

MENDERES TEKSTİL SANAYİ VE TİCARET A.Ş.
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED AT
31 MARCH 2024

*(CONVENIENCE TRANSLATION OF THE REPORT, THE FINANCIAL STATEMENTS
AND THE EXPLANATORY NOTES ORIGINALLY ISSUED IN TURKISH)*

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MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ
CONSOLIDATED BALANCE SHEETS AS OF 31 MARCH 2024

(Amounts expressed in Turkish Lira ("TRY") in terms of the purchasing power of the TRY at 31 March 2024, unless otherwise indicated.)

		<i>Unreviewed</i>	<i>Audited</i>
	Footnote References	Current Period 31.03.2024	Prior Period 31.12.2023
ASSETS			
Current Assets		3.776.913.564	4.385.912.790
Cash and Cash Equivalents	4	405.041.653	503.823.671
Financial Investments	5	50.684	57.730
Trade Receivables		1.552.414.606	1.151.672.530
<i>Trade Receivables from Related Parties</i>	6-7	1.142.101.251	729.538.066
<i>Trade Receivables from Unrelated Parties</i>	7	410.313.355	422.134.464
Other Receivables		49.469.004	5.909.981
<i>Other Receivables from Related Parties</i>	6-9	10.403.166	6.629
<i>Other Receivables from Unrelated Parties</i>	9	39.065.838	5.903.352
Inventories	11	1.666.561.155	2.635.761.301
Biological Assets	12	32.894.206	35.751.283
Prepaid Expenses	13	54.786.862	43.236.731
Current Tax Assets	14	1.049.503	2.073.366
Other Current Assets	23	14.645.891	7.626.197
Non-Current Assets		9.312.492.506	9.595.838.361
Financial Investments	5	3.167.562	3.209.490
Other Receivables	9	152.170	183.342
Investments Valued by Equity Pick-up Method	15	543.235.040	545.724.249
Investment Properties	16	467.929.237	467.929.237
Tangible Assets	17	8.032.836.721	8.125.743.027
Intangible Assets	19	141.362.156	147.050.574
Prepaid Expenses	13	29.692.562	95.136.691
Deferred Tax Assets	30	94.117.058	210.861.751
TOTAL ASSETS		13.089.406.070	13.981.751.151

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

MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ
CONSOLIDATED BALANCE SHEETS AS OF 31 MARCH 2024

(Amounts expressed in Turkish Lira (“TRY”) in terms of the purchasing power of the TRY at 31 March 2024, unless otherwise indicated.)

		<i>Unreviewed</i>	<i>Audited</i>
	Footnote	Current Period	Prior Period
LIABILITIES	References	31.03.2024	31.12.2023
Current Liabilities		2.395.915.328	2.688.181.990
Short Term Borrowings	8	1.312.754.415	1.336.843.151
Short-term portion of long-term borrowings	8	259.839.973	371.619.918
Trade Payables		579.717.894	759.002.456
<i>Trade Payables to Related Parties</i>	6-7	-	55.492
<i>Trade Payables to Unrelated Parties</i>	7	579.717.894	758.946.964
Employee Benefit Liabilities	22	115.807.809	105.591.381
Other Payables	9	8.100.841	14.440.433
Deferred Income	13	73.878.456	62.696.147
Current Tax Liabilities of Period Profit	30	-	978.337
Current Provisions		45.815.940	37.010.167
<i>Provision For Employee Benefits</i>	21	38.947.402	29.091.549
<i>Other Current Provisions</i>	21	6.868.538	7.918.618
Non-Current Liabilities		2.199.871.601	2.150.314.248
Long Term Borrowings	8	1.264.283.869	1.173.453.601
Deferred Income	13	12.547.622	18.343.730
Long Term Provisions		198.286.478	182.704.644
<i>Long Term Provisions for Employee Benefits</i>	21	198.286.478	182.704.644
Deferred Tax Liabilities	30	724.753.632	775.812.273
Equity		8.493.619.141	9.143.254.913
Parent Company’s Equity		8.410.952.278	9.054.586.559
Issued Capital	24.1	277.292.576	277.292.576
Inflation Adjustments of Capital	24.2	3.695.918.216	3.695.918.216
Share Premium (Discount)	24.3	295.157.592	295.157.592
Accumulated Other Comprehensive Income or Expenses not to be Reclassified on Profit or Loss			
<i>Gains / Losses on Revaluation and Remeasurement</i>			
<i>-Increase / Decrease on Revaluation of Tangible Assets</i>	24.4	2.079.559.397	2.079.559.397
<i>-Defined Benefit Plans Re-Measurement Gains / (Losses)</i>	24.4	(11.208.529)	5.523.289
Accumulated Other Comprehensive Income or Expenses to be Reclassified on Profit or Loss			
<i>- Gains/(Losses) on Financial Assets Measured at Fair Value through Other Comprehensive Income</i>	24.5	(223.741)	(181.813)
Restricted Reserves		141.028.806	141.028.806
<i>Legal Reserves</i>	24.6	141.028.806	141.028.806
Retained Earnings / Losses	24.7	2.560.288.496	1.284.437.582
Net Profit / (Loss) for the Period	31	(626.860.535)	1.275.850.914
Non-controlling interests	24.8	82.666.863	88.668.354
TOTAL LIABILITIES AND EQUITY		13.089.406.070	13.981.751.151

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

MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ
CONSOLIDATED STATEMENTS OF INCOME AND OTHER COMPREHENSIVE INCOME
STATEMENT FOR THE PERIOD OF 1 JANUARY-31 MARCH 2024

(Amounts expressed in Turkish Lira ("TRY") in terms of the purchasing power of the TRY at 31 March 2024, unless otherwise indicated.)

		<i>Unreviewed</i>	<i>Unreviewed</i>
		Current Period	Prior Period
	Footnote References	01.01- 31.03.2024	01.01- 31.03.2023
Revenue	25.1	1.645.927.740	1.589.760.904
Cost of Sales (-)	25.2	(1.984.481.831)	(1.354.969.440)
Gross Profit / (Loss)		(338.554.091)	234.791.464
General Administrative Expenses (-)	26.3	(71.912.170)	(166.900.854)
Marketing Expenses (-)	26.2	(43.121.632)	(39.076.333)
Research and Development Expenses (-)	26.1	(9.369.467)	(7.612.329)
Other Operating Income	27.1	161.855.574	87.771.552
Other Operating Expenses (-)	27.2	(67.817.198)	(43.529.563)
Operating Profit / (Loss)		(368.918.984)	65.443.937
Income from Investment Activities	28.1	262.751	117.608
Expenses from Investment Activities (-)	28.2	(711.095)	-
Shares of Profit/(Loss) from Investments Valued by Equity Pick-up Method	28.3	(2.489.209)	(41.914.710)
Operating Activity Profit/(Loss) Before Financial Expense		(371.856.537)	23.646.835
Financial Income	29.1	46.747.588	14.775.593
Financial Expenses (-)	29.2	(219.274.254)	(175.580.809)
Net Monetary Position Gains/(Losses)		(17.057.062)	444.088.146
Operating Activity Profit/(Loss) Before Taxation		(561.440.265)	306.929.765
Operating Activity Tax Income/(Expense)			
Current Tax Income/(Expense)	30	-	(1.497.621)
Deferred Tax Income/(Expense)	30	(71.252.009)	(211.758.917)
Current Period Operating Activity Profit / (Loss)		(632.692.274)	93.673.227
Profit/(Loss) for the Period		(632.692.274)	93.673.227
Distribution of the Period Income/(Loss)			
Minority Interests	24.8	(5.831.739)	(3.252.185)
Parent Company's Shares	31	(626.860.535)	96.925.412
Earnings Per Share	31	(2,2606)	0,3877

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

MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ
CONSOLIDATED STATEMENTS OF INCOME AND OTHER COMPREHENSIVE INCOME
STATEMENT FOR THE PERIOD OF 1 JANUARY-31 MARCH 2024

(Amounts expressed in Turkish Lira ("TRY") in terms of the purchasing power of the TRY at 31 March 2024, unless otherwise indicated.)

		<i>Unreviewed</i>	<i>Unreviewed</i>
		Current Period	Prior Period
	Footnote References	01.01- 31.03.2024	01.01- 31.03.2023
Profit/(Loss) for the Period		(632.692.274)	93.673.227
Other Comprehensive Income:			
Income (Expenses) not to be Reclassified on Profit or (Loss)			
- Defined Benefit Plans Re-Measurement Gains (Losses)	21	(22.467.527)	(9.521.674)
Accumulated Other Comprehensive Income Taxes not to be Reclassified to Profit or (Loss)			
- Deferred Tax Income / (Expense)	30	5.565.957	1.904.335
Income or Expenses that will be Reclassified on Profit or (Loss)			
- Gains/(Losses) on Financial Assets Measured at Fair Value through Other Comprehensive Income		(41.928)	-
Other Comprehensive Income		(16.943.498)	(7.617.339)
Total Comprehensive Income/(Expense)		(649.635.772)	86.055.888
Distribution of Total Comprehensive Income			
Minority Interests	24.8	(6.001.491)	(3.187.676)
Parent Company's Shares	31	(643.634.281)	89.243.564

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

MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ
STATEMENT OF CONSOLIDATED CHANGES IN SHAREHOLDER'S EQUITY FOR THE PERIODS OF
1 JANUARY – 31 MARCH 2024

(Amounts expressed in Turkish Lira ("TRY") in terms of the purchasing power of the TRY at 31 March 2024, unless otherwise indicated.)

					Accumulated Other Comprehensive Income and Expenses that will not be Reclassified to Profit or Loss	Accumulated Other Comprehensive Income and Expenses that will be Reclassified to Profit or Loss		Accumulated profit					
	Footnote	Paid in Capital	Adjustments of Shareholders' Equity kları	Bonuses/ Discounts on Shares	Increase / (Decrease) on Revaluation of Tangible Assets	Defined Benefit Plans Re-Measurement Gains / (Losses)	Gains/(Losses) on Financial Assets Measured at Fair Value through Other Comprehensive Income	Restricted Reserves	Accumulated Profit/Loss	Net Profit/Loss For The Period	Parent Company's Equity	Minority Interests	Total Equity
Balances at 01.01.2023		250.000.000	3.688.680.767	-	2.105.136.854	(1.040.812)	-	141.028.806	(923.910.994)	2.208.348.576	7.468.243.197	84.181.047	7.552.424.244
Transfers	24	-	-	-	-	-	-	-	2.208.348.576	(2.208.348.576)	-	-	-
Total Comprehensive Income/(Loss)		-	-	-	-	(7.681.848)	-	-	-	96.925.412	89.243.564	(3.187.676)	86.055.888
- Profit/(Loss) for the Period	24	-	-	-	-	-	-	-	-	96.925.412	96.925.412	(3.252.185)	93.673.227
- Other Comprehensive Income/(Expense)	24	-	-	-	-	(7.681.848)	-	-	-	-	(7.681.848)	64.509	(7.617.339)
Balances at 31.03.2023	24	250.000.000	3.688.680.767	-	2.105.136.854	(8.722.660)	-	141.028.806	1.284.437.582	96.925.412	7.557.486.761	80.993.371	7.638.480.132
Balances at 01.01.2024	24	277.292.576	3.695.918.216	295.157.592	2.079.559.397	5.523.289	(181.813)	141.028.806	1.284.437.582	1.275.850.914	9.054.586.559	88.668.354	9.143.254.913
Transfers	24	-	-	-	-	-	-	-	1.275.850.914	(1.275.850.914)	-	-	-
Total Comprehensive Income/(Loss)		-	-	-	-	(16.731.818)	(41.928)	-	-	(626.860.535)	(643.634.281)	(6.001.491)	(649.635.772)
- Profit/(Loss) for the Period	24	-	-	-	-	-	-	-	-	(626.860.535)	(626.860.535)	(5.831.739)	(632.692.274)
- Other Comprehensive Income/(Expense)	24	-	-	-	-	(16.731.818)	(41.928)	-	-	-	(16.773.746)	(169.752)	(16.943.498)
Balances at 31.03.2024	24	277.292.576	3.695.918.216	295.157.592	2.079.559.397	(11.208.529)	(223.741)	141.028.806	2.560.288.496	(626.860.535)	8.410.952.278	82.666.863	8.493.619.141

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

MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ
CONSOLIDATED CASH FLOW STATEMENT
FOR THE PERIODS OF 01 JANUARY-31 MARCH 2024

(Amounts expressed in Turkish Lira ("TRY") in terms of the purchasing power of the TRY at 31 March 2024, unless otherwise indicated.)

		Unreviewed Current Period 01.01- 31.03.2024	Unreviewed Prior Period 01.01- 31.03.2023
	Footnote		
CASH FLOWS FROM THE OPERATING ACTIVITIES		(216.288.512)	(1.328.244.209)
Profit/(Loss) for the Period			
Current Period Operating Activity Profit / (Loss)		(632.692.274)	93.673.227
Adjustments Related with Net Profit/Loss for The Period		58.230.159	(1.548.651.992)
Adjustments for Depreciation, Amortisation Expenses	17-18-19	147.781.653	130.687.840
Adjustments Related to the Provisions			
- Adjustments for Employee Termination Benefits	21-30	(6.885.693)	(42.921.687)
- Adjustment for Provision for Expenses and Lawsuits	21	(1.050.080)	(890.713)
- Adjustment for Other Provisions or Reversals	21	9.855.853	(6.692.584)
Adjustments for Interest Income and Expenses			
- Deferred Financial Expense Arise from Forward Purchasing	27.2	42.436.613	15.006.082
- Unearned Income from Futures Sale	27.1	(32.373.511)	(12.262.633)
Adjustments for Fair Value Profit or Loss			
- Adjustments for Fair Value Profit or Loss		(41.928)	-
Adjustments for unrealised foreign exchange losses (gains)	8	99.597.638	42.463.827
Adjustments for Retained Earnings of Investments Subject to Equity Pick-up Method			
- Adjustment for Retained Earnings of Subsidiaries	28.3	2.489.209	41.914.710
Tax Payments/Returns	30	71.252.009	211.758.917
Monetary profit/loss		(274.831.604)	(1.927.715.751)
Changes In The Company Capital		359.151.940	125.924.210
Increase/Decrease in Financial Investments	5	41.416	620.547
Adjustments for Increase/Decrease in Trade Receivables			
- Adjustments for Increase/Tecrease in Trade Receivables from Related Parties	6-7	(508.071.099)	381.617.895
- Adjustments for Increase/Decrease in Trade Receivables from Unrelated Parties	7	(85.879.491)	(842.477.622)
Adjustments for Increase/Decrease in Other Receivables Related to the Operations			
- Adjustments for Increase/Decrease in Other Receivables from Related Parties Related to the Operations	6-9	(10.397.405)	(1.403.114)
- Adjustments for Increase/Decrease in Other Receivables from Unrelated Parties Related to the Operations	9	(39.923.988)	36.840.195
Adjustments for Increase/Decrease in Inventories	11	969.200.146	(8.123.705)
Adjustments Related to the Increase/Decrease in Biological Assets	12	2.857.077	26.647.460
Adjustments for Increase/Decrease in Prepaid Expenses	13	53.893.998	(52.664.316)
Adjustments for Increase/Decrease in Trade Payables			
- Adjustments for Increase/Decrease in Trade Payables to Related Parties	6-7	(48.227)	-
- Adjustments for Increase/Decrease in Trade Payables to Unrelated Parties	7	(47.497.561)	423.036.518
Increase/Decrease in Employee Benefits Liabilities	22	24.039.987	161.598.879
Adjustments for Increase/Decrease in Other Payables Related to the Operations			
- Adjustments for Increase/Decrease in Other Payables from Related Parties Related to the Operations	6-9	-	602.834
- Adjustments for Increase/Decrease in Other Payables from Unrelated Parties Related to the Operations	9	(4.449.114)	(4.517.842)
Increase/Decrease in Deferred Tax	13	5.386.201	4.146.481
Cash Flow from Operating Activities		(215.310.175)	(1.329.054.555)
Tax Payments/Returns	30	(978.337)	810.346

The accompanying notes form an integral part of these financial statements

MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ
CONSOLIDATED CASH FLOW STATEMENT
FOR THE PERIODS OF 01 JANUARY-31 MARCH 2024

(Amounts expressed in Turkish Lira ("TRY") in terms of the purchasing power of the TRY at 31 March 2024, unless otherwise indicated.)

		<i>Unreviewed Current Period 01.01- 31.03.2024</i>	<i>Unreviewed Prior Period 01.01- 31.03.2023</i>
	Footnote		
NET CASH FLOW PROVIDED BY INVESTMENT ACTIVITIES		(49.186.929)	(22.595.287)
Proceeds from Sale of Property, Plant, Equipment and Intangible Assets			
- Proceeds from Sale of Tangible Assets	17	823.641	6.488
Proceeds from Purchase of Property, Plant, Equipment and Intangible Assets			
- Proceeds from Purchase of Tangible Assets	17	(49.977.393)	(22.047.599)
- Proceeds from Purchase of Intangible Assets	19	(33.177)	(554.176)
CASH FLOW PROVIDED BY FINANCIAL ACTIVITIES		232.651.801	1.567.998.754
Cash Inflows from Financial Liabilities			
- Cash Inflows from Bank Loans	8	529.145.438	363.291.711
Cash Outflows from Financial Liabilities			
- Cash Outflows for Bank Loans	8	(295.047.527)	1.195.381.627
Cash Outflows from Finance Leases	8	(1.446.110)	9.325.416
NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS BEFORE THE EFFECT OF FOREIGN EXCHANGE CURRENCY DIFFERENCES (A+B+C)		(32.823.640)	217.159.258
EFFECTS OF INFLATION ON CASH AND CAH EQUIVALENTS		(65.958.378)	(105.379.106)
D. THE EFFECT OF FOREIGN CURRENCY DIFFERENCES ON CASH AND CASH EQUIVALENTS		-	-
CASH AND CASH EQUIVALENTS NET INCREASE/DECREASE		(98.782.018)	111.780.152
CASH AND CASH EQUIVALENTS AT THE BEGINING OF THE PERIOD	4	503.823.671	222.997.998
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	4	405.041.653	334.778.150

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

MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED AT 31 MARCH 2024

(Amounts expressed in Turkish Lira (“TRY”) in terms of the purchasing power of the TRY at 31 March 2024, unless otherwise indicated.)

