lease term, or if the cost of the right-of-use asset indicates that the lessee will exercise a call option, the right-of-use asset is depreciated from the date the lease actually began to the end of the useful life of the underlying asset. In other cases, the right-of-use asset is depreciated over the shorter of the asset's useful life or the lease term, starting from the date the lease actually commenced. In addition, the value of the right-of-use asset is periodically reduced, less any impairment losses, and adjusted for remeasurement of the lease liability.

At the commencement date of the lease, the lease liability is measured at the present value of the lease payments not paid at that date. Lease payments are discounted using that rate if the implied interest rate on the lease can be easily determined. If this rate cannot be easily determined, the Group's alternative borrowing interest rate is used.

The Group determines the alternative borrowing interest rate by taking into account the interest rates it will pay for the debts to be used from various external financing sources and makes some adjustments to reflect the lease terms and the type of the leased asset.

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

2.4 Summary of Significant Accounting Policies (cont'd)

Lease transactions (cont'd)

(i) As a lessee (cont'd)

The lease payments included in the measurement of the lease liability consist of:

– Fixed payments (including fixed payments in substance);

– Variable lease payments based on an index or rate, initially measured using an index or rate at the commencement date of the lease;

– Amounts expected to be paid by the lessee under residual value commitments;

– Payment of termination penalties if the exercise price and lease term of the option indicate that the Group will exercise an option to terminate the lease if there is reasonable confidence that the option to call will be exercised.

The lease liability is measured by discounting lease payments with a discount rate. The Group considers renewal, termination and purchase options if there is a change in these payments as a result of a change in an index or rate used to determine future lease payments and if there is a change in the amounts expected to be paid under the residual value commitment.

In case of re-measurement of the lease liability, it is reflected to the financial statements as an adjustment to the right-of-use asset according to the newly found debt amount. However, if the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the remaining remeasurement amount is recognized in profit or loss.

The Group presents right-of-use assets and lease liabilities that do not meet the definition of investment property in the statement of financial position as "Financial Liabilities".

Short-term leases and low value leases

The Group has chosen not to recognize right-of-use assets and lease liabilities for short-term leases of machinery with lease terms of 12 months or less, and leases of low-value assets, including IT equipment. The Group has recognized the lease payments related to these leases as an expense on a straight-line basis over the lease term.

(ii) As a lessor

For a contract with a lease component and one or more additional lease components or non-lease components, the Group allocates the contract price on the basis of the relative stand-alone price, at the inception of the contract or when the contract with a lease component is modified.

When the Group is a lessor, it classifies each of the leases as operating or finance leases.

To classify each lease, the Group makes an overall assessment of whether the lease essentially transfers all the risks and rewards of ownership of the asset. A lease is a finance lease when it transfers risks and rewards; otherwise, it is an operating lease. As part of this assessment, the Group considers certain other indicators, such as whether the lease term covers most of the economic life of the underlying asset.

If the lease includes a lease component and one or more additional lease components or non-lease components, the Group allocates the contract value by applying TFRS 15 Revenue from Contracts with Customers.

The Group applies the derecognition and impairment provisions in TFRS 9 to the net lease investment. The Group regularly reviews the estimated residual uncommitted values used in calculating the gross lease investment.

In general, accounting policies applied to the Group as a lessor in the comparative period are not different from TFRS 16, except for the classification of a sublease entered in the current reporting period resulting in a finance lease classification.

2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont’d)

2.4 Summary of Significant Accounting Policies (cont’d)

Provisions, contingent liabilities and contingent assets

Provisions

Provisions are recognized only if the Group has a past and present obligation (legal or structural), there is a possibility of disposal of resources that provide economic benefits to the business due to this obligation, and the amount of the obligation can be determined reliably. When the depreciation of money over time becomes significant, provisions are reflected with the discounted value of the expenses that may occur in the future at the reporting date. When discounted value is used, increases in provisions due to the passage of time are recognized as interest expense.

Contingent assets and liabilities

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 entity are treated as contingent assets or liabilities and the entity does not account anything in its financial statements.

Contingent liabilities are disclosed in the notes to the financial statements, except when the probability of an outflow of resources embodying economic benefits is remote. If the situation requiring resource transfer is probable, contingent liabilities are reflected in the financial statements. Contingent assets, on the other hand, are not reflected in the financial statements and are disclosed in the notes if they are likely to generate economic returns.

Income tax

As Turkish Tax Legislation does not allow the parent company and its subsidiary to prepare consolidated tax returns, tax provisions have been calculated on a separate-entity basis, as reflected in the accompanying consolidated financial statements.

Income tax expense is the sum of current tax and deferred tax expense.

Income tax is recognized in profit or loss, except when associated with business combinations or directly in equity or other comprehensive income.

Current tax

Current tax is the expected tax liability or receivable on taxable profit or loss in the current year and includes adjustments to previous years' tax liabilities.

It is calculated by taking into account the tax rates that are in force as of the end of the reporting period or that are almost certain to enter into force.

Deferred tax

Deferred tax is calculated over the temporary differences between the book values of assets and liabilities in the financial statements and the values used in the tax base. Deferred tax is not recognized for temporary differences in the following cases:

- Temporary differences in the initial recognition of assets or liabilities resulting from a transaction that is not a business combination and does not affect either accounting profit or taxable profit or loss;
- Temporary differences related to investments in subsidiaries, associates and jointly controlled entities that are not likely to reverse in the foreseeable future and for which the Group has control over the reversal time, and
- Taxable temporary differences during the initial recognition of goodwill.

Deferred tax assets are recognized if it is probable that taxable profits will be sufficient to offset unused tax losses, tax benefits and deductible temporary differences in the future. Taxable profit is determined according to the business plans of each subsidiary in the Group. Deferred tax assets are reviewed at each reporting date and if it is probable that taxable profits will be generated in the future, deferred tax assets that have not been previously recognized are recognized, limited to these amounts.

The Group measures deferred tax liabilities and deferred tax assets in a manner consistent with the tax consequences of its expectations at the end of the reporting period regarding how its assets will recover or pay their liabilities. Deferred tax asset and deferred tax liability are offset only when certain conditions are met.

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

2.4 Summary of Significant Accounting Policies (cont'd)

Provisions for Employee Benefits

a) Provision for employment termination benefit

The provision for employment termination benefits represents the present value of the estimated total provision of the Group's future probable obligation arising from the retirement of the personnel in accordance with the Turkish Labor Law. According to Turkish Labor Law and other laws applicable in Türkiye, the Group is obliged to pay employment termination benefits to all personnel in cases of termination of employment without due cause, call for military service, be retired or death upon the completion of a minimum one-year service. The provision for the present value of the defined social assistance obligation is calculated using the projected liability method. All actuarial gains and losses are recognized in other comprehensive income/expense.

b) Provision for seniority incentive bonus

The Group has a benefit paid to its personnel named as "Seniority Incentive Premium" who served over a definite year. The seniority incentive premium accrued in the financial statements represents the present value of the estimated total reserve of possible future liabilities.

c) Defined contribution plans

The Group has to pay contributions to the Social Security Institution on a mandatory basis. The Group has no further payment obligations once the contributions have been paid. These contributions are recognized as an employee benefit expense when they are accrued.

d) Unused vacation

In accordance with Labor Law in Türkiye, it is obliged to pay for any reason claimed by the employee if the ending, but unused annual leave belonging fee gross salary at the date when the contract expires and contractual other interests him or rights to their owners over the total. Unused leave is the total undiscounted liability amount that all employees deserve but correspond to the days of leave they have not yet used as of the reporting date. Obligations arising from unused leave rights are accrued at the time they are entitled.

Revenue

Revenues are measured at the fair value of the amount of receivables collected or to be collected. Net sales are shown by deducting estimated and realized returns, discounts, commissions, turnover premiums and sales-related taxes from the sales amount of the goods.

In accordance with TFRS 15, a five-stage approach is followed in the recognition of revenue for all contracts with customers.

Step 1: Definition of the contract

When a contract is only legally enforceable, collectible, rights and payment terms for goods and services are identifiable, the contract is considered to be in accordance with TFRS 15 if the terms of the contract have been met, the contract has been approved by the parties and the parties have fulfilled all the obligations under which they are committed.

When contracts are negotiated as a single business package, or if a contract is bound to other contract or goods or services (or part of the goods or services), the Group considers the contracts as a single contract.

Step 2: Definition of performance obligations

The Group determines a "performance obligation" as a unit of account for revenue recognition. The Group evaluates the goods or services promised in a contract with the customer and determines each commitment to the customer to transfer one of the following as a performance obligation:

(a) good or service (or a bundle of goods or services) that is distinct; or
(b) series of distinct goods or services that are substantially the same and that have the same pattern of transfer to the customer.

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

2.4 Summary of Significant Accounting Policies (cont'd)

Revenue (cont'd)

Step 2: Definition of performance obligations (cont'd)

The Group defines a good or service in the contract separately from other commitments in the contract and defines it as a different good or service if it enables the customer to benefit from the said good or service alone or in combination with other resources available for use. A contract may include commitments to provide a number of different goods or services that are essentially the same. At contract inception, an entity determines whether the series of goods or services is a single performance obligation.

Step 3: Determine the transaction price

To determine the transaction price, the Group evaluates how much it expects to receive after fulfilling its contractual obligation. In making the assessment, it considers elements of variable amounts and whether the contract includes a significant financing component.

Significant financing component

The Group reviews the amount that reflects the cash selling price of the promised good or service with the amount promised to pay for the effect of a significant financing component. As a practical application, the Group does not adjust the transaction price for the effects of a significant financing component if, at contract inception, the period between customer payment and transfer of goods or services is expected to be one year or less. Where the Group's obligations during the period and the advances received and the payment schedule are broadly compatible, the Group considers that the period between the fulfillment of the obligation and the payment should never exceed 12 months.

Variable consideration

The Group determines whether there are items in the customer contract that may result in price concessions, incentives, performance bonuses, early completion bonuses, price adjustment clauses, penalties, discounts or similar variable charges.

Step 4: Distribution of transaction price to performance obligations

In the event that different goods or services are delivered in accordance with a single contract, the contract price shall be distributed on the basis of the individual sales prices of the individual goods or services (different performance obligations). If no direct observable sales prices are available, the total price in contracts is distributed on the basis of the expected cost-plus profit margin.

Step 5: Revenue recognition

The Group recognizes revenue over time when any of the following conditions are met:

- If the customer is simultaneously using the benefits of the business and consuming these benefits;
- In the event that the entity has passed the control of the asset that has been created or developed at the same time as the entity creates or develops it, or
- If the Group fulfills its obligation, the Group does not create an asset with alternative use for the Group and the Group has the right to a legally enforceable payment on the payment to be made against the obligation completed until that date.

For each performance obligation fulfilled over time, the Group selects a single measure of progress that represents transferring control of the goods or services to the customer. The Group uses a method that reliably measures the work performed. The Group uses the costs made to measure progress towards completion of the project using the input method and uses the units transferred to measure progress towards completion of the project using the output method.

If a performance obligation is not satisfied over time, then the Group recognizes revenue when it transfers control of the goods or service to the customer.

In cases where the cost that must be incurred by the Group to fulfill its obligations under the contract exceeds the economic benefit expected to be obtained under the contract, a provision is made in accordance with TAS 37 "Provisions, Contingent Liabilities and Contingent Assets".

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

2.4 Summary of Significant Accounting Policies (cont'd)

Contract changes

If the Group commits to offer additional goods or services, it accepts the contract change as a separate contract. In case of the termination of the existing contract and the creation of a new contract, if the goods or services offered are different, they shall recognize the related changes. If the amendment to the contract does not create separate goods or services, the entity shall, with the first contract, recognize by combining additional goods or services as if it were a part of the initial contract.

Sales of goods

The transfer of the control of the products is realized with the invoice and revenue is recognized as revenue. For goods or services sold together as a package, revenue is recognized when the goods or services are considered to be of a different nature – for example, if the good or service is identifiable separately from other contractual commitments and the customer can benefit from the good or service alone or in combination with other readily available resources. The contract price is distributed to the goods and services that are evaluated as different in a package, on the basis of stand-alone sales prices. Stand-alone selling prices are determined on the basis of the list prices at which the Group sells these goods and services alone. Stand-alone selling prices for goods and services that are not stand-alone are estimated using the expected cost-plus margin approach. The cost of products and services is recognized as an expense when the relevant revenue is recognized.

Related parties

a) A person or a close member of that person's family is related to the Group if that person:
(i) has control or joint control over the Group,
(ii) has significant influence over the Group,
(iii) is a member of the key management personnel of the Group or of a parent of the Group.

(b) An entity is related to the Group if any of the following conditions exist:

(i) the entity and the Group are members of the same group.
(ii) the entity is an associate or joint venture of the other entity (or a member of a group of which the other entity is a member)
(iii) both entities are joint ventures of the same third party.
(iv) one of the entities is a joint venture of a third entity and the other entity is an associate of that third entity.
(v) the entity, the Group, or an entity associated with the Group is a post-employment benefit plans for employees. If the Group itself has such a plan, the sponsoring employers are also related to the Group.
(vi) the entity is controlled or jointly controlled by a person identified in (a).
(vii) a person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of that entity (or of a parent of the entity).

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

Earnings per share

Earnings per share disclosed in the statement of comprehensive income are determined by dividing net earnings by the weighted average number of shares that have been outstanding during the related period.

In Türkiye, companies can increase their share capital by making a pro-rata distribution of shares ("bonus shares") to existing shareholders from retained earnings on equity items. Such kind of bonus shares are taken into consideration in the computation of earnings per share as issued share certificates. Therefore, the weighted average stock share, which is used in the calculation of earnings per share, is determined by retrospective application of bonus share issue.

