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

# AKSA AKRİLİK KİMYA SANAYİİ A.Ş.

**JANUARY 1 - DECEMBER 31, 2023**
**FINANCIAL STATEMENTS TOGETHER WITH INDEPENDENT AUDITOR'S REPORT**

**CONVENIENCE TRANSLATION INTO ENGLISH OF INDEPENDENT AUDITOR'S REPORT ORIGINALLY ISSUED IN TURKISH**

**INDEPENDENT AUDITOR'S REPORT**

To the General Assembly of Aksa Akrilik Kimya Sanayii A.Ş.

## A. Audit of the financial statements

### 1. Our opinion

We have audited the accompanying financial statements of Aksa Akrilik Kimya Sanayii A.Ş. (the "Company") which comprise the statement of financial position as at 31 December 2023, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended and notes to the financial statements comprising a summary of significant accounting policies.

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

### 2. Basis for opinion

Our audit was conducted in accordance with the Standards on Independent Auditing (the "SIA") that are part of Turkish Standards on Auditing adopted within the framework of the regulations of the Capital Markets Board and issued by the Public Oversight Accounting and Auditing Standards Authority (the "POA"). Our responsibilities under these standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We hereby declare that we are independent of the Company in accordance with the Ethical Rules for Independent Auditors (including Independence Standards) (the "Ethical Rules") the ethical requirements regarding independent audit in regulations issued by the POA; the regulations of the Capital Markets Board; and other relevant legislation are relevant to our audit of the financial statements. We have also fulfilled our other ethical responsibilities in accordance with the Ethical Rules and regulations. We believe that the audit evidence we have obtained during the independent audit provides a sufficient and appropriate 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 financial statements of the current period. Key audit matters were addressed in the context of our independent audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

| Key Audit Matters | How the key audit matter was addressed in the audit |
|---|---|
| **Recoverability of trade receivables** | |
| Trade receivables from third parties, TRY 897,835 thousand as of 31 December 2023, constitute a significant portion of the assets of the Company. Furthermore, the assessment of the recoverability of these assets involves significant level of management estimates. Such estimation includes considering the following for each customer – the amount of guarantees / collateral held, past collection performance, creditworthiness and aging of receivables. The outcome of such estimates is very sensitive to expected future market conditions. Therefore, recoverability of trade receivables is a key matter for our audit.<br><br>Please refer to notes 2.3, 2.4, 8 and 29 to the financial statements for the Company's disclosures on trade receivables, including the related accounting policy. | We performed the following procedures in relation to the recoverability of trade receivables:<br><br>- Understanding the business process for collections and following procedures from third parties,<br>- Comparing trade receivable turnover days to the prior period,<br>- Inquiries with management in relation to any disputes with customers and written inquiries with the Company's legal counsels on outstanding litigation in relation to trade receivables,<br>- Testing receivables from third parties by obtaining confirmation letters from customers and distributors and reconciling them to the Company's accounting records,<br>- Testing collections in the subsequent period from selected customers,<br>- Testing, on a sample basis, guarantees/collaterals and credit insurances held and assessing the Company's ability to convert them to cash,<br>- Assessing the adequacy of disclosures around recoverability of trade receivables in the notes to the financial statements.<br><br>We had no material findings related to the recoverability of trade receivables as a result of these procedures. |

| **Key Audit Matters** | **How the key audit matter was addressed in the audit** |
|---|---|
| **Application of TAS 29, "Financial Reporting in Hyperinflationary Economies"** | |
| As explained in Note 2.1, TAS 29 "Financial reporting in hyperinflationary economies" ("TAS 29") is effective for the financial statements of the Company as at 31 December 2023.<br><br>TAS 29 requires financial statements to be restated into the current purchasing power at the end of the reporting period. Therefore, transactions in 2023 and non-monetary balances at the end of the period were restated to reflect a price index that is current at the balance sheet date as of 31 December 2023. The application of TAS 29 has a pervasive and material impact on the financial statements and also included various management estimations. The Company has also restated its statement of financial position as at 31 December 2022 and statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year ended in accordance with TAS 29. Considering the risk of incomplete or inaccurate data used in the application of TAS 29 and the additional audit effort expended, the application of TAS 29 has been identified as a key audit matter by us. | We performed the following audit procedures related to the application of TAS29 "Financial Reporting in Hyperinflationary Economies":<br><br>- Understanding and evaluating the process related to the implementation of IAS 29 designed and implemented by management,<br>- Verifying whether the segregation of monetary and non-monetary items made by the management is in accordance with TFRS,<br>- Obtaining detailed lists of non-monetary items and testing the original entry dates and amounts on a sample basis,<br>- Evaluating the calculation methods used by management and verifying whether they are consistently used consistently in all periods,<br>- Verifying the general price index rates used in calculations with the coefficients obtained from the Consumer Price Index in Turkey published by the Turkish Statistical Institute,<br>- Testing the mathematical accuracy of nonmonetary items, income statement, and cash flow statement adjusted for inflation effects,<br>- Evaluating the adequacy of disclosures related to the application of TAS 29 in the notes to the financial statements in accordance with TFRS.<br><br>We had no material findings related to the application of TAS29 as a result of these procedures. |

## 4. Responsibilities of management and those charged with governance for the financial statements

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

In preparing the financial statements, management is responsible for assessing the Company'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 Company or to cease operations, or has no realistic alternative but to do so.

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

## 5. Auditor's responsibilities for the audit of the financial statements

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

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

As part of an independent audit conducted in accordance with SIA, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement in the 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.

- Assess the 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 Company's internal control.

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

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company'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 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 independent auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

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

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

**B. Other responsibilities arising from regulatory requirements**

1. No matter has come to our attention that is significant according to subparagraph 4 of Article 402 of Turkish Commercial Code ("TCC") No. 6102 and that causes us to believe that the Company's bookkeeping activities concerning the period from 1 January to 31 December 2023 period are not in compliance with the TCC and provisions of the Company's articles of association related to financial reporting.

2. In accordance with subparagraph 4 of Article 402 of the TCC, the Board of Directors submitted the necessary explanations to us and provided the documents required within the context of our audit.

3. In accordance with subparagraph 4 of Article 398 of the TCC, the auditor's report on the early risk identification system and committee was submitted to the Company's Board of Directors on 15 February 2024.

PwC Bağımsız Denetim ve
Serbest Muhasebeci Mali Müşavirlik A.Ş.

Sertu Talı, SMMM
Independent Auditor

Istanbul, 15 February 2024

**CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH (NOTE 2.5)**

# AKSA AKRİLİK KİMYA SANAYİİ A.Ş.

## STATEMENTS OF FINANCIAL POSITION AT 1 JANUARY - 31 DECEMBER 2023

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## AKSA AKRİLİK KİMYA SANAYİİ A.Ş.

## STATEMENTS OF FINANCIAL POSITION AT 1 JANUARY - 31 DECEMBER 2023

(Amounts expressed in thousands of Turkish Lira (‘TRY’) based on the purchasing power of the Turkish Lira (“TL”) as of 31 December 2023, unless otherwise indicated.)

| | | | Audited | |
|---|---|---|---|---|
| | **Notes** | **31 December 2023 USD (*)** | **31 December 2023 TRY** | **31 December 2022 TRY** |
| **ASSETS** | | | | |
| **Current assets** | | **331,995** | **9,773,346** | **10,614,003** |
| Cash and cash equivalents | 4 | 115,056 | 3,387,029 | 2,599,318 |
| Financial investments | 5 | 1,973 | 58,080 | 237,316 |
| Trade receivables | | | | |
| - Due from third parties | 8 | 27,446 | 807,972 | 1,285,255 |
| - Due from related parties | 28 | 52,216 | 1,537,142 | 1,512,266 |
| Other receivables | | | | |
| - Due from third parties | 9 | 19 | 545 | 479 |
| Derivative financial assets | 18 | 192 | 5,665 | 18,647 |
| Inventories | 10 | 117,134 | 3,448,222 | 4,063,214 |
| Prepaid expenses | 17 | 2,573 | 75,749 | 55,940 |
| Current income tax assets | 26 | - | - | 167,220 |
| Other current assets | 17 | 15,386 | 452,942 | 618,686 |
| **Subtotal** | | **331,995** | **9,773,346** | **10,558,341** |
| Assets held for sale | 19 | - | - | 55,662 |
| **Total current assets** | | **331,995** | **9,773,346** | **10,614,003** |
| **Non-current assets** | | **517,299** | **15,228,338** | **14,758,754** |
| Financial investments | 5 | 104 | 3,057 | 1,450 |
| Trade receivables | | | | |
| - Due from third parties | 8 | 3,053 | 89,863 | 137,332 |
| Derivative financial assets | 18 | - | - | 27,970 |
| Investment accounted for using equity method | 6 | 58,919 | 1,734,484 | 1,648,304 |
| Investment properties | 11 | 365 | 10,737 | 11,684 |
| Property, plant and equipment | 13 | 421,212 | 12,399,724 | 11,701,553 |
| Right of use assets | 12 | 4,112 | 121,057 | 132,095 |
| Intangible assets and goodwill | | | | |
| - Goodwill | 14 | 2,715 | 79,920 | 79,920 |
| - Other intangible assets | 14 | 19,344 | 569,466 | 574,624 |
| Deferred tax assets | 26 | - | - | 139,480 |
| Prepaid expenses | 17 | 7,475 | 220,030 | 304,342 |
| **Total assets** | | **849,294** | **25,001,684** | **25,372,757** |

(*) United States Dollar (“USD”) amounts presented above have been translated from Turkish Lira (“TRY”) for convenience purposes only, at the official TRY bid rate announced by the Central Bank of the Republic of Turkey (“CBRT”) at 31 December 2023, and therefore do not form part of these financial statements (Note 2.5).

These financial statements at 31 December 2023 have been reviewed by the Audit Committee and approved for issue by the Board of Directors on 15 February 2024. These financial statements will be finalised after approval in the General Assembly.

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

## CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH (NOTE 2.5)

## AKSA AKRİLİK KİMYA SANAYİİ A.Ş.

## STATEMENTS OF FINANCIAL POSITION AT 1 JANUARY - 31 DECEMBER 2023

(Amounts expressed in thousands of Turkish Lira ('TRY') based on the purchasing power of the Turkish Lira ("TL") as of 31 December 2023, unless otherwise indicated.)

| | | | Audited | |
|---|---|---|---|---|
| | Notes | 31 December 2023 USD (*) | 31 December 2023 TRY | 31 December 2022 TRY |
| **Current liabilities** | | **234,058** | **6,890,251** | **7,158,954** |
| Current borrowings | | | | |
| - Current borrowing to related parties | 7 | 21,273 | 626,241 | - |
| - Current borrowing to other parties | 7 | 33,591 | 988,856 | 1,622,135 |
| Current portions of non-current borrowings | | | | |
| - Bank loans | 7 | 25,786 | 759,089 | 612,464 |
| - Lease liabilities | 7 | 845 | 24,863 | 25,314 |
| Trade payables | | | | |
| - Due to third parties | 8 | 120,799 | 3,556,098 | 4,122,693 |
| - Due to related parties | 28 | 10,764 | 316,867 | 261,514 |
| Payables related to employee benefits | 16 | 1,314 | 38,696 | 31,074 |
| Other payables | | | | |
| - Other payables to third parties | 9 | 48 | 1,406 | 10,513 |
| Deferred income other than contract liabilities | 17 | 11,967 | 352,300 | 357,252 |
| Current income tax liability | 26 | 2,673 | 78,695 | - |
| Current provisions | | | | |
| - Current provisions for employee benefits | 16 | 4,994 | 147,020 | 115,807 |
| - Other current provisions | 15 | 4 | 120 | 188 |
| **Non-current liabilities** | | **46,772** | **1,376,913** | **2,194,866** |
| Long term borrowings | | | | |
| - Bank loans | 7 | 38,835 | 1,143,247 | 1,655,017 |
| - Lease liabilities | 7 | 1,913 | 56,322 | 83,663 |
| Non-current provisions | | | | |
| - Non-current provisions for employee benefits | 16 | 4,035 | 118,785 | 390,410 |
| Deferred tax liabilities | 26 | 1,876 | 55,225 | - |
| Other non-current liabilities | 17 | 113 | 3,334 | 65,776 |
| **Total liabilities** | | **280,830** | **8,267,164** | **9,353,820** |
| **EQUITY** | | **568,464** | **16,734,520** | **16,018,937** |
| **Equity attributable to owners of parent** | | **568,464** | **16,734,520** | **16,018,937** |
| Paid-in capital | 20 | 10,998 | 323,750 | 323,750 |
| Inflation adjustments on capital | | 197,445 | 5,812,418 | 5,812,418 |
| Other accumulated comprehensive income/(loss) that will not be reclassified in profit or loss | | | | |
| - Gains/(losses) on remeasurement of defined benefit plans | | (4,082) | (120,162) | (202,980) |
| - Share of other comprehensive income of investments accounted for using equity method | | 1,302 | 38,315 | 5,250 |
| Other revaluation and measurement gains/losses | | 39 | 1,148 | - |
| Other comprehensive income/loss that will be reclassified in profit or loss | | | | |
| - Currency translation differences | | 36,075 | 1,061,990 | 857,704 |
| - Gains/(losses) on hedge | | (40,733) | (1,199,110) | (1,057,328) |
| Restricted reserves | 20 | 70,025 | 2,061,411 | 1,952,132 |
| Retained earnings | | 241,278 | 7,102,779 | 3,764,117 |
| Net profit for the period | | 56,117 | 1,651,981 | 4,563,874 |
| **Total liabilities and equity** | | **849,294** | **25,001,684** | **25,372,757** |

(*) United States Dollar ("USD") amounts presented above have been translated from Turkish Lira ("TRY") for convenience purposes only, at the official TRY bid rate announced by the Central Bank of the Republic of Turkey ("CBRT") at 31 December 2023, and therefore do not form part of these financial statements (Note 2.5).

The accompanying notes form an integral part of these financial statements

## AKSA AKRİLİK KİMYA SANAYİİ A.Ş.

## STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEARS ENDED 31 DECEMBER 2023 AND 2022

(Amounts expressed in thousands of Turkish Lira (‘TRY’) based on the purchasing power of the Turkish Lira (“TL”) as of 31 December 2023, unless otherwise indicated.)

| | | | Audited | |
|---|---|---|---|---|
| **Profit or loss** | **Notes** | **2023 (USD)*** | **2023** | **2022** |
| Revenue | 21 | 1,006,516 | 23,932,583 | 34,464,528 |
| Cost of sales (-) | 21, 22 | (840,274) | (19,979,732) | (28,830,258) |
| **Gross profit** | | **166,242** | **3,952,851** | **5,634,270** |
| General administrative expenses (-) | 22 | (18,224) | (433,334) | (451,969) |
| Marketing expenses (-) | 22 | (22,200) | (527,875) | (613,319) |
| Research and development expenses (-) | 22 | (3,614) | (85,939) | (67,702) |
| Other income from operating activities | 23 | 78,507 | 1,866,704 | 3,635,739 |
| Other expense from operating activities (-) | 23 | (90,551) | (2,153,089) | (4,006,276) |
| **Profit from operating activities** | | **110,160** | **2,619,318** | **4,130,743** |
| Investment activity income | 24 | 4,915 | 116,857 | 99,366 |
| Share of loss from investments accounted for using equity method | 6 | 4,374 | 104,007 | (119,319) |
| **Profit before financing income/(expense)** | | **119,448** | **2,840,182** | **4,110,790** |
| Finance income | 25 | 51,123 | 1,215,588 | 996,594 |
| Finance expense (-) | 25 | (94,818) | (2,254,537) | (2,657,168) |
| Monetary gain/(loss), net | | 21,616 | 513,988 | 1,701,307 |
| **Profit from continuing operations, before tax** | | **97,370** | **2,315,221** | **4,151,523** |
| **Tax (expense)/income from continuing operations** | | | | |
| - Current period tax expense | 26 | (15,996) | (380,357) | (388,582) |
| - Deferred tax income | 26 | (11,897) | (282,883) | 800,933 |
| **Profit from continuing operations** | | **69,477** | **1,651,981** | **4,563,874** |
| **Attributable to:** | | | | |
| Owners of parent | | 69,477 | 1,651,981 | 4,563,874 |
| Non-controlling interests | | - | - | - |
| | | **69,477** | **1,651,981** | **4,563,874** |
| Basic earnings per share from continuing operations (Kr) | 27 | - | 5.10 | 14.10 |

(*) USD amounts presented above have been translated from TRY for convenience purposes only, at the USD average CBRT bid rates for the period ended 31 December 2023, and therefore do not form part of these financial statements (Note 2.5).

## AKSA AKRİLİK KİMYA SANAYİİ A.Ş.

## STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEARS ENDED 31 DECEMBER 2023 AND 2022

(Amounts expressed in thousands of Turkish Lira ('TRY') based on the purchasing power of the Turkish Lira ("TL") as of 31 December 2023, unless otherwise indicated.)

| | | | Audited | |
|---|---|---|---|---|
| **Other comprehensive income** | **Notes** | **2023 (USD)*** | **2023** | **2022** |
| **Profit from continuing operations** | | **69,477** | **1,651,981** | **4,563,874** |
| **Other comprehensive income that will not be reclassified to profit or loss** | | | | |
| Gains/(losses) on remeasurements of defined benefit plans | 16 | 4,583 | 108,974 | (151,423) |
| Share of other comprehensive income of associates and joint ventures accounted for using equity method that will not be reclassified to profit or loss | | | | |
| Gains/(losses) on remeasurement of defined benefit plans of associates and joint ventures accounted for using equity method | 6 | 1,391 | 33,065 | (20,692) |
| Other revaluation and measurement gains/losses | | 48 | 1,148 | - |
| Taxes relating to components of other comprehensive income that will not be reclassified to profit or loss | 26 | (1,100) | (26,156) | 30,285 |
| **Other comprehensive income that will be reclassified to profit or loss** | | | | |
| Other comprehensive (loss)/income related with cash flow hedges | | (10,771) | (256,116) | (44,319) |
| Currency translation differences | | 8,592 | 204,286 | 253,843 |
| Taxes relating to other comprehensive income to be reclassified to profit/loss | 26 | 4,808 | 114,334 | (6,535) |
| **Total comprehensive income** | | **77,028** | **1,831,516** | **4,625,033** |
| **Attributable to:** | | | | |
| Owners of parent | | 77,028 | 1,831,516 | 4,625,033 |
| Non-controlling interests | | - | - | - |
| | | **77,028** | **1,831,516** | **4,625,033** |

(*) USD amounts presented above have been translated from TRY for convenience purposes only, at the USD average CBRT bid rates for the period ended 31 December 2023, and therefore do not form part of these financial statements (Note 2.5).