NOTE 1 - ORGANIZATION AND NATURE OF ACTIVITIES

Menderes Tekstil Sanayi ve Ticaret Anonim Şirketi (“The Company” or “Menderes Tekstil”), its Subsidiaries and Equity participations are referred as “Group” in the accompanying consolidated financial statements.

The entities mentioned below are applied “Full Consolidation Method”:

- Menderes Tekstil Sanayi ve Ticaret A.Ş.
- Smyrna Seracılık Ticaret A.Ş.

The entities mentioned below are applied by “Equity Pick up Method”:

- Aktur İzmir Gayrimenkul A.Ş.

Menderes Tekstil Sanayi ve Ticaret A.Ş.

The Company produces cotton press, electric energy, yarn, fabric, valances, dust ruffles, ruffled and tailored shams, comforter shells, printed towels and linens in integrated cotton and synthetic textile establishment.

The Company address registered on the Trade Registry Gazette is Adalet Mahallesi, Manas Bulvarı, No:47/A 42. Kat Bayraklı, İzmir.

As of 31 March 2024, 2.266 personnel are employed by the Company and the average number of personnel is 2.305 for the period of 01.01-31.03.2024.

Company shares are traded in the Borsa Istanbul since 2000.

Production Capacity (Textile)

According to the capacity report from Denizli Industrial Chamber dated 02 May 2024 numbered 193 and valid until 03 May 2026, the Company annual production capacity is as follows: (Companies production capacity has been calculated with daily 8 hours, yearly 300 days. Company works for 3 shifts in a day):

Products	Unit	Quantity
Cotton yarn (is used in its production)	Kg	5.438.718
Raw fabric woven (is used in its production)	m2	59.151.060
Knitted fabric (is used in its production)	Kg	1.004.400
Linens	Kg	19.477.500
Pillow case	Kg	5.670.000
Sheet	Kg	7.218.750
Quilt	Quantity	180.000
Fabric painting (is used in its production)	Kg	1.670.400
Fabric bleaching (is used in its production)	Kg	9.000.720
Fabric printing (is used in its production)	Kg	14.121.000
Digital fabric printing (is used in its production)	Kg	1.573.719

MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED AT 31 MARCH 2024

(Amounts expressed in Turkish Lira (“TRY”) in terms of the purchasing power of the TRY at 31 March 2024, unless otherwise indicated.)

Production Capacity (Energy)

According to the capacity report from Denizli Industrial Chamber dated 17 November 2023, numbered 611 and valid until 21 November 2025, the Company annual production capacity is as follows:

	Unit	Quantity
Electricity energy	Kilowatt hour	161.827.000
Steam (is used in its production)	Joule	617.569.920.000
Hot water (is used in its production)	Joule	238.360.320.000

Information about the Group's power plants in operation, together with its current installed powers, is presented in the table below:

Power plants	Company	Location	Type	Electricity Production Capacity (kWh)
<i>Geothermal</i>				
Baklacı	Menderes	Manisa	Geothermal	155.200.000
Tosunlar	Menderes	Denizli	Geothermal	30.456.000
<i>Wind</i>				
Aliğa	Menderes	İzmir	Wind	57.254.400
Bergama	Menderes	İzmir	Wind	75.816.000
<i>Solar</i>				
Sarayköy	Menderes	Denizli	Solar	9.287.600

Smyrna Seracılık Ticaret A.Ş.

Smyrna Seracılık Ticaret A.Ş. was established in 2007 in İzmir. It is engaged in agricultural production. In the Trade Registry Gazette numbered 7296 and dated 21 April 2009, the Company name has been changed from Smyrna Organik Tarım Sanayi ve Ticaret A.Ş. to Smyrna Seracılık Ticaret A.Ş. The Company has been included to the complete consolidation in 2009.

Smyrna Seracılık Ticaret A.Ş. has operated on the existing area which is 258.700 m².

Capacity Report (Sarayköy)

According to the capacity report from Denizli Industrial Chamber dated 8 May 2023, numbered 263 and valid until 11 May 2025, The Company production capacity is as follows:

Product	Unit	Quantity
Tomato	Ton	6.499

The Company recorded address to the trade registry is Köyiçi Mevkii, Tosunlar Kasabası Sarayköy, Denizli.

As of 31 March 2024, 355 personnel are employed by the Company and the average number of personnel is 356 for the period of 01.01.-31.03.2024.

Aktur İzmir Gayrimenkul A.Ş.

Aktur İzmir Gayrimenkul A.Ş. was established by spin-off of Aktur Araç Muayene İşletmeciliği A.Ş. with the resolution of the general assembly published in the Trade Registry Newspaper dated November 23, 2020 and numbered 10208. The company generates rental income from the properties it owns. Head office of the company is in İzmir.

MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED AT 31 MARCH 2024

(Amounts expressed in Turkish Lira ("TRY") in terms of the purchasing power of the TRY at 31 March 2024, unless otherwise indicated.)

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

2.a. Basis of Presentation

Compliance Statement

The Group is predicate on Turkish Commercial Code ("TCC"), tax legislation of the Republic of Turkey and the Uniform Chart of Accounts issued by the Ministry of Finance while maintaining its legal accounting records and preparing statutory financial statements. Financial statements, except financial assets and liabilities which are signified by the fair value, on the basis of historical cost in Turkish Lira ("TRY") have been prepared. Financial statements prepared in accordance with the historical cost basis and in order to make fair presentation in accordance with IAS / IFRS, to the legal records required adjustments and reclassifications are reflected. Paid in capital, premiums on shares and restricted reserves in equity are reflected with their statutory accounting records.

The Preparation of Financial Statements

The accompanying consolidated financial statements are prepared in accordance with the Communiqué Serial II, No:14.1, "Principles of Financial Reporting in Capital Markets" ("the Communiqué") published in the Official Gazette numbered 28676 on 13 June 2013. According to the article 5 of the Communiqué, consolidated financial statements are prepared in accordance with Turkish Financial Reporting Standards ("TFRS") and its addendum and interpretations ("IFRIC") issued by Public Oversight Accounting and Auditing Standards Authority ("POA") Turkish Accounting Standards Boards. The consolidated financial statements of the Group are prepared as per the CMB announcement of 4 October 2022 relating to financial statements presentations.

Financial reporting in hyperinflationary economy

With the announcements made by the Public Oversight Accounting and Auditing Standards Authority (POA) on 23 November 2023, entities applying TFRSs have started to apply inflation accounting in accordance with TAS 29 Financial Reporting in Hyperinflation Economies as of financial statements for the annual reporting period ending on or after 31 March 2024. TAS 29 is applied to the financial statements, including the consolidated financial statements, of any entity whose functional currency is the currency of a hyperinflationary economy. According to the standard, financial statements prepared in the currency of a hyperinflationary economy are presented in terms of the purchasing power of that currency at the balance sheet date. Prior period financial statements are also presented in the current measurement unit at the end of the reporting period for comparative purposes. The Group has therefore presented its consolidated financial statements as of 31 March 2023 and 31 December 2023, on the purchasing power basis as of 31 March 2024.

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

The adjustments made in accordance with TAS 29 were made using the adjustment coefficient obtained from the Consumer Price Index ("CPI") of Turkey published by the Turkish Statistical Institute ("TURKSTAT"). As of 31 March 2024, the indices and adjustment coefficients used in the adjustment of the consolidated financial statements are as follows:

Date	Index	Adjustment coefficient	Three-Year Compound Inflation Rate
31.03.2024	2.139,47	1,0000	309%
31.12.2023	1.859,38	1,1506	268%
31.03.2023	1.269,75	1,6850	182%

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

- Current period consolidated financial statements prepared in TRY are expressed in terms of the purchasing power at the balance sheet date, and amounts from previous reporting periods are also adjusted and expressed in terms of the purchasing power at the end of the reporting period.
- Monetary assets and liabilities are not adjusted as they are already expressed in terms of the current purchasing power at the balance sheet date. In cases where the inflation-adjusted values of non-monetary items exceed their recoverable amount or net realizable value, the provisions of TAS 36 “Impairment of Assets” and TAS 2 “Inventories” are applied, respectively.
- Non-monetary assets and liabilities and equity items that are not expressed in terms of the current purchasing power at the balance sheet date have been adjusted using the relevant adjustment coefficients.
- All items in the comprehensive income statement, except for those that have an impact on the comprehensive income statement of non-monetary items on the balance sheet, have been indexed using the coefficients calculated for the periods when the income and expense accounts were first reflected in the financial statements.
- The effect of inflation on the Group's net monetary asset position in the current period is recorded in the monetary gain/loss account in the consolidated income statement.

Approval of Financial Statements

Consolidated financial statements are approved by the Board of Directors and granted authority to publish on 21 June 2024 Boards of Directors have authority to change financial statements.

Currency Measurement and Reporting Currency

As of 31 March 2024 and 31 December 2023 the Group’s functional and reporting currency unit is represented in TRY compared to previous periods.

Rounding of amounts presented in financial statements

The financial information given in TRY has been rounded to the nearest full TRY value.

Offsetting

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

Going Concern

The accompanying consolidated financial statements have been prepared assuming that the group will continue to generate benefit from its assets and fill its liabilities in the following year under the natural course of its activities based on the assumption of continuity of business.

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Basis of Consolidation

The capital structure of subsidiaries and participations are as follows:

Subsidiaries	Consolidation Method	31 March 2024	31 December 2023
Smyrna Seracılık Ticaret A.Ş.	Full Consolidation	79,17%	79,17%

Participations	Consolidation Method	31 March 2024	31 December 2023
Aktur İzmir Gayrimenkul A.Ş.	Equity Pick up	48,00%	48,00%

Investments in associates are accounted via using equity pick up method. These are entities in which the Group generally holds between 20% and 50% of the voting rights, or where the Group has significant influence, as well as not having control over the operations of the Group.

Subsidiaries are included in consolidation as of the date of transition to the controlling the Group and they are excluded from the scope of consolidation as of the date of completion of the control.

The share of minority shareholders in the net assets and operating results of the Subsidiaries are presented as minority interest in the consolidated balance sheet and income statement.

In the accompanying consolidated financial statements, results of operations and assets and liabilities of associates are accounted for using equity pick up method of accounting. According to the equity pick up method, associates in the consolidated financial statements are shown on the basis of the amount obtained by subtracting the cost value from the net assets of the subsidiary after deducting any impairment in the associate. Losses that exceed the share of the Group in the associate are not recognized in the records. Additional loss is due to the fact that the Group has been exposed to legal or implied liability or has made payments on behalf of an affiliate or business partnership.

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As of 31 March 2024 and 31 December 2023, the capital structure of subsidiaries and participations are as follows:

Menderes Tekstil Sanayi ve Ticaret A.Ş.(Parent Company)

	31.03.2024	31.12.2023
	Ratio %	Ratio %
Public Offered Shares	49,79	56,26
Akça Holding A.Ş.	48,06	41,35
Other	2,16	2,39
	100%	100%

Akça Holding A.Ş. (Controlling Shareholder of Menderes Tekstil Sanayi ve Ticaret A.Ş.)

	31.03.2024	31.12.2023
	Ratio %	Ratio %
Osman Akça Tar. Ürün. İth. İhr. San. ve Tic. A.Ş.	56,67	56,67
Rıza Akça	21,67	21,67
Dilek Göksan	10,83	10,83
Ahmet Bilge Göksan	10,83	10,83
	100%	100%

Smyrna Seracılık Ticaret A.Ş. (Subsidiary)

	31.03.2024	31.12.2023
	Ratio %	Ratio %
Menderes Tekstil Sanayi ve Ticaret A.Ş.	79,17	79,17
Rıza Akça	10,31	10,31
Ahmet Bilge Göksan	5,16	5,16
Dilek Göksan	5,16	5,16
Other	0,20	0,20
	100%	100%

Aktur İzmir Gayrimenkul A.Ş. (Subsidiary)

	31.03.2024	31.12.2023
	Ratio %	Ratio %
Zeybekçi Holding A.Ş.	50,00	50,00
Menderes Tekstil Sanayi ve Ticaret A.Ş.	48,00	48,00
Akça Holding A.Ş.	2,00	2,00
	100%	100%

2.b. Comparative Information and Previous Periods Adjustments

For the purpose of conducting a comparison of financial position and performance trend, the Group’s current financial statements are prepared comparative with previous periods. Comparative information is reclassified to be compatible with the presentation of current financial statements, when necessary.

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2.c. Changes in Accounting Estimates and Errors

The accompanying financial statements necessitate that some predictions about income and expenses regarding possible assets and liabilities in the financial statements prepared by group management to be compatible with statements required by Capital Market Board. Realized amounts can differ from the predictions. These predictions are observed regularly and reported periodically in income statements.

2.d. Changes in Accounting Policies

A group only could change it is accounting policy under following circumstances;

- If a standard or interpretation makes it necessary or
- If the change make effect of operations or incidents on financial position and performance or cash flows more appropriate and reliable.

Financial statements have to be comparable to see trends in the financial position of companies, performance and cash flows for users of financial statements. Accordingly, why, if the change is not granting one of above conditions, each interim and fiscal periods has to be applied same accounting policy.

The accounting policies implemented in the financial statements are the same as those implemented in the financial statements as of 31 March 2024 and 31 December 2023 and for the year ended on the same date, except as stated above.

2.e. The new standards, amendments and interpretations

The accounting policies adopted in preparation of the condensed financial statements as of 31 March 2024 are consistent with those of the previous financial year, except for the adoption of new and amended Turkish Accounting Standards (“TAS”)/IFRS and IFRIC interpretationseffective as of 01 January 2024. The effects of these standards and interpretations on the Group’s financial position and performance have been disclosed in the related paragraphs.

Standards, amendments, and interpretations applicable as of 31 March 2024:

Amendments to TAS 1- Classification of Liabilities as Current and Non-Current Liabilities,

In March 2020 and January 2023, POA issued amendments to TAS 1 to specify the requirements for classifying liabilities as current or non-current. According to the amendments made in January 2023 if an entity’s right to defer settlement of a liability is subject to the entity complying with the required covenants at a date subsequent to the reporting period (“future covenants”), the entity has a right to defer settlement of the liability even if it does not comply with those covenants at the end of the reporting period. In addition, January 2023 amendments require an entity to provide disclosure when a liability arising from a loan agreement is classified as non-current and the entity’s right to defer settlement is contingent on compliance with future covenants within twelve months. This disclosure must include information about the covenants and the related liabilities. The amendments clarify that the requirement for the right to exist at the end of the reporting period applies to covenants which the entity is required to comply with on or before the reporting date regardless of whether the lender tests for compliance at that date or at a later date. The amendments also clarified that the classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement of the liability for at least twelve months after the reporting period. The amendments must be applied retrospectively in accordance with TAS 8.

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Amendments to TFRS 16 - Lease Liability in a Sale and Leaseback,

In January 2023, POA issued amendments to TFRS 16. The amendments specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. In applying requirements of TFRS 16 under “Subsequent measurement of the lease liability” heading after the commencement date in a sale and leaseback transaction, the seller lessee determines ‘lease payments’ or ‘revised lease payments’ in such a way that the seller-lessee would not recognise any amount of the gain or loss that relates to the right of use retained by the seller-lessee. The amendments do not prescribe specific measurement requirements for lease liabilities arising from a leaseback. The initial measurement of the lease liability arising from a leaseback may result in a seller-lessee determining ‘lease payments’ that are different from the general definition of lease payments in TFRS 16. The seller-lessee will need to develop and apply an accounting policy that results in information that is relevant and reliable in accordance with TAS 8. A seller-lessee applies the amendments retrospectively in accordance with TAS 8 to sale and leaseback transactions entered into after the date of initial application of TFRS 16.

Amendments to TAS 7 and TFRS 7 - Disclosures: Supplier Finance Arrangements,

The amendments issued by POA in September 2023 specify disclosure requirements to enhance the current requirements, which are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity’s liabilities, cash flows and exposure to liquidity risk. Supplier finance arrangements are characterized by one or more finance providers offering to pay amounts an entity owes its suppliers and the entity agreeing to pay according to the terms and conditions of the arrangements at the same date as, or a date later than, suppliers are paid. The amendments require an entity to provide information about terms and conditions of those arrangements, quantitative information on liabilities related to those arrangements as at the beginning and end of the reporting period and the type and effect of non-cash changes in the carrying amounts of those liabilities. In the context of quantitative liquidity risk disclosures required by TFRS 7, supplier finance arrangements are also included as an example of other factors that might be relevant to disclose.

Standards, amendments and interpretations that are issued but not effective as of 31 March 2024:

Standards, interpretations, and amendments to existing standards that are issued but not yet effective up to the date of issuance of the consolidated financial statements are as follows. The Group will make the necessary changes if not indicated otherwise, which will affect the financial statements and disclosures, when the new standards and interpretations become effective.