Events after the reporting date

Events that occur after the reporting date and may affect the Group's position at the reporting date are reflected in the financial statements. Non-adjusting events are disclosed in the notes according to their materiality.

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

2.4 Summary of Significant Accounting Policies (cont'd)

Financial instruments

i. Recognition and initial measurement

The Group's trade receivables and debt instruments are initially recognized when they are 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 is initially measured at fair value plus, for an item not at FVTPL, 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. Reclassification and subsequent measurement

On initial recognition, a financial instrument is classified as specified; measured at amortized cost; those measured at fair value through other comprehensive income—investments in debt instruments, investments in equity instruments measured at fair values in other comprehensive income—or those measured at fair value through profit or loss. After initial recognition, financial instruments are not reclassified unless the Group changes the business model used for the management of financial assets.

Financial assets are not reclassified subsequent 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.

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. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

<u>*Financial assets - Evaluation of the business model*</u>

The Group makes an assessment 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 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.

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

2.4 Summary of Significant Accounting Policies (cont'd)

Financial instruments (cont'd)

Financial assets - Evaluation of the business model (cont'd)

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

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

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 period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely 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.

Financial assets – Subsequent measurement and gains and losses

Financial assets measured at amortized cost	These assets are subsequently measured at amortized cost using the effective interest method. Amortized costs, if any, are reduced by the amount of impairment losses. Interest income, foreign currency gains and losses and impairments are recognized in profit or loss. Gains or losses on derecognition are recognized in profit or loss. For derivatives defined as hedging instruments, see section (iii) below.
Debt instruments measured at FVOCI	These assets are subsequently measured at their fair value. Interest income, foreign currency gains and losses and impairments calculated using the effective interest method are recognized in profit or loss. Other gains and losses are recognized in other comprehensive income. When financial assets are derecognized, total gains or losses previously recognized in other comprehensive income are reclassified to profit or loss.
Equity instruments at FVOCI	These assets are subsequently measured at their fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to profit or loss.

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

2.4 Summary of Significant Accounting Policies (cont'd)

Financial instruments (cont'd)

(i) Derecognition

Financial assets

When the contractual rights to the cash flows related to the financial asset expire, or when the Group transfers substantially all the risks and rewards of ownership of that financial asset, or when it neither transfers nor retains substantially all the risks and rewards of ownership of that financial asset, if it does not retain control over the financial asset, it derecognizes that financial asset.

The Group enters into transactions whereby it transfers assets recognized in its statement of financial position but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

Financial liabilities

The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire. The Group also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

Financial liabilities – Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortized cost or FVTPL.

(ii) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset, and the net amount 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.

(iii) Derivative financial instruments and hedge accounting

The Group holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

Derivative instruments are initially recognized at their fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognized in profit or loss.

The Group designates certain derivatives as hedging instruments to hedge the variability in cash flows associated with highly probable forecast transactions arising from changes in foreign exchange rates and interest rates and certain derivatives and non-derivative financial liabilities as hedges of foreign exchange risk on a net investment in a foreign operation.

At the inception of the hedge relationship, the Group documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. The Group also documents the economic relationship between the hedged item and the hedging instrument, including whether changes in the cash flows of the hedged item and the hedging instrument are expected to offset each other.

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

2.4 Summary of Significant Accounting Policies (cont'd)

Financial instruments (cont'd)

(iii) Derivative financial instruments and hedge accounting (cont'd)

Cash flow hedges

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognized in OCI and accumulated in the hedging reserve. The ineffective portion of the change in the derivative's fair value 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 inception 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.

The Group designates only the change in fair value of the spot element of forward exchange contracts as the hedging instrument in cash flow hedging relationships.

The change in fair value of the forward element of forward exchange contracts (forward points) is separately accounted for as a cost of hedging and recognized in a cost of hedging reserve within equity.

When the hedged forecast transaction subsequently results in the recognition of a non-financial item such as inventory, the amount accumulated in the hedging reserve and the cost of hedging reserve is included directly in the initial cost of the non-financial item when it is recognized.

For all other hedged forecast transactions, the amount accumulated in the hedging reserve and the cost of hedging reserve is reclassified to profit or loss in the same period or periods during which the hedged expected future cash flows affect profit or loss.

If the hedge no longer meets the criteria for hedge accounting or the hedging instrument is sold, expires, is terminated or is exercised, then hedge accounting is discontinued prospectively. When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in the hedging reserve remains in equity until, for a hedge of a transaction resulting in the recognition of a non-financial item, it is included in the non-financial item's cost on its initial recognition or, for other cash flow hedges, it is reclassified to profit or loss in the same period or periods as the hedged expected future cash flows affect profit or loss.

If the hedged future cash flows are no longer expected to occur, then the amounts that have been accumulated in the hedging reserve and the cost of hedging reserve are immediately reclassified to profit or loss.

Capital

Ordinary shares

Transaction costs arising from equity transactions are accounted for as a deduction from the related equity item. Income taxes on distributions to shareholders of equity instruments and transaction costs arising from equity transactions are accounted for in accordance with TAS 12 Income Taxes.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of the relevant qualifying asset, and other borrowing costs are recognized as an expense in the period in which they are incurred.

Government incentives

Unconditional government grants received by the Group are recognized under other income in profit or loss if these grants become receivables. Other government grants are recorded as deferred income at their fair value if there is sufficient assurance that the Group will meet the necessary conditions for the grant and that the grant will be received, and are then systematically recognized in profit or loss under other income over the useful life of the asset.

Government grants that cover the expenses incurred by the Group are systematically recognized in profit or loss in the periods in which such expenses are recognized.

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

2.4 Summary of Significant Accounting Policies (cont'd)

Finance income and finance expenses

Finance income consists of bank deposit interest income which is part of the cycle used for financing purposes, receivables from related parties from interest income from invested funds, foreign exchange gains on financial assets and liabilities (other than trade receivables and payables) and gains on derivative instruments recorded in profit or loss.

Finance expenses include interest expenses on bank loans, credit cards and letters of guarantee, commission expenses, exchange rate expenses on financial assets and liabilities (other than trade receivables and debts), and gains on derivative instruments and recorded in profit or loss. Borrowing costs that cannot be directly associated with the acquisition, construction or production of an asset are accounted for in profit or loss using the effective interest rate.

Exchange rate incomes and expenses on financial assets and liabilities (other than trade receivables and debts) are reported separately in finance income or finance expenses according to the net position of the currency difference movements. Exchange rate difference and rediscount income on trade receivables and debts are reported in other income from operating activities, exchange rate difference and rediscount expenses are reported in other expenses from operating activities.

Interest income is calculated using the effective interest method. This income is calculated by applying the effective interest rate to the gross book value of the financial asset, except for:

(a) Financial assets with credit-impairment when purchased or created. For these types of financial assets, the entity applies the effective interest rate corrected according to credit to the amortized cost of the financial asset since it was first included in the financial statements.

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

An entity that calculates interest income by applying an effective interest method to the amortized cost of the financial asset in a reporting period, in the event that the credit risk in the financial instrument improves in a way that the financial asset is no longer deemed to be impaired as a credit-impairment, and this improvement can be attributed to an objectively occurring event (a debtor's credit rating increase) calculates the interest income in the next reporting periods by applying the effective interest rate to the gross book value.

Dividend income is recognized in profit or loss on the date the Group is entitled to receive payment.

Statement of cash flows

In the statement of cash flows, cash flows are classified according to operating, investing and financing activities. The Group presents cash flows from operating activities using the indirect method, where net profit or loss is adjusted for the effects of non-cash transactions, accruals or deferrals of cash inflows and outflows related to past or future transactions, and items of income or expense related to investment or financing cash flows.

2.5 Significant accounting judgments, estimates and assumptions

In the preparation of the consolidated financial statements, the Group Management makes assumptions and estimations that will affect the reported assets and liabilities, determine the possible liabilities and commitments as of the reporting date and the income and expense amounts as of the reporting period. Actual results may differ from estimates and assumptions. These estimations and assumptions are reviewed regularly, and when the need for correction arises, the corrections are reflected in the relevant period's operating result.

Considering the interpretations that may have a material effect on the amounts reflected in the consolidated financial statements and the main sources of the existing or future estimates at the reporting date, the important assumptions and assessments are presented below:

a) Provisions for doubtful receivables reflect the amounts that the Group management believes will cover the future losses of the receivables that exist as of the reporting date but have the risk of being uncollectible within the current economic conditions. While evaluating whether the receivables are impaired or not, the past performance of the debtors other than the related parties and key customers, their credibility in the market, the guarantees received, their performance from the balance sheet date to the approval date of the financial statements and the renegotiated conditions are taken into account. As of the relevant reporting dates, the Group's provision for doubtful receivables is included in Note 8. Actual results may differ from assumptions.

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.5 Significant accounting judgments, estimates and assumptions (cont'd)

b) The Group management made various assumptions in line with the experiences of the technical team, especially in determining the useful economic life of buildings and machinery.

c) The amount of provisions for litigation, the probability of losing the relevant lawsuits and the probable consequences to be incurred in case of loss are determined through the estimations made by the Group Management in line with the opinions of the Group's Legal advisors (Note 21a).

d) In the calculation of severance pay and severance incentive obligations, the Group makes various assumptions such as discount rate, inflation rate, real salary increase rate, possibility of voluntary resignation, etc. The assumptions used in the calculation of the liability are provided in detail in Note 21b.

e) In the calculation of the provisions for the decline in the value of inventories, the Group makes various assumptions such as estimated sales price, estimated completion costs and the estimated costs required to perform sales (Note 12). Actual results may differ from the assumptions.

f) The Group subjects the goodwill amount to impairment test every year. The recoverable amounts of cash generating units are determined based on the calculations of value in use. These calculations require the use of estimates (Note 17). The use value of the cash generating unit is calculated using the discounted cash flow method. Discounted cash flows are based on projections made in TL, which is the functional currency of the cash-generating unit. During the calculation of the projections, some assumptions and estimations have been used by the Group Management. If actual results differ from estimates, the attached consolidated financial statements may be affected.

g) The Group recognizes deferred tax assets and liabilities for temporary timing differences arising from the differences between the tax base legal financial statements and the financial statements prepared in accordance with TFRS. The Group's subsidiaries have deferred tax assets consisting of other deductible temporary differences. The partially or wholly recoverable amount of deferred tax assets has been estimated under current conditions. In the light of the data obtained, if the future taxable profit of the Group is not sufficient to cover all deferred tax assets, a provision is made for all and part of the deferred tax asset.

h) The Group calculates the fair values of financial instruments that do not have an active market, using market data, using arm's-length similar transactions, taking the fair values of similar instruments as a reference, and discounted cash flow analysis (Note 4).

3. CASH AND CASH EQUIVALENTS

	31 December 2024	31 December 2023
Cash	320,500	394,043
Cash at banks	1,763,065,892	6,446,365,747
Demand deposits	*553,486,392*	*914,153,323*
Time deposits with a maturity of less than three months	*1,209,579,500*	*5,532,212,424*
Other current assets (*)	108,920,533	226,680,420
Cash and cash equivalents in the consolidated statement of financial position	1,872,306,925	6,673,440,210
Less : interest accruals	(7,807,590)	(56,710,054)
Cash and cash equivalents according to the cash flow statements	1,864,499,335	6,616,730,156

(*) Other cash and cash equivalents consist of , financial bond, checks and promissory notes and credit card receivables due as of 31 December 2024 and 2023. The maturity of financial bond is less than 3 months.

As of 31 December 2024, the Group has USD time deposits amounting to TL 529,204,500 with an interest rate of 1.00 percent and maturity less than 3 months (As of 31 December 2023, the Group has USD time deposits amounting to TL 1,222,827,006 with an interest rate of 2.00 percent and 5.00 percent and maturity less than 3 months).

As of 31 December 2024, the Group has TL time deposits amounting to TL 680,375,000 with an interest rate of 48.50 percent. Maturities are shorter than 3 months (As of 31 December 2023, TL time deposits amounting to TL 4,309,385,418 with interest rates between 37.00 and 47.00 percent). Maturities are shorter than 3 months).

4. FINANCIAL INVESTMENTS

Financial investments at fair value through other comprehensive income:

Company Title	Share Rate %	31 December 2024	Share Rate %	31 December 2023
Çantaş	0.37	310,755	0.37	310,755
		310,755		310,755
Impairment provision		(310,755)		(310,755)
		-		-

	31 December 2024	31 December 2023
Unused restricted bank deposits (*)	1,164,200,660	1,401,001,065
Other	517,739	712,866
	1,164,718,399	1,401,713,931

As of 31 December 2024, restricted cash and cash equivalents amounting to TL 1,164,200,660 (TL 1,401,001,065 as of 31 December 2023) are separately classified under 'Financial Investments' since their use is restricted in the Group's ongoing operations and fulfilling its obligations.

5. DERIVATIVE INSTRUMENTS

	31 December 2024		31 December 2023	
	Asset	Liability	Asset	Liability
Held for trading derivatives that are not designated in hedge accounting relationship				
Forward contracts	-	-	-	2,580,245
	-	-	-	2,580,245

Derivative instruments that are held for speculative purposes and that do not meet hedge accounting requirements are classified as "trading" and the fair value changes of these instruments are recognized in profit or loss.