## AKSA AKRİLİK KİMYA SANAYİİ A.Ş.

## STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED 31 DECEMBER 2023 AND 2022

(Amounts expressed in thousands of Turkish Lira (‘TRY’) based on the purchasing power of the Turkish Lira (“TL”) as of 31 December 2023, unless otherwise indicated.)

| Audited | Paid-in capital | Inflation adjustments on capital | Other revalation and measumerent gain/loses | Gains/ (losses) on hedge (1) | Restricted reserves | Income from investments accounted for using equity method (2) | Currency translation differences | Gains/(losses) on remeasurement of defined benefit plans (2) | Retained earnings | Net profit for the period | Total equity |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **1 January 2022** | **323,750** | **5,812,418** | **-** | **(1,006,474)** | **1,832,375** | **25,942** | **603,861** | **(81,842)** | **2,394,304** | **2,720,412** | **12,624,746** |
| Transfers | - | - | - | - | 119,757 | - | - | - | 2,600,655 | (2,720,412) | - |
| Dividends paid | - | - | - | - | - | - | - | - | (1,230,842) | - | (1,230,842) |
| Total comprehensive- income | - | - | - | (50,854) | - | (20,692) | 253,843 | (121,138) | - | 4,563,874 | 4,625,033 |
| **31 December 2022** | **323,750** | **5,812,418** | **-** | **(1,057,328)** | **1,952,132** | **5,250** | **857,704** | **(202,980)** | **3,764,117** | **4,563,874** | **16,018,937** |

| Audited | Paid-in capital | Inflation adjustments on capital | Other revalation and measumerent gain/loses | Gains/ (losses) on hedge (1) | Restricted reserves | Income from investments accounted for using equity method (2) | Currency translation differences | Gains/(losses) on remeasurement of defined benefit plans (2) | Retained earnings | Net profit for the period | Total equity |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **1 January 2023** | **323,750** | **5,812,418** | **-** | **(1,057,328)** | **1,952,132** | **5,250** | **857,704** | **(202,980)** | **3,764,117** | **4,563,874** | **16,018,937** |
| Increase/(decrease) through treasury share transactions | - | - | - | - | - | - | - | - | - | - | - |
| Transfers | - | - | - | - | 109,279 | - | - | - | 4,454,595 | (4,563,874) | - |
| Dividends paid | - | - | - | - | - | - | - | - | (1,115,933) | - | (1,115,933) |
| Total comprehensive income | - | - | 1,148 | (141,782) | - | 33,065 | 204,286 | 82,818 | - | 1,651,981 | 1,831,516 |
| **31 December 2023** | **323,750** | **5,812,418** | **1,148** | **(1,199,110)** | **2,061,411** | **38,315** | **1,061,990** | **(120,162)** | **7,102,779** | **1,651,981** | **16,734,520** |

(1) Items to be reclassified to profit and loss
(2) Items not to be reclassified to profit and loss

# CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH (NOTE 2.5)

## AKSA AKRİLİK KİMYA SANAYİİ A.Ş.

## STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED 31 DECEMBER 2023 AND 2022

(Amounts expressed in thousands of Turkish Lira (‘TRY’) based on the purchasing power of the Turkish Lira (“TL”) as of 31 December 2023, unless otherwise indicated.)

| | Notes | 2023 (USD)* | 2023 | 2022 |
|---|---|---|---|---|
| **A. Cash flows from/(used in) operating activities** | | **62,321** | **1,481,877** | **(3,021,587)** |
| Profit for the period | | 69,476 | 1,651,981 | 4,563,874 |
| **Adjustments to reconcile profit/(loss):** | | **(34,964)** | **(831,332)** | **(4,223,049)** |
| - Adjustments for depreciation and amortization expense | 22 | 48,056 | 1,142,657 | 1,033,583 |
| - Adjustments for impairment loss/(reversal of impairment loss) | | 3,367 | 80,067 | 66,774 |
| - Adjustments for provisions | | 726 | 17,261 | 140,411 |
| - Adjustments for interest income and expense | 23, 25 | 4,057 | 96,476 | 14,063 |
| - Adjustments for unrealised foreign exchange losses/(gains) | | (4,193) | (99,700) | (180,113) |
| - Adjustments for fair value gains/(losses) | | 1,464 | 34,805 | (56,405) |
| - Adjustments for undistributed profits of investments accounted for using equity method | 6 | (4,374) | (104,007) | 119,319 |
| - Adjustments for tax expense | 26 | 27,893 | 663,240 | (412,351) |
| - Adjustments for losses/(gains) on disposal of non-current assets | | (332) | (7,889) | (10,437) |
| - Adjustments for losses/(gains) on disposal of subsidiaries | | (3,245) | (77,155) | - |
| - Adjustments for monetary losses/(gains) | | (108,383) | (2,577,087) | (4,937,893) |
| **Changes in working capital** | | **20,733** | **492,979** | **(3,827,950)** |
| - Adjustments for (increase)/decrease in inventories | | 27,416 | 651,892 | 569,872 |
| - Adjustments for (increase)/decrease in trade receivables | | 31,044 | 738,147 | 1,022,848 |
| - Adjustments for (increase)/decrease in other operating receivables | | (3) | (66) | 2,262 |
| - Adjustments for increase/(decrease) in trade payables | | (27,549) | (655,058) | (4,248,311) |
| - Adjustments for increase/(decrease) in other operating payables | | (383) | (9,107) | (67,311) |
| - Other adjustments for other increase/(decrease) in working capital | | (9,792) | (232,829) | (1,107,310) |
| **Cash flows from/ (used in) operations** | | **55,246** | **1,313,628** | **(3,487,125)** |
| Interest paid | | (5,632) | (133,927) | (124,151) |
| Interest received | | 7,022 | 166,968 | 148,523 |
| Payments related with provisions for employee benefits | | (8,579) | (203,991) | (12,559) |
| Income taxes refunds | | 14,265 | 339,199 | 453,725 |
| **B. Cash flows from/ (used in) investing activities** | | **(74,736)** | **(1,777,022)** | **(2,050,507)** |
| Cash inflows from disposal of subsidiaries, resulted in the loss of control of the subsidiaries | | 1,875 | 44,588 | - |
| Proceeds from sales of property, plant, equipment and intangible assets | | 887 | 21,086 | 28,481 |
| Cash outflows from purchase of property, plant, equipment and intangible assets | | (77,313) | (1,838,309) | (1,826,412) |
| Cash advances and loans made to other parties | | (3,244) | (77,125) | (38,178) |
| Cash inflows from participation (profit) shares or other financial instruments | | 29,258 | 695,683 | 293,808 |
| Cash outflows from participation (profit) shares or other financial instruments | | (26,199) | (622,945) | (508,206) |
| **C. Cash flows from/ (used in) financing activities** | | **(12,097)** | **(287,652)** | **(3,598,563)** |
| Proceeds from borrowings | 7 | 132,838 | 3,158,571 | 5,941,243 |
| Repayments of borrowings | 7 | (84,736) | (2,014,813) | (8,345,503) |
| Dividends paid | 20 | (46,932) | (1,115,933) | (1,230,842) |
| Payments of lease liabilities | 7 | (1,019) | (24,233) | (7,846) |
| Interest received | | 12,503 | 297,284 | 224,485 |
| Interest paid | | (24,751) | (588,528) | (180,100) |
| **Net increase/(decrease) in cash and cash equivalents before effect of exchange rate changes** | | **(24,510)** | **(582,797)** | **(8,670,657)** |
| **D. Effect of monetary gain losses on cash and cash equivalents** | | **42,944** | **1,021,098** | **3,002,614** |
| **E. Effect of exchange rate changes on cash and cash equivalents** | | **14,442** | **343,407** | **591,050** |
| **Net increase/(decrease) in cash and cash equivalents** | | **32,876** | **781,708** | **(5,076,993)** |
| **E. Cash and cash equivalents at the beginning of the period** | **4** | **109,242** | **2,597,525** | **7,674,518** |
| **Cash and cash equivalents at the end of the period** | **4** | **142,118** | **3,379,233** | **2,597,525** |

(*) USD amounts presented above have been translated from TRY for convenience purposes only, at the USD average CBRT bid rates for the period ended 31 December 2023, and therefore do not form part of these financial statements (Note 2.5).

The accompanying notes form an integral part of these financial statements

(Amounts expressed in thousands of Turkish Lira ('TRY') based on the purchasing power of the Turkish Lira ("TL") as of 31 December 2023, unless otherwise indicated.)

## NOTE 1 - ORGANISATION AND NATURE OF OPERATIONS

Aksa Akrilik Kimya Sanayii A.Ş. ("Aksa" or the 'Company') was established on 21 November 1968 and registered in Turkey.

Aksa have the following main activities; manufacturing of textile, chemical and other industrial products and all kinds of raw materials, auxiliary materials and intermediate substances, artificial, synthetic and natural fibers, carbon fibers, filament and polymers, and any equipment, machinery or spare parts used in the production, processing or storage of these, importing exporting, establishment of domestic, foreign and international branches, marketing and trading, establishment and start-up and rental of energy generation plant, electricity generation and sale of generated electricity or capacity to customers rental of real estate.

Aksa is registered with the Capital Markets Board ("CMB") and its shares have been quoted in the Borsa İstanbul A.Ş. ("BİST") since 1986. As of 31 December 2023, the principal shareholders and their respective shareholding rates in the Company are as follows:

| | **%** |
|---|---|
| Akkök Holding A.Ş. ("Akkök Holding") | 39.59 |
| Emniyet Ticaret ve Sanayi A.Ş. | 22.42 |
| Other (*) | 37.99 |
| **Total** | **100.00** |

(*) As of 31 December 2023, 34.65% of the Aksa shares are traded on BIST.

Akkök Holding, which is the main shareholder of the Company, is controlled by Dinçkök family members. As of 31 December 2023, the number of employees employed by the Company is 1,435. (31 December 2022: 1,407).

The address of the registered office of the Company is as follows:

Merkez Mahallesi Ali Raif Dinçkök Cad. No:2
PK 114 77602 Taşköprü Çiftlikköy - Yalova

Main operations of the Companyare in Turkey and for the purpose of segment reporting, the operations are summarized in three operational segments as (Note 3):

- Fibers
- Energy
- Other

The Company has the following subsidiary. Country, nature of operations and segmental information of this company is as follows (Note 3):

| **Joint ventures** | **Country** | **Nature of business** |
|---|---|---|
| DowAksa Advanced Composites Holdings B.V. ("DowAksa Holdings") | Netherlands | Investment |

All shares of Aksa Egypt Acrylic Fiber Industry SAE ("Aksa Egypt"), a subsidiary of which the Company has a 99.84% capital share, were sold on 16 March 2023 for 49,917,450 Egyptian Lira (TRY30,679). As a result of this transaction, the Company has no subsidiaries.

## NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

### 2.1 Basis of preparation

### 2.1.1 Financial reporting standards applied

The financial statements of the Companyhave been prepared in accordance with the Turkish Financial Reporting Standards ("TFRS") and interpretations as adopted in line with international standards by the Public Oversight Accounting and Auditing Standards Authority of Turkey ("POA") in line with the communiqué numbered II-14.1 "Communiqué on the Principles of Financial Reporting In Capital Markets" ("the Communiqué") announced by the Capital Markets Board of Turkey ("CMB") on 13 June 2013 which is published on Official Gazette numbered 28676. TFRS are updated in harmony with the changes and updates in International Financial Reporting Standards ("IFRS") by the communiqués.

The financial statements are presented in accordance with "Announcement regarding with TAS Taxonomy" which was published on 4 October 2022 by POA and the format and mandatory information recommended by CMB.

The Company maintain their books of accounts and prepare their statutory financial statements in accordance with the Turkish Commercial Code ("TCC"), tax legislation, the Uniform Chart of Accounts issued by the Ministry of Finance and principles issued by CMB. The foreign subsidiaries maintain their books of account in accordance with the laws and regulations in force in the countries in which they are registered. These financial statements have been prepared under historical cost conventions except for financial assets and liabilities which are carried at fair value and are based on the statutory records with the required adjustments and reclassifications reflected for the purpose of fair presentation in accordance with TFRS.

The financial statements have been prepared under historical cost conventions except for derivative instruments and financial investments which are carried at fair value and in the case of business combinations, revaluation resulting from the difference between the fair value and the carrying value of tangible and intangible assets.

Pursuant to the decision of the Capital Markets Board (SPK) dated December 28, 2023 and numbered 81/1820, it has been decided that issuers and capital market institutions subject to financial reporting regulations that apply Turkish Accounting/Financial Reporting Standards will apply inflation accounting by applying the provisions of IAS 29 starting from their annual financial reports for the periods ending on December 31, 2023.

(Amounts expressed in thousands of Turkish Lira (‘TRY’) based on the purchasing power of the Turkish Lira (“TL”) as of 31 December 2023, unless otherwise indicated.)

## NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

### 2.1 Basis of preparation (Continued)

As of December 31, 2023, adjustments have been made for changes in the general purchasing power of the Turkish Lira in accordance with the requirements of TAS 29 ("Financial Reporting in Hyperinflationary Economies"). TAS 29 requires that financial statements prepared in the currency of a hyperinflationary economy be stated in terms of the measuring unit current at the balance sheet date and that corresponding figures for previous periods be restated in the same terms. One of the requirements to apply TAS 29 is a three-year compound inflation rate approaching or exceeding 100%. The indexation process is performed by using the coefficient obtained from the Consumer Price Index in Turkey published by the Turkish Statistical Institute ("TÜİK"). Since January 1, 2005, the indices and adjustment factors used in the restatement of the financial statements for the current and prior periods are as follows:

| Year End | Index | Conversion Factor | Three-year Inflation Rate |
|---|---:|---:|---:|
| 31 December 2023 | 1.859,38 | 1.000 | 268% |
| 31 December 2022 | 1.128,45 | 1.647 | 156% |
| 31 December 2021 | 686,95 | 2.706 | 74% |

The main elements of the Company's adjustment process for financial reporting in hyperinflationary economies are as follows:

- The financial statements of the current period in TL are expressed in terms of the purchasing power of the currency at the balance sheet date and the amounts of the previous reporting periods are restated in accordance with the purchasing power of the currency at the latest balance sheet date.
- Monetary assets and liabilities are not restated as they are currently expressed in terms of the measuring unit current at the balance sheet date. Where the inflation-adjusted amounts of non-monetary items exceed their recoverable amount or net realizable value, the provisions of TAS 36 and TAS 2 are applied.
- Non-monetary assets, liabilities and equity items that are not expressed in the current purchasing power at the balance sheet date are restated by applying the relevant conversion factors.
- All items in the statements of income and other comprehensive income, except cost of sales, depreciation expense and gain/loss on sale of assets, have been restated by applying the relevant monthly restatement factors. Cost of sales, depreciation expense and gain/loss on sale of assets have been recalculated based on the adjusted balance sheet items using the adjustment factors.
- The financial statements of previous reporting periods have been restated to reflect the measuring unit current at the balance sheet date.
- The effect of inflation on the Company's net monetary asset position in the current period is recognized in the statement of income in the net monetary position loss account.

## NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

### 2.1 Basis of preparation (Continued)

*Comparative Figures*

Figures for the previous reporting period are restated by applying the general price index so that the comparative financial statements are presented in the currency of the reporting period end. Information disclosed for prior periods is also expressed in the currency of the reporting period.

**Functional and presentation currency**

Items included in the financial statements of each of theCompany’s entities are measured using the currency of the primary economic environment in which the entity operates (‘the functional currency’). The financial statements are presented in TRY, which is the functional currency of Aksa and the presentation currency of the Company.

**Amendments in Turkish Financial Reporting Standards**

The accounting policies adopted in preparation of the financial statements as at 31 December 2023 are consistent with those of the previous financial year, except for the adoption of new and amended TFRS and its interpretations effective as of 1 January 2023. The effects of these standards and interpretations on theCompany’s financial position and performance have been disclosed in the related paragraphs.

***a) Standards, amendments and interpretations applicable as at 31 December 2023:***

**Amendment to TAS 12 – Deferred tax related to assets and liabilities arising from a single transaction;** effective from annual periods beginning on or after 1 January 2023. These amendments require companies to recognise deferred tax on transactions that, on initial recognition give rise to equal amounts of taxable and deductible temporary differences. The impact of this amendment on the Company's financial position and performance is being assessed.

**Narrow scope amendments to TAS 1, Practice Statement 2 and TAS 8;** effective from annual periods beginning on or after 1 January 2023. The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies. The impact of this amendment on the Company's financial position and performance is being assessed.

**TFRS 17, ‘Insurance Contracts’;** effective from annual periods beginning on or after 1 January 2023. This standard replaces TFRS 4, which permited a wide variety of practices in accounting for insurance contracts. TFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts. The impact of this amendment on the Company's financial position and performance is being assessed.

## NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

### 2.1 Basis of preparation (Continued)

**The amendment to TAS 12, "International Tax Reform:** Temporary Exception," is effective for year-ends ending on or after December 31, 2023. The disclosure requirements are effective for annual periods beginning on or after January 1, 2023, with early application permitted. This amendment clarifies the application of TAS 12 to income taxes arising from tax laws enacted or substantively enacted to implement the OECD's Pillar Two Model Rules. The amendment also introduces specific disclosure requirements for entities affected by such tax laws. The exception to not recognize and disclose information about deferred tax assets and liabilities related to Pillar Two income taxes, along with the disclosure requirement that the exception has been applied, is effective upon issuance of the amendment. However, the specific disclosure requirements introduced by the amendment are not required to be applied for interim periods ending before December 31, 2023. The impact of this amendment on the Company's financial position and performance is being assessed.

***b) Standards, amendments and interpretations that are issued but not effective as at 31 December 2023***

**Amendment to TFRS 16 – Leases on sale and leaseback;** effective from annual periods beginning on or after 1 January 2024. These amendments include requirements for sale and leaseback transactions in TFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted. The impact of this amendment on the Company's financial position and performance is being assessed.

**Amendment to TAS 1 – Non-current liabilities with covenants;** effective from annual periods beginning on or after 1 January 2024. These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendments also aim to improve the information an entity provides related to liabilities subject to these conditions. The impact of this amendment on the Company's financial position and performance is being assessed.

**Amendments to TAS 7 and TFRS 7 on Supplier finance arrangements;** effective from annual periods beginning on or after 1 January 2024. These amendments require disclosures to enhance the transparency of supplier finance arrangements and their effects on a company's liabilities, cash flows and exposure to liquidity risk. The disclosure requirements are the IASB's response to investors' concerns that some companies' supplier finance arrangements are not sufficiently visible, hindering investors' analysis. The impact of this amendment on the Company's financial position and performance is being assessed.

**Amendments to TAS 21 - Lack of Exchangeability;** effective from annual periods beginning on or after 1 January 2025. An entity is impacted by the amendments when it has a transaction or an operation in a foreign currency that is not exchangeable into another currency at a measurement date for a specified purpose. A currency is exchangeable when there is an ability to obtain the other currency (with a normal administrative delay), and the transaction would take place through a market or exchange mechanism that creates enforceable rights and obligations. The impact of this amendment on the Company's financial position and performance is being assessed.

(Amounts expressed in thousands of Turkish Lira ('TRY') based on the purchasing power of the Turkish Lira ("TL") as of 31 December 2023, unless otherwise indicated.)

## NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

### 2.1 Basis of preparation (Continued)

**TFRS 1, 'General requirements for disclosure of sustainability-related financial information;** effective from annual periods beginning on or after 1 January 2024. This standard includes the core framework for the disclosure of material information about sustainability-related risks and opportunities across an entity's value chain. The impact of this amendment on the Company's financial position and performance is being assessed.

**TFRS 2, 'Climate-related disclosures';** effective from annual periods beginning on or after 1 January 2024. This is the first thematic standard issued that sets out requirements for entities to disclose information about climate-related risks and opportunities. The impact of this amendment on the Company's financial position and performance is being assessed.

### 2.1.2 Basis of Reporting

a) Joint ventures

Joint ventures are companies in respect of which there are contractual arrangements through which an economic activity is undertaken subject to joint control by the Company and one or more other parties. The Company exercises such joint control through direct and indirect ownership interest held by itself and related shareholders majority of who declared their intention to exercise their voting power in favor of Company.

Joint ventures are accounted for using the equity method of accounting in accordance with TFRS 11 "Joint Arrangements" (Note 6).

Financial information of joint ventures is prepared in accordance with the Company's accounting policies and principles.

Joint venture's operating results are included or excluded at the effective date of transaction dates of acquisition or disposal of the joint venture.

| | **The Company's direct and indirect ownership interest (%)** | |
|---|---|---|
| **Subsidiary** | **31 December 2023** | **31 December 2022** |
| DowAksa Holdings | 50.00 | 50.00 |

b) Financial investments

For unquoted financial assets, the Company has recognized the amount corresponding to the participation rate in the financial statements as fair value.

| | **The Company's direct and indirect ownership interest (%)** | |
|---|---|---|
| **Subsidiary** | **31 December 2023** | **31 December 2022** |
| Akkök Next Yatırım Holding A.Ş. ("Akkök Next") | 9.25 | - |

## NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

### 2.2 Changes in Accounting Policies, Accounting Estimates and Errors

In case of changes and errors in accounting policies and accounting estimates, important changes made and significant accounting errors detected are applied retrospectively and the previous period financial statements are restated. If the changes in accounting estimates are for only one period, they are applied both in the current period when the change is made and both in the future when the change is made and in the future.

In order to enable the determination of the financial position and performance trends, the Company's current period financial statements are prepared comparatively with the previous period. The Company's statement of financial position as at December 31, 2023 has been prepared comparatively with the statement of financial position as at December 31, 2022 and the statement of profit or loss and other comprehensive income, statement of cash flows and statement of changes in equity for the year ended December 31, 2023 have been prepared comparatively with the related financial statements for the year ended December 31, 2022. Comparative information for the previous reporting period is expressed in the purchasing power of December 31, 2023.

**Comparative Figures and the Restatement to the Financial Statements of the Prior Period**

In accordance with the decision taken at the CMB's meeting dated June 7, 2013 and numbered 20/670, financial statement examples and user guide for capital market institutions within the scope of the Communiqué on the Principles of Financial Reporting in Capital Markets, effective for interim periods ending after March 31, 2014, have been published. In accordance with the aforementioned examples, various classifications can be made in the Company's financial statements.