Amendments to TFRS 10 and TAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture,

In December 2017, POA postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting. Early application of the amendments is still permitted.

TFRS 17 - The new Standard for insurance contracts, POA issued,

TFRS 17 in February 2019, a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. TFRS 17 model combines a current balance sheet measurement of insurance contract liabilities with the recognition of profit over the period that services are provided. The mandatory effective date of the Standard postponed to accounting periods beginning on or after January 1, 2025 with the announcement made by the POA.

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The new amendments that are issued by the International Accounting Standards Board (IASB) but not issued by Public Oversight Authority (POA):

The following amendments to IAS 21 and IFRS 18 are issued by IASB but not yet adapted/issued by POA. Therefore, they do not constitute part of TFRS. The Group will make the necessary changes to its consolidated financial statements after the amendments and new Standard are issued and become effective under TFRS.

Amendments to IAS 21 - Lack of exchangeability,

In August 2023, IASB issued amendments to IAS 21. The amendments specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. When an entity estimates a spot exchange rate because a currency is not exchangeable into another currency, it discloses information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity’s financial performance, financial position and cash flows.

IFRS 18 – The new Standard for Presentation and Disclosure in Financial Statements,

In April 2024, IASB issued IFRS 18 which replaces IAS 1. IFRS 18 introduces new requirements on presentation within the statement of profit or loss, including specified totals and subtotals. IFRS 18 requires an entity to classify all income and expenses within its statement of profit or loss into one of five categories: operating; investing; financing; income taxes; and discontinued operations. It also requires disclosure of management-defined performance measures and includes new requirements for aggregation and disaggregation of financial information based on the identified ‘roles’ of the primary financial statements and the notes. In addition, there are consequential amendments to other accounting standards, such as IAS 7, IAS 8 and IAS 34.

2.f. Summary of Significant Accounting Policy

Revenue Recognition

Group recognizes revenue based on the following five principles in accordance with the TFRS 15 - “Revenue from Contracts with Customers” standard effective from 1 January 2018.

- Identification of customer contracts
- Identification of performance obligations
- Determination of the transaction price in the contracts
- Allocation of transaction price to the performance obligations
- Recognition of revenue when the performance obligations are satisfied

Group evaluates each contracted obligation separately and respective obligations, which are committed to deliver the goods or perform services, are determined as separate performance obligations. Group determines at contract inception whether the performance obligation is satisfied over time or at a point in time. When the Group transfers control of a good or service over time, and therefore satisfies a performance obligation over time, then the revenue is recognized over time by measuring the progress towards complete satisfaction of that performance obligation.

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The goods or services are transferred when the control of the goods or services is delivered to the customers. Following indicators are considered while evaluating the transfer of control of the goods and services,

- a) presence of Group’s collection right of the consideration for the goods or services,
- b) customer’s ownership of the legal title on goods or services,
- c) physical transfer of the goods or services,
- d) customer’s ownership of significant risks and rewards related to the goods or services,
- e) customer’s acceptance of goods or services.

If Group expects, at contract inception, that the period between when the Group transfers a promised good or service to a customer and when the customer pays for that good or service will be one year or less, the promised amount of consideration for the effects of a significant financing component is not adjusted. On the other hand, when the contract effectively constitutes a financing component, the fair value of the consideration is determined by discounting all future receipts using an imputed rate of interest. The difference between the fair value and the nominal amount of the consideration is recognized on an accrual basis as other operating income.

Interest Income

Interest income is accrued using the effective interest method which brings the remaining principal amount and expected future cash flows to the net book value of the related deposit during the expected life of the deposit.

Interest and foreign exchange gains and losses arising from trading transactions are recognized in other operating income and expense.

Dividend income is recorded as income of the collection right transfer date. Dividends payables are recognized as an appropriation of profit in the period in which they are declared.

Inventories

Inventories are valued at the lower cost or net realizable value. Inventory costs include purchasing costs. The unit cost of inventories is determined by the average cost method. Net realizable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses.

Biological Assets

The group’s biological assets consist of planted tomatoes. Uncultivated tomatoes are reflected in the consolidated financial statements after the provision for impairment is booked, if there is a decrease in cost due to the absence of an active market.

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Tangible Assets

Lands, buildings, land improvements, machinery and equipment are reflected to the consolidated financial statements at fair values that are determined by an independent real estate appraisal company, which is accredited by CMB as of 31 December 2023.

The valuation company used the Market Value Method in determining the fair values of land, land and buildings. The "Market Value and Cost Method" was used to determine the fair values of land improvements and machinery, plant and equipment.

The revaluation frequency depends on the differences at the fair values of tangible fixed assets.

If the net book value of an asset increases as a result of the revaluation, this increase is recognized in the statement of other comprehensive income and presented under the revaluation fund account in the equity. However, a revaluation value increase can only be recognized in the profit or loss statement to the extent of impairment recorded in the previous periods for the same asset.

If the net book value of an asset decreases during the revaluation, this decrease is recognized as expense. However, this decrease can only be recognized as much as all kinds of credit balance about this asset in the revaluation surplus.

The subjected decrease recognized in other comprehensive income, decreases the amount accumulated in equity under revaluation surplus. In the case of sales of revalued buildings or land, revaluation surplus part of revalued asset is classified to accumulated profit/(loss).

Property, plant and equipment are carried at indexed cost less indexed accumulated depreciation. Historical costs include the costs directly related to the acquisition of property plant and equipment. Costs incurred after the acquisition can be added to the net book value of the assets or can be booked as another asset if and only if it is probable that the future economic benefits will flow to the Group and the cost of the asset can be measured reliably. All other repair and maintenance costs are expensed in the consolidated statement of comprehensive income for the period. Depreciation is provided using the straight-line method based on the estimated useful lives of gross book value of assets.

Economic useful lives of assets approximately are as follow:

	Years
Land improvements	10-40
Buildings	30-50
Machinery, plant and equipment	5-15
Energy facilities	20-25
Motor vehicles	5-10
Fixtures and fittings	3-20

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Intangible Assets

Intangible assets are carried at restated acquisition cost less accumulated amortization.

Intangible assets comprise acquired usage rights, information systems, research and development expenses and other identified rights. They are recorded at acquisition cost and amortized on a straight-line based on pro-rata over their estimated useful lives for a period not exceeding between 10% and 20% for a year.

Investment Properties

Investment properties are the real estates which are held to earn rental income and/or for capital appreciation. Investment properties are presented in the financial statements at their fair value determined in the revaluation work. Revaluation work was performed by an independent appraisal company accredited by the Capital Market Board. Appreciation or devaluation in the mentioned properties is accounted in the consolidated profit or loss table.

If an owner-occupied property becomes an investment property that will be carried at fair value, an entity shall apply TAS 16 up to the date of change in use. The entity shall treat any difference at that date between the carrying amount of the property in accordance with TAS 16 and its fair value in the same way as a revaluation in accordance with TAS 16.

Investment properties are derecognized when either they have been disposed off or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognized in the consolidated statement of profit or loss in the year of retirement or disposal. A gain or loss arising from a change in the fair value of investment property shall be recognized in profit or loss for the period in which it arises.

Impairment of Asset

The carrying amounts of the Group’s assets other than goodwill are reviewed at each balance sheet date to determine whether there is any indication of impairment. When an indication of impairment exists, the Group compares the carrying amount of the asset with its net realizable value which is the higher of value in use or fair value less costs to sell. Impairment exists if the carrying value of an asset or a cash generating unit is greater than its recoverable amount, which is the higher of value in use or fair value less costs to sell. An impairment loss is recognized immediately in the comprehensive statement of income. The increase in carrying value of the assets (or a cash generated unit) due to the reversal of recognized impairment loss shall not exceed the carrying amount of the asset (net of amortization amount) in case where the impairment loss was reflected in the consolidated financial statements in prior periods. Such a reversal is accounted for in the comprehensive statement of income.

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Right-of-Use Assets

The Group recognizes right-of-use assets at the commencement of the lease (i.e. the date of underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses and adjusted for any remeasurement of lease liabilities.

The cost of right-of-use asset includes:

- (a) the amount of lease liabilities recognized,
- (b) lease payments made at or before the commencement date less any lease incentives received
- (c) initial direct costs incurred.

Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

Lease Liabilities

At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term.

At the commencement date of the lease, the measurement of the lease liabilities include:

- (a) Fixed payments,
- (b) The variable lease payments that do not depend on an index or a rate are recognized as expense in the period on which the event or condition that triggers the payment occurs,
- (c) The amounts expected to be paid by the Group under residual value guarantees
- (d) The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and
- (e) The payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate.

The variable lease payments that do not depend on an index or a rate are recognized as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

After the commencement date, the Group measures the amount of lease liabilities as follows:

- (a) The amount of lease liabilities is increased to reflect the accretion of interest and
- (b) Reduces for the lease payments made.

In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

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Short – term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (ie, those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered of low value. Lease payments on short-term lease and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

Borrowing costs

Borrowings are recognized initially at the proceeds received; net of transaction costs incurred. Borrowings are subsequently stated at amortized cost using the effective yield method; any difference between proceeds, net of transaction costs, and the redemption value is recognized in the statement of income over the period of the borrowings.

In the case of foreign exchange income in the financing activities, the related income is deducted from the total of capitalized financial expenses.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization. All of the other borrowing costs are recorded in the income statement in the period in which they are incurred.

Foreign exchange differences relating to borrowings, to the extent that they are regarded as an adjustment to interest costs, are also capitalized. The gains and losses that are an adjustment to interest costs include the interest rate differential between borrowing costs that would be incurred if the entity borrowed funds in its functional currency, and borrowing costs actually incurred on foreign currency borrowings.

Financial Assets

Classification

Group classifies its financial assets in three categories of financial assets measured at amortized cost, financial assets measured at fair value through other comprehensive income and financial assets measured at fair value through profit of loss. The classification of financial assets is determined considering the entity’s business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. The appropriate classification of financial assets is determined at the time of the purchase.

Financial assets are not reclassified after initial recognition except when the Group's business model for managing financial assets changes; in the case of a business model change, subsequent to the amendment, the financial assets are reclassified on the first day of the following reporting period.

Recognition and Measurement

“Financial assets measured at amortized cost”, are non-derivative assets that are held within a business model whose objective is to hold assets in order to collect contractual cash flows and the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Group’s financial assets measured at amortized cost comprise “cash and cash equivalents”, “trade receivables” and “financial investments”. Financial assets carried at amortized cost are measured at their fair value at initial recognition and by effective interest rate method at subsequent measurements. Gains and losses on valuation of non-derivative financial assets measured at amortized cost are accounted for under the consolidated.

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“Financial assets measured at fair value through other comprehensive income”, are non-derivative assets that are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Gains or losses on a financial asset measured at fair value through other comprehensive income is recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses until the financial asset is derecognized or reclassified. When the financial asset is derecognized the cumulative gain or loss previously recognized in other comprehensive income is reclassified to retained earnings.

Group may make an irrevocable election at initial recognition for particular investments in equity instruments that would otherwise be measured at fair value through profit or loss, to present subsequent changes in fair value in other comprehensive income. In such cases, dividends from those investments are accounted for under a consolidated statement of income.

“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 consolidated statement of income.

Derecognition

The Group derecognized a financial asset when the contractual rights to the cash flows from the asset expired, or it transferred the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset were transferred. Any interest in such transferred financial assets that was created or retained by the Group was recognized as a separate asset or liability.

Impairment

Impairment of the financial and contractual assets measured by using “Expected credit loss model” (ECL). The impairment model applies for amortized financial and contractual assets.

Provision for loss measured as below;

- 12 Month ECL: results from default events that are possible within 12 months after reporting date.
- Lifetime ECL: results from all possible default events over the expected life of financial instrument.

Lifetime ECL measurement applies if the credit risk of a financial asset at the reporting date has increased significantly since 12 month ECL measurement if it has not.

The group may determine that the credit risk of a financial asset has not increased significantly if the asset has low credit risk at the reporting date. However, lifetime ECL measurement (simplified approach) always apply for trade receivables and contract assets without a significant financing.

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Trade Receivables

Trade receivables that are created by way of providing goods or services directly to a debtor are measured at amortized cost, using the effective interest rate method, short duration receivables with no stated interest rate are measured at the original invoice amount unless the effect of imputing interest is significant.

Group has preferred to apply “simplified approach” defined in TFRS 9 for the recognition of impairment losses on trade receivables, carried at amortized cost and that do not comprise of any significant finance component (those with maturity less than 1 year). In accordance with the simplified approach, Group measures the loss allowances regarding its trade receivables at an amount equal to “lifetime expected credit losses” except incurred credit losses in which trade receivables are already impaired for a specific reason.

If the amount of the impairment subsequently decreases due to an event occurring after the write-down, the release of the provision is credited to other operating income.

Unearned finance income/expense due to commercial transactions are accounted for under “Other Operating Income/Expenses” in the consolidated statement of income or loss.

The Group collects some of its receivables through factoring. The receivables that are subject to the factoring transaction are deducted from their respective receivables accounts, if the collection risk is undertaken by the Factoring Group. The amounts at Group's collection risk continue to be transferred to the Consolidated Financial Statements and advances received from the factoring companies are presented as debts from factoring transactions under the "Borrowings" account in the Consolidated Financial Statements.

Cash and Cash Equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank deposits with original maturities of more than three months and shorter than 1 year are classified under short-term financial investments.

Financial Liabilities

Financial liabilities are measured initially at fair value. Transaction costs which are directly related to the financial liability are added to the fair value.

The effective interest method calculates the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate discounts the estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Financial liabilities are classified as equity instruments and other financial liabilities.

Equity instruments

Financial liabilities related to non-controlling share put options are reflected in the financial statements in conformity with their discounted value of them own redemption plan. The discounted value of the financial liability which is the subject of the put option is estimated to be the fair value of the financial asset.

Other financial liabilities

Other financial liabilities are subsequently measured at amortized cost using the effective interest method plus the interest expense recognized on an effective yield basis.

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Trade Payables

Trade payables are payments to be made arising from the purchase of goods and services from suppliers within the ordinary course of business. Trade payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

The Effects of Exchange Rates

Foreign currency transactions are entered in the accounts with current rates in transaction date. Foreign currency assets and liabilities in the balance sheet are converted to the TRY as the rates in the balance sheet date. Foreign exchange and losses are reflected to the financial statements.

Effects of Change in Currency Rate

Assets and liabilities in foreign currency and purchase and sale commitments create exchange risk. Foreign exchange risk stemming from depreciation or appreciation of Turkish Lira managed by top management by following the currency position of the Group and taking position according to approved limits.

Earnings per Share / (Loss)

The amount of gain / loss per share is calculated by dividing the period gain/ loss of the Group with weighted average share unit in the period.

In Turkey, companies can increase their share capital by making distribution of “bonus shares” to existing shareholders from Inflation adjustment difference in shareholder’s equity. For the purpose of the earnings per share computations, the weighted average number of shares outstanding during the year has been adjusted in respect of “bonus shares” issued without corresponding change in resources by giving them retroactive effect for the period in which they were issued and each earlier period.

Investments Subject to Equity Pick-up Method

Equities valued with equity pick-up method are carried at their initial acquisition cost. This amount is accounted by equity pick-up method by restating subject to Group accounting policies calculating the share of Group from the net assets.

Employee Benefits / Severance Pay

Provision for Severance Pay

Under Turkish Labor Law, the Group is required to pay termination benefits to each employee who has completed one year of service and whose employment is terminated without due cause, or who retires in accordance with social insurance regulations or is called up for military service or dies. As of 31 March 2024, such payments are calculated on the basis of 30 days’ pay limited to a maximum of TRY 35.059 (31 December 2023: TRY 23.490) per year of employment at the rate of pay applicable at the date of retirement.

Group used “Projection Method” to calculate the termination benefits and the duration to be completed based on the past experience and discounted with rate of Treasury bond at balance sheet date. The calculated profits and losses are reflected in income statements.

The ratios of the basic assumptions used on the balance sheet date are as follows:

	31.03.2024	31.12.2023
Discount rate	4,20%	3,20%

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Social Insurance Premium

Group, pays social security contribution to social security organization compulsorily. So long as the Group pays these premiums, it has no liability. These premiums are reflected as personnel expenses in the period in which they are paid.

An obligation is recorded regarding vacation payments earned by the employees as a result of their past services. In case of termination of employment, the Group is obliged to pay an amount equal to the amount found by multiplying the daily gross wage on the date of termination of the employment contract and the sum of other contractual benefits with the number of earned but unused vacation days. In this context, the Group records the provision for unused vacation as a long-term benefit obligation provided to employees.

Vacation provision is a short-term employee benefit obligation, measured without discount and expensed in profit or loss as the related service is performed.

Taxes

Taxes on income for the period comprise current tax and the change in the deferred taxes. The charge for current tax is based on the results for the period as adjusted for items which are non-assessable or disallowed. It is calculated using tax rates enacted by the balance sheet date. Deferred tax is accounted for using the “liability” method in respect of temporary differences arising from differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of taxable (statutory) profit. Deferred tax is accounted by temporary differences between the values of assets and liabilities in financial statements using “liability method” and the values of financial statements for the legal purpose. Deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction which affects neither the tax profit nor the accounting profit. Net deferred tax assets created from term differences deducted in proportion as tax allowances in conditions of there is no certain information for the coming periods.