As of 31 December 2023, the details of cross currency swap, option and forward transactions are as follows;

	Assets		Liabilities	
	Nominal Amount	Fair Value	Nominal Amount	Fair Value
Forward contracts				
USD Collection / TL Payment	-	-	5,250,000	2,580,245
		-		2,580,245

6. FINANCIAL LIABILITIES

Short-Term Financial Liabilities	31 December 2024	31 December 2023
Bank loans	4,484,377,079	15,074,865,215
Lease liabilities	56,649,046	76,606,134
Issued borrowing instruments	-	3,604,130,742
Other financial liabilities	-	714,667,149
	4,541,026,125	19,470,269,240

Long-Term Financial Liabilities	31 December 2024	31 December 2023
Bank loans	2,204,405,117	1,318,451,839
Lease liabilities	509,764,229	53,888,998
	2,714,169,346	1,372,340,837

6. FINANCIAL LIABILITIES (cont'd)

Short-term Bank Loans;

Currency	Weighted Average Interest Rate %	31 December 2024 Short-term
TL	48.30	1,618,782,781
USD	7.22	2,865,594,298
		4,484,377,079

Currency	Weighted Average Interest Rate %	31 December 2023 Short-term
TL	44.33	14,509,581,812
USD	9.22	565,283,403
		15,074,865,215

Details of the Short-Term Debt Instruments Issued are as follows;

Currency	Weighted Average Interest Rate %	31 December 2023 Short-term
TL	37.99	3,604,130,742
		3,604,130,742

On 07 July 2023, the Group issued a single coupon payment financial bond with a discounted fixed interest rate, quoted on Borsa Istanbul, amounting to TL 1,227,219,557 million. The maturity of the bond is 05 January 2024 and the coupon interest rate is 41.50%.

On 09 August 2023, the Group issued a single coupon payment financial bond with a discounted fixed interest rate, quoted on Borsa Istanbul, amounting to TL 1,443,787,714 billion. The maturity of the bond is 02 February 2024 and the coupon interest rate is 36.00%.

On 09 August 2023, the Group issued a single coupon payment financing bond with a discounted fixed interest rate, quoted on Borsa Istanbul, amounting to TL 721,893,857 million. The maturity of the bond is 07 August 2024 and the coupon interest rate is 36.00%.

Details of Other Financial Liabilities are as follows;

Currency	Weighted Average Interest Rate %	31 December 2023 Short-term
TL	40.34	714,667,149
		714,667,149

Details of Long-Term Bank Loans are as follows;

Currency	Weighted Average Interest Rate %	31 December 2024 Long-term
TL	13.32	34,666,668
USD	8.61	2,169,738,449
		2,204,405,117

6. FINANCIAL LIABILITIES (cont'd)

Details of Long-Term Bank Loans are as follows (cont'd);

Currency	Weighted Average Interest Rate %	31 December 2023 Long-term
TL	14.15	56,127,248
USD	10.33	1,262,324,591
		1,318,451,839

The maturities of the lease liabilities are as follows;

	31 December 2024	31 December 2023
To be paid within 1 year	56,649,046	76,606,134
To be paid within 1-5 years	509,764,229	53,888,998
	566,413,275	130,495,132

The maturities of bank loans, issued debt instruments and other financial liabilities are as follows:

	31 December 2024	31 December 2023
To be paid within 1 year	4,484,377,079	19,393,663,106
To be paid within 1-2 years	1,372,798,046	315,468,270
To be paid within 2-3 years	332,642,830	301,692,129
To be paid within 3-4 years	332,642,830	280,516,576
To be paid within 4-5 years	166,321,411	280,516,576
5 years and more	-	140,258,288
	6,688,782,196	20,712,114,945

As of 31 December, bank loans have spot, fixed and floating interest rates and due to their short original maturities, it is assumed that their fair values and book values are close.

As of 1 January - 31 December 2024 and 2023, the reconciliation of liabilities arising from financing activities is as follows;

	1 January- 31 December 2024	1 January- 31 December 2023
Financial liabilities as of 1 January	**20,842,610,077**	**17,355,858,343**
Capital inflow within the period	9,224,306,008	21,530,440,577
Payments within the period	(16,670,535,839)	(13,139,650,711)
Exchange difference	551,929,074	14,649,466
Interest accrual change	(286,566,548)	590,321,103
Disposal from subsidiary sale (Note 38)	-	(54,954,017)
Inflation accounting effect	(6,406,547,301)	(5,454,054,684)
	7,255,195,471	20,842,610,077

7. TRADE RECEIVABLES AND PAYABLES

a) Trade Receivables

As of 31 December 2024 and 2023, the details of the Group's trade receivables are as follows;

Short-term trade receivables	31 December 2024	31 December 2023
Trade receivables	886,861,626	2,151,703,020
Notes receivable	554,670,670	2,368,983,346
Trade receivables from related parties (Note 33)	61,893,295	42,573,885
Provision for expected loss (-)	(177,789,824)	(181,416,812)
	1,325,635,767	4,381,843,439

Long-term trade receivables	31 December 2024	31 December 2023
Notes receivable	519,179	-
	519,179	-

The Group has no factoring as of 31 December 2024 (As of 31 December 2023, the Group has deducted TL 721,893,857 collected from factoring companies within the scope of irrevocable factoring from its trade receivables:).

As of 31 December 2024 and 2023, the aging of trade receivables is as follows:

	31 December 2024	31 December 2023
Not overdue and impaired	1,208,127,143	4,155,295,876
Overdue for 1-30 days, not impaired	87,188,772	56,689,034
Overdue for 1-3 months, not impaired	19,438,729	105,821,211
Overdue for 3-12 months, not impaired	11,259,167	62,631,677
Overdue for 1-5 years, not impaired	141,135	1,405,641
	1,326,154,946	4,381,843,439

The Group has evaluated the collateral status of the overdue receivables mentioned above, the current financial position of the related customers and the collections after the reporting date and concluded that there is no impairment on these receivables.

The average maturity applied by the Group for its sales is 214 days (31 December 2023: 287 days)

The provision for doubtful receivables for trade receivables is determined based on the future collection expectation and past experience of uncollectibility. The movement of the Group's provision for doubtful trade receivables is as follows:

Expected loss provision movements	1 January-31 December 2024	1 January-31 December 2023
Opening balance	181,416,812	23,984,078
Charge for the period	68,444,451	176,934,871
Collections	(12,674,270)	(407,225)
Disposal from sale of subsidiary	-	(97,547)
Inflation accounting effect	(59,397,169)	(18,997,365)
Closing balance	177,789,824	181,416,812

The nature and level of risks related to trade receivables are disclosed in Note 34.

7. TRADE RECEIVABLES AND PAYABLES (cont'd)

b) Trade Payables

As of 31 December 2024 and 2023, the details of the Group's trade payables are as follows:

Short-term trade payables	31 December 2024	31 December 2023
Trade payables (*)	1,172,790,684	1,698,061,937
Trade payables to related parties (Note 33)	136,707,026	248,782,172
Expense accruals	26,650,267	74,572,717
	1,336,147,977	2,021,416,826

(*) As of 31 December 2024, letters of credit amounting to TL 456,626,717 are included in trade payables (31 December 2023: TL 475,294,570).

The average payment period of trade payables for the purchase of goods is 104 days (31 December 2023: 124).

8. PAYABLES FOR EMPLOYEE BENEFITS

	31 Aralık 2024	31 Aralık 2023
Personele ödenecek ücretler	1,595,582	189,100
Personele ödenecek prim karşılıkları	143,502,836	93,421,641
Ödenecek sosyal güvenlik primleri	15,129,878	23,769,877
	160,228,296	117,380,618

9. OTHER RECEIVABLES AND PAYABLES

a) Other Receivables

Other Short-Term Receivables	31 December 2024	31 December 2023
VAT and other refund receivables	192,376,793	9,557,609
Refund receivable of special consumption tax ("SCT") (*)	1,376,703	343,851
Corporate and provisional tax refund receivables	1,155,860	1,620,447
Deposits and guarantees given	489,437	672,822
Other receivables from related parties (Note 33)	-	2,154,402,147
	195,398,793	2,166,596,876

(*) In case the raw materials subject to SCT are used in the production of goods that are not subject to SCT, the Special Consumption Tax paid for the purchase of such raw materials can be refunded if the issues specified in the Special Consumption Tax Communiqué numbered 25 are fulfilled. In this context, the SCT amount requested for refund is TL 1,376,703 (31 December 2023: TL 343,851).

Other Long-Term Receivables	31 December 2024	31 December 2023
Deposits and guarantees given	4,518,518	6,073,655
	4,518,518	6,073,655

9. OTHER RECEIVABLES AND PAYABLES (cont'd)

b) Other Payables

Other Short-Term Payables	31 December 2024	31 December 2023
Other payables to related parties (Note 33) (*)	1,193,483,775	1,072,413,303
Taxes and funds payable	20,065,829	18,150,101
Other miscellaneous liabilities	3,057,039	4,898,708
	1,216,606,643	1,095,462,112

(*) The relevant amount of 1,186,362,140 TL consists of the principal and interest accruals related to the loan taken for financing purposes.

Other Long-Term Payables	31 December 2024	31 December 2023
Other payables to related parties (Note 33)	125,006,301	161,638,386
	125,006,301	161,638,386

10. PREPAID EXPENSES

Short-Term Prepaid Expenses	31 December 2024	31 December 2023
Order advances given	42,395,094	70,749,048
Prepaid expenses	89,481,732	87,385,263
Advances given to related parties (Note 33)	601,584	2,166,502
	132,478,410	160,300,813

Long-Term Prepaid Expenses	31 December 2024	31 December 2023
Advances given for the purchase of fixed assets	1,665,703,281	1,231,898,795
	1,665,703,281	1,231,898,795

11. DEFERRED INCOME

Short-Term Deferred Income	31 December 2024	31 December 2023
Order advances received	49,894,402	40,242,818
	49,894,402	40,242,818

12. INVENTORIES

	31 December 2024	31 December 2023
Raw material	1,736,505,219	2,697,585,367
Work in-process	337,760,049	585,930,659
Finished goods	885,158,013	1,605,820,871
Trade goods	512,326,467	1,158,341,989
Other inventories (*)	397,752,995	352,198,509
Provision for impairment on inventories (-)	(486,862,444)	(263,047,881)
	3,382,640,299	6,136,829,514

(*) As of 31 December 2024, TL 378,244,774 (31 December 2023: TL 344,497,929) of other inventories consist of goods in transit.

Movement of allowance for impairment on inventory	1 January- 31 December 2024	1 January- 31 December 2023
Opening balance	(263,047,881)	(8,508,176)
Charge for the period	(478,618,258)	(322,982,954)
Provision used/reversed	254,803,695	68,443,249
Closing balance	(486,862,444)	(263,047,881)

13. PROPERTY, PLANT AND EQUIPMENT

Property, Plant and Equipment

Cost Value	Lands	Land improvements	Buildings	Plant, machinery and equipment	Vehicles	Furniture and fixtures	Special Costs	Construction in progress	Total
Opening balance as of 1 January 2024	70,975,262	15,280,074	609,763,746	2,872,898,017	54,592,263	563,433,158	-	3,088,945,629	7,275,888,149
Foreign currency translation differences	-	-	-	(3,626,027)	(1,458,096)	(75,899)	-	-	(5,160,022)
Additions	-	-	4,509,554	118,001,665	1,306,319	126,863,600	32,063,728	375,109,731	657,854,597
Disposals	-	-	-	(1,099,740)	(1,220,835)	(2,868,152)	-	-	(5,188,727)
Transfers (*)	-	-	335,843,481	-	-	-	3,381,695,055	(503,682,049)	3,213,856,487
Closing balance as of 31 December 2024	70,975,262	15,280,074	950,116,781	2,986,173,915	53,219,651	687,352,707	3,413,758,783	2,960,373,311	11,137,250,484
Accumulated Depreciation									
Opening balance as of 1 January 2024	-	(3,792,358)	(59,489,524)	(670,312,719)	(26,462,499)	(212,748,248)	-	-	(972,805,348)
Foreign currency translation differences	-	-	-	1,080,575	708,661	50,236	-	-	1,839,472
Charge for the period	-	(1,064,965)	(16,587,055)	(273,838,108)	(8,729,044)	(102,533,579)	(101,264,306)	-	(504,017,057)
Disposals	-	-	-	881,511	1,031,655	2,143,549	-	-	4,056,715
Transfers (*)	-	-	-	-	-	-	(114,600,774)	-	(114,600,774)
Closing balance as of 31 December 2024	-	(4,857,323)	(76,076,579)	(942,188,741)	(33,451,227)	(313,088,042)	(215,865,080)	-	(1,585,526,992)
Carrying value as of 31 December 2024	70,975,262	10,422,751	874,040,202	2,043,985,174	19,768,424	374,264,665	3,197,893,703	2,960,373,311	9,551,723,492

(*) 3,381,695,055 TL has been transferred from intangible assets to special costs, while the remaining 167,838,568 TL has been transferred from ongoing investments to intangible assets. (Note 15).