In the event of changes in accounting policies and accounting estimates and errors, significant changes and significant accounting errors are applied retrospectively and prior period financial statements are restated. If the changes in accounting estimates are for only one period, they are applied in the period in which the change is made and if they are for future periods, they are applied both in the period in which the change is made and prospectively. The Company has not made any adjustments in its financial statements as of December 31, 2022, except for the adjustments made due to the application of TAS 29 standard explained in Note 2.1.2.

The Company sold the shares of its subsidiary Aksa Egypt Acrylic Fiber Industry SAE, which was consolidated in previous periods, on March 16, 2023. For this reason, the financial statements as of December 31, 2023 include unconsolidated results and the financial statements of the previous period are presented as consolidated.

## NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

### 2.3 Summary of Significant Accounting Policies

#### Cash and cash equivalents

Cash and cash equivalents include cash and bank deposits and short-term investments with high liquidity, the amount of which can be easily converted into cash, with a minimal risk of change in value and with maturity of three months or less (Note 4).

#### Financial Assets

The Company classifies its financial assets in three classes of financial assets: at fair value through profit or loss, at amortized cost and at fair value through other comprehensive income. The classification is based on the business model used by the entity for the management of financial assets and the contractual cash flows of the financial asset. The Company classifies its financial assets at the time of the purchase.

"Financial assets measured at amortized cost" are non-derivative financial assets held by a business model that aims to collect contractual cash flows and that have cash flows that include interest payments on principal dates and principal balances on certain dates under contractual terms. The Company's financial assets that are accounted for at amortized cost include "cash and cash equivalents", "trade receivables" and "other receivables". The related assets, with their fair values in the initial recognition of financial statements; in subsequent accounts, it is measured at amortized cost using the effective interest rate method. Gains and losses resulting from the valuation of non-derivative financial assets measured at amortized cost are recognized in the statement of profit or loss.

"Financial assets measured at fair value through profit or loss", are assets that are not measured at amortized cost or at fair value through other comprehensive income. Gains and losses on valuation of these financial assets are accounted for under the statement of income. Financial assets measured at fair value through profit or loss include currency protected deposits and venture capital funds in the statement of financial position.

*Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement loans and receivables are carried at amortized cost using the effective interest method less any allowance for impairment. Gains and losses are recognized in profit or loss when the loans and receivables are derecognized or impaired, as well as through the amortization process.

#### Trade receivables

Trade receivables are recognized at original invoice amount and carried at amortized cost less an allowance for any uncollectible amounts. An estimate for expected credit loss is made when collection of the full amount is no longer probable. A credit risk provision for trade receivables is established if there is objective evidence that the Company will not be able to collect all amounts due. The allowance is an estimated amount which is difference between existing receivable and collectible amount. Collectible amount is the discounted value of trade receivables, all cash flows including collections from guarantees by using original effective interest rate. The receivables determined not possible to be collected are written off (Note 8). The Company calculates rediscount on its receivables over short term receivables less than one year.

## NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

### 2.3 Summary of Significant Accounting Policies (Continued)

In addition, the Company uses the provisioning matrix by selecting the simplified application for the impairment calculations of the trade receivables accounted at amortized cost value in the financial statements. With this application, in cases where the trade receivables are not impaired due to certain reasons, the expected credit loss provision is measured by an amount equal to the expected credit losses. In the calculation of the expected credit losses, the Company's future estimates are taken into consideration along with past loan loss experiences.

**Finance Lease**

*As lessor*

Leasing is classified as a financial lease, where most of the risks and gains of the property belong to the tenant and the right to purchase at the end of maturity is given to the lessee. The asset subject to financial leasing is shown as a net receivable equal to the investment subject to this transaction. Interest income is determined by calculating the present value of the total value of the lease payments and the unsecured residual value by calculating the discount rate that equals the fair value of the economic asset subject to lease, and the part not accrued in the relevant period is monitored in the unearned interest income account.

**Lease Liabilities**

The Company measures the lease obligation based on the present value of the lease payments, which were not paid on the date the lease actually started.

The lease payments included in the measurement of the lease obligation at the date of the lease actually consist of the following payments to be made for the right of use of the underlying asset during the lease period and not paid at the date when the lease actually started:

(a) Fixed payments,
(b) Variable rental payments based on an index or rate, made using an index or rate at the date when the first measurement was actually started,
(c) Amounts expected to be paid by the Company within the scope of residual value commitments
(d) The price of use of this option if the Company is reasonably sure that it will use the purchase option and
(e) If the rental period indicates that the Company will use an option to terminate the lease, penalties for termination of the lease.

Variable lease payments that do not depend on an index or rate are recorded as expenses in the period when the event or condition that triggered the payment occurred.

In case the revised discount rate and the implicit interest rate in the lease can be easily determined for the remainder of the company lease period, this rate is; If it cannot be determined easily, it determines the alternative borrowing interest rate on the date of the Company 's re-evaluation.

## NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

### 2.3 Summary of Significant Accounting Policies (Continued)

The company measures the lease obligation after the lease actually starts as follows:

(a) Increases the carrying amount to reflect the interest on the lease obligation and
(b) Reduces the carrying value to reflect the rent payments made.

In addition, if there is a change in lease duration, a change in substance of fixed lease payments or a change in the assessment of the option to purchase an underlying asset, the value of financial lease liabilities is re-measured.

*Short-term leases and low-value leases*

The Company applies its short-term lease registration exemption to short term machinery and equipment lease contracts (i.e. assets with a lease period of 12 months or less from the start date and without a purchase option). At the same time, it applies the exemption of accounting for low-value assets to office equipment, the rental value of which is considered to be low-value. Short term lease contracts and lease contracts of low value assets are recorded as expense according to the linear method during the lease period.

**Right-of-use assets**

The Company accounts for its right-of-use assets on the date the financial lease contract commences. The right-of-use assets are calculated by deducting the accumulated depreciation and impairment losses from the cost value. In case the financial leasing debts are revalued, this figure is corrected.

The cost of the right-of-use asset includes:

(a) The first measurement of the lease obligation,
(b) The amount obtained from all lease payments made before or before the lease actually started, by deducting all lease incentives received and
(c) All initial costs incurred by the Company.

Unless the transfer of the ownership of the underlying asset to the Company is reasonably finalized at the end of the lease term, the Company depreciates its asset right to use until the end of the useful life of the underlying asset.

Right-of-use assets are subject to impairment assessment.

**Trade payables**

Trade payables have average maturities changing between 30 - 180 days and consist of the amounts invoiced or not invoiced related with the realized material or service purchases and are carried at amortized cost (Note 8).

(Amounts expressed in thousands of Turkish Lira ('TRY') based on the purchasing power of the Turkish Lira ("TL") as of 31 December 2023, unless otherwise indicated.)

## NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

### 2.3 Summary of Significant Accounting Policies (Continued)

**Inventories**

Inventories are valued at the lower of the net realizable value or cost value. The cost determination method is the monthly weighted average for all inventories, and work-in-process and finished goods take a share from the production costs. Net realizable value less costs to sell is the estimated selling price in the ordinary course of business, less the estimated costs necessary to make the sale. Unusable inventories are removed from the records (Note 10).

*Other inventory and spare parts*

Other inventories and spare parts include all purchasing costs and other costs incurred in bringing spare parts to their current condition and location. The company evaluates its spare parts and materials according to the weighted average cost method and allocates a provision for impairment for spare parts and materials that are not used within the expected useful life and are not expected to be used in the near future.

**Investment properties**

Instead of being used in the production of goods and services or being sold for administrative purposes or during the normal course of business, the land and buildings held for the purpose of obtaining rent and/or capital gain or both are classified as investment properties and according to the cost method, the cost is minus accumulated depreciation values. (Note 11). The cost of an investment property bought consists of the purchase price and expenses that can be directly associated with this transaction. The average useful life of investment properties changes between ten (10) and fifty (50) years.

**Property, plant and equipment**

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment loss. When assets are sold or retired, their costs and accumulated depreciation are eliminated from the accounts and any gain or loss resulting from their disposal is included in the income statement.

The initial cost of property, plant and equipment comprises its purchase price, including import duties and non-refundable taxes consist of charges to make the tangible asset available

Depreciation is provided for property, plant and equipment on a straight-line basis (Note 13). Useful life and the depreciation method are constantly reviewed, and accordingly, parallels are sought between the depreciation method and the period and the useful life to be derived from the related asset. As of 31 December 2023, the depreciation periods for property, plant and equipment, which approximate the economic useful lives of such assets, are as follows:

| | **Period (Year)** |
|---|---|
| Land improvements | 2 - 50 |
| Buildings | 5 - 50 |
| Machinery and equipment | 3 - 40 |
| Motor vehicles | 4 - 8 |
| Furniture and fixtures | 2 - 20 |

## NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

### 2.3 Summary of Significant Accounting Policies (Continued)

The Company assesses at each balance sheet date whether there is objective evidence that a financial asset or a company of financial assets is impaired. In the event of circumstances indicating that impairment has occurred in the tangible assets, an inspection is performed for the purpose of determining a possible impairment, and if the registered value of the tangible asset is higher than its recoverable value, the registered value is reduced to its recoverable value by recording a provision. The recoverable value is considered either the net cash flow to be caused by the current use of the respective assets or the net sales price, whichever is higher.

Profit and loss resulting from the sale of fixed assets is determined as the difference between the amounts collected or to be collected and asset's carrying value reflected in the relevant profit or loss account in the current period.

Repairs and maintenance are charged to the income statements during the financial period in which they are incurred. The cost of major renovations is included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset.

**Intangible assets**

Intangible assets are recorded at their acquisition costs. Except for the expenses incurred for the development of new vehicles that are planned to be produced within the Company, intangible assets cannot be capitalized and expenditures incurred during the period they occur. Intangible assets are amortized using the straight-line method based on their estimated useful lives. The activated development expenses are amortized by the straight-line method in line with the estimated useful life of the product after the commencement of commercial production. Intangible assets; the values they carry are reviewed in case the changes in the conditions and the events show that the carried value may decrease, and the required provision is set (Note 14).

Payments made in relation the Company's share of assets in Yalova Kompozit ve Kimya İhtisas Islah Organize Sanayi Bölgesi ("Yalkim OSB") are recorded under intangible assets.

Useful lives of use rights are determined as 3 - 24 years excluding land use fees.

*Research and development costs*

Research expenses are recorded on the date they occur. Apart from the project expenditures with the below mentioned criteria, expenditures for development are recorded as expense in the period they occur. Costs of development projects that meet the criteria mentioned below are accepted as development costs within the scope of TAS 38 "Intangible Assets" standard, they are capitalized and amortized by the straight-line method in accordance with the project life (Note 14).

- The product or process is clearly defined and costs are separately identified and measured reliably,
- The technical feasibility of the product is demonstrated,
- The product or process will be sold or used in-company,
- A potential market exists for the product or its usefulness in case of internal use is demonstrated, and
- Adequate technical, financial and other resources required for completion of the project are available.

## NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

### 2.3 Summary of Significant Accounting Policies (Continued)

**Assets held for sale and related liabilities**

Assets or liabilities held for sale refer to the main business field/activities/asset groups that are planned to be disposed of under a coordinated plan of management.

Fixed assets are classified as held for sale in cases where they will be recovered as a result of the sales transaction. Liabilities directly associated with these assets are grouped similarly.

Fixed assets or groups of assets those meet the classification criteria for sale are measured with the lower of the value found by deducting the sales costs from their fair value and the cost value. These assets are not subjected to depreciation or amortisation.

**Revenue recognition**

In accordance with TFRS 15 "Revenue from Customer Contracts Standard", which entered into force as of 1 January 2018, the Company records revenue in its financial statements in line with the following basic principles:

- Identification of contracts with customers
- Identification of performance obligations in contracts
- Determination of the transaction price in contracts
- Distribution of transaction fee to performance obligations
- Revenue recognition

Revenue related to performance obligations, such as goods or service transfer commitments, is recognized when customers are in control of the goods or services.

The Company recognizes a contract with its customer as revenue when all of the following conditions are met.

a) ownership of the company's right to collect goods or services,
b) the ownership of the legal property of the customer,
c) transfer of possession of goods or services
d) ownership of significant risks and rewards arising from ownership of the goods or services
e) consider the terms of the customer's acceptance of the goods or service

The Company generate their major revenue from fiber and energy sales.

*Income from sale of fibers*

Revenue is recognized in the financial statements when the significant risks and rights of ownership of the goods or energy have transferred to the buyer. Revenue is calculated by deducting any discounts. Net sales are the invoiced value of the delivered goods less sales returns and discounts.

## NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

### 2.3 Summary of Significant Accounting Policies (Continued)

*Income from sale of energy*

The electricity sold is transmitted to the customer over transmission lines and the customer simultaneously consumes the benefit derived from the performance of the Company. Revenue from electricity sales is recognized at the time of delivery.

*Interest income*

Interest income is calculated on accrual basis by taking into consideration the effective interest rate and the effective interest rate within the remaining period to maturity.

If there is a significant financing element in revenue, the revenue value is determined by discounting the future collections with the interest rate included in the financing element. The difference is recognized in the related periods as other income from the operating activities on accrual basis (Note 23).

The Company has accrued discount premiums in line with the fibers customers’ purchase targets to be paid at the end of each quarter. In the current period, the Company has classified the discount premiums under “other discount” account in sales.

**Cash flow hedge accounting**

There is an effective cash flow protection relationship between the Company's foreign currency denominated long-term loans (non-derivative hedging instrument) and its likely future sales (hedged item).

In this context, the Company has defined its likely sales to be realized as "hedged item" within the scope of its policy of managing cash flows arising from exchange rate risk, by matching these sales with its long-term financial debts defined as "non-derivative hedging instrument" and started hedge accounting. In the context of this accounting, the discounted spot component of the long-term loans’ principal payments (proportionate to effectiveness) foreign exchange losses/gains, which are defined as hedging instruments in a calendar period in accordance with the foreseeable budgets, is to be booked under Reserve of gains or losses on hedge in the Other Comprehensive Income Statement until the related sales are realized. When the sales are realized, the related foreign exchange gain/loss accumulated in the reserve is accounted under "foreign exchange income/expenses" in the income statement.

**Bank borrowings**

All bank loans are recorded over their fair values with reduced transaction costs. In the following periods, the effective interest rate method is valued at its discounted prices and the difference between the amount remaining after the transaction costs is deducted and the discounted cost value is reflected in the comprehensive income statement as financing cost during the loan period (Note 7). In case of need, the Company also performs early collection transactions in factoring practices against the cost of the receivable. This is an application parallel to the risk management practice in the form of recourse. Related amount is classified in financial liabilities and included in note explanations (Note 7).

## NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

### 2.3 Summary of Significant Accounting Policies (Continued)

**Borrowing costs**

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset, one that takes a substantial period of time to get ready for its intended use or sale, are capitalized as part of the cost of that asset in the period in which the asset is prepared for its intended use or sale. Without this context, the borrowing costs are expensed as occurred. Capitalized borrowing costs are presented as purchases of property, plant and equipment and intangibles in the statement of cash flow.

**Fair value of financial instruments**

Fair (market) value is the amount for which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced sale or liquidation, and is best evidenced by a quoted market price, if one exists. The fair values of the financial instruments are determined in accordance with the following methods and assumptions as follows:

*Financial assets*

Monetary assets for which fair value approximates carrying value are carried at cost in the financial statements and consists of cash and cash equivalents, their interest accruals, and other financial assets; and considered to approximate their respective carrying values due to their short-term nature and negligible credit losses. It is considered that the carrying values of the trade receivables after the rediscount and expected credit losses provision are deducted are close to their fair values.

*Financial liabilities*

Monetary liabilities for which fair value approximates carrying value including accounts payable, short-term bank borrowings and other monetary liabilities are considered approximate their respective carrying values due to their short-term nature. The bank borrowings are stated at their amortized costs and transaction costs are included in the initial measurement of bank borrowings. It is considered that the fair values of loans denote the value they carry, since the interest rates are updated by considering the changing market conditions. The fair values of the trade payables after deducting the provision for rediscount are considered to approximate the carrying value.

**Employment termination benefits**

The provision for employment termination benefits, as required by Turkish Labor Law represents the present value of the future probable obligation of the Company arising from the retirement of its employees based on the actuarial projections. TAS 19 "Employee Benefits" requires actuarial assumptions (net discount rate, turnover rate to estimate the probability of retirement etc.) to estimate the entity's obligation for employment termination benefits. The effects of differences between the actuarial assumptions and actual outcome together with the effects of changes in actuarial assumptions compose the actuarial gains/losses.

## NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

### 2.3 Summary of Significant Accounting Policies (Continued)

In accordance with TAS 19 "Employee Benefits" effective before 1 January 2013, the actuarial gains/losses were recognised in the statement of income whereas the amendment, effective as of 1 January 2013, requires the actuarial gains/losses to be recognised under other comprehensive income. With this amendment, the Company accounted for its actuarial gains/losses under other comprehensive income in conformity with the translation provisions stated in TAS 19 "Employee Benefits".

*Unused vacation rights*

Liabilities arising from unused vacation rights are accrued in the periods in which they are entitled.

**Current and deferred income tax**

Tax expense or income is the aggregate of current income tax and deferred taxes which are based on the gains and losses for the period.

Deferred income tax is determined, using the liability method and tax rates (and laws) that have been enacted by the balance sheet date. Deferred income tax is provided in full, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred income tax assets resulting from deductible temporary differences are recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary difference can be utilized. The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Deferred taxes arising from income and expenses accounted under equity are recorded under equity, accordingly.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled (based on tax rates that have been enacted or substantively enacted at the balance sheet date). The carrying amount of deferred income tax assets is reviewed by the Company at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized (Note 26).

**Earnings per share**

Earnings per share disclosed in the income statement are determined by dividing net income by the weighted average number of shares that have been outstanding during the related period concerned (Note 27).

In Turkey, companies can increase their share capital by making a pro-rata distribution of shares ("bonus shares") to existing shareholders from retained earnings. For the purpose of earnings per share computations, the weighted average number of shares outstanding during the year has been adjusted in respect of bonus shares issued without a corresponding change in resources by giving them retroactive effect for the year in which they were issued and for each earlier period.

## NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

### 2.3 Summary of Significant Accounting Policies (Continued)

**Events after the balance sheet date**

The Company adjusts the amounts recognized in its financial statements to reflect the adjusting events after the balance sheet date. If non-adjusting events after the balance sheet date have material influence on the economic decisions of users of the financial statements, they are disclosed in the notes to the financial statements.

**Provisions**

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate (Note 15).

**Contingent assets and liabilities**

Probable 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 Company are not included in financial statements and are treated as contingent liabilities. A contingent asset is not recognized in the financial statements, but disclosed when an inflow of economic benefits is probable (Note 15).

**Offsetting**

The financial assets and liabilities are reported on the balance sheet at the net amount if they have the same right and nature and will be paid or collected in net.

**Foreign currency transactions**

Foreign currency transactions are translated using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currency are translated using the exchange rates at the balance sheet date. Foreign exchange gains and losses resulting from the translation of monetary assets and liabilities denominated in foreign currencies are recognized in the statements of income.

**Goodwill**

The cost of a business combination is allocated by recognizing the acquiree's identifiable assets at the date of acquisition. Any excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, over the business combination cost is accounted for as goodwill.

The carrying value of goodwill is reviewed annually and presented after deducting cumulative impairment in the balance sheet. Goodwill is monitored at the cash generating business units. The cash generating unit is determined according to expected benefits from related business combination. The Company performs goodwill impairment tests on December 31st of each year. Any impairment is not subsequently reversed. Gains/losses from the sale of business unit also include its carrying value of goodwill.

## NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

### 2.3 Summary of Significant Accounting Policies (Continued)

**Segment reporting**

Operating segments are reported in a manner consistent with the reporting provided to the chief operating decision-maker. The chief operating decision-maker is responsible for allocating resources and assessing performance of the operating segments. The Board of Directors has been determined as the competent authority to make decisions regarding the activities of the Company.

For an operating segment to be identified as a reportable segment, its reported revenue, including both sales to external customers and intersegment sales or transfers, is 10 per cent or more of the combined revenue, internal and external, of all operating segments; the absolute amount of its reported profit or loss is 10 per cent or more of the combined profit or loss or its assets are 10 per cent or more of the combined assets of all operating segments. Operating segments that do not meet any of the quantitative thresholds may be considered reportable, and separately disclosed, if the management believes that information about the segment would be useful to users of the financial statements.