Provisions, Conditional Liabilities and Conditional Assets

Provisions

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

Conditional liabilities and conditional assets

Transactions that may give rise to contingencies and commitments are those where the outcome and the performance of which will be ultimately confirmed only on the occurrence or non occurrence of certain future events, unless the expected performance is not very likely. Accordingly, contingent losses are recognized in the financial statements of Group if a reasonable estimate of the amount of the resulting loss can be made. Contingent gains are reflected only if it is probable that the gain will be realized.

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Derivative Financial Instruments and Instruments to Protect from Risk

The Group’s derivative financial instruments include foreign currency forward contracts and interest rate swap transactions.

At the end of valuation, the derived financial instruments which are appreciated with the reasonable value and associated with income statement will be reflected as a result of valuation to the income sheet.

It has been calculated with comparison of the revalued gains and losses in the forward purchase and sale agreements of foreign currency with the foreign exchange spot rate as of balance sheet date and the revalued original amount calculated with linear method with valid foreign exchange spot rate as of starting date of agreements. Amounts related with income statement have been classified as income/ expense accruals under other receivables and other payables in the balance sheet.

Statement of Cash Flow

The Group prepares statements of cash flows as an integral part of its of financial statements to enable financial statement analysis about the change in its net assets, financial structure and the ability to direct cash flow amounts and timing according to evolving conditions. Cash flows include those from operating activities, working capital, investing activities and financing activities.

Cash flows from operating activities represent the cash flows generated from the Group’s activities. The Group has preferred to present the cash inflows and outflows from operating activities in the financial statements in indirect way.

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

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

Subsequent Events

Although subsequent events arise after the explanation of the financial information to the public or any announcement related to profitability, it encloses all the events with balance sheet date and authorization date for the diffusion of the balance sheet. Group adjusts the amounts in the financial statements if there exists any events necessitates adjustment.

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Related Parties

In the presence of one of the following criteria, parties are considered as related to the Group:

- (a) Directly, or indirectly through one or more intermediaries, the party:
 - (i) Controls, is controlled by, or is under common control with, the Group (this includes parents, subsidiaries and fellow subsidiaries);
 - (ii) Has an interest in Group that gives it significant influence over the Group; or
 - (iii) Has joint control over the Group;
- (b) The party is an associate of the Group,
- (c) The party is a joint venture, in which the Group is a venture,
- (d) The party is member of the key management personnel of the Group 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)
- (g) The party has a defined benefit plan for the employees of the Group or a related party of the Group.

Transactions with related parties are transfer of resources or obligations between related parties, regardless of whether a price is charged. Group interacts with its related parties within the frame of ordinary business activities (Note 6).

Details of related parties are as follows:

Akça Holding A.Ş. “Akça Holding”

Akça Holding A.Ş. was established in 1994 in İzmir. The Company's field of activity is to provide financial support to group companies.

Osman Akça Tarım Ürünleri İthalat İhracat Sanayi ve Ticaret A.Ş. “Osman Akça Tarım Ürünleri”

Osman Akça Tarım Ürünleri İthalat ve İhracat San. ve Tic. A.Ş. was established on 25 July 1985. Head quarter of The Company is in İzmir. The Company's field of activity is agricultural products and dried fruit processing.

Akça Saraylı Tekstil Sanayi ve Ticaret Ltd. Şti. “Akça Saraylı Tekstil”

Akça Saraylı Tekstil Sanayi ve Ticaret Ltd. Şti. was established in 1990 in İzmir The Company's field of activity is the wholesale and retail sale of textile products.

A trademark lease contract was made between Menderes Tekstil San. ve Tic. A.Ş. and Akça Saraylı Tekstil San. ve Tic. Ltd. Şti. Regarding to this signed contract, Akça Saraylı Tekstil San. ve Tic. Ltd.Şti. is obliged to pay 2% of its annual net sales to Menderes Tekstil San. ve Tic. A.Ş. as a leasing fee. Consequently, Akça Saraylı Tekstil San. ve Tic. Ltd. Şti. leased the trademarks of Mendereshome Store-Menderesstore-Menderestore.

Ak-San Sigorta ve Aracılık Hizmetleri Ltd. Şti. “Aksan Sigorta”

Ak-San Sigorta Aracılık Hizmetleri Ltd. Şti. was established on 13 March 1997. Head quarter of the Company is in İzmir. The Company's field of activity is insurance brokerage services.

Related parties that do not have any significant activity with the Group are as follows:

Aktur Araç Muayene İstasyonları İşletmeciliği A.Ş.

Aktur İzmir Gayrimenkul A.Ş.

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Government Grants and Incentives

Government incentives, including non-monetary grants at fair value are included in the consolidated financial statements only if there is reasonable assurance that the Group will fulfill all required conditions and acquire the incentive. A forgivable loan from the government is treated as a government grant when it is probable that the entity will meet the terms for forgiveness of the loan.

The Group has an income from insurance premium employer share incentive based on the Labor Law numbered 4857 and Social Insurance and General Health Insurance Law numbered 5510 This incentive granted by government is not collected in cash but deducted from the accrued insurance premiums by treasury. The mentioned incentive income was off set against cost of goods sold in the financial statements.

2.g. Significant Accounting Estimates and Assumptions

The preparation of consolidated financial statements requires estimates and assumptions to be made regarding the amounts for the assets and liabilities at the balance sheet date, and explanations for the contingent assets and liabilities as well as the amounts of income and expenses realized in the reporting period. The Group makes estimates and assumptions concerning the future. The accounting estimates and assumptions, by definition, may not be equal to the related actual results. The estimates and assumptions that may cause a material adjustment to the carrying amounts of assets and liabilities within the next financial period are addressed below:

Deferred tax

The Group recognizes deferred tax assets and liabilities for temporary timing differences arising from the differences between the tax bases and statutory tax financial statements. Such differences usually arise from the fact that certain income and expense items are included in the tax base amounts and financial statements prepared in accordance with TAS at different periods. The Group has unused tax losses that can be deducted from future profits and deferred tax assets consisting of other deductible temporary differences. The recoverable amount of deferred tax assets partially or fully is estimated under current conditions. During the assessment, future profit projections, losses incurred in the current period, unused losses and other taxable assets are taken into consideration and tax planning strategies that can be used when necessary are taken into account.

Provision for severance pay

The present value of the retirement pay liability is determined on an actuarial basis using certain assumptions. These assumptions are used in determining the net expense of the termination compensation liabilities and include the rate of reduction. Any change in the underlying assumptions affect the recorded value of the termination indemnity obligation. Actuarial losses and gains are recognized in the statement of comprehensive income in the period in which they are incurred.

The group determines the appropriate reduction rate at the end of each year. This rate is used to calculate the present value of estimated future cash outflows necessary to meet the retirement benefit obligations.

Deferred financing income / expense:

The calculation of the amortized cost of trade receivables and payables by using the effective interest method is based on the expected collection and payment dates of the receivables and payables.

Useful lives:

Tangible and intangible assets are amortized and depreciated on useful lives.

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Provisions for litigation:

When setting aside the provision for legal claims the probability of losing the related case and the results to expect to be suffered in the event that the legal counsel of the Group and management of the Group make their best estimates to calculate the provision.

Investment property impairment:

The Group makes a comparison with the valuation report issued by the licensed real estate valuation company at Capital Market Board when evaluating as to whether any indication that there is a decrease in the value of the investment properties.

Distinction of tangible assets and Investment properties:

The Group has classified the properties which it owns and rented as investment properties.

Fair value measurements of land and buildings

While the fair values of land and buildings have been determined within the scope of TAS 16, real estate valuation reports prepared by Aden Gayrimenkul Değerleme ve Danışmanlık A.Ş. accredited by the Capital Markets Board were used (Note 17).

Fair value measurements of property, plant and equipment

While the fair values of machinery, plant and equipments have been determined within the scope of TAS 16, real estate valuation reports prepared by Aden Gayrimenkul Değerleme ve Danışmanlık A.Ş. accredited by the Capital Markets Board were used (Note 17).

The estimates used are shown in the relevant accounting policies or footnotes.

2.h. Segment Reporting

The Group has three business segments determined by the management based on information available for the evaluation of performance and the allocation of resources. These divisions are; textile (Menderes Tekstil), agriculture sector (Menderes Tekstil and Smyrna) and energy sector (Menderes Tekstil). These segments are managed separately because they are affected by the economic conditions and geographical positions in terms of risks and returns. When evaluating the segments’ performance, Group Management is utilizing the financial statements prepared in accordance with TFRS (Note 3).

Operating segments are reported in a manner consistent with the reporting provided to the Group’s chief operating decision-maker. The Group’s chief operating decision-maker is responsible for allocating resources and assessing performance of the operating segments.

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% or more of the combined revenue, internal and external, of all operating segments; the absolute amount of its profit or loss is 10% or more of the combined profit or loss or its assets are 10% 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.

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NOTE 3 – SEGMENT REPORTING

31 March 2024	Textile Sector	Agricultural Sector	Energy Sector	Elimination	Total
Revenue	583.136.342	863.624.919	199.166.479	-	1.645.927.740
Cost of Sales (-)	(1.015.545.730)	(861.743.025)	(111.918.849)	4.725.773	(1.984.481.831)
GROSS PROFIT/LOSS	(432.409.388)	1.881.894	87.247.630	4.725.773	(338.554.091)
General Administrative Expenses (-)	(53.101.121)	(15.243.688)	(3.574.820)	7.459	(71.912.170)
Marketing Expenses (-)	(39.840.344)	(3.281.288)	-	-	(43.121.632)
Research and Development Expenses (-)	(9.369.467)	-	-	-	(9.369.467)
Other Operating Income	64.751.440	101.494.268	343.098	(4.733.232)	161.855.574
Other Operating Expenses (-)	(49.903.475)	(17.907.978)	(5.745)	-	(67.817.198)
OPERATING PROFIT/LOSS	(519.872.355)	66.943.208	84.010.163	-	(368.918.984)
Income from Investing Activities	262.751	-	-	-	262.751
Expense from Investing Activities (-)	(711.095)	-	-	-	(711.095)
Shares of Profit/(Loss) from Investments Valued by Equity Pick-up Method	(2.489.209)	-	-	-	(2.489.209)
OPERATING PROFIT/LOSS BEFORE FINANCING EXPENSES	(522.809.908)	66.943.208	84.010.163	-	(371.856.537)
Financial Income (+)	48.474.339	1.233.308	-	(2.960.059)	46.747.588
Financial Expenses (-)	(91.244.094)	(7.004.803)	(123.985.416)	2.960.059	(219.274.254)
Gains /(Losses) on Net Monetary Position	(509.811.071)	79.643.596	413.110.413	-	(17.057.062)
OPERATING ACTIVITY PROFIT/(LOSS) BEFORE TAXATION	(1.075.390.734)	140.815.309	373.135.160	-	(561.440.265)
Operating Activity Tax Income / (Expense)					
- Income/Expense Tax for the period	-	-	-	-	-
- Deferred Tax Income/Expense	(64.642.743)	(6.609.266)	-	-	(71.252.009)
PROFIT/(LOSS) FOR THE PERIOD	(1.140.033.477)	134.206.043	373.135.160	-	(632.692.274)

31 March 2023	Textile Sector	Agricultural Sector	Energy Sector	Elimination	Total
Revenue	734.829.281	632.572.145	222.359.478	-	1.589.760.904
Cost of Sales (-)	(564.585.405)	(671.281.155)	(120.835.833)	1.732.953	(1.354.969.440)
GROSS PROFIT/LOSS	170.243.876	(38.709.010)	101.523.645	1.732.953	234.791.464
General Administrative Expenses (-)	(159.022.679)	(4.742.520)	(3.146.821)	11.166	(166.900.854)
Marketing Expenses (-)	(35.695.878)	(3.380.455)	-	-	(39.076.333)
Research and Development Expenses (-)	(7.612.329)	-	-	-	(7.612.329)
Other Operating Income	79.791.948	9.032.820	690.903	(1.744.119)	87.771.552
Other Operating Expenses (-)	(35.449.817)	(8.073.395)	(6.351)	-	(43.529.563)
OPERATING PROFIT/LOSS	12.255.121	(45.872.560)	99.061.376	-	65.443.937
Income from Investing Activities	116.872	736	-	-	117.608
Shares of Profit/(Loss) from Investments Valued by Equity Pick-up Method	(41.914.710)	-	-	-	(41.914.710)
OPERATING PROFIT/LOSS BEFORE FINANCING EXPENSES	(29.542.717)	(45.871.824)	99.061.376	-	23.646.835
Financial Income (+)	14.231.582	1.599.951	-	(1.055.940)	14.775.593
Financial Expenses (-)	(111.289.962)	(682.698)	(64.664.089)	1.055.940	(175.580.809)
Gains /(Losses) on Net Monetary Position	62.961.939	50.922.262	330.203.945	-	444.088.146
OPERATING ACTIVITY PROFIT/(LOSS) BEFORE TAXATION	(63.639.158)	5.967.691	364.601.232	-	306.929.765
Operating Activity Tax Income / (Expense)					
- Income/Expense Tax for the period	-	(1.497.621)	-	-	(1.497.621)
- Deferred Tax Income/Expense	(206.648.346)	(5.110.571)	-	-	(211.758.917)
PROFIT/(LOSS) FOR THE PERIOD	(270.287.504)	(640.501)	364.601.232	-	93.673.227

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31 March 2024	Textile Sector	Agricultural Secto	Energy Sector	Elimination	Total
Total Assets	8.054.178.303	2.003.612.559	3.165.639.240	(134.024.032)	13.089.406.070
Total Liabilities	3.192.584.157	284.249.392	1.127.548.656	(8.595.276)	4.595.786.929
Assets by Segments					
Investment Property	467.929.237	-	-	-	467.929.237
Total Tangible Assets (Net Book Value)	4.401.323.448	466.214.852	3.165.298.421	-	8.032.836.721
Total Intangible Assets (Net Book Value)	140.976.206	45.131	340.819	-	141.362.156
Purchases of Tangible and Intangible Assets	23.610.890	25.364.331	1.035.349	-	50.010.570
Depreciation Expenses	74.940.442	11.752.378	61.088.833	-	147.781.653
Detail of the Group's foreign currency assets and liabilities by segments					
Total Assets	1.773.481.099	53.328.989	-	-	1.826.810.088
Total Liabilities	549.578.376	212.446	1.127.548.656	-	1.677.339.478
Net Foreign Currency Asset/ Liabilities	1.223.902.723	53.116.543	(1.127.548.656)	-	149.470.610
Detail of the Group's financial liabilities by division in currency					
Financial Payables	1.595.849.865	113.479.736	1.127.548.656	-	2.836.878.257
- USD	50.986.582	-	191.613.952	-	242.600.534
- EUR	329.943.699	-	935.934.704	-	1.265.878.403
- TRY	1.214.919.584	113.479.736	-	-	1.328.399.320
Export	364.560.072	130.933.650	-	-	495.493.722
Import	93.556.951	505.967	-	-	94.062.918
Total Debt	3.192.584.157	284.249.392	1.127.548.656	(8.595.276)	4.595.786.929
Cash Equivalents	(392.647.229)	(12.445.108)	-	-	(405.092.337)
Net Debt	2.799.936.928	271.804.284	1.127.548.656	(8.595.276)	4.190.694.592
Total Equity	8.222.246.951	396.800.946	-	(125.428.756)	8.493.619.141
Total Capital	11.022.183.879	668.605.230	1.127.548.656	(134.024.032)	12.684.313.733
Net Debt/Total Capital Ratio	25,40%	40,65%			33,04%

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31 December 2023	Textile Sector	Agricultural Sector	Energy Sector	Elimination	Total
Total Assets	8.998.224.286	1.921.792.974	3.226.403.821	(164.669.930)	13.981.751.151
Total Liabilities	3.289.249.126	291.089.947	1.297.398.339	(39.241.174)	4.838.496.238
Assets by Segments					
Investment Property	467.929.237	-	-	-	467.929.237
Total Tangible Assets (Net Book Value)	4.447.128.180	452.598.441	3.226.016.406	-	8.125.743.027
Total Intangible Assets (Net Book Value)	146.613.570	49.589	387.415	-	147.050.574
Purchases of Tangible and Intangible Assets	77.915.863	154.077.594	551.219.082	-	783.212.539
Depreciation Expenses	296.462.850	22.728.078	221.666.027	-	540.856.955
Detail of the Group's foreign currency assets and liabilities by segments					
Total Assets	1.355.868.867	58.785.477	-	-	1.414.654.344
Total Liabilities	528.629.001	9.787.680	1.297.398.339	-	1.835.815.020
Net Foreign Currency Asset/ Liabilities	827.239.866	48.997.797	(1.297.398.339)	-	(421.160.676)
Detail of the Group's financial liabilities by division in currency					
Financial Payables	1.505.255.060	79.263.271	1.297.398.339	-	2.881.916.670
- USD	53.557.002	-	220.477.956	-	274.034.958
- EUR	41.420.011	-	1.076.920.383	-	1.118.340.394
- TRY	1.410.278.047	79.263.271	-	-	1.489.541.318
Export	2.655.508.032	381.443.907	-	-	3.036.951.939
Import	977.414.220	3.110.821	-	-	980.525.041
Total Debt	3.289.249.126	291.089.947	1.297.398.339	(39.241.174)	4.838.496.238
Cash Equivalents	(498.403.776)	(5.477.625)	-	-	(503.881.401)
Net Debt	2.790.845.350	285.612.322	1.297.398.339	(39.241.174)	4.334.614.837
Total Equity	8.532.726.908	735.956.761	--	(125.428.756)	9.143.254.913
Total Capital	11.323.572.258	1.021.569.083	1.297.398.339	(164.669.930)	13.477.869.750
Net Debt/Total Capital Ratio	24,65%	27,96%			32,16%

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Information On the Geographical Region

On a country basis distribution of revenue obtained from the Group’s textile sector export activities are as follows:

Region	01.01.- 31.03.2024	01.01.- 31.03.2023
Germany	63%	53%
Italy	18%	20%
Netherland	6%	9%
France	3%	3%
U.S.A.	2%	7%
Poland	1%	1%
Romania	1%	0%
Switzerland	1%	2%
Serbia	1%	0%
Other	4%	5%
	100%	100%

Information About Major Clients

The sales activities of the Group are determined according to fluctuations in the domestic and overseas markets and competition conditions. It is taken care of to not to concentrate on a specific sector, country, person and Group in terms of dissolving risks. Even so, as of 31 March 2024 the share of the largest buyer in the revenue from textile sector operations is 47, 79% (31 March 2023: 35, 45%). The customer mentioned is a major international supplier and the commercial relation between the customer and the Group has been maintained for many years.