13. PROPERTY, PLANT AND EQUIPMENT (cont'd)

a) Property, Plant and Equipment (cont'd)

Cost Value	Lands	Land improvements	Buildings	Plant, machinery and equipment	Vehicles	Furniture and fixtures	Construction in progress	Total
Opening balance as of 1 January 2023	82,318,583	253,342,175	1,022,872,539	1,907,069,836	48,295,207	374,269,689	5,410,547,409	9,098,715,438
Foreign currency translation differences	-	-	-	(169,693)	(237,541)	(13,276)	-	(420,510)
Additions	-	3,165,219	170,944,899	398,454,758	12,771,455	218,259,691	2,641,912,494	3,445,508,516
Disposals	(69,237)	(237,905,582)	(834,705,384)	(29,894)	(2,827,257)	(41,822,892)	-	(1,117,360,246)
Disposal from sale of subsidiary (Note 38)	(11,274,084)	(3,321,738)	(46,704,048)	(649,495,274)	(3,409,601)	(16,862,597)	-	(731,067,342)
Transfers (*)	-	-	297,355,740	1,217,068,284	-	29,602,543	(4,963,514,274)	(3,419,487,707)
Closing balance as of 31 December 2023	70,975,262	15,280,074	609,763,746	2,872,898,017	54,592,263	563,433,158	3,088,945,629	7,275,888,149
Accumulated Depreciation								
Opening balance as of 1 January 2023	-	(128,494,395)	(366,340,509)	(553,663,396)	(24,510,094)	(183,291,334)	-	(1,256,299,728)
Foreign currency translation differences	-	-	-	(356,174)	(132,060)	(42,394)	-	(530,628)
Charge for the period	-	(6,268,093)	(17,441,181)	(235,079,257)	(9,989,153)	(73,009,098)	-	(341,786,782)
Disposals	-	130,641,719	316,190,302	-	1,737,567	36,411,255	-	484,980,843
Disposal from sale of subsidiary (Note 38)	-	328,411	8,101,864	118,786,108	6,431,241	7,183,323	-	140,830,947
Closing balance as of 31 December 2023	-	(3,792,358)	(59,489,524)	(670,312,719)	(26,462,499)	(212,748,248)	-	(972,805,348)
Carrying value as of 31 December 2023	70,975,262	11,487,716	550,274,222	2,202,585,298	28,129,764	350,684,910	3,088,945,629	6,303,082,801

(*) TL 3,419,487,707 has been transferred from construction in progress to intangible assets (Note 15).

14. RIGHT-OF-USE ASSETS

Cost Value	Properties	Vehicles	Total
Opening balance as of 1 January 2024	407,497,738	319,073,064	726,570,802
Additions	592,759,163	47,914,229	640,673,392
Disposals	-	(60,032,348)	(60,032,348)
Closing balance as of 31 December 2024	1,000,256,901	306,954,945	1,307,211,846
Accumulated Amortization			
Opening balance as of 1 January 2024	(331,185,510)	(181,182,296)	(512,367,806)
Charge for the period	(88,060,367)	(95,687,049)	(183,747,416)
Disposals	-	28,134,462	28,134,462
Closing balance as of 31 December 2024	(419,245,877)	(248,734,883)	(667,980,760)
Carrying value as of 31 December 2024	581,011,024	58,220,062	639,231,086

Cost Value	Properties	Vehicles	Total
Opening balance as of 1 January 2023	403,871,160	333,060,780	736,931,940
Additions	55,186,081	49,164,457	104,350,538
Disposals	(51,559,503)	(63,152,173)	(114,711,676)
Closing balance as of 31 December 2023	407,497,738	319,073,064	726,570,802
Accumulated Amortization			
Opening balance as of 1 January 2023	(229,607,805)	(112,146,374)	(341,754,179)
Charge for the period	(121,711,186)	(102,615,337)	(224,326,523)
Disposals	20,133,481	33,579,415	53,712,896
Closing balance as of 31 December 2023	(331,185,510)	(181,182,296)	(512,367,806)
Carrying value as of 31 December 2023	76,312,228	137,890,768	214,202,996

Amortization periods of right-of-use assets are as follows:

	Useful Life
Properties	1-35 years
Vehicles	1-3 years

15. INTANGIBLE ASSETS

Cost Value	Rights	Development costs	Other intangible assets	Total
Opening balance as of 1 January 2024	1,432,877,586	140,834,677	3,394,420,890	4,968,133,153
Foreign currency translation differences	(50,845,110)	-	(3,123,363)	(53,968,473)
Additions	10,450,417	53,959	-	10,504,376
Disposals	(568,811)	-	(4,129,821)	(4,698,632)
Transfers (*)	71,662,234	101,648,985	(3,387,167,706)	(3,213,856,487)
Closing balance as of 31 December 2024	1,463,576,316	242,537,621	-	1,706,113,937
Accumulated Amortization				
Opening balance as of 1 January 2024	(327,009,658)	(89,379,138)	(115,856,742)	(532,245,538)
Foreign currency translation differences	5,751,951	-	286,164	6,038,115
Charge for the period	(117,530,017)	(19,166,640)	(72,497)	(136,769,154)
Transfers	-	(1,042,301)	115,643,075	114,600,774
Disposals	568,811	-	-	568,811
Closing balance as of 31 December 2024	(438,218,913)	(109,588,079)	-	(547,806,992)
Carrying value as of 31 December 2024	1,025,357,403	132,949,542	-	1,158,306,945

(*) The amount of 3,387,167,706 TRY in other intangible assets, 3,381,695,055 TRY has been transferred to the special costs item under tangible fixed assets, and 5,472,651 TRY has been transferred to development costs.

Cost Value	Rights	Development costs	Other intangible assets	Total
Opening balance as of 1 January 2023	1,078,549,766	129,877,883	41,997,896	1,250,425,545
Foreign currency translation differences	(10,398,103)	-	89,936	(10,308,167)
Additions	367,841,192	-	128,836,733	496,677,925
Disposals	(1,023,250)	(139,064)	(25,410,579)	(26,572,893)
Disposal from sale of subsidiary (Note 38)	(28,225,088)	-	(133,351,876)	(161,576,964)
Transfers from construction in-progress	26,133,069	11,095,858	3,382,258,780	3,419,487,707
Closing balance as of 31 December 2023	1,432,877,586	140,834,677	3,394,420,890	4,968,133,153
Accumulated Amortization				
Opening balance as of 1 January 2023	(243,247,840)	(74,878,794)	(7,998,021)	(326,124,655)
Foreign currency translation differences	(1,822,693)	-	(138,106)	(1,960,799)
Charge for the period	(93,529,171)	(14,500,344)	(111,924,425)	(219,953,940)
Disposals	943,535	-	89,844	1,033,379
Disposal from sale of subsidiary (Note 38)	10,646,511	-	4,113,966	14,760,477
Closing balance as of 31 December 2023	(327,009,658)	(89,379,138)	(115,856,742)	(532,245,538)
Carrying value as of 31 December 2023	1,105,867,928	51,455,539	3,278,564,148	4,435,887,615

16. INVESTMENT PROPERTIES

Cost Value	Lands	Land and land improvements	Buildings	Total
Opening balance as of 1 January 2024	3,207,486	13,802,535	77,606,685	94,616,706
Additions	51,947,395	-	731,675	52,679,070
Closing balance as of 31 December 2024	55,154,881	13,802,535	78,338,360	147,295,776
Accumulated Depreciation				
Opening balance as of 1 January 2024	-	(6,786,246)	(31,135,482)	(37,921,728)
Charge for the period	-	(276,051)	(1,270,801)	(1,546,852)
Closing balance as of 31 December 2024	-	(7,062,297)	(32,406,283)	(39,468,580)
Carrying value as of 31 December 2024	55,154,881	6,740,238	45,932,077	107,827,196

Cost Value	Lands	Land and land improvements	Buildings	Total
Opening balance as of 1 January 2023	3,207,486	13,802,535	77,606,685	94,616,706
Closing balance as of 31 December 2023	3,207,486	13,802,535	77,606,685	94,616,706
Accumulated Depreciation				
Opening balance as of 1 January 2023	-	(6,510,195)	(29,964,481)	(36,474,676)
Charge for the period	-	(276,051)	(1,171,001)	(1,447,052)
Closing balance as of 31 December 2023	-	(6,786,246)	(31,135,482)	(37,921,728)
Carrying value as of 31 December 2023	3,207,486	7,016,289	46,471,203	56,694,978

The Group has leased the factory buildings in Şanlıurfa and Adana which are not actively used in production. Therefore, the related assets are recognised as investment property. The rental income obtained from these properties in the current period is TL 3,795,439 (31 December 2023: TL 3,543,523 rental income) (Note 29a).

16. INVESTMENT PROPERTIES (cont'd)

Fair value measurements of the Group's investment properties

As of 31 December 2024 and 2023, the fair value of the Group's investment properties has been evaluated by an independent valuation firm authorized by Yetkin Gayrımenkul ve Değerleme Danışmanlık Anonim Şirketi. The relevant company is authorized by the CMB and provides real estate valuation services in accordance with the capital market legislation and has sufficient experience and qualifications in measuring the fair value of real estates in the relevant regions. The fair value of the freehold land was determined based on the market comparable approach that reflects recent transaction prices for similar properties. No different valuation technique has been used in the current period.

As of 31 December 2024 and 2023, the Group's investment properties and the fair value hierarchy of the assets are shown in the table below:

	Fair value level as of reporting date		
	Level 1	Level 2	Level 3
2024	TL	TL	TL
Land	-	108,695,895	-
Building	-	113,160,000	-

	Level 1	Level 2	Level 3
2023	TL	TL	TL
Land	-	49,559,457	-
Building	-	76,138,145	-

17. GOODWILL

Company	Acqusition Date	31 December 2024	31 December 2023
Sunset	2020	340,278,901	340,278,901
Ferbis	2017	85,213,469	85,213,469
		425,492,370	425,492,370

In accordance with the accounting policy set out in Note 2, the Group tests annually or more frequently for any impairment on goodwill. The impairment test for cash-generating units was performed as of 31 December 2024. The test was conducted in accordance with the discounted cash flow method, taking into account the "net fair value less cost to sell".

The Group Management has calculated the value in use of the cash-generating unit to which the goodwill amount is related in the impairment studies performed for goodwill.

The estimated fair value calculated according to the discounted cash flow method exceeds the recoverable amount as of 31 December. No impairment provision was made during 2024 and 2023.

17. GOODWILL (cont'd)

The important assumptions used in the calculation of recoverable amounts are discount rates, final growth rates and EBITDA (Earnings before interest, depreciation and tax) growth rates. The values used in the assumptions are based on Group Management's assessment of future trends in the pesticide market and internal and external sources (historical data). The main assumptions reflecting the weighted average of all cash-generating units included in the relevant operating segments are as follows:

Weighted average	31 December 2024	31 December 2023
Discount rate, gross	17%-33%	37%-39%
Final growth rate	10%	5%
Budgeted EBITDA growth rate (average of the next five years)	10%-57%	15%-54%

In the discounted cash flow model, estimated cash flows during the license period are included. The long-term growth rate has been determined based on the long-term compound EBITDA growth rate estimated by Group Management and believed to be consistent with the assumptions made by a market participant.

Budgeted EBITDA has been determined based on expected future results, taking into account past experience, and has been adjusted for the following factors.

After determining the basic revenue figures, it is assumed that these prices will increase in line with the estimated inflation in the first five years.

The Group compared the estimated recoverable amount of the cash-generating unit with its carrying amount and concluded that there was no impairment.

18. GOVERNMENT GRANTS AND INCENTIVES

The Company benefited from VAT Exemption, Insurance Premium Employer's Share Support, Tax Reduction, Customs Duty Exemption support element investment incentive certificate and tax reduction amounting to TL 292,781,454 from the TR Ministry of Economy within the scope of the production of Pesticides (Pesticide) and Other Agricultural - Chemical Products that dated 1 May 2020 and numbered 510660, starting at 30 April 2020 and ending at 28 October 2024, dated 24 May 2019 and numbered 503711, starting at 24 May 2019 and ending at 23 November 2026, dated 31 December 2019 and numbered 507656, starting at 26 December 2019 and ending at 26 December 2024, dated 3 November 2020 and numbered 516676, starting at 3 November 2020 and ending at 3 November 2026, dated 1 October 2021 and numbered 528148, starting at 29 September 2021 and ending at 29 September 2024, dated 4 October 2022 and numbered 542168, starting at 29 September 2022 and ending at 29 May 2025, dated 31 December 2024 and numbered 576031, starting at 31 December 2024 and ending at 31 December 2027, dated 13 May 2019 and numbered 506178, starting at 13 May 2019 and ending at 12 November 2023.

As of 31 December 2024, the Company has a tax advantage of TL 292,781,454 that can be used in the future years related to the incentive. The entire amount is included in the deferred tax calculation (31 December 2023: TL 366,344,724).

19. GUARANTEES, PLEDGE AND MORTGAGES

The details of the Company’s Guarantees/Pledge/Mortgages (“GPM”) are as follows:

31 December 2024		TL equivalent	TL
A. GPMs Given for Company’s Own Legal Personality			
	-Guarantee	*468,240,898*	*468,240,898*
	-Pledge	-	-
	-Mortgage	-	-
B. GPMs Given on Behalf of Fully Consolidated Companies			
	-Guarantee	-	-
	-Pledge	-	-
	-Mortgage	-	-
	-Other (*)	*2,000,000,000*	*2,000,000,000*
C. GPMs Given in the Normal Course of Business Activities on Behalf of Third Parties			
	-Guarantee	-	-
	-Pledge	-	-
	-Mortgage	-	-
D. Total Amount of Other GPMs			
i. Total Amount of GPMs Given on Behalf of the Parent			
	-Guarantee	-	-
	-Pledge	-	-
	-Mortgage	-	-
ii. Total Amount of GPMs Given to on Behalf of Other Group Companies which are not in Scope of B and C			
	-Guarantee	-	-
	-Pledge	-	-
	-Mortgage	-	-
iii. Total Amount of GPMs Given on Behalf of Third Parties which are not in Scope of C			
	-Guarantee	-	-
	-Pledge	-	-
	-Mortgage	-	-
Total		2,468,240,898	2,468,240,898

(*) The balance consists of guarantees given on behalf of the Group’s subsidiaries for their financial borrowings as of 31 December 2024.