For at the Company the reportable segments are industrial segments. Reportable segment, its reported revenue, including both sales to external customers and intersegment sales or transfers, is 10 per cent or more of the combined revenue, internal and external, of all operating segments; the absolute amount of its reported profit or loss is 10 per cent or more of the combined profit or loss or its assets are 10 per cent or more of the combined assets of all operating segments (Note 3).

The Company assesses the performance of the operating segments based on a measure of adjusted Earnings Before Interest, Tax, Depreciation and Amortization, "EBITDA".

The Company's reportable business segments are "fibers", "energy" and the remained operations are reported as "other". Aksa Egypt and DowAksa Holdings are reported under "fibers" segment (Note 6).

The support functions of industrial segments namely Financial Affairs, Human Resources and Management of Systems, Purchasing, Business Development, Head Office Expenses and other general administrative and operating expenses are classified under unallocated corporate expenses. Unallocated corporate expenses are followed at the Company level by management as the expenses are made to ensure the integrity of the Company by the management.

**Derivative instruments**

Derivative instruments are initially recognized at the acquisition cost reflecting the fair value on the date of the contract and are valued at their fair value in the following periods. The Company 's derivative financial instruments mainly consist of forward foreign exchange contracts and interest rate swap transactions. While the derivative instruments provide effective protection against risks for the community economically, they are recognized as derivatives held for trading in financial statements where they do not meet the requirements for risk accounting and the fair value changes are reflected in the statement of profit or loss.

## NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

### 2.3 Summary of Significant Accounting Policies (Continued)

In addition, the Company 's foreign currency purchase and sale transactions are accounted for as derivative financial instruments held for trading in financial statements due to the fact that they do not meet the requirements for risk accounting and the changes in the fair value of these derivative financial instruments are associated with the income statement.

If the fair value change of derivate financial instruments is positive or not, the change affected at assets or liabilities in the balance sheet (Note 18).

**Related parties**

Parties are considered related to the Company if:

a) Directly, or indirectly through one or more intermediaries, the party:

   i) Controls, is controlled by, or is under common control with, the Company (this includes parents, subsidiaries and fellow subsidiaries);
   ii) Has an interest in the Company that gives it significant influence over the Company.

   Has joint control over the Company;

b) The party is an associate of the Company;
c) The party is a joint venture in which the Company is a venture;
d) The party is member of the key management personnel of the Company or its parent;
e) The party is a close member of the family of any individual referred to in (a) or (d);
f) The party is an entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (d) or (e); or
g) The party has a post-employment benefit plan for the benefit of employees of the Company, or of an entity that is a related party of the Company.

Related party transactions are transfer of resources or obligations between related parties, regardless of whether a price is charged. A number of transactions are entered into with related parties in the ordinary course of business (Note 28).

**Reporting of cash flow**

Cash flows during the period are classified and reported by operating, investing and financing activities in the cash flow statements.

Cash flows from operating activities represent the cash flows of the Company operating activities.

Cash flows related to investing activities represent the cash flows that are used in or provided from the investing activities of the Company (capital expenditure and financial investments).

Cash flows arising from financing activities represent the cash proceeds from the financing activities of the Company and the repayments of these funds.

Cash and cash equivalents comprise cash on hand and bank deposits and short-term, highly liquid investments that are readily convertible to known amounts of cash with maturities equal or less than three (3) months and which are subject to an insignificant risk of changes in value (Note 4).

## NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

### 2.3 Summary of Significant Accounting Policies (Continued)

**Government grants**

Grants from the government are recognized at their fair value where there is a reasonable assurance that the grant will be received and the company will comply with all attached conditions. Government incentives that allow for the payment of discounted corporation tax within the scope of investment reduction exemption are evaluated within the scope of TAS 12 – "Income Tax" standard. The Company has used an incentive certificate within the scope of textile and chemical modernization in the current year. In this scope, the Company has benefited from reduced corporate tax, customs tax exemptions and VAT exemptions.

### 2.4 Critical Accounting Judgments, Estimates and Assumptions

The preparation of financial statements requires the use of estimates and assumptions that affect asset and liability amounts reported as of the balance sheet date, explanations of contingent liabilities and assets; and income and expense amounts reported for the accounting period. Although these estimates and assumptions are based on all management information related to the events and transactions, actual results may differ from them. Estimates are regularly reviewed; necessary adjustments are made and reflected in the income statement of the period they occur. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities for the next reporting period are outlined below:

***a) Provisions***

As discussed in Note 2.3, provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and when reliable estimate can be made of the amount of the obligation (Note 15).

The Company makes various assumptions such as discount rate, inflation rate, real salary increase rate, and the possibility of leaving voluntarily in the calculation of severance pay liability. The effect arising from the changes in the current period in these assumptions has been recognized in the income statement in the current period. Assumptions used in calculating the liability are detailed in Note 16.

The expected credit losses reflect the amounts that the Company management believes will cover the future losses of the receivables that exist as of the balance sheet date but which have the risk of not being collected within the framework of the current economic conditions. Regarding the receivables which have been the subject of the lawsuit, the Company management also evaluates the opinions of the legal counselors. While evaluating whether the receivables are impaired or not, the past performances of the borrowers other than the related institution and key customers, their credibility in the market and their performance from the balance sheet date to the approval date of the financial statements and the conditions under discussion are also taken into consideration. In addition, while determining the provision amount, besides the guarantees obtained as of the balance sheet date, collaterals acquired during the period until the approval date of the financial statements are also taken into consideration.

## NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

### 2.4 Critical Accounting Judgments, Estimates and Assumptions (Continued)

Regarding inventory impairment, inventories are physically analysed, their availability is determined in line with the opinions of technical staff, and a provision is set for items that are not likely to be used. List sales prices are also used to determine the net realizable value of inventories and estimates are made for the sales expenses to be incurred. As a result of these studies, a provision is made for inventories with a net realizable value below the cost value.

***b) Useful lives of property, plants and equipment and intangibles***

According to accounting policy, which is specified in Note 2.3, property, plant and equipment and intangibles are presented as net-off accumulated depreciation and impairment (if any) from acquisition cost. Depreciation is applied with using straight line method of depreciation based on useful lives of property, plant and equipment. Useful lives are estimated by the management to the best of their knowledge; and reviewed and revised if necessary at every balance sheet date.

***c) Deferred tax assets and liabilities***

Deferred tax assets and liabilities are recorded using tax rates that are largely used for temporary differences between the carrying values and bases of assets and liabilities. Based on the existing evidence, it has been evaluated that all or some of the deferred tax assets are likely to be converted into cash or not. Among the main factors considered, future income potential, losses accumulated from previous years, tax planning strategies to be implemented, if necessary, the assumption that all of the Company 's expenditures within the scope of investment incentive documents will be accepted in the incentive certificate closing approval. Also, the income nature is included in the incentive certificate.

### 2.5 USD amounts presented in the financial statements

USD amounts shown in the statement of financial position prepared in accordance with the TFRS have been translated from TRY, as a matter of arithmetic computation only, at the official USD bid rate announced by the CBRT on 31 December 2023 of TRY 29.4382 = USD 1 and USD amounts shown in the statements of profit or loss and other comprehensive income and cash flow have been translated from TRY, as a matter of arithmetic computation only, at the average USD bid rate calculated from the official daily bid rates announced by the CBRT for the period ended 31 December 2023 of TRY 23.7776 = USD 1, and do not form part of these financial statements.

(Amounts expressed in thousands of Turkish Lira ('TRY') based on the purchasing power of the Turkish Lira ("TL") as of 31 December 2023, unless otherwise indicated.)

## NOTE 3 - SEGMENT REPORTING

Segmental information of the Company is as follows:

| | 1 January - 31 December 2023 | | | |
|---|---|---|---|---|
| | **Fibers** | **Energy** | **Other** | **Total** |
| Total segment revenue | 21,464,128 | 2,081,284 | 387,171 | 23,932,583 |
| **Revenue from external customers** | **21,464,128** | **2,081,284** | **387,171** | **23,932,583** |
| **Adjusted EBITDA (*)** | **4,106,345** | **303,607** | **42,507** | **4,452,459** |
| Unallocated corporate expenses (**) | - | - | - | (404,099) |
| **EBITDA** | **-** | **-** | **-** | **4,048,360** |
| Amortization and depreciation | (830,478) | (90,588) | (221,591) | (1,142,657) |
| Other operating income, net | | | | (286,385) |
| Income from investment activities | - | - | - | 116,857 |
| Share of profit/(loss) of investment accounted for using equity method | 104,007 | - | - | 104,007 |
| Financial income/(expenses), net | - | | | (1,038,949) |
| Monetary gain / (loss), net | - | - | - | 513,988 |
| **Profit before tax** | **-** | **-** | **-** | **2,315,221** |

(*) Adjusted Earnings Before Interest, Taxes, Depreciation, Amortization ("Adjusted EBITDA"), is not a financial performance measurement published on TFRS and may not be comparable with the similar indicators defined by other companies.

(**) Unallocated corporate expenses consists of unallocated parts of general administrative expenses for the period between 1 January – 31 December 2023.

Segmental information of the Company is as follows:

| | 1 January - 31 December 2023 | | | | |
|---|---|---|---|---|---|
| | **Fibers** | **Energy** | **Other** | **Undistributed** | **Total** |
| Purchase of property, plant and equipment and intangibles | 1,260,528 | 349,146 | 176,049 | 52,586 | 1,838,309 |
| | **31 December 2023** | | | | |
| Total segment assets | 12,416,766 | 3,577,191 | 1,382,264 | - | 17,376,221 |
| Investments accounted for using equity method | 1,734,484 | - | - | - | 1,734,484 |
| Unallocated corporate assets | - | - | - | 5,890,979 | 5,890,979 |
| **Total assets** | **14,151,250** | **3,577,191** | **1,382,264** | **5,890,979** | **25,001,684** |
| Total segment liabilities | 6,101,394 | 211,433 | - | - | 6,312,827 |
| Unallocated corporate liabilities | - | - | - | 1,954,337 | 1,954,337 |
| **Total liabilities** | **6,101,394** | **211,433** | **-** | **1,954,337** | **8,267,164** |

(Amounts expressed in thousands of Turkish Lira ('TRY') based on the purchasing power of the Turkish Lira ("TL") as of 31 December 2023, unless otherwise indicated.)

## NOTE 3 - SEGMENT REPORTING(Continued)

| | 1 January - 31 December 2022 | | | |
|---|---|---|---|---|
| | **Fibers** | **Energy** | **Other** | **Total** |
| Total segment revenue (*) | 30,597,408 | 3,335,511 | 531,609 | 34,464,528 |
| **Revenue from external customers** | **30,597,408** | **3,335,511** | **531,609** | **34,464,528** |
| **Adjusted EBITDA (**)** | **5,120,770** | **763,106** | **76,173** | **5,960,049** |
| Unallocated corporate expenses (***) | - | - | - | (425,188) |
| **EBITDA** | **-** | **-** | **-** | **5,534,861** |
| Amortization and depreciation | (790,948) | (83,785) | (158,850) | (1,033,583) |
| Other operating income, net | - | - | - | (370,536) |
| Income from investment activities | - | - | - | 99,366 |
| Share of profit/(loss) of investment | - | - | - | - |
| accounted for using equity method | (119,319) | - | - | (119,319) |
| Financial income/(expenses), net | - | - | - | (1,660,573) |
| Monetary gain / (loss), net | - | - | - | 1,701,307 |
| **Profit before tax** | | | | **4,151,523** |

(*) As of 31 December 2022, undistributed corporate expenses consist of the portion of general administrative expenses that are not distributed to departments.

Segmental information of the Company is as follows:

| | 1 January - 31 December 2022 | | | | |
|---|---|---|---|---|---|
| | **Fibers** | **Energy** | **Other** | **Undistributed** | **Total** |
| Purchase of property, plant and equipment and intangibles | 1,207,586 | 185,404 | 260,053 | 173,369 | 1,826,412 |

| | 31 December 2022 | | | | |
|---|---|---|---|---|---|
| Total segment assets | 13,354,246 | 3,749,457 | 893,140 | - | 17,996,843 |
| Investments accounted for using equity method | 1,648,304 | - | - | - | 1,648,304 |
| Unallocated corporate assets | - | - | - | 5,727,610 | 5,727,610 |
| **Total assets** | **15,002,550** | **3,749,457** | **893,140** | **5,727,610** | **25,372,757** |
| Total segment liabilities | 7,467,642 | 41,290 | - | - | 7,508,932 |
| Unallocated corporate liabilities | - | - | - | 1,844,888 | 1,844,888 |
| **Total liabilities** | **7,467,642** | **41,290** | **-** | **1,844,888** | **9,353,820** |

(Amounts expressed in thousands of Turkish Lira ('TRY') based on the purchasing power of the Turkish Lira ("TL") as of 31 December 2023, unless otherwise indicated.)

## NOTE 3 - SEGMENT REPORTING (Continued)

### Segment Assets

Reconciliation between the reportable segment assets and total assets is as follows:

| | 31 December 2023 | 31 December 2022 |
|---|---|---|
| **Reportable segment assets** | **19,110,705** | **19,645,147** |
| Cash and cash equivalents | 3,387,029 | 2,599,318 |
| Financial investments | 61,137 | 238,766 |
| Derivative financial assets | 5,665 | 46,617 |
| Other assets | 452,942 | 618,759 |
| Current income tax assets | - | 167,220 |
| Property, plants and equipment and intangibles | 1,984,206 | 1,917,450 |
| Deferred tax assets | - | 139,480 |
| **Total assets** | **25,001,684** | **25,372,757** |

### Segment Liabilities

Reconciliation between the reportable segment liabilities and total liabilities is as follows:

### Segment Liabilities

| | 31 December 2023 | 31 December 2022 |
|---|---|---|
| **Reportable segment liabilities** | **6,312,827** | **7,508,932** |
| Borrowings | 1,615,097 | 1,622,135 |
| Lease liabilities | 2,781 | 9,006 |
| Other payables | 1,406 | 10,513 |
| Other short-term provisions | 120 | 188 |
| Current income tax liability | 78,695 | - |
| Deferred tax liability | 55,225 | - |
| Provision for employee benefits | 162,317 | 171,972 |
| Liabilities for employee benefits | 38,696 | 31,074 |
| **Total liabilities** | **8,267,164** | **9,353,820** |

(Amounts expressed in thousands of Turkish Lira (‘TRY’) based on the purchasing power of the Turkish Lira (“TL”) as of 31 December 2023, unless otherwise indicated.)

## NOTE 4 - CASH AND CASH EQUIVALENTS

Details of cash and cash equivalents of the Company are as follows:

| | 31 December 2023 | 31 December 2022 |
|---|---|---|
| Cash | 852 | 804 |
| Bank | | |
| *Demand deposit (TRY)* | 2,377 | 966 |
| *Foreign currency demand deposit* | 3,038 | 659 |
| *Time deposits (TRY)* | 789,493 | 1,109,100 |
| *Foreign currency time deposit* | 2,591,269 | 1,487,789 |
| **Total** | **3,387,029** | **2,599,318** |

As of 31 December 2023, the maturity of time deposits are less than three months and weighted average effective interest rates on TRY denominated time deposits are 42.79% (31 December 2022: 20.47%), 3.30% for USD denominated time deposits (31 December 2022: 2.33%) and 1.79 % for EUR denominated time deposits (31 December 2022: EUR 0.94%) respectively.

The cash and cash equivalents included in the cash flow statement by years are as follows:

| | 31 December 2023 | 31 December 2022 | 31 December 2021 |
|---|---|---|---|
| Cash and cash equivalents | 3,387,029 | 2,599,318 | 7,675,411 |
| Less: Interest accrual | (7,796) | (1,793) | (893) |
| **Cash and cash equivalents, net** | **3,379,233** | **2,597,525** | **7,674,518** |

## NOTE 5 - FINANCIAL INVESTMENTS

| | 31 December 2023 | 31 December 2022 |
|---|---|---|
| Currency protected deposits (*) | 34,217 | 237,316 |
| Time deposit (**) | 23,863 | - |
| **Financial investments – current assets** | **58,080** | **237,316** |
| Investment funds (***) | 2,728 | 1,450 |
| Akkök Next | 329 | - |
| **Financial investments – non-current assets** | **3,057** | **1,450** |

(*) Currency Protected TRY Time Deposit Account is a deposit product that offers foreign exchange protection in case the exchange rate in TRY increases more than the interest rate at the end of maturity. Currency protected deposit accounts are accounted for as financial assets at fair value through profit or loss. The nominal amount of the currency protected deposit is TRY 31.607 (31 December 2022: TRY 212,948) and the maturity date is January and February 2024. Profit of TRY 2,610 (31 December 2022: TRY 24,368) arising from changes in fair value was accounted for under “Income from Investing Activities”.

(**) Time deposits include Egyptian Lira foreign currency denominated deposits with a maturity of more than 3 months, with an interest rate of 12% and a maturity date of May 2024.

(***) Investment funds are accounted at fair value whether they are financial investments with a maturity of one (1).

(Amounts expressed in thousands of Turkish Lira ('TRY') based on the purchasing power of the Turkish Lira ("TL") as of 31 December 2023, unless otherwise indicated.)

## NOTE 6 - INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

**Joint Ventures**

| | 31 December 2023 | 31 December 2022 |
|---|---|---|
| DowAksa Holdings | 1,734,484 | 1,648,304 |

Summarized financial information of DowAksa Holding is presented below:

| | 31 December 2023 | 31 December 2022 |
|---|---|---|
| Current assets | 3,023,951 | 3,727,977 |
| Non-current assets | 8,959,222 | 8,860,695 |
| **Total Assets** | **11,983,173** | **12,588,672** |
| Short-term liabilities | 4,443,372 | 3,956,279 |
| Long-term liabilities | 4,070,833 | 5,335,785 |
| Equity | 3,468,968 | 3,296,608 |
| **Total Liabilities** | **11,983,173** | **12,588,672** |
| **Equity corresponding to Company's shares of 50%** | **1,734,484** | **1,648,304** |
| Revenue | 4,493,085 | 4,328,687 |
| Net profit | 208,014 | (238,638) |
| **Net profit/(loss) corresponding to Company's shares of 50%** | **104,007** | **(119,319)** |

Movement of joint ventures accounted for using equity method as follows:

| | 2023 | 2022 |
|---|---|---|
| **1 January** | **1,648,304** | **2,106,317** |
| Net profit corresponding to Company's shares of 50% | 104,007 | (119,319) |
| Currency translation differences | (50,892) | (318,002) |
| Gains on remeasurements of defined benefit plans | 33,065 | (20,692) |
| **31 December** | **1,734,484** | **1,648,304** |

(Amounts expressed in thousands of Turkish Lira ('TRY') based on the purchasing power of the Turkish Lira ("TL") as of 31 December 2023, unless otherwise indicated.)

## NOTE 7 - BORROWINGS

Company's financial liabilities are as follows:

| | 31 December 2023 | 31 December 2022 |
|---|---|---|
| Short-term bank borrowings | 1,615,097 | 1,622,135 |
| Short-term portion of long-term bank borrowings | 759,089 | 612,464 |
| Lease liabilities | 24,863 | 25,314 |
| **Total short-term borrowings** | **2,399,049** | **2,259,913** |
| Long-term bank borrowings | 1,143,247 | 1,655,017 |
| Lease liabilities | 56,322 | 83,663 |
| **Total long-term borrowings** | **1,199,569** | **1,738,680** |
| **Total borrowings** | **3,598,618** | **3,998,593** |

| | 31 December 2023 | | 31 December 2022 | |
|---|---|---|---|---|
| | **Annual weighted average effective interest rate (%)** | **TRY** | **Annual weighted average effective interest rate (%)** | **TRY** |
| **a) Short-term bank borrowings:** | | | | |
| USD borrowings | 9.78 | 988,856 | 9.40 | 828,630 |
| TRY borrowings | - | - | 21 | 461,992 |
| EUR borrowings | - | - | 7.00 | 334,094 |
| Prepaid interest | - | - | - | (2,581) |
| **Short-term borrowings to related parties** | **-** | **988,856** | **-** | **1,622,135** |
| **b) Short-term portion of long-term bank borrowings:** | | | | |
| EUR borrowings | 7.37 | 475,713 | 5.02 | 316,758 |
| USD borrowings | 8.76 | 283,376 | 3.48 | 295,706 |
| Lease liabilities | - | 24,863 | - | 25,314 |
| **Total short-term portion of long-term bank borrowings** | | **783,952** | | **637,778** |
| **Total short-term borrowings** | | **2,399,049** | | **2,259,913** |
| **c) Long-term bank borrowings:** | | | | |
| EUR borrowings | 8.71 | 1,002,586 | 5.39 | 1,213,373 |
| USD borrowings | 8.76 | 140,661 | 3.48 | 441,644 |
| Lease liabilities | - | 56,322 | - | 83,663 |
| **Total long-term borrowings** | | **1,199,569** | | **1,738,680** |

(Amounts expressed in thousands of Turkish Lira ('TRY') based on the purchasing power of the Turkish Lira ("TL") as of 31 December 2023, unless otherwise indicated.)