The share of the largest buyers in the revenue from agriculture sector operations is 76,85% (31 March 2023: 70,78%). The sales of dried fruits (raisin, fig and apricot) from Group to Osman Akça Tarım Ürünleri İthalat İhracat Sanayi ve Ticaret A.Ş. are made in accordance with the "Sales Agreement" signed between the Group and Osman Akça Tarım Ürünleri İthalat İhracat Sanayi ve Ticaret A.Ş. is the exporter and sub contractor of Group for dried fruits.

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NOTE 4 – CASH AND CASH EQUIVALENTS

As of 31 March 2024 and 31 December 2023 the details of cash and cash equivalents are as follows:

	31.03.2024	31.12.2023
Cash	238.988	210.725
Banks	239.957.147	208.655.333
<i>Demand deposits</i>	237.952.372	184.666.601
<i>Time deposits</i>	2.004.775	23.988.732
Other liquid assets	164.845.518	294.957.613
	405.041.653	503.823.671

As of 31 March 2024 and 31 December 2023 maturity schedule of time deposits in the cash and cash equivalents are as follows:

	31.03.2024	31.12.2023
Within 1 month	2.004.775	23.988.732
	2.004.775	23.988.732

As of 31 March 2024 effective interest rates of time deposits in TRY 54,53% (31 December 2023: TRY 52,63%).

As of 31 March 2024 there is no deposit pledge on the Group's bank deposits (31 December 2023: None).

NOTE 5 - FINANCIAL INVESTMENTS

Short Term Financial Investments

Financial assets at fair value through profit or loss

	31.03.2024	31.12.2023
Investment fund	50.684	57.730
	50.684	57.730

Long Term Financial Investments

	31.03.2024	31.12.2023
Maxis Girişim Sermayesi Portföy Yönetimi A.Ş.		
Maxis Ventures Venture Capital Investment Fund	1.403.925	1.591.050
Ünlü Portföy Yönetimi Anonim Şirketi		
AR-GE Venture Capital Investment Fund	1.763.637	1.618.440
	3.167.562	3.209.490

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NOTE 6 – RELATED PARTY TRANSACTIONS

i) Due from / to related parties:

a) Trade receivables from related parties (Note 7):

	31.03.2024	31.12.2023
Osman Akça Tar. Ürün. İth. İhr. San. ve Tic. A.Ş.	1.086.808.274	672.156.987
Akça Saraylı Tekstil Sanayi ve Ticaret Ltd. Şti.	57.425.016	59.404.778
Aktur Araç Muayene İstasyon İşletmesi A.Ş.	2.792	-
Rediscount	(2.134.831)	(2.023.699)
	1.142.101.251	729.538.066

b) Trade payables to related parties (Note 9):

	31.03.2024	31.12.2023
Ak-San Sigorta Aracılık Hizmetleri Ltd. Şti.	-	22.956
Osman Akça Tar. Ürün. İth. İhr. San. ve Tic. A.Ş.	-	37.171
Rediscount	-	(4.635)
	-	55.492

c) Non-trade receivables from related parties (Note 9):

	31.03.2024	31.12.2023
Osman Akça Tar. Ürün. İth. İhr. San. ve Tic. A.Ş.	10.403.166	6.629
	10.403.166	6.629

ii) Major sales to related parties and major purchases from related parties:

a) Sales to related parties:

	01.01.- 31.03.2024	01.01.- 31.03.2023
Osman Akça Tar. Ürün. İth. İhr. San. ve Tic. A.Ş.	668.223.396	437.403.724
Akça Saraylı Tekstil Sanayi ve Ticaret Ltd. Şti.	19.712.758	16.011.369
	687.936.154	453.415.093

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b) Purchases from related parties:

	01.01.- 31.03.2024	01.01.- 31.03.2023
Osman Akça Tar. Ürün. İth. İhr. San. ve Tic. A.Ş.	112.956.511	87.791.202
	112.956.511	87.791.202

iii) Other income and expenses resulting from transactions with related parties:

a) Benefits provided to senior management (Member of the board of directors, general manager and deputy general manager), gross:

	01.01.- 31.03.2024	01.01.- 31.03.2023
Benefits provided to senior management	3.096.667	2.140.208
	3.096.667	2.140.208

b) Service expenses paid to related parties:

	01.01.- 31.03.2024	01.01.- 31.03.2023
Akça Holding A.Ş.	769.575	568.928
Ak-San Sigorta Aracılık Hizmetleri Ltd. Şti.	580.853	505.117
Osman Akça Tar. Ürün. İth. İhr. San. ve Tic. A.Ş.	-	108.139
Akça Saraylı Tekstil Sanayi ve Ticaret Ltd. Şti.	580	49.159
	1.351.008	1.231.343

c) Rent income from related parties:

	01.01.- 31.03.2024	01.01.- 31.03.2023
Osman Akça Tar. Ürün. İth. İhr. San. ve Tic. A.Ş.	133.843	166.056
Akça Holding A.Ş.	133.843	145.133
Akça Saraylı Tekstil Sanayi ve Ticaret Ltd. Şti.	120.569	130.741
	388.255	441.930

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d) Service income from related parties:

	01.01.- 31.03.2024	01.01.- 31.03.2023
Akça Saraylı Tekstil Sanayi ve Ticaret Ltd. Şti.	211.119	138.144
Osman Akça Tar. Ürün. İth. İhr. San. ve Tic. A.Ş.	55.243	112.164
Ak-San Sigorta Aracılık Hizmetleri Ltd. Şti.	1.639	-
Akça Holding A.Ş.	2.421	66.679
	270.422	316.987

e) Foreign exchange income from related parties:

	01.01.- 31.03.2024	01.01.- 31.03.2023
Osman Akça Tar. Ürün. İth. İhr. San. ve Tic. A.Ş.	23.466.977	17.263.704
	23.466.977	17.263.704

f) Maturity difference received from related parties:

	01.01.- 31.03.2024	01.01.- 31.03.2023
Osman Akça Tar. Ürün. İth. İhr. San. ve Tic. A.Ş.	8.069.413	4.935.000
Akça Saraylı Tekstil Sanayi ve Ticaret Ltd. Şti.	6.312.750	597.710
	14.382.163	5.532.710

g) Interest income from related parties:

	01.01.- 31.03.2024	01.01.- 31.03.2023
Osman Akça Tar. Ürün. İth. İhr. San. ve Tic. A.Ş.	2.175.643	325.863
	2.175.643	325.863

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h) Interest expenses paid to related parties:

	01.01.- 31.03.2024	01.01.- 31.03.2023
Osman Akça Tarım Ürünleri İthalat İhracat San. ve Tic. A.Ş.	76.561	289.620
	76.561	289.620

i) Rent expenses paid to related parties:

	01.01.- 31.03.2024	01.01.- 31.03.2023
Osman Akça Tarım Ürünleri İthalat İhracat San. ve Tic. A.Ş.	291.096	454.614
	291.096	454.614

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NOTE 7 – TRADE RECEIVABLES AND TRADE PAYABLES

Short Term Trade Receivables

	31.03.2024	31.12.2023
Trade receivables	378.975.184	350.240.346
Cheques and notes	4.859.502	27.564.086
Unearned interest on trade receivables	(21.489.629)	(14.123.190)
Doubtful trade receivables	7.463.229	559.221
Provision for doubtful receivables (-)	(7.463.229)	(559.221)
Income accruals	47.968.298	58.453.222
Trade Receivables from Unrelated Parties	410.313.355	422.134.464
Trade receivables from related parties	1.144.236.082	731.561.765
Unearned interests on related party receivables	(2.134.831)	(2.023.699)
Trade Receivables from Related Parties	1.142.101.251	729.538.066
Total Short-Term Trade Receivables	1.552.414.606	1.151.672.530

As of 31 March 2024 the average maturity of trade receivables are 74 days (31 December 2023: 57 days).

Maturity schedule of notes receivables as of 31 March 2024 and 31 December 2023 are as follows:

	31.03.2024	31.12.2023
1-30 days	1.033.528	7.519.408
31-60 days	430.000	5.289.791
61-90 days	3.395.974	6.488.280
91-120 days	-	7.520.298
121-150 days	-	460.254
151-180 days	-	286.055
	4.859.502	27.564.086

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As of 31 March 2024 and 31 December 2023 provision for doubtful receivables movement schedule is as follows:

	31.03.2024	31.12.2023
Opening balance	559.221	921.444
Collections made during the period	(360.289)	-
Provisions made during the period	7.337.508	-
Monetary gain / (loss)	(73.211)	(362.223)
Closing Balance	7.463.229	559.221

Short Term Trade Payables

	31.03.2024	31.12.2023
Trade payables	444.909.120	664.174.975
Trade payables discount	-	-
Notes payables	49.469.609	33.310.670
Unearned interests on payables	(16.226.623)	(18.807.519)
Expense accruals	101.565.788	80.268.838
Trade Payables from Unrelated Parties	579.717.894	758.946.964

Trade payables to related parties	-	60.127
Unearned interests on payables to related parties	-	(4.635)
Trade Payables to Related Parties	-	55.492

Total Short Term Trade Payables	579.717.894	759.002.456
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As of 31 March 2024, the average maturity of trade payables are 30 days (31 December 2023: 48 days).

As of 31 March 2024, The Group has letter of credits amounting to USD 2.567.919 (TRY 83.055.726) in trade payables (Note 20).

As of 31 March 2024 and 31 December 2023 maturity breakdown of notes payables are as follows:

	31.03.2024	31.12.2023
1 – 30 days	19.692.346	14.927.990
31 – 60 days	17.033.956	8.466.744
61 – 90 days	4.093.146	9.385.739
91 – 120 days	4.308.028	530.197
121 – 150 days	1.600.000	-
151 – 180 days	1.687.378	-
240 – 270 days	1.054.755	-
	49.469.609	33.310.670

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NOTE 8 – FINANCIAL BORROWINGS

	31.03.2024	31.12.2023
Short Term Borrowings:		
TRY borrowings	1.267.847.141	1.334.030.462
EUR borrowings	44.533.223	2.301.362
Direct debit system and credit card liabilities (TRY)	374.051	511.327
Short Term Financial Borrowings	1.312.754.415	1.336.843.151
Lease Payables:		
TRY lease payables, net	6.385.855	7.071.782
Bank Borrowings:		
TRY borrowings	23.569.904	76.780.122
USD borrowings	53.007.406	63.982.300
EUR borrowings	176.876.808	223.785.714
Current Installments of Long-Term Borrowings	259.839.973	371.619.918
Long Term Lease Payables:		
TRY lease payables, net	3.574.811	6.053.268
Long Term Bank Borrowings:		
TRY borrowings	26.647.558	65.094.357
USD borrowings	189.593.128	210.052.658
EUR borrowings	1.044.468.372	892.253.318
Long Term Financial Borrowings	1.264.283.869	1.173.453.601
Total Financial Liabilities	2.836.878.257	2.881.916.670

As of 31 March 2024 and 31 December 2023 maturity analysis of borrowings and other financial borrowings are as follows:

	31.03.2024	31.12.2023
Within 3 months	155.203.683	238.761.694
Between 3 - 12 months	1.411.004.850	1.462.629.593
Between 1 - 5 years	919.735.976	930.018.701
More than 5 years	340.973.082	237.381.632
	2.826.917.591	2.868.791.620

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As of 31 March 2024 and 31 December 2023 maturity schedule of long term bank borrowings are as follows:

	31.03.2024	31.12.2023
Between 1-2 years	324.138.009	363.369.202
Between 2-3 years	259.606.407	249.917.666
Between 3-4 years	218.167.043	199.345.823
Between 4-5 years	117.824.523	117.385.987
Between 5-6 years	86.527.295	59.548.449
Between 6-7 years	83.827.314	57.432.267
Between 7-8 years	63.300.999	36.220.433
Between 8-9 years	61.518.142	35.060.868
Between 9-10 years	31.624.507	33.917.186
Between 10-11 years	14.174.819	15.202.452
	1.260.709.058	1.167.400.333

As of 31 March effective interest rates for TRY, USD and EUR bank loans are 23,76% - 7,35% and 2,93% (31 December 2023: TRY 22,01% USD 6,97% and EUR 3,47%).

The Group has guarantee by its shareholders and related companies in lending.

Total amount of mortgage on lands and buildings for fixed assets of the Group given to financial institutions is USD 64.750.000 (TRY 2.094.248.100), EUR 25.000.000 (TRY 871.625.000) and TRY 2.140.000.000.

As of 31 March 2024 and 31 December 2023 the details of financial leasing borrowings of Group are as follows:

	31.03.2024	31.12.2023
Short term lease payables	7.496.323	8.628.425
Cost of deferred lease payables (-)	(1.110.468)	(1.556.643)
	6.385.855	7.071.782
	31.03.2024	31.12.2023
Long term lease payables	3.739.560	6.454.292
Cost of deferred lease payables (-)	(164.749)	(401.024)
	3.574.811	6.053.268

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As of 31 March 2024, the repayment schedule of lease payables are as follows:

	Lease payables	Cost of deferred lease payables	Total liabilities
Between 0 – 1 years	7.496.323	(1.110.468)	6.385.855
Between 1 – 2 years	3.739.560	(164.749)	3.574.811
	11.235.883	(1.275.217)	9.960.666

As of 31 December 2023, the repayment schedule of lease payables are as follows:

	Lease payables	Cost of deferred lease payables	Total liabilities
Between 0 – 1 years	8.628.425	(1.556.643)	7.071.782
Between 1 – 2 years	6.454.292	(401.024)	6.053.268
	15.082.717	(1.957.667)	13.125.050

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NOTE 9 – OTHER RECEIVABLES AND PAYABLES

Other Current Receivables

	31.03.2024	31.12.2023
Deposit and guarantees given	514.244	368.998
VAT and corporate tax refund receivables	8.230.331	5.527.381
Other receivables	30.321.263	6.973
Other Receivables from Unrelated Parties	39.065.838	5.903.352
Receivables from shareholders	10.403.166	6.629
Other Receivables from Related Parties	10.403.166	6.629
Total Other Current Receivables	49.469.004	5.909.981

Other Non-Current Receivables

	31.03.2024	31.12.2023
Deposits and guarantees given	152.170	183.342
	152.170	183.342

Other Current Payables

	31.03.2024	31.12.2023
Deposit and guarantees received	369.259	389.756
Taxes and funds payable	7.731.582	14.050.570
Other various debts	-	107
	8.100.841	14.440.433

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NOTE 10 – DERIVATIVE INSTRUMENTS

As of 31 March 2024 and 31 December 2023, there are no derivative instruments.

NOTE 11 – INVENTORIES

	31.03.2024	31.12.2023
Raw materials	508.508.656	807.704.115
Semi-finished products	180.872.012	116.449.481
Finished goods	671.291.808	1.082.949.042
Dried agricultural products (Figs, Apricot and Raisin)	305.888.679	628.658.663
	1.666.561.155	2.635.761.301

All inventories of the Group are covered by insurance coverage.

NOTE 12 – BIOLOGICAL ASSETS

Current Biological Assets

	31.03.2024	31.12.2023
Biological assets (Tomato)	32.894.206	35.751.283
	32.894.206	35.751.283

The Group’s biological assets consist of tomatoes. Tomatoes in growing process have been shown in the consolidated financial statements with their cost and after impairment provisions (if any) since they do not have any active markets.