19. GUARANTEES, PLEDGE AND MORTGAGES (cont'd)

31 December 2023		TL equivalent	TL
A. GPMs Given for Company's Own Legal Personality			
	-Guarantee	*340,006,756*	*340,006,756*
	-Pledge	-	-
	-Mortgage	-	-
B. GPMs Given on Behalf of Fully Consolidated Companies			
	-Guarantee	-	-
	-Pledge	-	-
	-Mortgage	-	-
	-Other (*)	*2,887,575,428*	*2,887,575,428*
C. GPMs Given in the Normal Course of Business Activities on Behalf of Third Parties			
	-Guarantee	-	-
	-Pledge	-	-
	-Mortgage	-	-
D. Total Amount of Other GPMs			
i. Total Amount of GPMs Given on Behalf of the Parent			
	-Guarantee	-	-
	-Pledge	-	-
	-Mortgage	-	-
ii. Total Amount of GPMs Given to on Behalf of Other Group Companies which are not in Scope of B and C			
	-Guarantee	-	-
	-Pledge	-	-
	-Mortgage	-	-
iii. Total Amount of GPMs Given on Behalf of Third Parties which are not in Scope of C			
	-Guarantee	-	-
	-Pledge	-	-
	-Mortgage	-	-
Total		3,227,582,184	3,227,582,184

(*) The balance consists of guarantees given on behalf of the Group's subsidiaries for their financial borrowings as of 31 December 2023.

As of 31 December, there are no guarantees, pledges and mortgages other than the letters of guarantee given on behalf of the Company's legal entity as presented above..

The ratio of the Group's other GPMs to equity is 0% as of 31 December 2024 (2023: 0%).

20. CURRENT TAX ASSETS

Current taz assets	31 December 2024	31 December 2023
Prepaid tax and funds	105,791,171	86,276,701
	105,791,171	86,276,701

21. SHORT-TERM AND LONG-TERM PROVISIONS

a) Short-term Provisions

Short-term provisions	31 December 2024	31 December 2023
Provisions for legal cases (*)	5,196,605	4,645,827
Provision for unused vacation	19,502,897	19,125,567
	24,699,502	23,771,394

(*) Includes possible liabilities of reemployment and commercial lawsuits.

The movements of the provisions for litigation in the accounting period ending on 31 December 2024 and 2023 are as follows:

	1 January-31 December 2024	1 January-31 December 2023
Provision as of 1 January	4,645,827	5,927,064
Provision expense for the period	2,602,393	4,574,142
Provisions released	(351,490)	-
Inflation effect	(1,700,125)	(5,855,379)
Provision as of 31 December	5,196,605	4,645,827

The movements of the provision for unused vacation for the period ending on 31 December 2024 and 2023 are as follows:

	1 January-31 December 2024	1 January-31 December 2023
Provision as of 1 January	19,125,567	22,892,445
Provision expense for the period	7,024,813	9,040,746
Outflow from sale of subsidiary	-	(1,165,000)
Foreign currency translation difference	80,487	332,431
Inflation accounting effect	(6,727,970)	(11,975,055)
Provision as of 31 December	19,502,897	19,125,567

b) Long-Term Provisions

Long-term provisions for employee benefits as of 31 December 2024 and 2023 are presented below:

Long-term provisions	31 December 2024	31 December 2023
Provision for employment termination benefit	85,903,496	95,345,933
Seniority incentive premium provision	19,088,668	11,299,984
	104,992,164	106,645,917

Provision for Severance Incentive Bonus:

The Group provides a benefit in the name of "Seniority Incentive Bonus" to its employees with a certain seniority. In this respect, the Group pays one salary equivalent of seniority incentive bonus for each work period of 10 years. The current value of the severance incentive premium liability has been calculated by an independent actuary in the current year and the assumptions used in the calculation of provisions for severance pay were used.

21. SHORT-TERM AND LONG-TERM PROVISIONS (cont'd)

b) Long-Term Provisions (cont'd)

Provision for Severance Incentive Bonus (cont'd):

Transactions of the provisions for severance incentive premium in the fiscal period ending on 31 December 2024 and 2023 are presented below:

	1 January- 31 December 2024	1 January- 31 December 2023
Provision as of 1 January	11,299,984	14,340,548
Service cost	11,284,736	2,467,824
Interest cost	2,798,949	2,274,201
Amount paid during the period	(1,310,552)	(851,041)
Earnings from reducing benefits / layoffs	37,546	533,162
Outflow from sale of subsidiary	-	(1,181,268)
Inflation accounting effect	(5,021,995)	(6,283,442)
Provision as of 31 December	19,088,668	11,299,984

Provision for employment termination benefit:

Under the Effective Labor Law provisions, employees whose employment contract is terminated with eligibility for severance pay must be paid the statutory severance pays for which they are eligible. Furthermore, under the provision of the article 60 of the Social Security Law no. 506 which is still effective, amended by the laws no. 2422 dated 6 March 1981 and no. 4447 dated 25 August 1999, statutory severance pay must also be paid to those who are eligible for resigning with severance pay.

The employment termination benefit payable as of 31 December 2024 is subject to a monthly cap of TL 41,828.42 (31 December 2023: TL 23,489.83). The severance pay liability is not legally subject to any funding.

The severance pay liability is calculated according to the estimation of the current value of the future probable obligation of the Group arising from the retirement of the employees. TAS 19 ("Benefits Provided to Employees") prescribes that the Group's liabilities are developed by using actuarial valuation methods within the scope of defined benefit plans. The severance pay liability was calculated by an independent actuary and the Projected Unit Credit Method was used in the calculation. The actuarial assumptions used in the calculation of the current value of the liabilities are specified below.

	31 December 2024	31 December 2023
Discount rate	25.88%	24.27%
Inflation rate	21.81%	21.02%

The estimated rate of employment termination benefit amounts which will not be paid as a result of voluntary resignations and which will remain within the Group has been taken into account as well. It has been assumed that the voluntary resignation rates of employees would depend on their past service period; the past experience was analyzed and the assumed voluntary resignations expected prospectively were reflected in the calculation in order to calculate the total severance pay liability. In the actuarial calculations made, the voluntary resignation possibility of employees was included in the calculation at the rates which decline as the previous service period increases. Accordingly, the possibility of voluntary resignation is between 11 per cent and 0 per cent for personnel whose previous service period is between 0 and 15 years and above.

The important estimates used in the calculation of the severance pay liability are the discount rate and the probability of voluntary dismissal.

- If the discount rate is increased by 1 percent annually, the amount of severance pay decreases by 8.2 percent.
- If the discount rate is decreased by 1 percent annually, the amount of severance pay increases by 9.9 percent.
- If the annual inflation rate is increased by 1 percent, the amount of severance pay increases by 10.1 percent.
- If the annual inflation rate is decreased by 1 percent, the amount of severance pay decreases by 8.5 percent.
- If the possibility of voluntary departure is not used, the amount of severance pay increases by 7.1 percent.

21. SHORT-TERM AND LONG-TERM PROVISIONS (cont'd)

b) Long-Term Provisions (cont'd)

Provision for employment termination benefit (cont'd):

As at 31 December 2024 and 2023, the movement of provision for employment termination benefits is as follows:

	1 January- 31 December 2024	1 January- 31 December 2023
Provision as of 1 January	95,345,933	122,692,794
Service cost	18,821,996	20,894,889
Interest cost	16,161,589	15,125,273
Employment termination benefits paid	(14,506,204)	(43,379,404)
Outflow from sale of subsidiary	-	(4,857,341)
Earnings from reducing benefits / layoffs	3,909,471	12,781,858
Actuarial gain	(1,806,759)	21,320,804
Inflation accounting effect	(32,022,530)	(49,232,940)
Provision as of 31 December	85,903,496	95,345,933

22. OTHER CURRENT ASSETS

Other Current Assets	31 December 2024	31 December 2023
Transferred VAT	645,547,334	818,696,039
Other miscellaneous current assets	23,897,829	18,385,623
	669,445,163	837,081,662

23. EQUITY

a) Share Capital

The paid-in capital structure of the Company as of 31 December 2024 and 2023 is as follows:

Shareholders	%	31 December 2024	%	31 December 2023
Ordu Yardımlaşma Kurumu	55.4	4,667,398,975	58.8	1,488,146,000
Public	44.6	3,762,601,025	41.2	1,041,854,000
		8,430,000,000		2,530,000,000
Share Capital Adjustment Differences		7,304,039,454		7,243,379,289
		15,734,039,454		9,773,379,289

The Company's registered capital ceiling is TL 8,500,000,000 (31 December 2023: TL 3,000,000,000).

(*) The Company has decided to increase its registered capital ceiling from TL 3,000,000,000 to TL 8,500,000,000 with the decision of the Board of Directors dated 08 February 2023 and this decision was registered on 03 April 2023.

Pursuant to the decision taken by the Board of Directors; within the registered capital ceiling of 8,500,000,000,000 Turkish Liras, the issued capital of nominal 2,530,000,000 Turkish Liras has been increased to nominal 8,430,000,000,000 Turkish Liras with an increase of 5,900,000,000 Turkish Liras by 233% in cash (paid-in) and registered on 05 November 2024.

The capital consists of 8,430,000,000,000 shares with a nominal value of TL 0.01 and there are no preferred shares.

23. EQUITY (cont'd)

a) Share Capital (cont'd)

After the exercise of the rights to acquire new shares (pre-emptive rights), the shares with a total nominal value of TL 43,732,413,926 corresponding to the rights to acquire new shares that were not exercised in due time were offered for sale in the Primary Market of Borsa Istanbul A.Ş. for 2 (two) business days on 07 October-08 October 2024, and all of the remaining shares were sold for TL 178,089,491 and the capital increase was completed on 08 October 2024. Our company has provided total nominal funds amounting to TL 6,034,359,312 due to the capital increase.

b) Restricted Reserves Appropriated from Profit

	31 December 2024	31 December 2023
Legal Reserves	456,563,215	456,563,215
	456,563,215	456,563,215

In accordance with Turkish Commercial Law, legal reserves are classified as first and second reserves. The Group reserves 5% of the historical statutory profit as first legal reserve, until the total reserve reaches 20% of the historical paid in share capital. The other legal reserve is appropriated at the rate of 10% per annum of all cash dividend distributions after the payment of dividends to the shareholders at a rate of 5%. According to Turkish Commercial Law, general legal reserves cannot be distributed unless it exceeds 50% of the issued capital yet can be used to close the losses when the profit reserves are insufficient.

Publicly traded companies distribute their dividends in this way: in accordance with the CMB decision dated 25 February 2005 and numbered 7/242; if the entire profit distribution amount calculated in accordance with the regulations of the CMB regarding the minimum profit distribution obligation over the net distributable profit found in accordance with the CMB regulations can be met from the distributable profit in the legal records, the whole of this amount, and if not, the entire net distributable profit in the legal records will be distributed. If there is a period loss in the financial statements prepared in accordance with the CMB regulations or in any of the legal records, profit distribution will not be made.

With the decision of the Capital Markets Board dated 27 January 2010, no minimum profit distribution obligation was introduced for the dividend distribution to be made for publicly held joint stock companies whose shares are traded on the stock exchange.

Equity inflation adjustment differences and registered values of extraordinary reserves, bonus issue capital increase; cash can be used for profit distribution or loss offset. However, if the equity inflation adjustment differences are used in cash profit distribution, they will be subject to corporate tax.

c) Actuarial Gain/Loss Fund for Employee Benefits

	31 December 2024	31 December 2023
Defined benefit plans remeasurement losses	(75,394,190)	(80,546,293)
Deferred tax	16,723,610	17,175,299
Subsidiary disposal effect	-	3,345,344
	(58,670,580)	(60,025,650)

d) Additional Information on Share Capital, Reserves and Other Equity Items

As of 31 December 2024, the comparison of the inflation adjusted equity items presented in the consolidated financial statements with the inflation adjusted amounts in the financial statements prepared in accordance with the Tax Procedure Law is as follows:

31 December 2024	**Inflation-adjusted amounts included in the financial statements prepared in accordance with the Tax Procedure Law**	**Inflation-adjusted amounts in the financial statements prepared in accordance with TAS/TFRS Financial Statements**	**Difference in prior years' losses**
Share Capital Adjustment Differences	5,132,279,085	7,304,039,454	- 2,171,760,369
Premiums/Discounts on Shares	46,743,583	53,841,790	- 7,098,207
Restricted Reserves Appropriated from Profit	500,525,188	376,159,218	124,365,970

24 REVENUE AND COST OF SALES

a) Revenue

	1 January- 31 December 2024	1 January- 31 December 2023
Domestic sales	5,037,933,277	9,520,410,981
Foreign sales	444,931,667	365,184,792
Other sales	25,485,506	2,981,788
Sales returns (-)	(89,042,528)	(476,689,330)
Sales discounts (-)	(552,219,733)	(634,621,484)
On-time payment premium (-)	-	(58,239,369)
	4,867,088,189	8,719,027,378

b) Cost of Sales

	1 January- 31 December 2024	1 January- 31 December 2023
Raw material expenses	(2,294,272,135)	(5,024,426,482)
Personnel expenses	(325,520,356)	(409,250,638)
General production expenses	(249,572,440)	(302,232,069)
Depreciation and amortization expenses	(214,922,906)	(305,264,830)
Transportation expenses	(241,147,950)	(395,480,822)
Changes in work in-process inventories	(248,170,610)	193,764,508
Changes in finished goods inventories	(720,662,858)	931,562,784
Cost of goods sold	(4,294,269,255)	(5,311,327,549)
Cost of trade goods sold and other sales	(1,582,992,244)	(2,230,156,905)
	(5,877,261,499)	(7,541,484,454)