## NOTE 7 - BORROWINGS (Continued)

As of 31 December 2023, and 2022, there is no violation of the Company 's long-term foreign currency borrowings.

The long-term bank borrowings' fair values and book values are as follows:

| | 31 December 2023 | | 31 December 2022 | |
|---|---|---|---|---|
| | **Fair value** | **Book value** | **Fair value** | **Book value** |
| USD borrowings | 137,493 | 140,661 | 418,525 | 441,644 |
| EUR borrowings | 1,025,849 | 1,002,586 | 1,226,052 | 1,213,373 |

According to the contractual terms, the maturity distribution of the financial borrowings of the Company are as follows:

| | **31 December 2023** | **31 December 2022** |
|---|---|---|
| Less than 3 months | 409,438 | 785,476 |
| Between 3-12 months | 1,989,611 | 1,474,437 |
| Between 1-2 years | 1,118,023 | 625,878 |
| Between 2-3 years | 55,601 | 1,031,350 |
| Between 3-4 years | 38 | 56,911 |
| 4 years and longer | 25,907 | 24,541 |
| | **3,598,618** | **3,998,593** |

Movement of borrowing for the years 2023 and 2022 as follows;

| | **2023** | **2022** |
|---|---|---|
| **1 January** | **3,998,593** | **8,052,205** |
| Additions | 3,158,571 | 5,941,243 |
| Principal payments | (2,039,046) | (8,353,349) |
| Change in lease liabilities | 17,733 | 7,677 |
| Change in interest accrual | (155,724) | 86,069 |
| Currency translation differences | 764,318 | 560,681 |
| Monetary gain | (2,145,827) | (2,295,933) |
| **31 December** | **3,598,618** | **3,998,593** |

(Amounts expressed in thousands of Turkish Lira ('TRY') based on the purchasing power of the Turkish Lira ("TL") as of 31 December 2023, unless otherwise indicated.)

## NOTE 7 - BORROWINGS (Continued)

Movement of lease liabilities for the years 2023 and 2022 as follows;

| **31 December 2023** | **Site Rents** | **Buildings** | **Vehicles** | **Total** |
|---|---|---|---|---|
| **1 January** | **24,503** | **2,380** | **82,094** | **108,977** |
| Additions | 17,212 | - | 521 | 17,733 |
| Interest expenses | 8,997 | 409 | 1,333 | 10,739 |
| Payments | (9,021) | (2,295) | (23,656) | (34,972) |
| Movements of foreign currency differences | - | - | 22,100 | 22,100 |
| Monetary gain/(loss), net | (15,694) | (494) | (27,204) | (43,392) |
| **31 December 2023** | **25,997** | **-** | **55,188** | **81,185** |

| **31 December 2022** | **Site Rents** | **Buildings** | **Vehicles** | **Total** |
|---|---|---|---|---|
| **1 January** | 33,544 | 2,996 | 115,007 | 151,547 |
| Additions | 6,044 | 3,287 | 5,881 | 15,212 |
| Interest expenses | 7,690 | 596 | 2,823 | 11,109 |
| Payments | (7,700) | (3,828) | (8,869) | (20,397) |
| Movements of foreign currency differences | - | - | 16,893 | 16,893 |
| Monetary gain/(loss), net | (15,075) | (671) | (49,641) | (65,387) |
| **31 December 2022** | **24,503** | **2,380** | **82,094** | **108,977** |

## NOTE 8 - TRADE RECEIVABLES AND PAYABLES

Details of trade receivables and payables of the Company are as follows:

**a) Short-term trade receivables:**

| | **31 December 2023** | **31 December 2022** |
|---|---|---|
| Trade receivables | 659,806 | 1,059,317 |
| Notes receivable and cheques | 176,986 | 293,685 |
| Less: Provision for expected credit loss | (24,040) | (53,980) |
| Less: Unearned finance income on credit sales | (4,780) | (13,767) |
| **Total short-term trade receivables, net** | **807,972** | **1,285,255** |

(Amounts expressed in thousands of Turkish Lira ('TRY') based on the purchasing power of the Turkish Lira ("TL") as of 31 December 2023, unless otherwise indicated.)

## NOTE 8 - TRADE RECEIVABLES AND PAYABLES (Continued)

### b) Long-term trade receivables:

| | 31 December 2023 | 31 December 2022 |
|---|---|---|
| Long-term trade receivables | 33,529 | 119,737 |
| Notes receivables and cheques | 213,280 | 226,606 |
| Less: Unearned finance income on credit sales | (31,841) | (27,636) |
| Less: Provision for expected credit losses | (125,105) | (181,375) |
| **Total long-term trade receivables, net** | **89,863** | **137,332** |

As of 31 December 2023, trade receivables which are denominated in TRY and foreign currency have an average maturity of (60) days (31 December 2022: 60 days) and they are discounted with an average annual interest rate of 8% (31 December 2022: 5.1%).

The movements of the provision for expected credit losses during the periods ending on 31 December 2023 and 2022 are as follows:

| | 2023 | 2022 |
|---|---|---|
| **1 January** | **235,355** | **352,596** |
| Provisions collected during the period | (2,450) | (2,590) |
| Provisions during the period (Note 23) | 100,257 | 36,092 |
| Uncollectable receivable | (80,623) | - |
| Monetary (gain)/ loss, net | (103,394) | (150,743) |
| **31 December** | **149,145** | **235,355** |

Explanations about the nature and level of risks in trade receivables are provided in Note 29 Credit Risk section.

### c) Short-term trade payables:

| | 31 December 2023 | 31 December 2022 |
|---|---|---|
| Suppliers | 3,579,407 | 4,139,564 |
| Less: Unaccrued finance costs on credit purchases (-) | (23,309) | (16,871) |
| **Total** | **3,556,098** | **4,122,693** |

As of 31 December 2023, trade payables which are denominated in TRY and foreign currency have an average maturity of (3) months (31 December 2022: 3 months) and they are discounted with an average annual interest rate of 7.5% (31 December 2022: 4.4%) in US dollars.

(Amounts expressed in thousands of Turkish Lira ('TRY') based on the purchasing power of the Turkish Lira ("TL") as of 31 December 2023, unless otherwise indicated.)

## NOTE 9 - OTHER RECEIVABLES AND PAYABLES

Details of other receivables and payables of the Company are as follows:

**a) Short-term other receivables:**

| | 31 December 2023 | 31 December 2022 |
|---|---|---|
| Deposits and guarantees given | 545 | 479 |

**b) Short-term other payables:**

| | 31 December 2023 | 31 December 2022 |
|---|---|---|
| Taxes and funds payable | 1,406 | 10,513 |
| **Total** | **1,406** | **10,513** |

## NOTE 10 - INVENTORIES

| | 31 December 2023 | 31 December 2022 |
|---|---|---|
| Raw materials and supplies | 1,023,959 | 1,413,855 |
| Work in progress | 140,536 | 170,705 |
| Finished goods | 911,564 | 962,117 |
| Goods in transit | 1,116,496 | 1,302,828 |
| Other inventories and spare parts | 296,797 | 272,579 |
| Less: Provision for impairment of inventories | (41,130) | (58,870) |
| **Total** | **3,448,222** | **4,063,214** |

Provision for inventory impairment is related to raw materials, spare parts and finished goods.

As of 31 December 2023, and 2022, the Company has included movements in the amount of impairment in inventory to cost of goods sold. (Due the increase in the costs of the inventories, inventory impairment resulted with decrease).

As of 31 December 2023, and 2022, the Company has insurance on all of its inventories.

As of current period, the cost of raw material and goods are shown in Note 22.

The movements of the provision for impairment of inventories for the periods ending on 31 December 2023 and 2022 are as follows:

| | 2023 | 2022 |
|---|---|---|
| **1 January** | **58,870** | **25,597** |
| Provisions (cancelled/reversed) during the period | (17,740) | 33,273 |
| **31 December** | **(41,130)** | **(58,870)** |

(Amounts expressed in thousands of Turkish Lira ('TRY') based on the purchasing power of the Turkish Lira ("TL") as of 31 December 2023, unless otherwise indicated.)

## NOTE 11 - INVESTMENT PROPERTIES

| | 1 January 2023 | Additions | Disposals | Transfers (*) | 31 December 2023 |
|---|---|---|---|---|---|
| **Cost** | | | | | |
| Independent units | 45,789 | - | - | - | 45,789 |
| | **45,789** | **-** | **-** | **-** | **45,789** |
| **Accumulated depreciation** | | | | | |
| Independent units | 34,105 | 947 | - | - | 35,052 |
| | **34,105** | **947** | **-** | **-** | **35,052** |
| **Net book value** | 11,684 | - | - | - | 10,737 |

| | 1 January 2022 | Additions | Disposals | Transfers (*) | 31 December 2022 |
|---|---|---|---|---|---|
| **Cost** | | | | | |
| Land and buildings | 117,509 | - | - | (117,509) | - |
| Independent units | 45,789 | - | - | - | 45,789 |
| | **163,298** | **-** | **-** | **(117,509)** | **45,789** |
| **Accumulated depreciation** | | | | | |
| Land and buildings | 18,606 | 2,938 | - | (21,544) | - |
| Independent units | 33,103 | 1,002 | - | - | 34,105 |
| | **51,709** | **3,940** | **-** | **(21,544)** | **34,105** |
| **Net book value** | **111,589** | | | | **11,684** |

(*) Transfers are related to the classification of some unused real estates into tangible fixed assets due to their use.

Current year depreciation expense of investment properties is classified under general administrative expenses.

(Amounts expressed in thousands of Turkish Lira ('TRY') based on the purchasing power of the Turkish Lira ("TL") as of 31 December 2023, unless otherwise indicated.)

## NOTE 11 - INVESTMENT PROPERTIES (Continued)

*Independent Units*

Comprise of offices of the Company located at Gümüşsuyu. According to the valuation report dated 31 December 2023, the fair value of the units is TRY 116,990 (31 December 2022: TRY 70,520) and it provides rent income amounting to TRY 208 (31 December 2022: TRY 216) per month.

As of 31 December 2023, rent income from investment properties has been disclosed as income from investment activities and is amounting to TRY 9,999 (31 December 2022: TRY 12,741).

## NOTE 12 - RIGHT-OF-USE ASSETS

As of 31 December 2023, and 2022, the movement of right-of-use assets are as follows:

| 31 December 2023 | Site Rent | Buildings | Vehicles | Total |
|---|---|---|---|---|
| **Cost** | | | | |
| Balance at 1 January 2023 | 61,879 | 3,726 | 139,613 | 205,218 |
| Additions | - | - | 521 | 521 |
| Rental condition changes | 17,212 | - | - | 17,212 |
| Outputs | - | (3,726) | (15,552) | (19,278) |
| | **79,091** | **-** | **124,582** | **203,673** |
| **Accumulated Depreciation** | | | | |
| Balance at 1 January 2023 | (5,416) | (773) | (66,934) | (73,123) |
| Charge for the period | (2,065) | (656) | (23,753) | (26,474) |
| Outputs | - | 1,429 | 15,552 | 16,981 |
| | **(7,481)** | **-** | **(75,135)** | **(82,616)** |
| **Net book value** | **71,610** | **-** | **49,447** | **121,057** |

(Amounts expressed in thousands of Turkish Lira ('TRY') based on the purchasing power of the Turkish Lira ("TL") as of 31 December 2023, unless otherwise indicated.)

## NOTE 12 - RIGHT-OF-USE ASSETS (Continued)

| **31 December 2022** | **Site Rent** | **Buildings** | **Vehicles** | **Total** |
|---|---|---|---|---|
| **Cost** | | | | |
| Balance at 1 January 2022 | 55,835 | 8,253 | 137,622 | 201,710 |
| Rental condition changes | 6,044 | 3,287 | 5,881 | 15,212 |
| Outputs | - | (7,814) | (3,890) | (11,704) |
| | **61,879** | **3,726** | **139,613** | **205,218** |
| **Accumulated Depreciation** | | | | |
| Balance at 1 January 2022 | (3,836) | (4,648) | (45,982) | (54,466) |
| Charge for the period | (1,580) | (1,106) | (24,842) | (27,528) |
| Outputs | - | 4,981 | 3,890 | 8,871 |
| | **(5,416)** | **(773)** | **(66,934)** | **(73,123)** |
| **Net book value** | **56,463** | **2,953** | **72,679** | **132,095** |

Depreciation expense for the current period amounting to TRY 25,817 (31 December 2022: TRY 26,424) are recognized in cost of goods sold, TRY 640 (31 December 2022: TRY 1,005) are recognized in general administrative expenses and TRY 17 (31 December 2022: TRY 99 are recognized in marketing expenses.

(Amounts expressed in thousands of Turkish Lira ('TRY') based on the purchasing power of the Turkish Lira ("TL") as of 31 December 2023, unless otherwise indicated.)

## NOTE 13 - PROPERTY, PLANT AND EQUIPMENT

| | 1 January 2023 | Additions | Disposals | Transfers (*) | Currency translation differences | Disposal of subsidiary | 31 December 2023 |
|---|---|---|---|---|---|---|---|
| **Cost** | | | | | | | |
| Land | 1,086,743 | 15,121 | (2,918) | - | - | - | 1,098,946 |
| Land improvements | 1,368,274 | 1,745 | - | 120,358 | - | - | 1,490,377 |
| Buildings | 3,365,859 | 12,035 | - | 215,958 | - | - | 3,593,852 |
| Machinery and equipment | 20,051,714 | 24,364 | (28,062) | 760,551 | - | - | 20,808,567 |
| Motor vehicles | 11,356 | 103 | - | - | - | - | 11,459 |
| Furniture and fixture | 968,342 | 14,837 | (1,004) | 9,208 | - | - | 991,383 |
| Construction in progress | 299,760 | 1,728,844 | - | (1,106,470) | - | - | 922,134 |
| | **27,152,048** | **1,797,049** | **(31,984)** | **(395)** | **-** | **-** | **28,916,718** |
| **Accumulated depreciation** | | | | | | | |
| Land improvements | 845,237 | 57,114 | - | - | - | - | 902,351 |
| Buildings | 1,186,454 | 79,155 | - | - | - | - | 1,265,609 |
| Machinery and equipment | 12,824,639 | 905,860 | (20,228) | - | - | - | 13,710,271 |
| Motor vehicles | 7,140 | 529 | - | - | - | - | 7,669 |
| Furniture and fixture | 587,025 | 44,925 | (856) | - | - | - | 631,094 |
| | **15,450,495** | **1,087,583** | **(21,084)** | **-** | **-** | **-** | **16,516,994** |
| **Net book value** | **11,701,553** | **-** | **-** | **-** | **-** | **-** | **12,399,724** |

(*) Transfers with a net book value of TRY 395 is related to capitalized intangible assets.

The investments being made as of 31 December 2023 mainly result from the investments in power plant, press and cutting unit modernization investments and the investments in progress of the auxiliary enterprises.

Depreciation expense for the current period amounting to TRY 1,037,507 are recognized in cost of goods sold, TRY 1,900 are recognized in research and development expenses, TRY 24,337 are recognized in general administrative expenses, TRY 600 are recognized in marketing expenses, TRY 4,079 are recognized in ongoing investments and TRY 19,160 are recognized in inventories.

As of 31 December 2023, there is no collateral, pledge and mortgage on property, plant and equipment. At the date of reporting, Company's property, plants and equipment is insured for TRY 19,1 billion.

(Amounts expressed in thousands of Turkish Lira ('TRY') based on the purchasing power of the Turkish Lira ("TL") as of 31 December 2023, unless otherwise indicated.)

## NOTE 13 - PROPERTY, PLANT AND EQUIPMENT (Continued)

| | 1 January 2022 | Additions | Disposals | Transfers (*) | Currency translation differences | Disposal of subsidiary | 31 December 2022 |
|---|---|---|---|---|---|---|---|
| **Cost** | | | | | | | |
| Land | 1,074,862 | 22,104 | - | - | (4,668) | (5,555) | 1,086,743 |
| Land improvements | 1,269,832 | 54,023 | - | 44,419 | - | - | 1,368,274 |
| Buildings | 3,095,887 | 15,909 | (18,328) | 308,112 | (16,313) | (19,408) | 3,365,859 |
| Machinery and equipment | 18,724,340 | 8,272 | (17,176) | 1,403,836 | (30,850) | (36,708) | 20,051,714 |
| Motor vehicles | 14,231 | 49 | - | 1,424 | (1,986) | (2,362) | 11,356 |
| Furniture and fixture | 904,308 | 10,554 | (3,017) | 59,088 | (1,183) | (1,408) | 968,342 |
| Construction in progress | 347,325 | 1,663,871 | - | (1,711,436) | - | - | 299,760 |
| | **25,430,785** | **1,774,782** | **(38,521)** | **105,443** | **(55,000)** | **(65,441)** | **27,152,048** |
| **Accumulated depreciation** | | | | | | | |
| Land improvements | 779,104 | 66,133 | - | - | - | - | 845,237 |
| Buildings | 1,136,348 | 53,253 | (3,167) | 21,544 | (9,469) | (12,055) | 1,186,454 |
| Machinery and equipment | 12,085,187 | 811,452 | (17,176) | - | (24,260) | (30,564) | 12,824,639 |
| Motor vehicles | 9,738 | 845 | - | - | (1,452) | (1,991) | 7,140 |
| Furniture and fixture | 552,022 | 40,351 | (2,966) | - | (1,059) | (1,323) | 587,025 |
| | **14,562,399** | **972,034** | **(23,309)** | **21,544** | **(36,240)** | **(45,933)** | **15,450,495** |
| **Net book value** | **10,868,386** | | | | | | **11,701,553** |

(*) Transfers with a net book value of TRY 12,066 relate to equipment classified as assets held for sale, transfers with a net book value of TRY 95,965 relate to land and buildings classified from investment properties to tangible assets.

There is a net financing cost of TRY 3,241 capitalized as a result of the exchange difference expenses and interest costs incurred by investment loans used in the period of 1 January - 31 December 2022.

Depreciation expense for the current period amounting to TRY 938,567 are recognized in cost of goods sold, TRY 2,506 are recognized in research and development expenses, TRY 18,516 are recognized in general administrative expenses, TRY 588 are recognized in marketing expenses, TRY 11,857 are recognized in construction in progress as the projects which has not completed.

As of 31 December 2022, there is no collateral, pledge and mortgage on property, plant and equipment. At the date of reporting, Company's property, plants and equipment is insured for TRY 19,8 billion.

(Amounts expressed in thousands of Turkish Lira (‘TRY’) based on the purchasing power of the Turkish Lira (“TL”) as of 31 December 2023, unless otherwise indicated.)

## NOTE 14 - INTANGIBLE ASSETS

| | 1 January 2023 | Additions | Disposals | Transfers (*) | Currency translation differences | Disposal of subsidiary | 31 December 2023 |
|---|---|---|---|---|---|---|---|
| **Cost** | | | | | | | |
| Rights | 461,808 | 17,525 | - | - | - | - | 479,333 |
| Development cost | 368,768 | 27,584 | - | - | - | - | 396,352 |
| Other intangible assets | 85,209 | 230 | - | 395 | - | - | 85,834 |
| | **915,785** | **45,339** | **-** | **395** | **-** | **-** | **961,519** |
| **Accumulated depreciation** | | | | | | | |
| Rights | 116,290 | 21,041 | - | - | - | - | 137,331 |
| Development cost | 152,412 | 25,161 | - | - | - | - | 177,573 |
| Other intangible assets | 72,459 | 4,690 | - | - | - | - | 77,149 |
| | **341,161** | **50,892** | **-** | **-** | **-** | **-** | **392,053** |
| **Net book value** | **574,624** | | | | | | **569,466** |

| | 1 January 2022 | Additions | Disposals | Transfers (*) | Currency translation differences | Disposal of subsidiary | 31 December 2022 |
|---|---|---|---|---|---|---|---|
| **Cost** | | | | | | | |
| Rights | 472,270 | 2,088 | (18) | - | (5,709) | (6,823) | 461,808 |
| Development cost | 317,384 | 51,384 | - | - | - | - | 368,768 |
| Other intangible assets | 72,632 | 511 | - | 12,066 | - | - | 85,209 |
| | **862,286** | **53,983** | **(18)** | **12,066** | **(5,709)** | **(6,823)** | **915,785** |
| **Accumulated depreciation** | | | | | | | |
| Rights | 107,445 | 20,485 | (18) | - | (5,263) | (6,359) | 116,290 |
| Development cost | 132,031 | 20,381 | - | - | - | - | 152,412 |
| Other intangible assets | 71,386 | 1,073 | - | - | - | - | 72,459 |
| | **310,862** | **41,939** | **(18)** | **-** | **(5,263)** | **(6,359)** | **341,161** |
| **Net book value** | **551,424** | | | | | | **574,624** |

(*) Transfers amounting to TRY 395 are related to property plant and equipment (2022: TRY 12,066).