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NOTE 13 – PREPAID EXPENSES AND DEFERRED INCOME

Short Term Prepaid Expenses

	31.03.2024	31.12.2023
Order advances given	35.343.856	18.582.460
Prepaid expenses	19.417.105	24.650.615
Advances given for business purposes	25.901	3.656
	54.786.862	43.236.731

Long Term Prepaid Expenses

	31.03.2024	31.12.2023
Advances given for purchases of tangible assets	-	92.962.076
Prepaid expenses	29.692.562	2.174.615
	29.692.562	95.136.691

Short Term Deferred Income

	31.03.2024	31.12.2023
Advances received	50.580.324	39.299.988
Deferred income	23.298.132	23.396.159
	73.878.456	62.696.147

Long Term Deferred Income

	31.03.2024	31.12.2023
Deferred income	12.547.622	18.343.730
	12.547.622	18.343.730

NOTE 14 – ASSETS RELATED TO CURRENT PERIOD TAX

	31.03.2024	31.12.2023
Prepaid taxes and funds	1.049.503	2.073.366
	1.049.503	2.073.366

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NOTE 15 – INVESTMENTS VALUED BY EQUITY PICK-UP METHOD

As of 31 March 2024 and 31 December 2023 the companies accounted by equity pick up method are as follows:

	31.03.2024	Pay (%)	31.12.2023	Pay (%)
Aktur İzmir Gayrimenkul A.Ş.	543.235.040	48%	545.724.249	48%
	543.235.040		545.724.249	

The total assets, liabilities and owner’s equity of the investments which are evaluated by equity pick up method with their summary of income statement related to the periods ended 31 March 2024 and 31 December 2023 are as follows:

	31.03.2024	31.12.2023
Current assets	15.333.319	11.564.859
Non-current assets	1.318.785.980	1.318.811.714
Total Assets	1.334.119.299	1.330.376.573
Current liabilities	6.108.998	5.848.340
Non-current liabilities	196.270.634	187.602.714
Parent company’s equity	1.131.739.667	1.136.925.519
Total Liabilities	1.334.119.299	1.330.376.573
Sales, net	2.801.960	11.113.582
Net profit / (loss)	(5.185.852)	192.327.051

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NOTE 16 – INVESTMENT PROPERTIES

Cost Value	Lands	Total
01 January 2023 opening balance	395.541.547	395.541.547
Fair value	72.387.690	72.387.690
31 December 2023 closing balance	467.929.237	467.929.237
Additions	-	-
31 March 2024 closing balance	467.929.237	467.929.237
31.12.2023, Net Book Value	467.929.237	467.929.237
31.03.2024, Net Book Value	467.929.237	467.929.237

The Group’s investment properties consist of lands with zoning permits. The details of the properties are as follows;

	Manisa	İzmir
As of 01 January 2023	10.996.434	384.545.113
Value Decrease/increase	1.430.437	70.957.253
As of 31 December 2023	12.426.871	455.502.366
Addition	-	-
As of 31 March 2024	12.426.871	455.502.366

The Group's lands that are shown as investment property are revaluated by Aden Gayrimenkul Değerleme ve Danışmanlık A.Ş. The fair values determined in the valuation studies carried out on 31 December 2023 are reflected in the accompanying consolidated financial statements.

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NOTE 17 – TANGIBLE ASSETS

Cost Values	Land	Land Improvements	Buildings	Property, plant and equipment	Vehicles	Fixtures and fittings	Construction in progress	Total
01 January 2023 opening balance	751.549.391	749.422.058	1.838.246.046	4.859.268.464	55.509.374	167.215.373	39.957.261	8.461.167.967
Additions	-	957.747	309.682	50.383.947	19.031.752	733.858	687.800.090	759.217.076
Disposals	-	-	-	(1.914.896)	(1.798.134)	(332.919)	-	(4.045.949)
Transfers	-	-	-	660.404.406	-	-	(697.998.364)	(37.593.958)
31 December 2023 closing balance	751.549.391	750.379.805	1.838.555.728	5.568.141.921	72.742.992	167.616.312	29.758.987	9.178.745.136
Additions	11.266.810	-	730.707	2.827.896	1.035.349	251.764	33.864.867	49.977.393
Disposals	-	-	-	(123.715)	-	(33.003)	(711.095)	(867.813)
Transfers	-	-	-	1.786.785	-	-	(3.258.638)	(1.471.853)
31 March 2024 closing balance	762.816.201	750.379.805	1.839.286.435	5.572.632.887	73.778.341	167.835.073	59.654.121	9.226.382.863
Accumulated Depreciation								
01 January 2023 opening balance	-	36.170.593	38.262.508	289.687.025	29.582.310	144.773.520	-	538.475.956
Additions	-	71.289.388	61.688.380	368.058.536	8.463.847	7.277.787	-	516.777.938
Disposals	-	-	-	(130.562)	(1.798.134)	(323.089)	-	(2.251.785)
31 December 2023 closing balance	-	107.459.981	99.950.888	657.614.999	36.248.023	151.728.218	-	1.053.002.109
Additions	-	17.834.319	15.435.208	103.412.412	2.322.602	1.583.664	-	140.588.205
Disposals	-	-	-	(11.169)	-	(33.003)	-	(44.172)
31 March 2024 closing balance	-	125.294.300	115.386.096	761.016.242	38.570.625	153.278.879	-	1.193.546.142
31.12.2023, Net Book Value	751.549.391	642.919.824	1.738.604.840	4.910.526.922	36.494.969	15.888.094	29.758.987	8.125.743.027
31.03.2024, Net Book Value	762.816.201	625.085.505	1.723.900.339	4.811.616.645	35.207.716	14.556.194	59.654.121	8.032.836.721

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As of 31 March 2024 the depreciation expense of tangible assets for the period is TRY 140.588.205 (31 December 2023: TRY 516.777.938).

The valuation company used the Market Value Method in determining the fair values of land, land and buildings. The "Market Values and Cost Method" was used to determine the fair values of land improvements and machinery, plant and equipment.

As of 31 March 2024, fixed assets are insured by TRY 132.838.764, EUR 25.329.607 (TRY 881.528.598), USD 184.478.214 (TRY 5.955.952.930). (31 December 2023: TRY 124.848.424, EUR 25.183.025 (TRY 820.309.338), USD 286.373.450 (TRY 8.430.318.896).

Total amount of mortgage on lands and buildings for fixed assets of the Group given to financial institutions are USD 64.750.000 (TRY 2.094.248.100), EUR 25.000.000 (TRY 871.625.000) and TRY 2.140.000.000.

As of 31 March 2024, net book value of leasing machines is TRY 97.797.193 (31 December 2023: TRY 99.278.863).

As of 31 March 2024 and 31 December 2023, the Group has no borrowing costs.

The structures in the production facility located in Denizli Sarayköy, which is accounted for with the revaluation model in TAS 16 Property, Plant and Equipment, currently have a closed area of 172.168,67 m2. The parcels subject to valuation in the production facility are in common use and 78.289,67 m2 of them have building use permit certificates; 49.450 m2 of them have building registration certificates and the remaining 44.429 m2 of them have not yet been licensed. If the legal processes of the 49.450 m2 of buildings with building registration certificates are completed, 127.739,67 m2 of the buildings in the production facility will be licensed, leaving 44.429 m2 of buildings that need to be licensed.

NOTE 18- RIGHT OF USE ASSETS

None.

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NOTE 19 – INTANGIBLE ASSETS

Cost Value	Rights	Research and Development Expenses	Other Intangible Assets	Total
01 January 2023 opening balance	33.176.836	121.986.913	7.847.272	163.011.021
Additions	6.408.610	17.586.853	-	23.995.463
Transfers	-	37.593.958	-	37.593.958
31 December 2023 closing balance	39.585.446	177.167.724	7.847.272	224.600.442
Additions	33.177	-	-	33.177
Transfers	-	1.471.853	-	1.471.853
31 March 2024 closing balance	39.618.623	178.639.577	7.847.272	226.105.472
Accumulated Depreciation				
01 January 2023 opening balance	10.867.244	35.242.646	7.360.962	53.470.852
Additions	10.503.011	13.529.467	46.538	24.079.016
31 December 2023 closing balance	21.370.255	48.772.113	7.407.500	77.549.868
Additions	2.728.097	4.453.723	11.628	7.193.448
31 March 2024 closing balance	24.098.352	53.225.836	7.419.128	84.743.316
31.12.2023, Net Book Value	18.215.191	128.395.611	439.772	147.050.574
31.03.2024, Net Book Value	15.520.271	125.413.741	428.144	141.362.156

As of 31 March 2024, the amortization expense of intangible assets for the period is TRY 7.193.448 (31 December 2023: TRY 24.079.016).

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NOTE 20 – PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

As of 31 March 2024, and 31 December 2023, the Group's collateral / pledge / mortgage ("CPM") position are as follows:

Collaterals, Pledges and Mortgages "(CPM)" given by the Group	31.03.2024	31.12.2023
A. Total Amount of CPM given on behalf of its own legal entity	6.780.702.183	7.995.057.487
B. Total Amount of CPM given for partnerships which included in full consolidation	None	None
C. Total Amount of CPM given for the purpose of guaranteeing unrelated party loans to carry the regular trade activities	None	None
D. Total Amount of other CPM given	None	None
i. Total Amount of CPM given for the Parent Group	None	None
ii. Total Amount of CPM Given for Other Group Companies not Included in B and C Clauses	None	None
iii. Total Amount of CPM Given for Unrelated Parties not Included in C Clause	None	None
Total	6.780.702.183	7.995.057.487

As of 31 March 2024, details of mortgage on lands and buildings given to financial institutions are as follows:

	FX Currency	FX Amount	FX Rate	TRY Equivalent
Türkiye Vakıflar Bankası T.A.O.	TRY	1.575.000.000	1,0000	1.575.000.000
Türkiye Vakıflar Bankası T.A.O.	USD	64.750.000	32,3436	2.094.248.100
Türkiye Vakıflar Bankası T.A.O.	EUR	25.000.000	34,8650	871.625.000
Türkiye Cumhuriyeti Ziraat Bankası A.Ş.	TRY	565.000.000	1,0000	565.000.000
				5.105.873.100

As of 31 March 2024, details of the guarantee letters given are as follows:

Details of Guarantee Letters Given	FX Currency	FX Amount	FX Rate	TRY Equivalent
Electricity and Natural Gas Distribution Companies	TRY	25.331.841	1,0000	25.331.841
Energy Market Regulatory Authority	TRY	26.342.239	1,0000	26.342.239
Customs Administration	TRY	29.770.582	1,0000	29.770.582
Credit Guarantee	EUR	163.690	34,8650	5.707.053
Credit Guarantee	TRY	923.362.000	1,0000	923.362.000
Public Institutions	TRY	18.655.788	1,0000	18.655.788
Other	TRY	659.580	1,0000	659.580
				1.029.829.083

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As of 31 March 2024, bank details of the guarantee letters given are as follows:

Details of Guarantee Letters Given	FX Currency	FX Amount	FX Rate	TRY Equivalent
Türkiye Vakıflar Bankası T.A.O.	TRY	647.603.259	1,0000	647.603.259
Türkiye Vakıflar Bankası T.A.O.	EUR	163.690	34,8650	5.707.052
Halk Bank A.Ş.	TRY	374.397.000	1,0000	374.397.000
Ziraat Bankası A.Ş.	TRY	2.121.772	1,0000	2.121.772
				1.029.829.083

As of 31 March 2024, avals and letter of credits which are given to trade receivables by the Group are as follows:

	FX Currency	FX Amount	FX Rate	TRY Equivalent
Türkiye Vakıflar Bankası T.A.O.	USD	1.012.262	32,3436	32.740.178
İşbankası A.Ş.	USD	779.877	32,3436	25.224.030
Ziraat Bankası A.Ş.	USD	775.780	32,3436	25.091.518
				83.055.726

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As of 31 March 2024, bank details of the general borrowing contracts are as follows:

General Borrowing Contracts:	FX Currency	FX Amount	FX Rate	TRY Equivalent
Denizbank A.Ş.	USD	9.000.000	32,3436	291.092.400
Eximbank A.Ş.	USD	45.000.000	32,3436	1.455.462.000
Halk Bankası A.Ş.	TRY	500.000.000	1,0000	500.000.000
Halk Bankası A.Ş.	USD	40.000.000	32,3436	1.293.744.000
İşbankası A.Ş.	USD	9.500.000	32,3436	307.264.200
Türkiye Cumhuriyeti Ziraat Bankası A.Ş.	TRY	198.000.000	1,0000	198.000.000
Vakıfbank A.Ş.	USD	65.000.000	32,3436	2.102.334.000
Vakıfbank A.Ş.	USD	25.000.000	32,3436	808.590.000
				6.956.486.600

As at 31 March 2024 details of bonds are as follows:

Bond	FX Currency	FX Amount	FX Rate	TRY Equivalent
Türkiye Cumhuriyeti Merkez Bankası	TRY	645.000.000	1,0000	645.000.000
				645.000.000

There is no guarantee given by the Group for the loans in favor of related parties. For credit contracts of the Group USD 193.500.000 (TRY 6.258.486.600) and TRY 698.000.000 guarantee are provided by related parties (Akça Holding and Osman Akça).

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NOTE 21 – PROVISIONS

Short Term Provisions

	31.03.2024	31.12.2023
Provision for the lawsuits	6.868.538	7.918.618
Provision for unused vacation	38.947.402	29.091.549
	45.815.940	37.010.167

	31.03.2024	31.12.2023
Lawsuits provision at the beginning of the period	7.918.618	7.323.475
Provisions during the period/reversal	(13.409)	3.474.031
Monetary gain / (loss)	(1.036.671)	(2.878.888)
Closing balance	6.868.538	7.918.618

	31.03.2024	31.12.2023
Unused vacation provisions at the beginning of the period	29.091.549	32.088.690
Provisions during the period/reversal	13.664.391	9.617.056
Monetary gain / (loss)	(3.808.538)	(12.614.197)
Balance at the end of the period	38.947.402	29.091.549

Long Term Provisions for Employee Benefits

	31.03.2024	31.12.2023
Provisions for severance pay	198.286.478	182.704.644
	198.286.478	182.704.644

For the period of 01 January – 31 March 2024, the average personnel number including subcontractors employed by the Group is 2.661 (01.01-31.12.2023: 2.824). The rate of retirement probability used is 96% (01.01-31.12.2023: 96%).

For the period ended at 31 March 2024 and 31 December 2023 the movement schedule of severance pay provision is as follows:

	31.03.2024	31.12.2023
Balance of 01 January	182.704.644	225.017.834
Increase in the period	23.196.804	107.884.905
Interest cost	1.266.991	4.988.581
Payments during the period	(7.430.600)	(57.923.907)
Actuarial profit/(loss)	22.467.527	(8.807.324)
Monetary gain / (loss)	(23.918.888)	(88.455.445)
Balance at the end of the period	198.286.478	182.704.644

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NOTE 22 – EMPLOYEE BENEFIT LIABILITIES

	31.03.2024	31.12.2023
Due to personnel	78.854.270	75.840.399
Social security deductions payable	36.953.539	29.750.982
	115.807.809	105.591.381

NOTE 23 – OTHER CURRENT ASSETS AND LIABILITIES

Other Current Assets

	31.03.2024	31.12.2023
VAT carried forward	14.645.891	7.626.197
	14.645.891	7.626.197

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NOTE 24 – SHARE CAPITAL

24.1 Issued Capital

As of 31 March 2024, and 31 December 2023, Group's paid in capital was divided into 277.292.576 shares as each valued at TRY 0.01 nominally 27.729.257.642 shares.

As of 31 March 2024, and 31 December 2023, Group's paid in capital is as follows:

Shareholders:	31.03.2024		31.12.2023	
	Share (%)	TRY	Share (%)	TRY
Public Offered Shares	49,79%	138.056.176	56,26%	140.643.646
Akça Holding A.Ş.	48,06%	133.255.845	41,35%	103.375.799
Other	2,16%	5.980.555	2,39%	5.980.555
Total	100,00%	277.292.576	100,00%	250.000.000

According to Group's main article of association, more than half of the Members of Board required to be elected from the candidates which are pointed out from A Group shareholders (TRY 100.000).

TRY 27.292.576 nominal valued shares, issued by increasing the Company's issued capital from TRY 250.000.000 to TRY 277.292.576 were sold through private placement to Akça Holding A.Ş. at TRY 9,16 price per share on Borsa İstanbul A.Ş. equity market within the scope of wholesale transactions on 14.08.2023. Capital increase was registered in accordance with the Turkish Commercial Code on date 22.09.2023 and published in the Turkish Trade Registry Gazette dated 22.09.2023 and numbered 10920.

24.2 Inflation Adjustments of Shareholders' Equity

	31.03.2024	31.12.2023
Inflation adjustment of shareholders' equity (*)	3.695.918.216	3.695.918.216
	3.695.918.216	3.695.918.216

(*) Capital adjustment differences represent the difference between the inflation-adjusted total amounts of cash and cash-like additions to paid-in capital and the amounts before inflation adjustment.

24.3 Share Premium / (Discount)

	31.03.2024	31.12.2023
Share Premiums/Discounts	295.157.592	295.157.592
	295.157.592	295.157.592

TRY 27.292.576 nominal valued shares, issued by increasing the Company's issued capital from TRY 250.000.000 to TRY 277.292.576 were sold through private placement to Akça Holding A.Ş. at TRY 9,16 price per share with total sales proceeds amounting TRY 250.000.000. The Company's shares consists of share premium amounting to TRY 256.516.859 resulting from the private placement.

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24.4 Accumulated Other Comprehensive Income/(Expenses) not to be reclassified on Profit or Loss

24.4.1 Gain on revaluation of properties

	31.03.2024	31.12.2023
Gain on revaluation of properties	2.079.559.397	2.079.559.397
	2.079.559.397	2.079.559.397

The movement schedule for gains/(losses) on revaluation and remeasurement is as follows:

	01.01.- 31.03.2024	01.01.- 31.12.2023
01 January (Beginning of period)	2.079.559.397	2.105.136.854
Transfer to minority shares	-	1.198.776
Deferred tax effect	-	(26.776.233)
	2.079.559.397	2.079.559.397

The valuation company used the Market Value Method in determining the fair values of land, land and buildings. The "Market Values and Cost Method" was used to determine the fair values of land improvements and machinery, plant and equipments.

The fair value increases TRY 2.079.559.397 (31 December 2023: TRY 2.079.559.397) from revaluation of tangible assets are recognized in gain on revaluation of properties account which is under equity, after the netting of the deferred tax effect.

Valuation studies of the land and buildings of Aktur İzmir Gayrimenkul A.Ş., which is consolidated by equity pick up method, were carried out by Aden Gayrimenkul Değerleme ve Danışmanlık A.Ş., an organization accredited to the CMB. The group's valuation of machinery, plant and equipments was carried out by Aden Gayrimenkul Değerleme ve Danışmanlık A.Ş., an organization accredited to the CMB.