25. MARKETING EXPENSES, GENERAL ADMINISTRATIVE EXPENSES, RESEARCH AND DEVELOPMENT EXPENSES

	1 January- 31 December 2024	1 January- 31 December 2023
General administrative expenses (-)	(1,014,472,800)	(1,171,963,371)
Marketing expenses (-)	(484,613,568)	(859,321,357)
Research and development expenses (-)	(386,142,083)	(300,585,241)
	(1,885,228,451)	(2,331,869,969)

a) Marketing Expenses

	1 January- 31 December 2024	1 January- 31 December 2023
Personnel expenses	(310,179,113)	(342,705,507)
Depreciation expenses	(58,818,380)	(164,783,969)
Advertisement expenses	(29,745,699)	(171,647,017)
Transportation expenses	(14,489,190)	(25,305,934)
Insurance expenses	(13,367,537)	(15,381,561)
Travel expenses	(7,065,271)	(19,685,557)
Rent expenses	(6,299,387)	(13,142,014)
Cleaning expenses	(5,878,578)	(11,216,518)
Exhibition and fair expenses	(5,134,999)	(15,815,151)
Tax duty fees	(3,476,007)	(4,194,984)
Information technologies expenses	(3,304,932)	(1,283,706)
Outsourced security costs	(2,943,403)	(5,314,571)
Dealer meeting expense	(2,307,989)	(18,035,949)
Litigation and consultancy expenses	(2,216,831)	(5,102,766)
Energy and maintenance expenses	(2,028,880)	(5,894,720)
Representation expenses	(1,838,382)	(3,750,031)
Telephone expenses	(514,489)	(787,543)
Other	(15,004,501)	(35,273,859)
	(484,613,568)	(859,321,357)

25. MARKETING EXPENSES, GENERAL ADMINISTRATIVE EXPENSES, RESEARCH AND DEVELOPMENT EXPENSES (cont'd)

b) General Administrative Expenses

	1 January- 31 December 2024	1 January- 31 December 2023
Depreciation expenses	(369,883,560)	(207,167,953)
Personnel expenses	(268,250,091)	(254,391,914)
Outsourced service and repair maintenance expenses	(178,497,570)	(237,600,112)
Provision for doubtful receivables (net)	(55,770,181)	(176,527,646)
Consultancy expenses	(28,704,953)	(36,039,839)
Oursourced security costs	(27,861,127)	(20,417,499)
Energy expenses	(18,500,434)	(34,478,676)
Transportation expenses	(8,951,733)	(9,633,118)
Litigation and consultancy expenses	(7,721,873)	(4,876,354)
Tax duty fees	(6,459,607)	(44,089,329)
Insurance expenses	(5,506,076)	(6,834,856)
Information technologies expense	(4,242,827)	(2,312,876)
Announcement and general assembly expenses	(3,577,525)	(1,253,650)
Travel expenses	(3,388,526)	(9,522,610)
Rent expenses	(2,832,119)	(5,363,209)
Stationary expenses	(439,422)	(1,082,052)
Consultancy expenses	(332,848)	(1,775,154)
PTT expense	(205,958)	(281,957)
Membership expenses	(102,356)	(709,708)
Meeting expenses	(61,080)	(140,707)
Other	(23,182,934)	(117,464,152)
	(1,014,472,800)	(1,171,963,371)

c) Research and Development Expenses

	1 January- 31 December 2024	1 January- 31 December 2023
Depreciation expenses	(180,908,781)	(108,850,493)
Personnel expenses	(117,841,351)	(78,013,905)
Information technologies expense	(18,193,744)	(22,000,238)
License and license usage expenses	(17,756,388)	(25,374,433)
Repair maintenance cleaning expense	(9,659,016)	(20,082,502)
Transportation expenses	(9,122,843)	(12,915,508)
Consultancy expenses	(7,734,209)	(7,078,884)
Oursourced security costs	(1,131,304)	(1,632,928)
Incusance expenses	(829,332)	(1,017,651)
Energy expenses	(633,463)	(1,033,263)
Stationary expenses	(586,765)	(217,124)
Tax duty fees	(343,301)	(539,920)
PTT expense	(187,459)	(240,139)
Other	(21,214,127)	(21,588,253)
	(386,142,083)	(300,585,241)

26. EXPENSES BY NATURE

As at 31 December 2024 and 2023, details of depreciation and amortization expenses are as follows:

a) Depreciation and Amortization Expenses

	1 January-31 December 2024	1 January-31 December 2023
Tangible and right-of-use assets	**(687,764,473)**	**(566,113,305)**
Production cost	(204,073,941)	(271,139,552)
Marketing expenses	(41,750,187)	(90,336,879)
General administrative expenses	(345,440,175)	(155,576,877)
Research and development expenses	(96,500,170)	(49,059,997)
Intangible assets	**(136,769,154)**	**(219,953,940)**
Production cost	(10,848,965)	(34,125,278)
Marketing expenses	(17,068,193)	(74,447,090)
General administrative expenses	(24,443,385)	(51,591,076)
Research and development expenses	(84,408,611)	(59,790,496)
Investment properties	**(1,546,852)**	**(1,447,052)**
Expenses from investing activities	(1,546,852)	(1,447,052)
	(826,080,479)	(787,514,297)

Personnel Expenses	1 January-31 December 2024	1 January-31 December 2023
Salary and wages	(714,436,696)	(720,448,023)
Social insurance expenses	(89,970,246)	(101,585,100)
Other benefit and services	(217,383,969)	(262,328,841)
	(1,021,790,911)	(1,084,361,964)

27. OTHER OPERATING INCOME

Other operating income for the years ended 31 December 2024 and 2023 is as follows:

	1 January-31 December 2024	1 January-31 December 2023
Exchange difference income (*)	126,714,340	136,309,917
Service income	27,874,878	26,114,611
Expected credit loss provision reversal	9,788,037	-
Interest income	5,033,821	-
Scrap, waste and recycling income	3,827,278	10,797,416
Damage compensation income	3,763,029	1,625,384
Interest income from sales	-	1,169,283
Other income	30,698,920	43,440,908
	207,700,303	219,457,519

(*) It arises from trade receivables and trade payables.

28. OTHER OPERATING EXPENSES

Other operating expenses for the years ended 31 December 2024 and 2023 are as follows:

	1 January- 31 December 2024	1 January- 31 December 2023
Exchange rate difference expense (*)	(78,183,071)	(1,026,271,595)
Damage compensation expenses	(21,335,462)	-
Other expenses and losses	(26,420,832)	(143,110,005)
	(125,939,365)	(1,169,381,600)

(*) It arises from trade receivables and trade payables.

29. INCOME AND EXPENSES FROM INVESTING ACTIVITIES

a) Income from Investing Activities

The details of income from investing activities for the year ended 31 December 2024 and 2023 are as follows:

	1 January- 31 December 2024	1 January- 31 December 2023
Fixed asset sales profit	2,696,844	1,178,204,124
Rents received	3,795,439	3,543,523
Subsidiary sales profit (Note 38)	-	644,843,488
Other (*)	12,244,698	6,877,813
	18,736,981	1,833,468,948

(*) Consists of currency hedged deposits and investment fund income.

b) Expenses from Investing Activities

The details of expenses from investing activities for the year ended 31 December 2024 and 2023 are as follows:

	1 January- 31 December 2024	1 January- 31 December 2023
Fixed asset sales loss	(309,294)	(959,814)
Depreciation of investment properties (Note 16)	(1,546,852)	(1,447,052)
Other	(326)	(201,898)
	(1,856,472)	(2,608,764)

30. FINANCE INCOME AND EXPENSES

a) Finance Income

The details of finance income for the years ended 31 December 2024 and 2023 are as follows:

	1 January - 31 December 2024	1 January - 31 December 2023
Interest income	1,571,921,067	1,086,568,947
Exchange difference income	420,885,426	1,117,669,854
Option transactions income	-	145,381,250
Interest income	140,241,516	-
	2,133,048,009	2,349,620,051

b) Finance Expenses

The details of finance expenses for the years ended 31 December 2024 and 2023 are as follows:

	1 January - 31 December 2024	1 January - 31 December 2023
Bank loan interest expenses	(4,461,900,216)	(2,918,772,451)
Interest expense related to bond and bill transactions	(180,796,800)	(1,421,044,217)
Interest expenses related to lease liabilities	(59,635,850)	(32,460,510)
Employment termination benefit interest expenses	(18,960,538)	(17,399,474)
Banking transaction expenses	(173,525,255)	(457,847,417)
Interest expenses	(466,424,950)	(252,493,590)
Factoring expenses	(303,445,942)	(982,111,309)
Option transactions expenses	(29,402,920)	(43,881,821)
Exchange difference expense	(622,392,284)	(435,788,862)
	(6,316,484,755)	(6,561,799,651)

31. INCOME TAXES (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES)

Corporate Tax

The Group is subject to the corporate tax effective in Türkiye. The necessary provisions were set aside in the attached financial statements for the Group's estimated tax liabilities pertaining to the current period's operating results. Turkish tax legislation does not allow the parent company to file a tax return based on the consolidated financial statements of its subsidiaries. Therefore, tax liabilities reflected in these consolidated financial statements were calculated separately for all companies included in the scope of consolidation.

The corporate tax rate to be accrued on the taxable corporate profits is calculated over the tax base remaining after addition of non-deductible expenses that are booked as expense in the determination of business profits and after deduction of non-taxable incomes and other deductions (previous years' losses, if any, and investment allowances used if preferred).

The effective tax rate applied in 2024 is 25% (2023: 25%).

The "Law on the Amendment of Certain Tax Laws and Certain Other Laws" no. 7061 was published in the Official Gazette dated 5 December 2017 numbered 30261. Under the article 89 of this Law, the article 5 titled "Exemptions" of the Corporate Tax Law is amended. Pursuant to the clause (a) of the first paragraph of the article, the 75% exemption applied to the earnings arising from the sales of immovable property retained for two full years in the assets of corporations is reduced to 50 per cent. This regulation became effective as of 5 December 2017.

31. INCOME TAXES (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES) (cont'd)

Corporate Tax (cont'd)

	31 December 2024	31 December 2023
Provision for current corporate tax	-	(79,583,709)
Less: Prepaid taxes and funds	105,791,171	127,641,566
Current tax assets	105,791,171	48,057,857

Deferred Tax:

The Group recognizes deferred tax assets and liabilities based upon temporary differences arising between its financial statements as reported for TFRS purposes and its statutory tax financial statements. These differences usually result in the recognition of revenue and expenses in different reporting periods for TFRS and tax purposes and they are given below.

The tax rate used in the calculation of deferred tax assets and liabilities is 25% on temporary timing differences that are expected to reverse (2023: 25%).

Subsidiaries with deferred tax assets are not netted off with subsidiaries with deferred tax liabilities and are shown separately, as businesses in Türkiye cannot declare consolidated tax returns.

Tax (expense) / income consists of:	1 January- 31 December 2024	1 January- 31 December 2023
Current tax expense	-	(81,353,119)
Deferred tax (expense) / income	790,715,918	977,073,291
Total tax (expense) / income	790,715,918	895,720,172

Deferred tax assets / (liabilities) :	31 December 2024	31 December 2023
Tax advantage from investment discount	292,781,454	366,344,724
Cash capital interest discount	584,298,211	267,624,990
Accumulated financial loss tax advantage	1,065,206,285	458,676,000
Employment termination benefit and severanace incentive premium provisions	26,248,040	26,661,481
Provision for unused vacation and premium	40,334,337	27,827,806
Differences in book values of inventories	(159,184,050)	(436,566,354)
Depreciation of property, plant and equipment/amortization of other intangible assets	(244,340,230)	40,792,837
Fair value differences of derivative instruments	-	645,061
Other	(127,501)	66,379,773
	1,605,216,546	818,386,318
Deferred tax asset	1,675,624,067	2,234,685,765
Deferred tax liability	(70,407,521)	(1,416,299,447)
	1,605,216,546	818,386,318

31. INCOME TAXES (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES) (cont'd)

Deferred Tax: (cont'd)

As of 31 December 2024 and 2023, the movement of deferred tax (assets)/liabilities for the years ended are as follows:

Movement of deferred tax asset / (liability):	1 January- 31 December 2024	1 January- 31 December 2023
Opening balance as of 1 January	818,386,318	(101,609,405)
(Expense) / income recognized in statement of income	790,715,918	977,073,291
Income recognized in the statement of other comprehensive income	(451,689)	6,846,487
Disposal from sale of subsidiary (Note 38)	-	17,744,215
Foreign currency translation differences	(3,434,001)	(17,595,687)
Inflation accounting effect	-	(64,072,583)
Closing balance as of 31 December	1,605,216,546	818,386,318

Reconcilation of tax provision:	1 January- 31 December 2024	1 January- 31 December 2023
Loss before tax	(3,544,873,437)	(2,187,127,399)
Income tax rate of 25% (2023: 20%)	25%	25%
Expected tax income	886,218,359	546,781,850
Tax effects of:		
- non-taxable income	13,816,682	222,885,892
- non-deductable expenses	(74,452,270)	(188,899,525)
- inflation effect	(464,697,986)	(98,184,511)
- investment incentive discount	39,042,820	225,926,405
- additional tax	-	(80,537,860)
- cash capital interest discount	398,935,095	265,710,143
- effect of other non-taxable items	(8,146,782)	2,037,778
Tax provision income / (expense) in the statement of profit or loss	790,715,918	895,720,172

(*) As of 31 December 2024, the Group has accumulated tax losses amounting to TL 93,932,296 (31 December 2023: TL 137,002,489). The tax advantage of these losses amounting to TL 52,542,999 is not included in the deferred tax calculation (31 December 2023: TL 34,250,621). The maturity breakdown of accumulated tax losses over which deferred tax assets have not been calculated is as follows;

	31 December 2024	31 December 2023
0-1 year	621,118	346,048
1-2 years	2,755,144	896,763
2-3 years	8,396,595	3,977,843
3-4 years	11,710,216	12,122,901
4-5 years	29,059,926	16,907,066
	52,542,999	34,250,621

32. EARNINGS PER SHARE

Earnings / (loss) per share	1 January- 31 December 2024	1 January- 31 December 2023
Weighted average number of shares outstanding during the period (*)	343,520,547,945	253,000,000,000
Parent net loss for the period	(2,726,725,533)	(1,267,990,744)
Profit/loss per share from continuing operations		
-one hundred shares of common stock (TL)	(0.79)	(0.50)

(*) The weighted average number of shares is calculated by taking into account the retrospective effects of these share distributions.