(Amounts expressed in thousands of Turkish Lira ('TRY') based on the purchasing power of the Turkish Lira ("TL") as of 31 December 2023, unless otherwise indicated.)

## NOTE 14 - INTANGIBLE ASSETS (Continued)

Amortization expenses for the period ended 31 December 2023 amounting to TRY 22,287 (2022: TRY 14,431) are recognized in cost of goods sold, TRY 25,162 (2022: TRY 24,070) are recognized in research and development expenses, TRY 3,313 (2022: TRY 3,323) are recognized in general administrative expenses, TRY 130 (2022: TRY 115) are recognized in marketing expenses.

**Goodwill**

As of 31 December 2023, the goodwill balance with the carrying amount of TRY 79,920 (2022: TRY 79,920) resulted from the acquisition of 50% shares of Ak-Tops Tekstil Sanayi A.Ş. during 2007.

There is no impairment in the goodwill's book value.

## NOTE 15 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

Provisions:

| | 31 December 2023 | 31 December 2022 |
|---|---|---|
| Provision for litigation | 120 | 188 |

Contingent assets and liabilities are as follows:

a) The details of commitments, guarantees, pledges and mortgages given to third parties by the Company are as follows:

| | 31 December 2023 | 31 December 2022 |
|---|---|---|
| Letters of guarantees given | 2,082,978 | 2,904,726 |
| Letters of credit commitments | 1,900,848 | 3,365,189 |
| **Total** | **3,983,826** | **6,269,915** |

Letters of guarantees given are mainly consist of raw material purchases.

b) Guarantee letters received for trade receivables are as follows:

| | 31 December 2023 | 31 December 2022 |
|---|---|---|
| Credit insurance limits | 2,932,736 | 4,504,537 |
| Mortgages received | 402,376 | 447,935 |
| Limits of direct debiting system ("DDS") | 71,244 | 131,668 |
| Collateral checks and notes received | 63,529 | 220,110 |
| Guarantee letters received | 47,134 | 67,990 |
| Other guarantees | 147,786 | 268,882 |
| **Total** | **3,664,805** | **5,641,122** |

(Amounts expressed in thousands of Turkish Lira (‘TRY’) based on the purchasing power of the Turkish Lira (“TL”) as of 31 December 2023, unless otherwise indicated.)

## NOTE 15 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Continued)

c) Collaterals, Pledges and Mortgages given by the Company (“CPM”):

| | | 31 December 2023 | 31 December 2022 |
|---|---|---|---|
| A. | CPM given on behalf of the Company’s legal personality | 3,983,826 | 6,269,915 |
| | *- USD* | *3,362,194* | *5,588,168* |
| | *-EUR* | *496,204* | *507,621* |
| | *-TRY* | *106,564* | *161,204* |
| | *-Other* | *18,864* | *12,922* |
| B. | CPM given on behalf of fully consolidated subsidiaries | - | - |
| C. | CPM given for continuation of its economic activities on behalf of third parties | - | - |
| | *- USD* | - | - |
| D. | Total amount of other CPM given | - | - |
| | *i) Total amount of CPM given on behalf of the parent company* | - | - |
| | *ii) Total amount of CPM given to on behalf of other group companies which are not in scope of B and C* | - | - |
| | *iii) Total amount of CPM given on behalf of third parties which are not in scope of C* | - | - |
| **Total** | | **3,983,826** | **6,269,915** |

As of 31 December 2023, the ratio of other CPMs’ given by the Company (D) to equity is zero percent (31 December 2022: zero).

## NOTE 16 - EMPLOYEE BENEFIT OBLIGATIONS

| **Payables for employee benefit obligations** | **31 December 2023** | **31 December 2022** |
|---|---|---|
| Social security premiums payable | 38,696 | 31,074 |
| Payables to employees | - | - |
| **Total** | **38,696** | **31,074** |

| **Current provisions for employee benefits** | **31 December 2023** | **31 December 2022** |
|---|---|---|
| Provision for performance premium | 140,000 | 104,430 |
| Provision for unused vacation rights | 7,020 | 11,377 |
| **Total** | **147,020** | **115,807** |

(Amounts expressed in thousands of Turkish Lira (‘TRY’) based on the purchasing power of the Turkish Lira (“TL”) as of 31 December 2023, unless otherwise indicated.)

## NOTE 16 - EMPLOYEE BENEFIT OBLIGATIONS (Continued)

| **Non-current provisions for employee benefits** | **31 December 2023** | **31 December 2022** |
|---|---|---|
| Provision for employment termination benefits and seniority incentive | 118,785 | 390,410 |

Provision for employment termination benefits

Employment termination benefit provision is recorded according to the following descriptions.

Under the Turkish Labor Law, the Company is required to pay termination benefits to each employee who has completed one year of service and left from the company or retired, completed 25 service years (20 for women) and who reaches the retirement age (58 for women and 60 for men), whose employment is terminated without due cause, is called up for military service or passed away. Since the legislation was changed on 23 May 2002, there are certain transitional provisions relating to length of service prior to retirement.

The liability for employment termination benefits is not legally subjected to any funding and there is no condition for funding.

The provision has been calculated by estimating the present value of the future probable obligation of the Company arising from the retirement of employees.

TAS 19 ‘Employee Benefits’ require actuarial valuation methods to be developed to estimate the enterprise’s obligation under defined benefit plans. Accordingly, the following actuarial assumptions have been used in the calculation of the total liability:

| | **31 December 2023** | **31 December 2022** |
|---|---|---|
| Discount rate (%) | 3.65 | 0.50 |
| Probability of retirement (%) | 97.86 | 98.22 |

The principal assumption is that the maximum liability for each year of service will increase in line with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. As the maximum liability is revised once every six months, the maximum amount of TRY35,059 effective from 1 January 2024 (1 January 2023: TRY19,983) has been taken into consideration in calculating the reserve for employment termination benefit of the Company.

Movements in the provision for employment termination benefits and seniority incentive are as follows:

| | **2023** | **2022** |
|---|---|---|
| **1 January** | **390,410** | **161,726** |
| Service cost | 1,056 | 105,886 |
| Interest cost | 20,630 | 32,716 |
| Payments | (163,260) | (12,557) |
| Actuarial gain | (108,974) | 151,423 |
| Monetary (gain)/loss, net | (21,077) | (48,785) |
| **31 December** | **118,785** | **390,410** |

(Amounts expressed in thousands of Turkish Lira ('TRY') based on the purchasing power of the Turkish Lira ("TL") as of 31 December 2023, unless otherwise indicated.)

## NOTE 17 - OTHER ASSETS AND LIABILITIES

### a) Other current assets:

| | 31 December 2023 | 31 December 2022 |
|---|---|---|
| Value Added Taxes ("VAT") receivables | 452,942 | 618,686 |
| **Total** | **452,942** | **618,686** |

### b) Short-term prepayments

| | 31 December 2023 | 31 December 2022 |
|---|---|---|
| Prepaid expenses | 49,753 | 28,005 |
| Advances given | 25,996 | 27,935 |
| **Total** | **75,749** | **55,940** |

### c) Long-term prepayments

| | 31 December 2023 | 31 December 2022 |
|---|---|---|
| Advances given for purchase of property, plant and equipment | 210,469 | 295,014 |
| Prepaid expenses | 9,561 | 9,328 |
| **Total** | **220,030** | **304,342** |

### d) Deferred income:

| | 31 December 2023 | 31 December 2022 |
|---|---|---|
| Deferred revenue | 234,569 | 133,252 |
| Order advances received | 117,731 | 224,000 |
| **Total** | **352,300** | **357,252** |

### e) Other long-term liabilities:

| | 31 December 2023 | 31 December 2022 |
|---|---|---|
| Deposits and guarantees received | 3,334 | 65,776 |
| **Total** | **3,334** | **65,776** |

(Amounts expressed in thousands of Turkish Lira ('TRY') based on the purchasing power of the Turkish Lira ("TL") as of 31 December 2023, unless otherwise indicated.)

## NOTE 18 - DERIVATIVE FINANCIAL INSTRUMENTS

| | 31 December 2023 | | 31 December 2022 | |
|---|---|---|---|---|
| | Asset | Liability | Asset | Liability |
| Derivatives used for hedging | - | - | 46,617 | - |
| Held for trading | 5,665 | - | - | - |

**Derivatives used for hedging:**

| | 31 December 2023 | | 31 December 2022 | |
|---|---|---|---|---|
| | Contract amount USD (thousand) | Fair value Liability TRY | Contract amount USD (thousand) | Fair value Asset amount TRY |
| Interest rate swaps | - | - | 23,891 | 46,617 |
| **Total** | - | - | 23,891 | 46,617 |

Derivative financial instruments are initially recognized at their acquisition cost and re-measured at their fair value in the following periods and the Company implement this policy. The derivative financial instruments of the Company mainly consist of cross currency forward swaps and interest rate swap instruments.

At the date of the derivative contract, the Company determines that there are transactions that provide hedging against changes in cash flows arising from a certain risk and that may affect profit/loss (cash flow hedges) for a registered asset or liability or transactions that may be associated with a certain risk and are likely to occur.

These derivative financial instruments are recognized as derivative financial instruments for hedging purposes in the financial statements, since they provide effective protection against risks for the Company and meet the necessary conditions in terms of risk accounting.

If the hedging instrument fails to meet the terms of the hedge accounting, selling, expiring, or if one of the promised or probable future transactions is not expected to occur, the contractual or probable future transaction will be the hedging instrument continues to be classified separately under equity. When the committed or probable future transaction is realized or predicted future transaction will not to be happen, it is recognized in profit or loss and the accumulated gains or losses related to the transaction are reflected to the financial statements as profit or loss.

As of 31 December 2023, there is no fixed interest rates (31 December 2022: 0.325%). The Company's main floating interest rates are EURIBOR and SOFR.

(Amounts expressed in thousands of Turkish Lira (‘TRY’) based on the purchasing power of the Turkish Lira (“TL”) as of 31 December 2023, unless otherwise indicated.)

## NOTE 18 - DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

**Derivative financial instruments held for trading:**

The Company is able to make option contracts regarding to foreign exchange trading transactions in accordance with its risk policies. The mentioned option transactions are accounted as derivative financial instruments held for trading in the financial statements, as they do not qualify for hedge accounting and changes in fair value of these financial instruments are recognized in the statement of income.

| | 31 December 2023 | | 31 December 2022 | |
|---|---|---|---|---|
| | Contract amount (thousand) | Fair value Asset TRY | Contract amount (thousand) | Fair value Liability amount TRY |
| Foreign exchange transactions | | | | |
| - *USD* | 1,000 | 5,665 | - | - |

## NOTE 19 - ASSETS HELD FOR SALE

Assets held for sale summary information is as follows:

| | 31 December 2023 | 31 December 2022 |
|---|---|---|
| Aksa Egypt | - | 55,662 |
| **Net book value** | **-** | **55,662** |

On March 16, 2023, all shares of Aksa Egypt, a subsidiary in which the Company has 99.84% shareholding interest, were sold for EGP 49,917,450 (indexed value as of December 31, 2023: TL 44,588). The effect of the sale of Aksa Egypt on the income statement is shown below:

| | |
|---|---|
| Revenue (net after cost of sales) | 44,588 |
| Aksa Egypt net asset (-) | (55,662) |
| Foreign currency translation differences | 88,229 |
| **Net book value** | **77,155** |

Gain on sale of subsidiary is classified under "Income from investing activities".

## NOTE 20 - EQUITY

Aksa has adopted the registered share capital system applicable to companies registered on the Capital Markets Board and set a limit on its registered share capital representing type of registered shares with a nominal value of Kr 1. As of 31 December 2023, and 2022, the historical, authorized and issued capital of Aksa is presented below:

| | 31 December 2023 | 31 December 2022 |
|---|---|---|
| Limit on registered share capital | 650,000 | 650,000 |
| Issued share capital | 323,750 | 323,750 |

(Amounts expressed in thousands of Turkish Lira ('TRY') based on the purchasing power of the Turkish Lira ("TL") as of 31 December 2023, unless otherwise indicated.)

## NOTE 20 - EQUITY (Continued)

The Company's shareholders and their respective shareholding structure as follows:

| | Share (%) | 31 December 2023 | Share (%) | 31 December 2022 |
|---|---|---|---|---|
| Akkök Holding | 39.59 | 128,166 | 39.59 | 128,166 |
| Emniyet Ticaret ve Sanayi A.Ş. | 22.42 | 72,577 | 21.44 | 69,425 |
| Other | 37.99 | 123,007 | 38.97 | 126,159 |
| | **100.00** | **323,750** | **100.00** | **323,750** |

The Company has 32,375,000,000 shares (31 December 2022: 32,375,000,000) with a nominal value of 1 Kr (31 December 2022: 1Kr). All shareholders have same rights and there are not issued different type of shares such as privilege. Adjustment to share capital amounting to TRY 5,812,418 represents the difference between the restatement effect of cash and cash equivalent contributions to share capital and their restatement amounts before inflation adjustment.

The legal reserves consist of first and second reserves, appropriated in accordance with the Turkish Commercial Code ("TCC"), The TCC stipulates that the first legal reserve is appropriated out of statutory profits at the rate of 5% per annum, until the total reserve reaches 20% of the Company's paid-in capital. The second legal reserve is appropriated at the rate of 10% per annum of all cash distributions in excess of 5% of the paid-in capital. According to the TCC, the legal reserve does not exceed half of the capital or issued capital can be used only to offset losses, to continue the business when things did not go well or to get ahead of unemployment and to take favorable measures to manage its results

In accordance with TAS, the Company has to classify the above-mentioned amounts under "Restricted reserves", the amount of restricted reserves is TRY 2,061,411 as of 31 December 2023 (31 December 2022: TRY 1,952,132). This amount fully consists of legal reserves.

"Paid in Capital", "Restricted Reserves" and "Share Premiums" shall be disclosed by their statutory amounts in accordance with the Communiqué on the Principles of Financial Reporting in Capital Markets (numbered II-14.1) and CMB announcements. During the implementation of the relevant communiqué, differences in valuations (such as differences arising from inflation adjustment):

- The difference arising from the "Paid-in Capital" and if has not been transferred to capital yet, shall be classified under the "Adjustments to Share Capital", following the "Paid-in capital";

- The difference due to the inflation adjustment of "Restricted Reserves" and "Share Premium" and the amount has not been utilized in dividend distribution or capital increase yet, shall be classified under "Retained Earnings". Other equity totals are being demonstrated as they are valued according to CMB's and TAS's statements.

Capital adjustment differences have no use other than complementing the capital.

(Amounts expressed in thousands of Turkish Lira ('TRY') based on the purchasing power of the Turkish Lira ("TL") as of 31 December 2023, unless otherwise indicated.)

## NOTE 20 - EQUITY (Continued)

### Dividend distribution

Regarding the dividend distribution, the entities have to distribute their profits under the scope of CMB Communiqué Serial: II-19.1, their articles of association and their previously publicly declared profit distribution policies.

Besides that, to prepare and publicly announce the amount of net distributable profit is regulated for Companies which are obligated to prepare financial statements under CMB policies in accordance with CMB Communiqué No. II -14.1. It is also regulated that the Companies are required to calculate the net profit for the period with considering the financial statements as long as the net profit can be provided from legal sources.

In the case of making decision on dividend payment, dividend is paid in cash or is distributed as "bonus shares" to shareholders by adding dividend to capital or distributed cash and bonus shares in certain amounts according to the decision that is taken by the general assembly of the company.

At the Ordinary General Assembly dated April 4, 2023, the Company has decided to set aside Legal Reserves amounting to TL 76.405 from the distributable profit for the year 2022 in accordance with the Turkish Commercial Code and the Company's Articles of Association and to pay a gross dividend of TRY 1,115,933 (2022: TRY 1,230,842) as indexed value. Dividend payments were completed on April 25, 2023.

## NOTE 21 - REVENUE AND COST OF SALES

Sales and cost of goods sold for the years ended 31 December 2023 and 2022 are as follows:

| | **31 December 2023** | **31 December 2022** |
|---|---|---|
| Domestic sales | 14,795,834 | 22,715,084 |
| Export sales | 10,347,037 | 13,437,269 |
| Less: Sales returns | (29,989) | (53,470) |
| Less: Sales discounts | (1,180,299) | (1,634,355) |
| **Net sales income** | **23,932,583** | **34,464,528** |
| **Cost of sales (-)** | **(19,979,732)** | **(28,830,258)** |
| **Gross profit** | **3,952,851** | **5,634,270** |

(Amounts expressed in thousands of Turkish Lira ('TRY') based on the purchasing power of the Turkish Lira ("TL") as of 31 December 2023, unless otherwise indicated.)

## NOTE 22 - EXPENSES BY NATURE

Cost of sales, marketing expenses, general administrative expenses and research and development expenses by nature for the years ended as of 31 December 2023 and 2022 are as follows:

| | 31 December 2023 | 31 December 2022 |
|---|---:|---:|
| Raw materials and goods | 17,194,787 | 26,231,331 |
| Depreciation and amortization | 1,142,657 | 1,033,583 |
| Employee benefit expenses | 1,109,683 | 969,469 |
| Consumable materials | 335,891 | 375,559 |
| Commission expenses | 254,661 | 313,126 |
| Maintenance, repair and cleaning expenses | 187,715 | 167,043 |
| Export expenses | 113,179 | 168,014 |
| Information technologies expense | 72,681 | 56,903 |
| Insurance expenses | 64,232 | 56,931 |
| Consultancy expenses | 52,731 | 30,608 |
| Other | 498,663 | 560,681 |
| **Total** | **21,026,880** | **29,963,248** |

*Fees for Services Obtained from Independent Auditor/Independent Audit Firm*

Fees for Services Received from Independent Auditor/Independent Audit Firm the Company's statement regarding the fees for services rendered by independent audit firms, prepared by the POA pursuant to the Board Decision published in the Official Gazette on March 30, 2021, and the preparation principles of which are based on the POA letter dated August 19, 2021 as follows:

| | 2023 | 2022 |
|---|---:|---:|
| Independent audit fee for the reporting period | 3,130 | 3,997 |
| Fees for tax advisory services | 210 | 417 |
| Fee for other assurance services | 73 | 33 |
| Fees for services other than independent auditing | 34 | 71 |
| **Total** | **3,447** | **4,518** |

The fees above have been determined by including the legal audit and other related service fees of all subsidiaries and joint ventures, and the fees in foreign currency have been converted into TRY using the annual average rates of the relevant years.

## NOTE 23 - OTHER OPERATING INCOME/(EXPENSE)

Other operating income for the years ended at 31 December 2023 and 2022 are as follows:

| | 31 December 2023 | 31 December 2022 |
|---|---:|---:|
| Foreign exchange gains | 1,652,154 | 3,446,283 |
| Interest income on credit sales | 166,968 | 148,523 |
| Gain on sale of scraps | 31,838 | 36,189 |
| Provisions no longer required | 2,450 | 2,590 |
| Other | 13,294 | 2,154 |
| **Total** | **1,866,704** | **3,635,739** |

(Amounts expressed in thousands of Turkish Lira ('TRY') based on the purchasing power of the Turkish Lira ("TL") as of 31 December 2023, unless otherwise indicated.)

## NOTE 23 - OTHER OPERATING INCOME/(EXPENSE) (Continued)

Other operating expenses for the years ended at 31 December 2023 and 2022 are as follows:

| | 31 December 2023 | 31 December 2022 |
|---|---|---|
| Foreign exchange losses | 1,907,041 | 3,822,405 |
| Interest expense from credit purchases | 133,927 | 124,151 |
| Provision for expected credit losses (Note 8) | 100,257 | 36,092 |
| Other | 11,864 | 23,628 |
| **Total** | **2,153,089** | **4,006,276** |

## NOTE 24 - INCOME FROM INVESTMENT ACTIVITIES

Income from investment activities for the years ended at 31 December 2023 and 2022 are as follows:

| | 31 December 2023 | 31 December 2022 |
|---|---|---|
| Gain on sale of subsidiary (*) | 77,155 | - |
| Financial investment financing income | 21,537 | 76,182 |
| Income from fixed asset sales | 8,166 | 10,443 |
| Rent income | 9,999 | 12,741 |
| **Total** | **116,857** | **99,366** |

(*) The consideration arises from the sale of all shares of Aksa Egypt, a subsidiary of the Company with 99.84% shareholding interest, on March 16, 2023.