24.4.2 Defined Benefit Plans Re-Measurement Gains (Losses)

	31.03.2024	31.12.2023
Defined Benefit Plans Re-Measurement Gains (Losses)	(11.208.529)	5.523.289
	(11.208.529)	5.523.289

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24.5 Other Accumulated Comprehensive Income or Expenses to be Reclassified to Profit or Loss

24.5.1 Gains/(Losses) on Financial Assets Measured at Fair Value through Other Comprehensive Income

	31.03.2024	31.12.2023
Gains/(Losses) on Financial Assets Measured at Fair Value through Other Comprehensive Income	(223.741)	(181.813)
	(223.741)	(181.813)

Increases resulting from the revaluation of the investment properties of Aktur İzmir Gayrimenkul A.Ş., the subsidiary of the Group, which is consolidated with equity pick up method, deferred tax effect on the revaluation increases (decreases) of the investments valued by equity pick up method included in the equity group in the balance sheet. It is recorded as TRY 42.649.562 after clarification.

24.6 Restricted Reserves

	31.03.2024	31.12.2023
Legal reserves	141.028.806	141.028.806
	141.028.806	141.028.806

Restricted reserves appropriated from profit are composed of legal reserves. Legal reserves comprise of first and second legal reserves, appropriated in accordance with the Turkish Commercial Code. The first legal reserve is appropriated out of historical statutory profits at the rate of 5% per annum, until the total reserve reaches 20% of the historical paid-in share capital. The second legal reserve is appropriated after the first legal reserve and dividends, at the rate of 10% per annum of all cash dividend distributions. According to the Turkish Commercial Code, legal reserves can be only used to offset losses unless they exceed the 50% of paid-in capital. Other than that, legal reserves must not be used whatsoever.

In accordance with the CMB's requirements which were effective until 1 January 2008, the amount generated from the first-time application of inflation adjustments on financial statements and followed under the "accumulated loss" item was taken into consideration as a reduction in the calculation of profit distribution based on the inflation adjusted financial statements within the scope of the CMB's regulation issued on profit distribution. The related amount that was followed under the "accumulated loss" item could also be offset against the profit for the period (if any) and undistributed retained earnings and the remaining loss amount could be offset against capital reserves arising from the restatement of extraordinary reserves, legal reserves and equity items, respectively.

In addition, in accordance with the CMB's requirements which were effective until 1 January 2008, at the first-time application of inflation adjustments on financial statements, equity items, namely "Capital", "Premium on capital stock", "Capital" issue premiums", "Legal reserves", "Statutory reserves", "Special reserves" and "Extraordinary reserves" were carried at nominal value in the balance sheet and restatement differences of such items were presented in equity under the "Shareholders' equity inflation restatement differences" line item in aggregate. "Shareholders' equity inflation restatement differences" related to all equity items could only be subject to the capital increase by bonus issue or loss deduction, while the carrying value of extraordinary reserves could be subject to the capital increase by bonus issue, cash profit distribution or loss deduction.

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However, in accordance with the CMB’s Decree Volume: XI; No: 29 issued on 1 January 2008 and other related CMB’s announcements, “Paid-in capital”, “Restricted reserves” and “Premium in excess of par” should be carried at their registered amounts in statutory records. Restatement differences (e.g. inflation restatement differences) arising from the application of the Decree should be associated with:

- “Capital restatement differences” account, following the “Paid-in capital” line item in the financial statements, if such differences are arising from “Paid-in Capital” and not added to capital;
- The difference arising from “Restricted reserves” and “Share Premium” and not yet subject to profit distribution or capital increase should be recognised under "Retained earnings". Other equity items are recognised in accordance with CMB Financial Reporting Standards.

Capital adjustment differences have no use other than being added to capital.

Profit Distribution:

Publicly listed companies distribute dividends in accordance with the requirements of CMB as explained below: In accordance with the Capital Markets Board’s (the “Board”) Decree issued on 23 January 2014, in relation to the profit distribution of earnings derived from 2013 operations, minimum profit distribution is not required for listed companies, and accordingly, profit distribution should be made based on the requirements set out in the Board’s Communiqué Serial:II, No: 19.1 “Principles of Dividend Advance Distribution of Companies That Are Subject To The CMB Regulations”, terms of articles of corporations and profit distribution policies publicly disclosed by the companies. Differences arising in the evaluations made within the framework of TFRS and arising from inflation adjustments that are not subject to profit distribution or capital increase as of the report date have been associated with previous years' profit / loss.

24.7 Retained Earnings/ Losses

The accumulated profits other than net period profit are shown in this item. Extraordinary reserves which are essentially accumulated profits and therefore unrestricted are also considered to be accumulated profits and are shown in this item.

	31.03.2024	31.12.2023
Previous Years Profits/(Losses)	2.560.288.496	1.284.437.582
	2.560.288.496	1.284.437.582

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24.8 Minority Interest

The details of the minority interests as of 31 March 2024 are as follows:

31 March 2024	Total Shareholders' Equity	Profit/(Loss) of the Period	Parent Group Share	Minority Interest	Minority part of Shareholders' Equity	Minority part of Profit/(Loss)	Minority Total comprehensive income / (loss)
Smryna	396.800.946	(27.992.347)	79,17%	20,83%	82.666.863	(5.831.739)	(6.001.491)
					82.666.863	(5.831.739)	(6.001.491)

The details of the minority interests as of 31 December 2023 are as follows:

31 December 2023	Total Shareholders' Equity	Profit/(Loss) of the Period	Parent Group Share	Minority Interest	Minority part of Shareholders' Equity	Minority part of Profit/(Loss)	Minority Total comprehensive income / (loss)
Smryna	425.608.101	27.009.379	79,17%	20,83%	88.668.354	5.626.955	4.487.310
					88.668.354	5.626.955	4.487.310

As of 31 March 2024 and 31 December 2023, the details of non-controlling interests are as follows:

	31.03.2024	31.12.2023
Shares in capital	33.007.568	33.007.568
Revaluation fund	24.657.359	24.657.359
Actuarial loss / (gain)	(150.383)	19.369
Shares in accumulated profits / (losses)	30.984.058	25.357.103
Share in profit / (loss) for the period	(5.831.739)	5.626.955
	82.666.863	88.668.354

24.9 Additional Information for Capital, Legal Reserves and Other Equity Items

A comparison of the Group's equity items restated for inflation in the consolidated financial statements as of 31 March 2024 and the restated amounts in the financial statements prepared in accordance with statutory accounting are as follows:

31.03.2024	Inflation adjusted amounts in the financial statements prepared in accordance with statutory accounting	Inflation adjusted amounts in the financial statements prepared in accordance with TAS/IFRS	Differences recognized in retained earnings
Share Capital Adjustment Differences	5.007.099.500	3.695.918.216	1.311.181.284
Share Premiums/Discounts	244.096.245	295.157.592	(51.061.347)
Restricted Reserves Appropriated from Profit	191.930.362	141.028.806	50.901.556

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NOTE 25 – SALES AND COST OF SALES

25.1 Sales

	01.01.- 31.03.2024	01.01.- 31.03.2023
Domestic sales	1.130.025.387	1.118.400.717
Export sales	495.493.722	572.278.214
Other sales	31.991.282	4.174.138
	1.657.510.391	1.694.853.069
Sales returns	(2.387.575)	(807.634)
Other discounts	(9.195.076)	(104.284.531)
Sales Income, (net)	1.645.927.740	1.589.760.904

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25.2 Cost of Sales

	01.01.- 31.03.2024	01.01.- 31.03.2023
Direct material expenses	306.482.523	337.510.044
Direct labor expenses	132.552.310	101.336.706
General production expenses	184.496.341	256.995.993
Depreciation expenses	70.444.016	68.765.976
<u>Change in semi-finished goods</u>		
1. Beginning semi-finished goods (+)	116.449.481	212.985.407
2. Ending semi-finished goods (-)	(180.872.012)	(228.374.241)
Cost of finished goods produced	629.552.659	749.219.885
<u>Changes in finished goods inventory</u>		
1. Beginning inventory (+)	1.082.949.041	1.631.661.667
2. Ending inventory (-)	(671.291.808)	(1.814.229.267)
Cost of finished goods sold	1.041.209.892	566.652.285
<u>Cost of merchandises</u>		
1. Beginning merchandise inventory (+)	-	-
2. Purchases during the period (+)	413.058	962.405
Cost of merchandises sold	413.058	962.405
Cost of other sales	713.671.097	529.011.910
Cost of biological assets	105.653.515	132.596.157
Depreciation of biological assets	11.615.420	4.910.850
Energy costs	50.876.611	68.260.655
Energy depreciation	61.042.238	52.575.178
Cost of sales, net	1.984.481.831	1.354.969.440

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As of 01 January – 31 March 2024 and 2023, for each main production group, quantities of goods and services:

	Unit	01.01.- 31.03.2024	01.01.- 31.03.2023
Yarn	Kg	1.454.062	1.507.623
Raw Clothing	Mt2	12.761.205	12.589.162
Finishing Cloth	Mt2	19.092.512	22.374.142
Lining	Mt2	3.715.270	5.047.398
Linens, Sheets, Curtains, Pillows.	Quantity	2.550.199	1.841.555
Electricity	Kwh	66.253.219	66.665.709
Cotton Waste	Kg	146.467	127.015
Piece of Cloth	Kg	168.700	332.257
Yarn Waste	Kg	58.061	64.093
Textile Trash Powder	Kg	22.557	46.259
Tomato	Kg	991.741	875.856
Dried Figs	Kg	1.957.489	1.585.194
Dried Apricot	Kg	50.755	121.691
Raisin	Kg	5.360.288	4.633.119
Dry Food By-Product	Kg	848.855	1.462.972

As of 01 January – 31 March 2024 and 2023, for each main sales group, quantities of goods and services:

	Unit	01.01.- 31.03.2024	01.01.- 31.03.2023
Yarn	Kg	3.882	-
Finishing Cloth	Mt2	1.203.056	2.751.690
Lining	Mt2	3.274.393	5.526.469
Linens, Sheets, Curtains, Pillows	Quantity	2.283.057	1.545.651
Electricity	Kwh	63.007.735	63.195.613
Cotton Waste	Kg	67.380	13.360
Piece of Cloth	Kg	52.700	187.820
Yarn Waste	Kg	55.200	53.845
Textile Trash Powder	Kg	29.340	29.130
Tomato	Kg	1.768.384	1.729.887
Dried Figs	Kg	1.957.489	1.585.194
Dried Apricot	Kg	50.755	121.691
Raisin	Kg	5.360.288	4.633.119
Dry Food By-Product	Kg	848.855	1.462.972

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NOTE 26 – RESEARCH AND DEVELOPMENT GENERAL ADMINISTRATIVE EXPENSES AND MARKETING EXPENSES

	01.01.- 31.03.2024	01.01.- 31.03.2023
Research and development expenses	9.369.467	7.612.329
Marketing, sales and distribution expenses	43.121.632	39.076.333
General administrative expenses	71.912.170	166.900.854
	124.403.269	213.589.516

26.1 Research and Development Expenses

	01.01.- 31.03.2024	01.01.- 31.03.2023
Personnel expenses	8.536.135	6.932.228
Direct material expenses	13.921	-
Other expenses	819.411	680.101
	9.369.467	7.612.329

26.2 Marketing Expenses

	01.01.- 31.03.2024	01.01.- 31.03.2023
Personnel expenses	18.927.287	14.583.888
Export expenses	11.442.794	11.204.535
Domestic sales transportation expense	2.803.005	5.149.791
Depreciation expenses	749.454	731.553
Fair expenses	5.625.248	3.362.797
Other expenses	3.573.844	4.043.769
	43.121.632	39.076.333

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26.3 General administrative expenses

	01.01.- 31.03.2024	01.01.- 31.03.2023
Personnel expenses	47.156.790	148.000.785
Insurance expenses	1.869.387	1.217.977
Consultancy expenses	3.792.167	3.630.833
Repair and maintenance expenses	917.374	841.892
Travelling expenses	1.259.687	1.235.012
Membership expenses	1.399.283	2.150.298
Tax and duty expenses	886.222	2.419.125
Provision for litigation expenses	664.112	777.340
Depreciation expenses	3.930.525	3.704.283
Provision for doubtful receivables	7.337.508	-
Other expenses	2.699.115	2.923.309
	71.912.170	166.900.854

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NOTE 27 – OTHER OPERATING INCOME/ (EXPENSES)

27.1 Other Income From Operating Activities

	01.01.- 31.03.2024	01.01.- 31.03.2023
Foreign exchange gains related to commercial activities	106.130.734	30.936.020
Discount income / expenses on payables, net	32.373.511	12.262.633
Maturity difference income	14.382.163	5.532.709
Rental income	1.176.923	1.286.029
Incentive and promotion income	5.131.799	7.369.127
Reversal of unnecessary provision	360.289	26.664.314
Other income and profit	2.300.155	3.720.720
	161.855.574	87.771.552

27.2 Other Expenses From Operating Activities (-)

	01.01.- 31.03.2024	01.01.- 31.03.2023
Foreign exchange expenses related to commercial activities	17.882.543	14.618.049
Discount income/expenses on receivables, net	42.436.613	15.006.082
Donation expenses	52.989	12.705.965
Other expenses and losses	7.445.053	1.199.467
	67.817.198	43.529.563

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NOTE 28 – INVESTMENT ACTIVITIES INCOME / EXPENSE

28.1 Income from Investment Activities

	01.01.- 31.03.2024	01.01.- 31.03.2023
Currency protected deposit fair value income (*)	73.989	110.204
Profit on sale of fixed assets	188.762	7.404
	262.751	117.608

(*) Pursuant to the "Announcement on the Accounting of Currency/Gold Conversion Currency/Price Protected TRY Deposit Accounts" announced by POA on March 1, 2022, the company has classified its currency protected deposits under financial investments and, as a result of the fair value calculation, interest income and future foreign exchange gains are accounted for under income from investment activities.

28.2 Expense from Investment Activities

	01.01.- 31.03.2024	01.01.- 31.03.2023
Loss on sale of fixed assets	711.095	-
	711.095	-

28.3 Profit / Loss From Investments Evaluated by Equity Pick-up Method

	01.01.- 31.03.2024	01.01.- 31.03.2023
Shares related with investment valued by equity pick-up method	(2.489.209)	(41.914.710)
	(2.489.209)	(41.914.710)

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NOTE 29 – FINANCIAL INCOME / EXPENSES

29.1 Financial Income

	01.01.- 31.03.2024	01.01.- 31.03.2023
Interest income	8.853.611	9.472.848
Foreign exchange income regarding financial activities	35.798.342	5.302.745
Other financial income	2.095.635	-
	46.747.588	14.775.593

29.2 Financial Expenses (-)

	01.01.- 31.03.2024	01.01.- 31.03.2023
Interest expenses	100.161.319	89.218.767
Foreign exchange losses regarding financial activities	106.152.345	78.489.138
Commission expenses of credit	12.960.590	7.872.904
	219.274.254	175.580.809

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NOTE 30 – TAX ASSETS AND LIABILITIES

With the "Law on Amendments to the Decree Law No. 375" published in the official gazette of the Republic of Türkiye dated 15 July 2023, the corporate tax rate has been increased from 20% to 25%, and the corporate tax rate is applied with a 5-point discount on the earnings of exporting institutions derived exclusively from exports. This rate has come into force to be applied to corporate earnings for accounting periods starting from 01 January 2023 and declarations that must be submitted as of 01 October 2023. The corporation tax rate is applied to net income of the companies after adjusting for certain disallowable expenses, exempt income and allowances. The corporation tax rate is applied to net income of the companies after adjusting for certain disallowable expenses, exempt income and allowances.

Group is liable to corporation tax valid in Turkey. The necessary provisions are made on the attached financial statements for expected tax liabilities related to the group's current period activity results. Turkish tax legislation does not permit a parent company and its subsidiaries to file a consolidated tax return. Therefore, tax liabilities, as reflected in these consolidated financial statements, have been calculated on a separate-entity basis.

Corporation tax rate that will be accrued over corporation tax base is calculated over the tax base that remains after adding expenses recorded as expense in determination of commercial earnings that are non-deductible from tax base and subtracting tax-exempt profit, tax-free income and other deductions (if there are losses from previous years and used investment allowances if preferred).

There is no absolute and certain confirmation procedure related to tax evaluation in Turkey. Losses may be carried forward for a maximum of 5 years to be deducted from taxable profits in future years. However, losses cannot be deducted retroactively from profits made in previous years. Companies prepare their tax returns between 01-25 April of the year following the accounting closing period of the relevant year. These declarations and the accounting records underlying them may be reviewed and changed by the Tax Office within 5 years.

There are some exceptions on Corporation Tax Law. These exceptions that Group will possibly utilize are explained as below;

Taxable losses

According to the Turkish tax legislation, financial losses on the declaration can be deducted from the corporate income for the period, provided that they do not exceed 5 years. However, financial losses can not be offsetted from last year's profits.

The Real Estate and Subsidiary Share Sales Gain Exemption

75% of the gains arising from the sale of participation shares, founders' shares, redeemed shares and preemptive rights held by corporations for at least two full years are exempt from corporate tax. However, according to the CTL (Corporate Tax Law) numbered 5520; 25% of the gains arising from the sale of properties (in assets before 15.07.2023) that have been in assets for at least two full years are exempt from corporate tax.

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Deferred Tax:

The potential deferred tax assets /(liabilities) of the Group represents the tax effects of temporary differences, arising between the financial statements reported for Communiqué purposes and the statutory tax financial statements. Such differences arise due to the different treatment of certain items of income and expense included in the Communiqué financial statements compared to the local tax return, in accordance with applicable tax laws.