33. RELATED PARTY DISCLOSURES

Details of the balances and transactions between the Group and other related parties are explained below:

	31 December 2024		31 December 2023	
	Trade		Trade	
Balances with related parties	Receivables	Payables	Receivables	Payables
Parent Company				
OYAK	-	32,350,240	-	27,504,858
Other Companies Managed by the Parent				
OYAK Biyoteknoloji San.ve Ticaret A.Ş.	505,611	15,230,438	-	16,038,622
OYAK Grup Sigorta ve Reasürans Brokerliği A.Ş.	-	58,793,851	-	67,709,819
OYAK Savunma ve Güvenlik Hiz. A.Ş.	-	6,432,314	-	16,573,638
OYAK Otomotiv Enerji ve Lojistik Holding A.Ş.	-	10,167,125	-	6,883,096
OYAK Pazarlama Hizmet Turizm A.Ş.	15,427,489	6,619,349	4,901,331	6,670,584
OYAK İnşaat A.Ş.	-	-	-	92,494,633
Omsan Lojistik A.Ş.	-	2,230,149	-	7,755,534
Güzel Enerji Akaryakıt A.Ş.	-	1,650,290	-	2,202,445
Satem Grup Gıda Dağıtım ve Pazarlama A.Ş.	-	102,808	36,973,590	109,608
Akdeniz Chemson Kimya Sanayi ve Ticaret A.Ş.	283,615	-	-	-
Arma İlaç Sanayi ve Ticaret A.Ş.	45,528,138	-	-	-
Tamek Grup Gıda Üretim A.Ş.	-	-	-	782,381
Other	148,442	3,130,462	698,964	4,056,954
	61,893,295	136,707,026	42,573,885	248,782,172

Trade receivables from related parties arise from sales of goods and services and their average maturity is 2 months. The aforementioned receivables are unsecured and no interest is charged.

Trade payables to related parties generally arise from purchase of goods and services and their average maturity is 1 month. No interest is charged for these payables.

33. RELATED PARTY DISCLOSURES (cont'd)

Short-term advances given to related parties	31 December 2024	31 December 2023
Other Companies Managed by the Parent		
OYPOWER Elektrik Ticareti ve Hizmetleri A.Ş.	601,584	2,166,502
	601,584	2,166,502

Other short-term receivables from related parties	31 December 2024	31 December 2023
Parent		
OYAK	-	451,183,661
Other Companies Managed by the Parent		
Arma İlaç Sanayi ve Ticaret A.Ş.	-	1,044,801,333
OYAK Gıda Ve Tarım Holding A.Ş.	-	658,417,153
	-	2,154,402,147

As of 31 December 2023, other short-term receivables from related parties are due in less than one year and no interest is charged on these receivables. Arma İlaç Sanayi ve Ticaret A.Ş. and OYAK receivables are related to the sale of fixed assets. Oyak Gıda ve Tarım Holding Anonim Şirketi receivable consists of the balance related to the sale of subsidiaries.

Other short-term payables to related parties	31 December 2024	31 December 2023
Parent		
OYAK (**)	502,763,889	443,531,586
Other Companies Managed by the Parent		
OYAK Otomotiv Enerji ve Lojistik Holding A.Ş.	683,598,251	618,593,885
Other		
Dividends to be Paid Founder Shares (*)	7,121,635	10,287,832
	1,193,483,775	1,072,413,303

(*) Consists of the portion of previous years' dividend payments not yet completed as of 31 December 2024.

Other long-term payables to related parties	31 December 2024	31 December 2023
Other Companies Managed by the Parent		
OYAK Sermaye Yatırımları A.Ş.	125,006,301	161,638,386
	125,006,301	161,638,386

Short-term and long-term other payables to related parties consist of amounts received for financing purposes and interest is charged. Interest rate for short term other payables to related parties is between 45% - 58%. For long term other payables to related parties, 2% interest rate is used in AUD.

33. RELATED PARTY DISCLOSURES (cont'd)

	1 January - 31 December 2024		1 January - 31 December 2023	
Transactions with related parties	Purchases	Sales	Purchases	Sales
Parent				
OYAK	102,642,247	-	-	-
Other Companies Managed by the Parent				
Arma İlaç Sanayi ve Ticaret A.Ş.	94,827,084	115,421,222	-	-
OYAK Savunma ve Güvenlik Hiz. A.Ş.	60,601,897	-	101,470,557	-
Akdeniz Chemson Kimya Sanayi ve Ticaret A.Ş.	93,685	-	-	-
OYAK Pazarlama Hizmet Turizm A.Ş.	51,851,318	27,293,979	125,876,854	23,499,752
OYAK Biyoteknoloji Sanayi ve Tic.A.Ş.	24,706,824	325,144	103,024,269	2,891,914
Omsan Lojistik A.Ş.	27,300,571	-	48,528,076	-
OYAK Otomotiv Enerji ve Lojistik Holding A.Ş.	4,422,392	-	60,118,561	-
OYAK İnşaat A.Ş.	23,650,578	-	1,735,981,296	-
OYPOWER Elektrik Ticareti ve Hizmetleri A.Ş.	29,725,448	-	-	-
Güzel Enerji Akaryakıt A.Ş.	18,188,770	-	32,094,894	-
Oyak Yenilenebilir Enerji A.Ş.	-	-	6,059,365	-
İndisol Bilişim ve Teknoloji A.Ş.	9,895,045	-	6,864,802	-
Doco Petrol ve Danışmanlık A.Ş.	2,556,162	-	4,740,241	-
Satem Grup Gıda Dağıtım ve Pazarlama A.Ş.	-	1,371,795	-	31,179,972
OYAK Yatırım Menkul Değerler A.Ş:	1,616,776	-	46,466,644	-
Mais Motorlu Araçlar İmal ve Satış A.Ş.	-	-	41,557	-
OYAK Gıda Ve Tarım Holding A.Ş.	-	37,939,532	-	-
OYAK Sermaye Yatırımları A.Ş. (*)	-	-	6,456,443	-
Tamek Grup Gıda Üretim A.Ş.	-	4,019,039	-	8,051,246
Erdemir Çelik Servis Merkezi San. ve Tic. A.Ş.	-	-	-	7,202
	452,078,797	186,370,711	2,277,723,559	65,630,086

Maturity difference expenses to related parties	1 January- 31 December 2024	1 January- 31 December 2023
Parent		
OYAK	225,799,762	116,625,689
Other Companies Managed by the Parent		
OYAK Otomotiv Enerji ve Lojistik Holding A.Ş.	240,625,188	135,867,901
	466,424,950	252,493,590

Maturity difference income from related parties	1 January- 31 December 2024	1 January- 31 December 2023
Other Companies Managed by the Parent		
Arma İlaç Sanayi ve Ticaret A.Ş.	140,393,948	-
	140,393,948	-

33. RELATED PARTY DISCLOSURES (cont'd)

Exchange rate difference income from related parties	1 January- 31 December 2024	1 January- 31 December 2023
Other Companies Managed by the Parent		
Arma İlaç Sanayi ve Ticaret A.Ş.	52,865,017	-
OYAK Gıda Ve Tarım Holding A.Ş.	35,487,555	-
	88,352,572	-

Key management personnel consist of the Members of the Board of Directors, the General Manager and the Deputy General Managers. The salaries and similar benefits paid to key management personnel for their services are as follows.

	1 January- 31 December 2024	1 January- 31 December 2023
Salaries and other short-term benefits	63,768,923	75,393,195
	63,768,923	75,393,195

34. NATURE AND LEVEL OF THE RISKS ARISING FROM FINANCIAL INSTRUMENTS

Capital risk management

While trying to ensure the continuity of its activities in capital management, the Group also aims to increase its profits by using the debt and equity balance in the most efficient way.

The capital structure of the Group consists of debts including the loans disclosed in Note 3 and Note 6, cash and cash equivalents, and equity items including issued capital, reserves and previous year profits disclosed respectively in Note 23.

The Board of Directors of the Group convenes regularly, reviewing the capital structure and indebtedness of the Group. The Group aims to maintain the balance of its capital structure by obtaining new loans or repaying the existing debts, based on the recommendations of the Board.

The general strategy of the Group does not differ from the previous period.

Financial risk factors

The Group is exposed to market risk (exchange rate risk and price risk), credit risk and liquidity risk due to its activities. The Group's risk management program is generally focused on minimizing the potential negative impacts of the uncertainty in the financial markets on the Group's financial performance. The Group also uses derivative products occasionally as protection against financial risks.

34. NATURE AND LEVEL OF THE RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont'd)

Credit risk management

Credit risks exposed in terms of financial instruments	**Receivables**						
	Trade Receivables		**Other Receivables**				
31 December 2024	**Related Party**	**Other Party**	**Related Party**	**Other Party**	**Deposits at Banks**	**Other Cash Equivalents**	**Financial Investments**
Maximum credit risk exposed as of reporting date (A+B+C+D) (*)	61,893,295	1,264,261,651	-	199,917,311	1,763,065,892	108,920,533	1,164,718,399
- Secured portion of the maximum risk with guarantee etc (**)	-	457,289,039	-	-	-	-	-
A. Financial assets not past due nor impaired instruments	61,893,295	1,146,092,734	-	199,917,311	1,763,065,892	108,920,533	1,164,718,399
B. Assets past due but not impaired	-	118,027,803	-	-	-	-	-
- Secured portion with guarantee etc	-	8,204,621	-	-	-	-	-
C. Net book value of impaired assets	-	177,930,938	-	-	-	-	-
- Past due (gross book value)							
- Impairment (-)	-	(177,789,824)	-	-	-	-	-
- Secured portion of the net value with guarantee etc	-	141,114	-	-	-	-	-
- Not past due (gross book value)	-	-	-	-	-	-	-
- Impairment (-)	-	-	-	-	-	-	-
- Secured portion of the net value with guarantee etc	-	-	-	-	-	-	-
D. Items including off-balance sheet risk	-	-	-	-	-	-	-

(*) The factors that increase the credit reliability, such as guarantee received are not considered in the determination of the balance.
(**) Guarantees consist of the letters of guarantee, guarantee notes and mortgages received from customers.

34. NATURE AND LEVEL OF THE RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont'd)

Credit risk management (cont'd)

Credit risks exposed in terms of financial instruments	Receivables						
	Trade Receivables		Other Receivables				
31 December 2023	Related Party	Other Party	Related Party	Other Party	Deposits at Banks	Other Cash Equivalents	Financial Investments
Maximum credit risk exposed as of reporting date (A+B+C+D) (*)	42,573,885	4,339,269,554	2,154,402,147	18,268,384	6,446,365,747	226,680,420	1,401,713,931
- Secured portion of the maximum risk with guarantee etc (**)	-	1,460,765,152	-	-	-	-	-
A. Financial assets not past due nor impaired instruments	42,573,885	4,112,539,509	2,154,402,147	18,268,384	6,446,365,747	226,680,420	1,401,713,931
B. Assets past due but not impaired	-	226,547,563	-	-	-	-	-
- Secured portion with guarantee etc	-	120,113,417	-	-	-	-	-
C. Net book value of impaired assets	-	181,599,294	-	-	-	-	-
- Past due (gross book value)	-	-	-	-	-	-	-
- Impairment (-)	-	(181,416,812)	-	-	-	-	-
- Secured portion of the net value with guarantee etc	-	182,482	-	-	-	-	-
- Not past due (gross book value)	-	-	-	-	-	-	-
- Impairment (-)	-	-	-	-	-	-	-
- Secured portion of the net value with guarantee etc	-	-	-	-	-	-	-
D. Items including off-balance sheet risk	-	-	-	-	-	-	-

(*) The factors that increase the credit reliability, such as guarantee received are not considered in the determination of the balance.
(**) Guarantees consist of the letters of guarantee, guarantee notes and mortgages received from customers.

34. NATURE AND LEVEL OF THE RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont'd)

Credit risk management (cont'd)

Credit risk is defined as the risk of financial loss to the Group due to the failure of one of the parties to the financial instrument to fulfill its contractual obligations. The Group tries to conduct transactions only with parties with credit reliability and to reduce its credit risk by obtaining sufficient guarantee, where possible. The credit risks to which the Group is exposed and the credit ratings of customers are constantly monitored.

Trade receivables cover many customers distributed to various industries and geographical areas. Credit assessments are continuously carried out on customers' trade receivable balances and guarantees are received where deemed necessary. Guarantees are primarily received as letters of guarantee and mortgage.

Overdue receivables are aged as follows:

	31 December 2024 Trade Receivables	31 December 2023 Trade Receivables
1-30 days overdue	87,188,772	56,689,034
1-3 months overdue	19,438,729	105,821,211
3-12 months overdue	11,259,167	62,631,677
1-5 years overdue	178,072,073	183,004,935
Total overdue receivables	295,958,741	408,146,857
Secured portion with guarantee etc.	8,345,735	120,295,899

As of the balance sheet date, provision for overdue trade receivables amounting to TL 177,889,824 (31 December 2023: TL 181,416,812). The guarantees received for overdue trade receivables for which no provision has been recognized are as follows:

	31 December 2024	31 December 2023
Letters of guarantee	8,345,735	120,295,899
	8,345,735	120,295,899

34. NATURE AND LEVEL OF THE RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont'd)

Liquidity risk management

The main responsibility regarding liquidity risk management belongs to the Board of Directors. The Board of Directors has established a suitable liquidity risk management for the short, medium and long-term funding and liquidity requirements of the Group Management. The Group manages the liquidity risk by regularly monitoring the estimated and actual cash flows and ensuring the continuity of sufficient funds and borrowing reserves, by matching the maturities of financial assets and liabilities.