## NOTE 25 - FINANCIAL INCOME/(COSTS)

Finance income for the years ended at 31 December 2023 and 2022 are as follows:

| | 31 December 2023 | 31 December 2022 |
|---|---|---|
| Foreign exchange gains | 912,301 | 771,209 |
| Interest income | 303,287 | 225,385 |
| **Total** | **1,215,588** | **996,594** |

Financial costs for the years ended at 31 December 2023 and 2022 are as follows:

| | 31 December 2023 | 31 December 2022 |
|---|---|---|
| Foreign exchange expense | 1,821,733 | 2,393,348 |
| Interest and commission expenses | 432,804 | 263,820 |
| **Total** | **2,254,537** | **2,657,168** |

(Amounts expressed in thousands of Turkish Lira ('TRY') based on the purchasing power of the Turkish Lira ("TL") as of 31 December 2023, unless otherwise indicated.)

## NOTE 26 - TAX ASSETS AND LIABILITIES

Tax expenses for the years ended at 31 December 2023 and 2022 are as follows:

| | **31 December 2023** | **31 December 2022** |
|---|---|---|
| Current income tax expense (*) | (380,357) | (388,582) |
| Deferred tax income | (282,883) | 800,933 |
| **Total tax income/(expense)** | **(663,240)** | **412,351** |

(*) Tax expense amounting to TL 175.726 has been incurred due to the exemption and discount amounts shown in the corporate tax return for the year 2022 and the arrangement to pay additional tax at the rate of 10% over the tax bases subject to discounted corporate tax in Article 32/A of the same Law.

*Corporate Tax*

The Company is subject to corporate tax valid in Turkey. Tax liability provisions are determined in accordance with the current year financial activities.

Corporate Tax Law No. 5520 and dated 13 June 2006 was published in the Official Gazette dated 21 June 2006. Many provisions of the said new Corporate Tax Law No. 5520 came into effect as of January 1, 2006. In accordance with the temporary article 13 added to the Corporate Tax Law with the "Law on the Collection of Public Claims and Amendments to Certain Laws" numbered 7316, which was published in the Official Gazette dated April 22, 2021, the corporate tax rate was increased to 25% for the year 2023. (2022: 23%). The corporate tax rate is applied to the net corporate income to be found as a result of adding the expenses that are not accepted as deductible in accordance with the tax laws to the commercial income of the corporations and deducting the exceptions and deductions in the tax laws. Losses can be carried for a maximum of 5 years, to be deducted from the taxable profit that will occur in the coming years, provided that the conditions stipulated in the Law are met. However, the losses incurred cannot be deducted retrospectively from the profits of previous years.

There is no agreement with the tax authorities on the tax payable in Turkey. The corporate tax declaration is given on the until the evening of the last day of the fourth month following the month of which the accounting period is closed and is paid within the same period.

*Income Tax Withholding*

Dividends paid to non-resident corporations, which have a place of business in Turkey, or resident corporations are not subject to withholding tax. Otherwise, dividends paid are subject to withholding (Reserving the provisions of the Double Taxation Avoidance Agreement) tax at the rate of 15%. (With the Presidential Decision No. 4936 published in the Official Gazette dated 22 December 2021, the dividend withholding tax rate was reduced from 15% to 10%). An increase in capital via issuing bonus shares is not considered as a profit distribution.

(Amounts expressed in thousands of Turkish Lira ('TRY') based on the purchasing power of the Turkish Lira ("TL") as of 31 December 2023, unless otherwise indicated.)

## NOTE 26 - TAX ASSETS AND LIABILITIES (Continued)

### Tax Advantages Obtained under the Investment Incentive System:

The Company's earnings from investments subject to investment incentive certificates are subject to corporate tax at reduced rates from the accounting period in which the investment starts to be operated partially or completely until the investment contribution amount is reached. In this context, the Company has not recognized any amount as deferred tax asset in the financial statements except for the expenditures within the scope of the investment incentive certificate utilized in the calculation of reduced corporate tax.

### Deferred Income Tax Assets and Liabilities

The Company calculates deferred tax assets and liabilities considering the effect of temporary differences arising from different valuation of balance sheet items according to TAS and statutory financial statements. Such temporary differences usually result from the recognition of revenue and expenses in different reporting periods according to TAS and Tax Code.

The tax rate used in calculating deferred tax assets and liabilities is 24% (2022: 20%).

The breakdown of cumulative temporary differences and deferred income tax assets and liabilities provided using enacted tax rates as of 31 December 2023 and 2022 are as follows:

| | Temporary taxable differences | | Deferred income tax asset/liability | |
|---|---|---|---|---|
| | 31 December 2023 | 31 December 2022 | 31 December 2023 | 31 December 2022 |
| Deferred income | 352,300 | 357,252 | 84,552 | 71,451 |
| Employee termination benefits | 125,805 | 401,787 | 30,193 | 80,357 |
| Trade receivable | 97,563 | - | 23,415 | - |
| Lease liabilities | 81,185 | 108,977 | 19,484 | 21,795 |
| Prepaid expenses | 3,238 | - | 777 | - |
| Property, plant and equipment and intangible assets | - | 489,703 | - | 97,941 |
| **Deferred tax assets** | | | **158,421** | **271,544** |
| Inventories | (584,708) | (455,254) | (140,330) | (91,051) |
| Property, plant and equipment and intangible assets | (155,448) | - | (37,308) | - |
| Right-of-use assets | (121,057) | (132,095) | (29,054) | (26,419) |
| Trade payables | (23,309) | (16,871) | (5,594) | (3,374) |
| Derivative financial instruments | (5,665) | (46,617) | (1,360) | (9,323) |
| Trade receivables | - | (639) | - | (128) |
| Prepaid expenses | - | (8,847) | - | (1,769) |
| **Deferred tax liabilities** | | | **(213,646)** | **(132,064)** |
| **Deferred tax assets/(liability), net** | | | **(55,225)** | **139,480** |

(Amounts expressed in thousands of Turkish Lira ('TRY') based on the purchasing power of the Turkish Lira ("TL") as of 31 December 2023, unless otherwise indicated.)

## NOTE 26 - TAX ASSETS AND LIABILITIES (Continued)

Movement for the deferred income tax assets for the periods ended at 31 December 2023 and 2022 are as follows:

| | 2023 | 2022 |
|---|---|---|
| **1 January** | **139,480** | **(684,042)** |
| Deferred tax income for the period, net | (282,883) | 800,933 |
| Recognized under equity | 88,178 | 23,750 |
| Currency translation differences | - | (1,161) |
| **31 December** | **(55,225)** | **139,480** |

| | 31 December 2023 | 31 December 2022 |
|---|---|---|
| Income tax | (380,357) | (388,582) |
| Prepaid taxes | 211,530 | 431,598 |
| Monetary gain/(loss), net | 90,132 | 124,204 |
| **Current income tax assets/(liabilities)** | **(78,695)** | **167,220** |

The reconciliation of tax expenses stated in income statements for the years ended at 31 December 2023 and 2022 are as follows:

| | 31 December 2023 | 31 December 2022 |
|---|---|---|
| Profit before tax in the financial statements | 2,315,221 | 4,151,523 |
| **Expected tax expense of the Company (24%- 23%)** | **555,653** | **954,851** |
| Monetary (gain) / loss, net | (513,988) | (1,701,307) |
| The effect of application of equity method | (104,007) | 119,319 |
| Fixed asset valuation application impact | 1,395,433 | (2,550,713) |
| Investment incentives | (839,700) | (1,710,845) |
| Discounts and exemptions | (230,377) | (136,498) |
| Additions | 8,725 | 35,688 |
| Tax effect (24-20%) | (68,139) | (1,367,202) |
| Additional corporate tax | 175,726 | - |
| **Current period tax (income)/expense of the Company** | **663,240** | **(412,351)** |

(Amounts expressed in thousands of Turkish Lira ('TRY') based on the purchasing power of the Turkish Lira ("TL") as of 31 December 2023, unless otherwise indicated.)

## NOTE 27 - EARNINGS PER SHARE

Earnings per share disclosed in the statements is determined by dividing net profit for the period by the weighted average number of shares issued within the relevant period. The earnings per share calculation for the years ended 31 December 2023 and 2022 as follows:

| | **31 December 2023** | **31 December 2022** |
|---|---|---|
| Net profit attributable to the equity holders of the parent (TRY) (*) (A) | 1,651,981,302 | 4,563,873,978 |
| Weighted average number of shares (B) | 32,375,000,000 | 32,375,000,000 |
| Earnings per share (Kr) (A/B) | 5.10 | 14.10 |

(*) Amounts expressed in full Turkish Lira.

## NOTE 28 - RELATED PARTY DISCLOSURES

### a) Short-term trade receivables:

As of 31 December 2023, and 2022, trade receivables from related parties are as follows:

| | **31 December 2023** | **31 December 2022** |
|---|---|---|
| Ak-Pa Tekstil İhracat Pazarlama A.Ş. ("Ak-Pa") (*) (1) | 1,157,642 | 980,546 |
| DowAksa İleri Kompozit Malzemeler San. Ltd. Şti. ("DowAksa") (2) | 311,513 | 386,139 |
| Akkim Kimya San. ve Tic. A.Ş. ("Akkim") (1) | 65,476 | 146,969 |
| Akgirişim Müt. Müş. Çevre Tek. San. Tic. A.Ş. ("Akgirişim") (1) | 2,468 | 193 |
| Yalova Kompozit ve Kimya İhtisas Organize Sanayi Bölgesi ("Yalkim OSB") (4) | 2,398 | 4,867 |
| Other | 131 | 280 |
| Less: Unearned finance income on credit sales (-) | (2,486) | (6,728) |
| **Total** | **1,537,142** | **1,512,266** |

(*) Foreign sales are made through Ak-Pa, the foreign trade company of the Company, and the balance consists of trade receivables arising from these transactions.

As of 31 December 2023, and 2022, the foreign currency denominated trade receivables have 3 months maturity on average and are discounted with annual average discount rate of 8% (31 December 2022: 5.1%) based on USD.

31 December 2023 and 2022, trade receivables have an average maturity of one (1) month.

(1) Akkök Holding subsidiary
(2) Company's joint venture
(3) Company main shareholder
(4) Other related parties

(Amounts expressed in thousands of Turkish Lira ('TRY') based on the purchasing power of the Turkish Lira ("TL") as of 31 December 2023, unless otherwise indicated.)

**NOTE 28 - RELATED PARTY DISCLOSURES (Continued)**

**b) Short-term trade payables:**

As of 31 December 2023, and 2022, short-term trade payables to related parties are as follows:

| | 31 December 2023 | 31 December 2022 |
|---|---|---|
| Akkim (1) | 115,711 | 129,861 |
| Ak-Pa (1) | 83,889 | 77,488 |
| Akgirişim (1) | 60,197 | 3,867 |
| Yalkim OSB (4) | 22,115 | 32,429 |
| Dinkal Sigorta Acenteliği A.Ş. (**) (1) | 15,909 | 7,741 |
| Aktek Bilgi İşlem Tekn. San. ve Tic. A.Ş. (1) | 8,182 | 9,063 |
| Akkök Holding (3) | 6,623 | 717 |
| Other | 4,241 | 348 |
| **Total** | **316,867** | **261,514** |

(**) This amount represent payments to insurance companies through Dinkal Sigorta Acenteliği A.Ş.

**c) Short-term borrowings:**

| | 31 December 2023 | | 31 December 2022 | |
|---|---|---|---|---|
| | Annual weighted average effective interest rate (%) | TRY | Annual weighted average effective interest rate (%) | TRY |
| USD borrowings | 25.65 | 805,000 | - | - |
| Prepaid interest | - | (178,759) | - | - |
| **Short-term borrowings to related parties** | **-** | **626,241** | **-** | **-** |

**d) Prepaid expenses:**

Advances given to related parties for the year ended as of 31 December 2023 and 2022 are as follows:

| | 31 December 2023 | 31 December 2022 |
|---|---|---|
| Akgirişim (1) | 65,876 | - |
| Yalkim OSB (4) | - | 24,876 |
| **Total** | **65,876** | **24,876** |

Advances given are consists of advance payments for various investment projects in Yalova facility.

(1) Akkök Holding subsidiary
(2) Company's joint venture
(3) Company main shareholder
(4) Other related parties.

(Amounts expressed in thousands of Turkish Lira ('TRY') based on the purchasing power of the Turkish Lira ("TL") as of 31 December 2023, unless otherwise indicated.)

## NOTE 28 - RELATED PARTY DISCLOSURES (Continued)

### e) Sales:

Sales to related parties for the years ended 31 December 2023 and 2022 are as follows:

| | 31 December 2023 | 31 December 2022 |
|---|---|---|
| Ak-Pa (*) (1) | 10,552,944 | 13,732,211 |
| Akkim (1) | 862,491 | 1,428,019 |
| DowAksa(2) | 883,415 | 1,052,945 |
| Sakarya Elektrik Perakende Satış A.Ş.("Sepaş") (1) | 37,923 | 158,596 |
| Akenerji (1) | 37,281 | 45,734 |
| Diğer | 46,173 | 43,041 |
| **Total** | **12,320,227** | **16,460,546** |

(*) Foreign sales are made through Ak-Pa, the foreign trade company of the Company, and the balance consists of trade receivables arising from these exporting transactions.

Other sales to related parties consist of rent incomes, electric and steam energy sales.

### f) Purchases of goods and services:

Product and service purchases from related parties for the years ended 31 December 2023 and 2022 are as follows:

| | 31 December 2023 | 31 December 2022 |
|---|---|---|
| Akkim (1) | 772,869 | 828,539 |
| Akgirişim(1) | 518,620 | 141,621 |
| Yalkim OSB(4) | 245,235 | 275,925 |
| Dinkal Sigorta Acenteliği A.Ş. (1) | 152,235 | 110,294 |
| Ak-Pa (*)(1) | 144,157 | 176,958 |
| Aktek Bilgi İşlem Tekn. San. ve Tic. A.Ş. (1) | 64,716 | 60,248 |
| Akenerji (1) | 54,927 | 67,382 |
| Akkök Holding (3) | 15,375 | 3,345 |
| Other | 8,108 | 4,905 |
| **Total** | **1,976,242** | **1,669,217** |

(*) Insurance service purchases from various insurance companies through Dinkal Sigorta Acenteliği A.Ş.

Purchases from related parties consist of chemicals, insurance, contracting, consultancy, commissions, rent, expenses for organized industrial zone and other service purchases.

(1) Akkök Holding subsidiary
(2) Company's joint venture
(3) Company main shareholder
(4) Other related parties.

(Amounts expressed in thousands of Turkish Lira ('TRY') based on the purchasing power of the Turkish Lira ("TL") as of 31 December 2023, unless otherwise indicated.)

## NOTE 28 - RELATED PARTY DISCLOSURES (Continued)

### g) Key management compensation:

The Company defined its key management personnel as member of executive committee and board members. Benefits provided to key management personnel as of 31 December 2023 and 2022 are as follows:

| | **31 December 2023** | **31 December 2022** |
|---|---|---|
| Wages and other short-term employee benefits | 69,984 | 54,003 |
| Provision for employment termination benefits | 33 | 847 |
| **Total** | **70,017** | **54,850** |

Benefits provided to the Board of Directors, for the years ended 31 December 2023 and 2022 are as follows:

| | **31 December 2023** | **31 December 2022** |
|---|---|---|
| Wages and other short-term employee benefits | 5,683 | 5,316 |
| **Total** | **5,683** | **5,316** |

(Amounts expressed in thousands of Turkish Lira (‘TRY’) based on the purchasing power of the Turkish Lira (“TL”) as of 31 December 2023, unless otherwise indicated.)

## NOTE 29 - FINANCIAL RISK MANAGEMENT

### Purposes and principles of risk management

The Company’s principal financial instruments are cash and cash equivalents, trade receivables and financial liabilities. The main purpose of these financial instruments is to generate financing resources for the Company’s operations. The Company has various other financial instruments such as trade debtors and trade creditors, which arise directly from its operations. The main risks arising from the Company’s financial instruments are liquidity risk, foreign currency risk and credit risk. The Company management reviews and agrees policies for managing each of the risks as summarized below.

***Credit risk***

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company attempts to control credit risk by monitoring credit exposures, limiting transactions with specific counterparties, and continually assessing the creditworthiness of the counterparties. It is the Company policy that all customers who wish to trade on credit terms are subject to credit screening procedures and the Company also obtains collaterals from customers when appropriate. In addition, receivable balances are monitored on an ongoing basis with the result that the Company’s exposure to bad debts is not significant. Trade receivables are evaluated by management based on their past experiences and current economic condition and are presented in financial statements net of provision for expected credit losses (Note 8).

Trade Receivable Aging Analysis

The Company has TRY 149,145 provision (31 December 2022: TRY 235,355) on their receivables and aging of the receivables which are overdue but not impaired are as follows:

| **Trade Receivables** | **31 December 2023** | **31 December 2022** |
|---|---|---|
| 1-30 days overdue | 97,140 | 248,886 |
| 1-3 months overdue | 199,044 | 52,861 |
| 3-12 months overdue | 25,705 | 4,566 |
| More than 12 months overdue | 135,631 | 326,853 |
| **Total (*)** | **457,520** | **633,166** |
| **Secured with guarantees** | **292,108** | **499,717** |

(*) TRY 140,149 of the amount has been collected as of the date of the report (31 December 2022: TRY 30,062).

(Amounts expressed in thousands of Turkish Lira ('TRY') based on the purchasing power of the Turkish Lira ("TL") as of 31 December 2023, unless otherwise indicated.)

## NOTE 29 - FINANCIAL RISK MANAGEMENT (Continued)

As of 31 December 2023, the Company's maximum exposure to credit risk is presented below:

| | Trade receivables | | Other receivables | | Financial assets | | Deposits in banks |
|---|---|---|---|---|---|---|---|
| **31 December 2023** | **Related Parties** | **Other** | **Related Parties** | **Other** | **Related Parties** | **Other** | **Other** |
| **Maximum credit risk exposure as of reporting date** | **1,537,142** | **897,835** | **-** | **545** | **-** | **61,137** | **3,386,177** |
| **- Secured portion of maximum credit risk by guarantees (*)** | **1,095,420** | **797,384** | **-** | **-** | **-** | **-** | **-** |
| Net book value of financial assets either are not due or not impaired | 1,266,937 | 710,520 | - | 545 | - | 61,137 | 3,386,177 |
| *- Secured portion with guarantees* | *985,284* | *615,412* | - | - | - | - | - |
| Net book value of the overdue or not impaired financial assets | 270,205 | 187,315 | - | - | - | - | - |
| *- Secured portion with guarantees* | *110,136* | *181,972* | - | - | - | - | - |
| Net book value of impaired assets | - | - | - | - | - | - | - |
| *-Matured (gross book value)* | - | *149,145* | - | - | - | - | - |
| *-Impairment (-) (Note 8)* | - | *(149,145)* | - | - | - | - | |
| *-Secured portion with guarantees* | - | - | - | - | - | - | - |
| Off balance sheet credit risks | | | | | | | |

(*) Guarantees taken from the related parties consist of Ak-Pa's guarantees received from export customers.

(Amounts expressed in thousands of Turkish Lira (‘TRY’) based on the purchasing power of the Turkish Lira (“TL”) as of 31 December 2023, unless otherwise indicated.)