The following table demonstrates the maturity distribution of the Group's financial liabilities which are not in the nature of derivatives. The following tables have been prepared based on the earliest dates when payment should made and without discounting the Group's liabilities. Interests payable over the liabilities in question are included in the table below. Derivative financial liabilities on the other hand have been arranged according to undiscounted net cash inflows and outflows. Forward instruments are paid as net amounts for future transactions which must be paid as gross amounts and are realized over the undiscounted, gross cash inflows and outflows. The amount disclosed when the receivables or payables are not fixed is determined by using the interest rate derived from the yield curves on the report date.

31 December 2024

Contractual maturities	Book Value	Total contractual cash outflows (I+II+III)	Less than 3 months (I)	Between 3-12 months (II)	Between 1-5 years (III)
Non-derivative financial liabilities					
Financial liabilities	7,255,195,471	9,396,537,255	1,035,769,012	4,325,213,193	4,035,555,050
Trade payables	1,336,147,977	1,336,147,977	799,475,176	536,672,801	-
Payables related to employee benefits	160,228,296	160,228,296	16,725,460	143,502,836	-
Other payables	1,341,612,944	1,474,767,748	500,183,083	849,578,364	125,006,301
	10,093,184,688	**12,367,681,276**	**2,352,152,731**	**5,854,967,194**	**4,160,561,351**

31 December 2023

Contractual maturities	Book Value	Total contractual cash outflows (I+II+III)	Less than 3 months (I)	Between 3-12 months (II)	Between 1-5 years (III)
Non-derivative financial liabilities					
Financial liabilities	20,842,610,077	24,573,772,749	6,422,907,695	16,402,645,363	1,748,219,691
Trade payables	2,021,416,826	2,021,416,826	1,674,678,699	346,738,127	-
Payables related to employee benefits	117,380,618	117,380,618	23,958,977	93,421,641	-
Other payables	1,257,100,498	1,411,035,841	492,529,528	756,867,927	161,638,386
	24,238,508,019	**28,123,606,034**	**8,614,074,899**	**17,599,673,058**	**1,909,858,077**
Derivative financial liabilities					
Derivative cash inflows	(2,580,245)	223,138,185	-	223,138,185	-
Derivative cash outflows	-	(249,378,233)	-	(249,378,233)	-
	(2,580,245)	**(26,240,048)**	**-**	**(26,240,048)**	**-**

34. NATURE AND LEVEL OF THE RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont'd)

Market risk

The Group's activities are primarily exposed to the financial risks related with the changes in foreign exchange rates. The Group occasionally uses forward foreign exchange purchase / sale contracts in order to keep the risks associated with foreign exchange rates under control.

In the current year, there has been no changes in the market risk to which the Group is exposed or the management and measurement methods for the risks, compared to the previous year.

Exchange rate risk management

Transactions in foreign currency result in exchange rate risks. Exchange rate risk is managed through the forward foreign exchange purchase / sale contracts concluded based on approved policies. Distribution of the Group's monetary assets and monetary liabilities in foreign currency as of the reporting date is as follows:

	31 December 2024		
	TL Equivalent (Functional currency)	**US Dollar**	**Euro**
Trade Receivable	59,969,454	1,699,800	-
Monetary Financial Assets	1,254,299,492	35,547,853	4,371
Non-Monetary Financial Assets	24,827,356	683,777	19,150
CURRENT ASSETS	**1,339,096,302**	**37,931,430**	**23,521**
Non-Monetary Financial Assets	530,361,819	13,975,946	1,014,973
NON-CURRENT ASSETS	**530,361,819**	**13,975,946**	**1,014,973**
TOTAL ASSETS	**1,869,458,121**	**51,907,376**	**1,038,494**
Financial Liabilities	2,865,594,298	81,223,638	-
Trade Payables	1,011,541,855	24,545,928	3,962,145
CURRENT LIABILITIES	**3,877,136,153**	**105,769,566**	**3,962,145**
Financial Liabilities	2,169,738,449	61,500,000	-
NON-CURRENT LIABILITIES	**2,169,738,449**	**61,500,000**	**-**
TOTAL LIABILITIES	**6,046,874,602**	**167,269,566**	**3,962,145**
Net foreign currency asset liability position	**(4,177,416,481)**	**(115,362,190)**	**(2,923,651)**
Export	360,923,673	10,257,749	-
Import	1,128,571,699	32,145,826	2,334,868

34. NATURE AND LEVEL OF THE RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont'd)

Exchange rate risk management (cont'd)

	31 December 2023		
	TL Equivalent (Functional currency)	**US Dollar (*)**	**Euro (*)**
Trade Receivable	84,168,021	1,980,307	-
Monetary Financial Assets	2,095,309,449	49,201,455	87,690
Non-Monetary Financial Assets	119,364,057	2,437,659	335,052
Other	1,599,415,372	9,465	34,000,000
CURRENT ASSETS	**3,898,256,899**	**53,628,886**	**34,422,742**
TOTAL ASSETS	**3,898,256,899**	**53,628,886**	**34,422,742**
Financial Liabilities	565,283,403	13,300,000	-
Trade Payables	666,302,398	14,597,756	975,150
CURRENT LIABILITIES	**1,231,585,801**	**27,897,756**	**975,150**
Financial Liabilities	1,262,324,591	29,700,000	-
NON-CURRENT LIABILITIES	**1,262,324,591**	**29,700,000**	**-**
TOTAL LIABILITIES	**2,493,910,392**	**57,597,756**	**975,150**
Net foreign currency asset liability position	**1,404,346,507**	**(3,968,870)**	**33,447,592**
Export	287,845,563	8,768,519	2,061
Import	3,870,321,919	119,178,950	7,117,716

(*) The related amounts are presented in original currency and TL equivalents are presented on purchasing power basis.

34. NATURE AND LEVEL OF THE RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont'd)

Sensitivity to exchange rate risk

The Group is exposed to exchange rate risk, primarily in USD and Euro.

The following table shows the Group's sensitivity to a 10% increase and decrease in USD and Euro rates. The 10% rate refers to the rate used while reporting the exchange rate risk to senior managers within the Group. The sensitivity analysis only covers the monetary items in open foreign currency at the end of the year and shows the effects of the 10% change in exchange rates at the end of the year for these items. A negative value signifies a decline in the profit/loss and other equity items.

	31 December 2024	
	Profit / Loss	
	Appreciation of foreign currency	Depreciation of foreign currency
In case USD appreciates 10% against TL		
Net asset/liability of USD	(407,001,265)	407,001,265
Portion hedged from USD risk (-)	-	-
USD net effect	(407,001,265)	407,001,265
In case EUR appreciates 10% against TL		
Net asset/liability of EUR	(10,740,383)	10,740,383
Portion hedged from EUR risk (-)	-	-
EUR net effect	(10,740,383)	10,740,383
TOTAL	(417,741,648)	417,741,648

	31 December 2023	
	Profit / Loss	
	Appreciation of foreign currency	Depreciation of foreign currency
In case USD appreciates 10% against TL		
Net asset/liability of USD	(16,868,694)	16,868,694
Portion hedged from USD risk (-)	-	-
USD net effect	(16,868,694)	16,868,694
In case EUR appreciates 10% against TL		
Net asset/liability of EUR	157,303,345	(157,303,345)
Portion hedged from EUR risk (-)	-	-
EUR net effect	157,303,345	(157,303,345)
TOTAL	140,434,651	(140,434,651)

Interest rate risk management

The Group keeps its risk related with the changes in the interest rate very low in order to provide financing. The financial liabilities of the Group consist of fixed-interest instruments. Therefore, the Group does not have any risks which may are from fluctuations in the interest rate.

Price risk

Price risk is a combination of foreign currency, interest and market risk and is naturally managed by the Group by matching its payables and receivables in the same currency with the assets and liabilities bearing interest. Market risk is closely monitored by the Group by reviewing market information and through suitable valuation methods.

35. FINANCIAL INSTRUMENTS

Fair value measurements hierarchy table

The Group classifies the fair value measurements of financial instruments, which are reflected in the financial statements at fair value, as follows, by using a three-level hierarchy, depending on the source of inputs of each financial instrument class.

Level 1: Valuation techniques where market prices traded (unadjusted) in an active market are used for the designated financial instruments.
Level 2: Other valuation techniques that include direct or indirect observable input.
Level 3: Valuation techniques that do not include observable market input

Classes and fair values of financial instruments

31 December 2024	Financial assets at amortized cost	Financial assets at fair value through profit or loss	Financial liabilities at amortized cost	Note
Financial assets				
Cash and cash equivalents	1,872,306,925	-	-	3
Trade receivables	1,326,154,946	-	-	7a
Financial investments	-	1,164,718,399	-	4
Financial liabilities				
Financial liabilities	-	-	7,255,195,471	6
Trade payables	-	-	1,336,147,977	7b
Payables related to employee benefits	-	-	160,228,296	8
Other payables	-	-	1,341,612,944	9b

31 December 2023	Financial assets at amortized cost	Financial assets at fair value through profit or loss	Financial liabilities at amortized cost	Note
Financial assets				
Cash and cash equivalents	6,673,440,210	-	-	3
Trade receivables	4,381,843,439	-	-	7a
Financial investments	-	1,401,713,931	-	4
Financial liabilities				
Financial liabilities	-	-	20,842,610,077	6
Trade payables	-	-	2,021,416,826	7b
Payables related to employee benefits	-	-	117,380,618	8
Derivative instruments	-	2,580,245	-	5
Other payables	-	-	1,257,100,498	9b

The Group is of the opinion that the booked values of financial instruments reflect their fair values.

As of the reporting date, the fair value of derivative instruments is at Level 2.

Fair values of financial instruments

Fair values of financial assets and liabilities are determined as follows:

- The fair value of financial assets and liabilities traded in an active liquid market is determined over the quoted market price, under standard terms and conditions.
- The fair value of financial assets and liabilities other than derivatives are determined within the framework of generally accepted pricing models. These models are based on discounted cash flows based on prices from observable data market transactions.
- The fair value of derivative instruments is calculated using their quoted prices. Option pricing model is used for derivative instruments that contain options.

36. FEES FOR SERVICES RECEIVED FROM THE INDEPENDENT AUDIT FIRM

The fees related to the services received by the Group from the Independent Audit Firm (IAF) for the periods 1 January - 31 December 2024 and 2023 are as follows:

	2024			2023		
	IAF	Other IAF	Total	IAF	Other IAF	Total
Independent audit fee for the reporting period	4,140,533	-	4,140,533	7,926,100	-	7,926,100
	4,140,533	-	4,140,533	7,926,100	-	7,926,100

37. EXPLANATIONS ON NET MONETARY POSITION GAINS/(LOSSES)

The Group's net monetary position gains and (losses) are as follows;

Non-Monetary Items	31 December 2024
Financial statement items	1,764,501,949
Inventories	572,616,145
Prepaid expenses	237,683,322
Financial investments	308,541,485
Investment properties	14,368,572
Property, plant and equipment	3,037,696,814
Right-of-use assets	28,410,271
Goodwill	130,786,739
Intangible assets	266,949,408
Deferred tax asset	259,887,628
Share capital	(3,064,776,080)
Share Premiums/Discounts	(26,635,016)
Resctricted reserves appropriated from profit	(142,368,280)
Defined benefit plans remeasurement gains (losses)	18,276,014
Prior years' profit	123,064,927
Statement of profit or loss items	1,670,821,674
Revenue	(816,065,302)
Cost of sales (-)	1,622,859,970
Research and Development Expenses (-)	27,871,074
Marketing expenses (-)	55,545,573
General administrative expenses (-)	74,449,345
Other operating income	(68,168,135)
Other operating expenses (-)	22,322,796
Income from investment activities	(1,224,619)
Expenses from investment activities (-)	16,680
Finance income	(289,529,238)
Finance expenses (-)	1,042,743,530
	3,435,323,623

38. DISPOSAL OF SUBSIDIARY

As of 31 December 2023, the Group sold its subsidiary Arma İlaç Sanayi ve Ticaret A.Ş. to Oyak Gıda Tarım Holding for EUR 14,000,000. The entire balance has been collected.

Sales price	**2023**
Cash and cash equivalents received	-
Deferred receivables	658,417,153
Total amount received	**658,417,153**

Book value of disposed net assets	**Total**
Cash and cash equivalents	6,594,398
Trade and other receivables	2,042,397
Inventories	83,826,710
Prepaid expenses	5,270,085
Other current assets	120,898,751
Current Assets	**218,632,341**
Other receivables	59,477
Property, plant and equipments	590,236,396
Intangible assets	146,816,497
Non-Current Assets	**737,112,370**
Trade and other payables	1,060,281,982
Financial liabilities	54,954,017
Payables related to employee benefits	17,806,378
Other current liabilities	932,883
Current Liabilities	**1,133,975,260**
Other non-current liabilities	5,803,250
Deferred tax liability	17,744,215
Non-Current Liabilities	**23,547,465**
Net Asset Value	**(201,778,014)**

Subsidiary sales profit	
Sales price	658,417,153
Book value of net assets	201,778,014
Goodwill	(215,351,679)
Sales Profit	**644,843,488**

Net amount received from sale of subsidiary	
Sales price	658,417,153
Less: Amount of cash and cash equivalents of the subsidiary sold	(6,594,398)
	651,822,755

39. EVENTS AFTER THE REPORTING DATE

None.