## NOTE 29 - FINANCIAL RISK MANAGEMENT (Continued)

As of 31 December 2022, the Company’s maximum exposure to credit risk is presented below:

| | Trade receivables | | Other receivables | | Financial assets | | Deposits in banks |
|---|---|---|---|---|---|---|---|
| **31 December 2022** | **Related Parties** | **Other** | **Related Parties** | **Other** | **Related Parties** | **Other** | **Other** |
| **Maximum credit risk exposure as of reporting date** | **1,512,266** | **1,422,587** | **-** | **479** | **-** | **238,766** | **2,598,514** |
| **- Secured portion of maximum credit risk by guarantees (*)** | **916,444** | **1,227,880** | **-** | **-** | **-** | **-** | |
| Net book value of financial assets either are not due or not impaired | 1,231,041 | 1,070,645 | - | 479 | - | 238,766 | 2,598,514 |
| *- Secured portion with guarantees* | *766,792* | *877,815* | - | - | - | - | - |
| Net book value of the overdue or not impaired financial assets | 281,225 | 351,942 | - | - | - | - | - |
| *- Secured portion with guarantees* | *149,652* | *350,065* | - | - | - | - | - |
| Net book value of impaired assets | | | | | | | |
| *-Matured (gross book value)* | - | *235,355* | - | - | - | - | - |
| *-Impairment (-) (Note 8)* | - | *(235.355)* | - | - | - | - | - |
| *-Secured portion with guarantees* | - | - | - | - | - | - | - |
| Off balance sheet credit risks | | | | | | | |

(*) Guarantees taken from the related parties consist of Ak-Pa’s guarantees received from export customers.

(Amounts expressed in thousands of Turkish Lira ('TRY') based on the purchasing power of the Turkish Lira ("TL") as of 31 December 2023, unless otherwise indicated.)

## NOTE 29 - FINANCIAL RISK MANAGEMENT (Continued)

### *Foreign Exchange Risk*

The Company is exposed to foreign exchange risk arising from the ownership of foreign currency denominated assets and liabilities in the translation of the Turkish Lira. The exchange rate risk is monitored by analysing the foreign currency position. The Company is exposed to foreign exchange risk arising from the ownership of foreign currency denominated assets and liabilities.

Foreign currency position presented in TRY is as follows:

| | **31 December 2023** | | **31 December 2022** | |
|---|---|---|---|---|
| | **TRY equivalent** | **USD equivalent (*)** | **TRY equivalent** | **USD equivalent (*)** |
| Assets | 4,902,005 | 166,519 | 3,932,990 | 127,654 |
| Liabilities | 6,528,520 | 221,770 | 7,731,711 | 250,950 |
| **Net balance sheet position** | **(1,626,515)** | **(55,251)** | **(3,798,721)** | **(123,296)** |
| Foreign currency denominated net position of derivative financial assets/(liabilities) | 29,438 | 1,000 | - | - |
| **Net Foreign Currency Asset/(Liability) Position** | **(1,597,077)** | **(54,251)** | **(3,798,721)** | **(123,296)** |
| Inventories considered under natural hedge (**) | 3,151,425 | 107,052 | 3,790,636 | 123,034 |
| Cash flow hedge (***) | 1,869,561 | 63,508 | 2,250,327 | 73,039 |
| **Net foreign currency position after hedge** | **3,423,909** | **116,309** | **2,242,242** | **72,777** |

(*) US Dollar equivalent amounts are calculated by dividing the TRY positions by the US dollar exchange rates as of the balance sheet date and unless otherwise stated, they are expressed in thousand US Dollar.

(**) The Company limits the foreign currency risk arising from net foreign currency financial liabilities and trade payables by reflecting changes to product sales prices. The amount consists of the Company's total raw material, semi-finished and finished product stocks.

(***) As of 31 December 2023, principal amount of loans amounting to USD 14,335 thousand and EUR 44,440 thousand (hedging instruments), were matched to the amount of future highly probable sales transactions (hedged items) to apply cash flow hedge accounting (31 December 2022: USD 23,891 thousand and EUR 46,100 thousand). As a result of the effectiveness test performed within this scope, the Company has determined that the entire transaction is effective. As of the reporting period, amounting to TRY 269,360 (31 December 2022: TRY 253,843) before tax is recognized under "Other Comprehensive Income". The ineffective portion arises when sales and credit payments are not realized on the same date and as of the reporting period, the ineffective portion is insignificant.

(Amounts expressed in thousands of Turkish Lira ('TRY') based on the purchasing power of the Turkish Lira ("TL") as of 31 December 2023, unless otherwise indicated.)

## NOTE 29 - FINANCIAL RISK MANAGEMENT (Continued)

As of 31 December 2023, and 31 December 2022, the foreign currency positions are as follows:

| | 31 December 2023 | | | |
|---|---|---|---|---|
| | **TRY equivalent** | **USD position** | **EUR position** | **Other** |
| 1. Trade Receivables | 2,193,123 | 60,394 | 12,748 | - |
| 2a. Monetary Financial Assets) (including cash and bank accounts) | 2,619,019 | 81,804 | 5,669 | 26,183 |
| 2b. Non-monetary Financial Assets | - | - | - | - |
| 3. Other | - | - | - | - |
| **4. Current Assets (1+2+3)** | **4,812,142** | **142,198** | **18,417** | **26,183** |
| 5. Trade Receivables | 89,863 | 3,053 | - | - |
| 6a. Monetary Financial Assets | - | - | - | - |
| 6b. Non-monetary Financial Assets | - | - | - | - |
| 7. Other | - | - | - | - |
| **8. Non-Current Assets (5+6+7)** | **89,863** | **3,053** | **-** | **-** |
| **9. Total Assets (4+8)** | **4,902,005** | **145,251** | **18,417** | **26,183** |
| 10. Trade Payables | 3,581,664 | 109,855 | 10,663 | 395 |
| 11. Financial Liabilities | 1,771,003 | 43,217 | 15,312 | - |
| 12a. Other Monetary Liabilities | - | - | - | - |
| 12b. Other Non-monetary Liabilities | | | | |
| **13. Short-Term Liabilities (10+11+12)** | **5,352,667** | **153,072** | **25,975** | **395** |
| 14. Trade Payables | - | - | - | - |
| 15. Financial Liabilities | 1,172,596 | 4,778 | 31,680 | - |
| 16 a. Other Monetary Liabilities | 3,257 | - | 100 | - |
| 16 b. Other Non-monetary Liabilities | - | - | - | - |
| **17. Long-Term Liabilities (14+15+16)** | **1,175,853** | **4,778** | **31,780** | **-** |
| **18. Total Liabilities (13+17)** | **6,528,520** | **157,850** | **57,755** | **395** |
| **19. Off Balance Sheet Derivative Items' Net Asset/(Liability) Position (19a-19b)** | **29,438** | **1,000** | **-** | **-** |
| 19a. Off balance sheet derivative asset amount | 29,438 | 1,000 | - | - |
| 19b. Off balance sheet derivative liability amount | - | - | - | - |
| **20. Net Foreign Currency Asset/(Liability) Position (9-18+19)** | **(1,597,077)** | **(11,599)** | **(39,338)** | **25,788** |
| **21. Monetary Net Foreign Currency Assets/(Liabilities) Position (=1+2a+5+6a-10-11-12a-14-15-16a) )** | **(1,626,515)** | **(12,599)** | **(39,338)** | **25,788** |
| 22. Fair Value of Financial Instruments Used for Foreign Hedge | 5,665 | 192 | - | - |
| 23. Amount of Hedged Foreign Currency Assets | 3,151,425 | 107,052 | - | - |
| 24. Amount of Hedged Foreign Currency Liabilities | 1,869,561 | 14,335 | 44,440 | - |

As of 31 December 2023, the Company has TRY 3,423,909 (31 December 2022: TRY 2,242,242 foreign currency deficit, net) foreign currency surplus, net after natural hedge (page 61).

(Amounts expressed in thousands of Turkish Lira ('TRY') based on the purchasing power of the Turkish Lira ("TL") as of 31 December 2023, unless otherwise indicated.)

## NOTE 29 - FINANCIAL RISK MANAGEMENT (Continued)

| | 31 December 2022 | | | |
|---|---|---|---|---|
| | **TRY equivalent** | **USD position** | **EUR position** | **Other** |
| 1. Trade Receivables | 2,306,422 | 56,455 | 17,263 | - |
| 2a. Monetary Financial Assets) (including cash and bank accounts) | 1,489,236 | 35,496 | 12,042 | 32 |
| 2b. Non-monetary Financial Assets | - | - | - | - |
| 3. Other | - | - | - | - |
| **4. Current Assets (1+2+3)** | **3,795,658** | **91,951** | **29,305** | **32** |
| 5. Trade Receivables | 137,332 | 4,457 | - | - |
| 6a. Monetary Financial Assets | - | - | - | - |
| 6b. Non-monetary Financial Assets | - | - | - | - |
| 7. Other | - | - | - | - |
| **8. Non-Current Assets (5+6+7)** | **137,332** | **4,457** | **-** | **-** |
| **9. Total Assets (4+8)** | **3,932,990** | **96,408** | **29,305** | **32** |
| 10. Trade Payables | 4,160,398 | 127,897 | 6,651 | 880 |
| 11. Financial Liabilities | 1,797,753 | 36,492 | 20,501 | - |
| 12a. Other Monetary Liabilities | - | - | - | - |
| 12b. Other Non-monetary Liabilities | - | - | - | - |
| **13. Short-Term Liabilities (10+11+12)** | **5,958,151** | **164,389** | **27,152** | **880** |
| 14. Trade Payables | - | - | - | - |
| 15. Financial Liabilities | 1,707,865 | 14,335 | 38,549 | - |
| 16 a. Other Monetary Liabilities | 65,695 | - | 2,000 | - |
| 16 b. Other Non-monetary Liabilities | - | - | - | - |
| **17. Long-Term Liabilities (14+15+16)** | **1,773,560** | **14,335** | **40,549** | **-** |
| **18. Total Liabilities (13+17)** | **7,731,711** | **178,724** | **67,701** | **880** |
| **19. Off Balance Sheet Derivative Items' Net Asset/(Liability) Position (19a-19b)** | **-** | **-** | **-** | **-** |
| 19a. Off balance sheet derivative asset amount | - | - | - | - |
| 19b. Off balance sheet derivative liability amount | - | - | - | - |
| **20. Net Foreign Currency Asset/(Liability) Position (9-18+19)** | **(3,798,721)** | **(82,316)** | **(38,396)** | **(848)** |
| **21. Monetary Net Foreign Currency Assets/(Liabilities) Position (=1+2a+5+6a-10-11-12a-14-15-16a)** | **(3,798,721)** | **(82,316)** | **(38,396)** | **(848)** |
| 22. Fair Value of Financial Instruments Used for Foreign Hedge | - | - | - | - |
| 23. Amount of Hedged Foreign Currency Assets | 3,494,422 | 123,034 | - | - |
| 24. Amount of Hedged Foreign Currency Liabilities | 2,250,327 | 23,891 | 46,100 | - |

(Amounts expressed in thousands of Turkish Lira ('TRY') based on the purchasing power of the Turkish Lira ("TL") as of 31 December 2023, unless otherwise indicated.)

## NOTE 29 - FINANCIAL RISK MANAGEMENT (Continued)

As of 31 December 2023, and 2022, the situations to reach of net foreign position in the Company's balance sheet with the changes in exchange rates are summarized in the table below:

| **31 December 2023** | **Profit/(Loss)** | | **Equity** | |
|---|---|---|---|---|
| | **Appreciation of foreign currency** | **Depreciation of foreign currency** | **Appreciation of foreign currency** | **Depreciation of foreign currency** |
| In case of 10% appreciation of USD against TRY | | | | |
| USD net asset/(liability) | (37,089) | 37,089 | 173,448 | (173,448) |
| Amount hedged for USD risk | 45,142 | (45,142) | (45,142) | 45,142 |
| **USD net effect** | **8,053** | **(8,053)** | **128,306** | **(128,306)** |
| In case of 10% appreciation of EUR against TRY | | | | |
| EUR net asset/(liability) | (128,139) | 128,139 | - | - |
| Amount hedged for EUR risk | 144,758 | (144,758) | (144,758) | 144,758 |
| **EUR net effect** | **16,619** | **(16,619)** | **(144,758)** | **144,758** |

| **31 December 2022** | **Profit/(Loss)** | | **Equity** | |
|---|---|---|---|---|
| | **Appreciation of foreign currency** | **Depreciation of foreign currency** | **Appreciation of foreign currency** | **Depreciation of foreign currency** |
| In case of 10% appreciation of USD against TRY | | | | |
| USD net asset/(liability) | (253,612) | 253,612 | 164,831 | (164,831) |
| Amount hedged for USD risk | 73,607 | (73,607) | (73,607) | 73,607 |
| **USD net effect** | **(180,005)** | **180,005** | **91,224** | **(91,224)** |
| In case of 10% appreciation of EUR against TRY | | | | |
| EUR net asset/(liability) | (126,120) | 126,120 | - | - |
| Amount hedged for EUR risk | 151,425 | (151,425) | (151,425) | 151,425 |
| **EUR net effect** | **25,305** | **(25,305)** | **(151,425)** | **151,425** |

(Amounts expressed in thousands of Turkish Lira ('TRY') based on the purchasing power of the Turkish Lira ("TL") as of 31 December 2023, unless otherwise indicated.)

## NOTE 29 - FINANCIAL RISK MANAGEMENT (Continued)

***Interest Risk***

The Company is exposed to interest risk arising from the borrowings interest rate changes. According to balance sheet position of the floating interest rate financial liabilities as of 31 December 2023, other things being constant, if the interest rate depreciate/appreciate by 1%, profit before tax would TRY 33 (31 December 2022: TRY 259), capitalized financing cost on construction in progress will not change (31 December 2022: TRY 25).

| | **31 December 2023** | **31 December 2022** |
|---|---|---|
| Fixed interest rate financial instruments | | |
| Financial assets | | |
| *Cash and cash equivalents (*)* | *3,380,762* | *2,596,889* |
| *Financial investments* | *23,863* | *238,766* |
| Financial liabilities | | |
| Lease liabilities | 81,185 | 108,977 |
| USD borrowings (fixed due to interest rate swaps) | 988,856 | 1,565,980 |
| TRY borrowings | 805,000 | 461,992 |
| EUR borrowings | 1,157,248 | 1,325,266 |
| **Floating interest rate financial instruments** | | |
| Financial assets | | |
| Financial investments held to maturity (Note 5) | *36,945* | *238,766* |
| Financial liabilities | | |
| USD borrowings | 424,037 | - |
| EUR borrowings | 321,051 | 538,959 |

(*) Cash and cash equivalents consist of bank deposits with maturity less than three months.

(Amounts expressed in thousands of Turkish Lira ('TRY') based on the purchasing power of the Turkish Lira ("TL") as of 31 December 2023, unless otherwise indicated.)

## NOTE 29 - FINANCIAL RISK MANAGEMENT (Continued)

***Liquidity risk***

Liquidity risk comprises the risks arising from the inability to fund the increase in the assets, the inability to cover the liabilities due and the operations performed in illiquid. In the framework of liquidity risk management, funding sources are being diversified, and sufficient cash and cash equivalents are held.

The breakdown of financial assets and liabilities according to their maturities is disclosed considering from balance sheet date to due date period. Financial assets and liabilities that have no certain due dates are classified in over one-year column.

**31 December 2023:**

| Expected or maturities per agreement | Book value | Contractual cash outflows | Up to 3 months | 3-12 months | 1-5 years | Over than 5 years |
|---|---|---|---|---|---|---|
| **Non-derivative financial liabilities** | | | | | | |
| Financial liabilities | 2,891,192 | 3,701,438 | 373,906 | 2,054,085 | 1,273,447 | - |
| Trade payables | 3,556,098 | 3,579,407 | 3,276,168 | 303,329 | - | - |
| Lease liabilities | 81,185 | 247,701 | 3,335 | 9,066 | 29,198 | 206,102 |
| Due to related parties | 316,867 | 316,867 | 316,867 | - | - | - |
| | **6,845,342** | **7,845,413** | **3,970,276** | **2,366,390** | **1,302,645** | **206,102** |

**31 December 2022:**

| Expected or maturities per agreement | Book value | Contractual cash outflows | Up to 3 months | 3-12 months | 1-5 years | Over than 5 years |
|---|---|---|---|---|---|---|
| **Non-derivative financial liabilities** | | | | | | |
| Financial liabilities | 3,889,616 | 4,174,984 | 771,836 | 1,630,972 | 1,772,176 | - |
| Trade payables | 4,122,693 | 4,139,564 | 3,639,908 | 499,656 | - | - |
| Lease liabilities | 108,977 | 280,374 | 9,794 | 10,346 | 54,696 | 205,538 |
| Due to related parties | 261,514 | 261,514 | 261,514 | - | - | - |
| | **8,383,800** | **8,856,436** | **4,683,052** | **2,140,974** | **1,826,872** | **205,538** |

(Amounts expressed in thousands of Turkish Lira ('TRY') based on the purchasing power of the Turkish Lira ("TL") as of 31 December 2023, unless otherwise indicated.)

## NOTE 29 - FINANCIAL RISK MANAGEMENT (Continued)

**Import and export information:**

Import and export in TRY according to their original currency for the years ended at 31 December 2023 and 2022 are as follows:

| **Export** | **31 December 2023** | **31 December 2022** |
|---|---|---|
| Euro | 7,223,311 | 8,549,243 |
| US Dollar | 3,087,852 | 4,883,185 |
| Other | 35,873 | 4,841 |
| **Total** | **10,347,036** | **13,437,269** |

| **Import** | **31 December 2023** | **31 December 2022** |
|---|---|---|
| US Dollar | 12,592,536 | 17,929,307 |
| Euro | 1,349,279 | 1,860,397 |
| Other | 50,787 | 19,292 |
| **Total** | **13,992,602** | **19,808,996** |

***Capital risk management***

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

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

The Company monitors capital based on the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including financial liabilities, trade payables and due to related parties, as shown in the balance sheet) less cash and cash equivalents. Total capital is calculated as equity, as shown in the balance sheet, plus net debt.

(Amounts expressed in thousands of Turkish Lira ('TRY') based on the purchasing power of the Turkish Lira ("TL") as of 31 December 2023, unless otherwise indicated.)

## NOTE 29 - FINANCIAL RISK MANAGEMENT (Continued)

The ratio of net debt to equity is as follows:

| | 31 December 2023 | 31 December 2022 |
|---|---|---|
| Total monetary liabilities (*) | 7,471,583 | 8,382,800 |
| Less: Cash and cash equivalents (Note 4) | (3,387,029) | (2,599,318) |
| Less: Financial investments | (61,137) | (238,766) |
| **Net debt** | **4,023,417** | **5,544,716** |
| Total shareholders' equity | 16,734,520 | 16,018,937 |
| **Total capital** | **20,757,937** | **21,563,653** |
| **Debt/equity ratio** | **19%** | **26%** |

(*) It consists of short-term and long-term borrowings, short-term and long-term lease liabilities, trade payables to related parties and trade payables to other parties.

## NOTE 30 - FINANCIAL INSTRUMENTS

### *Fair value of financial instruments*

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

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

The following methods and assumptions are used to estimate the fair value of the financial instruments:

### *Financial assets*

Monetary assets and liabilities denominated in foreign currencies have been translated at the exchange rates prevailing at the balance sheet dates. These balances are anticipated to close their book value.

The carrying values of significant portion of cash and cash equivalents are assumed to approximate to their fair value due to their short-term nature.

The carrying values of trade receivables are assumed to approximate to their fair value.

(Amounts expressed in thousands of Turkish Lira ('TRY') based on the purchasing power of the Turkish Lira ("TL") as of 31 December 2023, unless otherwise indicated.)

## NOTE 30 - FINANCIAL INSTRUMENTS (Continued)

***Financial liabilities***

The fair values of short-term borrowings and trade payables are assumed to approximate to their carrying values due to their short-term nature.

The estimated fair values of foreign currency long-term borrowings are assumed to approximate to their carrying values due to bearing floating interest rates. The estimated fair values of long-term borrowings are calculated based on the effective market interest rates and the cash flow calculations are discounted accordingly (Note 7).

**Fair Value Estimation:**

Effective 1 January 2010, the Company adopted the amendment to TFRS 7 for financial instruments that are measured in the balance sheet at fair value, this requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that are, as prices) or indirectly (that are, derived from prices);

Level 3: Inputs for the asset or liability that are not based on observable market data (that are, unobservable inputs).

| **31 December 2023** | **Level 1** | **Level 2** | **Level 3** |
|---|---|---|---|
| Financial investments | - | 60,808 | 329 |
| Derivative financial assets for hedging purposes | - | 5,665 | - |
| **Total asset/(liabilities)** | **-** | **66,473** | **329** |

| **31 December 2022** | **Level 1** | **Level 2** | **Level 3** |
|---|---|---|---|
| Financial investments | - | 238,766 | - |
| Derivative financial assets for hedging purposes | - | 46,617 | - |
| **Total asset/(liabilities)** | **-** | **285,383** | **-** |

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs are observable in terms of the fair value of a financial instrument is included in level 2.

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