As of balance sheet date, accumulated temporary differences and deferred tax assets and liabilities prepared by using current applicable tax rate is as follows:

	31.03.2024		31.12.2023	
	Cumulative temporary differences	Deferred tax / (liability))	Cumulative temporary differences	Deferred tax / (liability)
<u>Deferred tax assets:</u>				
Unearned interests on receivables	23.624.460	5.906.116	16.146.888	4.036.722
Severance pay provision	198.286.478	49.571.620	182.704.644	45.676.162
Unused vacation provisions	38.947.402	9.736.851	29.091.548	7.272.887
Differences on tangible and intangible assets	-	-	501.762.463	125.440.617
Adjustments to inventories	38.268.010	9.567.002	16.112.037	4.028.009
Provision for doubtful trade receivables	7.337.508	1.834.377	-	-
Expense accruals	1.340.122	335.031	1.685.822	421.456
Adjustments to financial liabilities	-	-	595.043	148.761
Adjustments to provisions of lawsuits	6.881.947	1.720.487	7.918.618	1.979.655
Foreign exchange	-	-	4.776.833	1.194.209
Deferred income	35.792.764	8.948.191	41.650.151	10.412.537
Effect of other corrections	25.989.538	6.497.383	41.063.550	10.250.736
Deferred tax assets		94.117.058		210.861.751
<u>Deferred tax liabilities:</u>				
Differences on tangible and intangible assets	248.824.624	62.206.156	1.439.986	359.996
Difference in revaluation of land and buildings	1.513.324.102	283.748.269	1.513.324.102	283.748.269
Difference in revaluation of machinery, plant and equipment	1.166.187.897	291.546.974	1.166.187.897	291.546.974
Adjustments to inventories	-	-	470.922.220	117.730.555
Unearned interests on payables	16.226.623	4.056.656	18.812.153	4.703.038
Adjustments related to financial debts	30.346.614	7.586.655	15.923.476	3.980.869
Investment property increase in value	402.420.031	75.453.756	392.551.971	73.603.495
Effect of other corrections	620.659	155.166	556.300	139.077
Deferred tax liabilities		724.753.632		775.812.273
Deferred tax assets / (liabilities), net		(630.636.574)		(564.950.522)

The Group calculates deferred tax assets and liabilities considering the effect of temporary differences arising from the different evaluations between the statutory financial statements prepared in accordance with TAS / TFRS issued by the Group and its financial statements. These temporary differences usually result from the recognition of income and expenses in different reporting periods according to TAS / TFRS and Tax Code.

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For the period ended at 31 March 2024 and 31 December 2023 movements of deferred tax assets and liabilities are as follows:

:

	01.01.- 31.03.2024	01.01.- 31.12.2023
Current corporation tax	-	(978.337)
Deferred tax assets/(liabilities), net	(71.252.009)	276.711.049
	(71.252.009)	275.732.712

Deferred Tax (Asset) / Liability Movements

	01.01.- 31.03.2024	01.01.- 31.12.2023
Opening balance	564.950.522	812.761.851
Gain on revaluation of properties	-	26.776.234
Actuarial (gain) / loss effect prior periods	(5.565.957)	2.184.091
Tax effect on Financial Assets Measured at Fair Value through Other Comprehensive Income	-	(60.605)
Deferred tax assets / (liabilities), net	(630.636.574)	(564.950.522)
Closing balance	(71.252.009)	276.711.049

NOTE 31 – EARNINGS PER SHARE

	01.01.- 31.03.2024	01.01.- 31.03.2023
Net profit / (loss) for the period	(626.860.535)	96.925.412
Weighted-average number of shares outstanding (per share with TRY 1 value)	277.292.576	250.000.000
Simple earnings and divided earnings per share (TRY)	(2,2606)	0,3877

NOTE 32 – FINANCIAL INSTRUMENTS

Financial assets	31.03.2024	31.12.2023
Liquid assets	405.041.653	503.823.671
Trade receivables	1.552.414.606	1.151.672.530
Other receivables	49.621.174	6.093.323
Financial assets	3.218.246	3.267.220
Financial liabilities		
Financial borrowings	2.826.917.591	2.868.791.620
Lease payables	9.960.666	13.125.050
Other payables	8.100.841	14.440.433
Trade payables	579.717.894	759.002.456

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NOTE 33 – NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS

Financial Instruments

Credit Risk

Group is subject to credit risk arising from trade receivables related to credit sales and deposits at banks. These risks are managed by limiting the aggregate risk from any individual counterparty and obtaining sufficient collateral where necessary and making only cash based sales to customer considered as having a higher risk. Collect ability of trade receivables are evaluated by management depending on their past experiences and current economic condition, and presented in the financial statements net of adequate doubtful provision.

As of 31 March 2024 and 31 December 2023, maximum net credit risk is as follows:

	Trade Receivables		Other Receivables		Bank Deposit
	Related Party	Other Party	Related Party	Other Party	
Maximum net credit risk as of balance sheet date (A+B+C+D+E)	1.142.101.251	410.313.355	10.403.166	39.218.008	239.957.147
The part of maximum risk under guarantee with collateral	-	-	-	-	-
A. Net book value of financial assets that are neither past due nor impaired	657.700.889	410.313.355	10.403.166	39.218.008	239.957.147
B. Net book value of financial assets that are renegotiated, if not that will be accepted as past due or impaired	-	-	-	-	-
C. Carrying value of financial assets that are past due but not impaired	484.400.362	-	-	-	-
The part secured by collateral	-	-	-	-	-
D. Net book value of impaired assets	-	-	-	-	-
Past due (gross carrying amount)	-	7.463.229	-	-	-
Impairment (-)	-	(7.463.229)	-	-	-
The part of net value under guarantee with collateral etc.	-	-	-	-	-
Not past due (gross carrying amount)	-	-	-	-	-
Impairment (-)	-	-	-	-	-
The part of net value under guarantee with collateral etc.	-	-	-	-	-
E. The part of maximum risk under guarantee with collateral	-	-	-	-	-

	Trade Receivables		Other Receivables		Bank Deposit
	Related Party	Other Party	Related Party	Other Party	
Maximum net credit risk as of balance sheet date (A+B+C+D+E)	729.538.066	422.134.464	6.629	6.086.694	208.655.333
The part of maximum risk under guarantee with collateral	-	-	-	-	-
A. Net book value of financial assets that are neither past due nor impaired	599.522.444	422.134.464	-	6.086.694	208.655.333
B. Net book value of financial assets that are renegotiated, if not that will be accepted as past due or impaired	-	-	-	-	-
C. Carrying value of financial assets that are past due but not impaired	130.015.622	-	6.629	-	-
The part secured by collateral	-	-	-	-	-
D. Net book value of impaired assets	-	-	-	-	-
Past due (gross carrying amount)	-	559.221	-	-	-
Impairment (-)	-	(559.221)	-	-	-
The part of net value under guarantee with collateral etc.	-	-	-	-	-
Not past due (gross carrying amount)	-	-	-	-	-
Impairment (-)	-	-	-	-	-
The part of net value under guarantee with collateral etc.	-	-	-	-	-
E. The part of maximum risk under guarantee with collateral	-	-	-	-	-

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Liquidity risk

Liquidity risk is the Group's possibility of not fulfilling net funding liabilities. Occurrence of events like deteriorations in markets or decrease in credit score that causes decreases in fund resources, are reasons of liquidity risk.

As of 31 March 2024, Group's liquidity risk table is as follows:

31 March 2024						
Maturities according to agreement	Book Value	Contractual total cash outflow (=I+II+III+IV)	Less than 3 months (I)	3 – 12 months (II)	1- 5 Years (III)	More than 5 Years (IV)
Financial Liabilities Non Derivatives	3.626.930.879	3.967.800.331	686.610.478	1.862.022.447	1.037.321.045	381.846.361
Financial borrowings	2.826.917.591	3.150.285.204	146.615.694	1.600.789.287	1.021.033.862	381.846.361
Financial leasing	9.960.666	11.235.883	1.887.028	5.609.295	3.739.560	-
Trade payables	579.717.894	595.944.516	485.926.827	110.017.689	-	-
Other liabilities	210.334.728	210.334.728	52.180.929	145.606.176	12.547.623	-
	3.626.930.879	3.967.800.331	686.610.478	1.862.022.447	1.037.321.045	381.846.361

As of 31 December 2023, Group's liquidity risk table is as follows:

31 December 2023						
Maturities according to agreement	Book Value	Contractual total cash outflow (=I+II+III+IV)	Less than 3 months (I)	3 – 12 months (II)	1- 5 Years (III)	More than 5 Years (IV)
Financial Liabilities Non Derivatives	3.841.990.816	4.261.667.584	921.173.923	1.980.005.937	1.089.814.073	270.673.651
Financial borrowings	2.868.791.620	3.267.698.570	238.745.506	1.693.263.364	1.065.016.049	270.673.651
Financial leasing	13.125.050	15.082.717	2.174.165	6.454.258	6.454.294	-
Trade payables	759.002.455	777.814.606	672.980.000	104.834.606	-	-
- Related parties	55.492	60.126	60.126	-	-	-
- Unrelated parties	758.946.964	777.754.480	672.919.873	104.834.606	-	-
Other liabilities	201.071.691	201.071.691	7.274.252	175.453.709	18.343.730	-
	3.841.990.816	4.261.667.584	921.173.923	1.980.005.937	1.089.814.073	270.673.651

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Foreign currency risk

The effects occurring from exchange rate fluctuation, in case of having foreign currency assets, liabilities, off-balance sheet liabilities, are foreign currency risk. Transactions in foreign currencies during the year have been translated at the exchange rate prevailing at dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rates prevailing at the balance sheet dates. Foreign exchange gains or losses arising from the settlement of such transactions and from the translation of monetary assets and liabilities are recognized in the statement of profit/loss. Monetary liabilities of the Group exceed monetary assets of the Group; in case of exchange rate rise, the Group is exposed to foreign currency risk.

As of 31 March 2024 if TRY evaluates / devaluates against foreign currency by 10% and all other variables remains the same, profit before tax which occurs as a result of the foreign exchange loss / gain arising from net foreign exchange exposure would have been TRY 14.947.061 more/less.

Foreign currency risk sensitivity

	Profit/ (Loss)		Shareholders' Equity	
	Appreciation of foreign currency against TRY	Depreciation of foreign currency against TRY	Appreciation of foreign currency against TRY	Depreciation of foreign currency against TRY
In the case of increasing / losing value of TRY by 10% against USD				
1- USD net asset / liability	117.003.622	(117.003.622)	117.003.622	(117.003.622)
2- Part of hedged from USD risk (-)	-	-	-	-
3- USD net effect (1+2)	117.003.622	(117.003.622)	117.003.622	(117.003.622)
In the case of increasing / losing value of TRY by 10% against EUR				
4- EUR net asset / liability	(103.095.277)	103.095.277	(103.095.277)	103.095.277
5- Part of hedged from EUR risk (-)	-	-	-	-
6- EUR net effect (4+5)	(103.095.277)	103.095.277	(103.095.277)	103.095.277
In the case of increasing / losing value of TRY by 10% against GBP				
7- GBP net asset / liability	1.038.716	(1.038.716)	1.038.716	(1.038.716)
8- Part of hedged from GBP risk (-)	-	-	-	-
9- GBP net effect (7+8)	1.038.716	(1.038.716)	1.038.716	(1.038.716)
TOTAL (3+6+9)	14.947.061	(14.947.061)	14.947.061	(14.947.061)

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As of 31 December 2023, if TRY evaluates / devaluates against foreign currency by 10% and all other variables remains the same, profit before tax which occurs as a result of the foreign exchange loss / gain arising from net foreign exchange exposure would have been TRY 42.116.068 more/less.

Foreign currency risk sensitivity

	Profit/ (Loss)		Shareholders' Equity	
	Appreciation of foreign currency against TRY	Depreciation of foreign currency against TRY	Appreciation of foreign currency against TRY	Depreciation of foreign currency against TRY
In the case of increasing / losing value of TRY by 10% against USD				
1- USD net asset / liability	77.042.062	(77.042.062)	77.042.062	(77.042.062)
2- Part of hedged from USD risk (-)	-	-	-	-
3- USD net effect (1+2)	77.042.062	(77.042.062)	77.042.062	(77.042.062)
In the case of increasing / losing value of TRY by 10% against EUR				
4- EUR net asset / liability	(119.637.212)	119.637.212	(119.637.212)	119.637.212
5- Part of hedged from EUR risk (-)	-	-	-	-
6- EUR net effect (4+5)	(119.637.212)	119.637.212	(119.637.212)	119.637.212
In the case of increasing / losing value of TRY by 10% against GBP				
7- GBP net asset / liability	479.082	(479.082)	479.082	(479.082)
8- Part of hedged from GBP risk (-)	-	-	-	-
9- GBP net effect (7+8))	479.082	(479.082)	479.082	(479.082)
TOTAL (3+6+9)	(42.116.068)	42.116.068	(42.116.068)	42.116.068

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Interest Rate Risk

The Group's financial liabilities exposure the Group to interest rate risk. The Group's financial liabilities mainly consist of fixed rate borrowings. As of 31 March 2024, according to the current balance sheet position, in the case of 1% decrease / increase and keeping fixed all the variables the Group's net profit will increase / decrease TRY 7.186.411 (31 December 2023: TRY 4.623.096).

Risk of intensification of sales

During the reporting periods ending on 31 March 2024 and 2023, the risk of intensification of the Group's sales is due to sales from textile sector operations.

The sales activities of the Group are determined according to fluctuations in the domestic and overseas markets and competition conditions. It is taken care of to not to concentrate on a specific sector, country, person and Group in terms of dissolving risks. Even so, as of 31 December 2023, the share of the largest buyer in the revenue from textile sector operations is 47,79% (31 March 2023: 35,45%). The customer mentioned is a major international supplier and the commercial relation between the customer and the Group has been maintained for many years.

The share of the largest buyers in the revenue from agriculture sector operations is 76,85% (31 March 2023: 70,78%). Domestic sales of dried fruits (risen, fig and apricot) produced by Menderes on contract manufacturing basis are made in accordance with the "Sales Agreement" signed with Osman Akça Tarım Ürünleri İthalat İhracat Sanayi ve Ticaret A.Ş., who is the related party of the Group and Osman Akça exports these products to different customers abroad.

Percentage of total sales of two buyers with the largest share in total sales of the Group is given below.

Textile:

Customer	01.01.- 31.03.2024	01.01.- 31.03.2023
A Company	47,79%	35,45%

Agriculture:

Customer	01.01.- 31.03.2024	01.01.- 31.03.2023
B Company	76,85%	70,78%

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As of 31 March 2024, amounts of assets and liabilities of the Group in foreign currency are as follows:

31.03.2024	TRY equivalent functional currency	USD	EUR	GBP
1. Trade Receivables	1.418.565.916	37.740.833	5.520.757	195.566
2a. Monetary Financial Assets (including cash and banks)	408.244.172	10.332.972	2.074.744	59.857
2b. Non-monetary financial assets	-	-	-	-
3. Other	-	-	-	-
4. Current Assets (1+2+3)	1.826.810.088	48.073.805	7.595.501	255.423
5. Trade Receivables	-	-	-	-
6a. Monetary financial receivables	-	-	-	-
6b. Non-monetary financial assets	-	-	-	-
7. Other	-	-	-	-
8. Non-Current Assets (5+6+7)	-	-	-	-
9. Total Assets (4+8)	1.826.810.088	48.073.805	7.595.501	255.423
10. Trade Payables	163.661.482	4.150.443	843.861	-
11. Financial Liabilities	274.411.490	1.638.884	6.350.325	-
12a. Other monetary financial liabilities	5.204.991	160.928	-	-
12b. Other non-monetary financial liabilities	-	-	-	-
13. Current Liabilities (10+11+12)	443.277.963	5.950.255	7.194.186	-
14. Trade Payables	-	-	-	-
15. Financial Liabilities	1.234.061.515	5.861.844	29.957.504	-
16a. Other monetary financial liabilities	-	-	-	-
16b. Other non-monetary financial liabilities	-	-	-	-
17. Non-Current Liabilities (14+15+16)	1.234.061.515	5.861.844	29.957.504	-
18. Total Liabilities	1.677.339.478	11.812.099	37.151.690	-
19. Net asset/(liabilities) position of off-balance sheet derivative instruments(19a-19b)	-	-	-	-
19a. Off-balance sheet foreign currency derivative assets	-	-	-	-
19b. Off-balance sheet foreign currency derivative liabilities	-	-	-	-
20. Net foreign currency asset / liabilities (9-18+19)	149.470.610	36.261.706	(29.556.189)	255.423
21. Net foreign currency asset / liability position of monetary items (IFRS 7.B23) (=1+2a+5+6a-10-11-12a-14-15-16a)	149.470.611	36.261.706	(29.556.189)	255.423
22. Fair value of derivative instruments used in foreign currency hedge	-	-	-	-
23. Exports	495.493.722	8.893.654	5.951.298	65.399
24. Imports	94.062.918	2.649.323	246.671	19.650

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As of 31 December 2023, amounts of assets and liabilities of the Group in foreign currency are as follows:

31.12.2023	TRY equivalent functional	USD	EUR	GBP	CHF
1. Trade Receivables	959.991.068	23.122.926	4.588.169	111.143	-
2a. Monetary Financial Assets (including cash and banks)	453.577.524	11.296.788	1.892.245	60	-
2b. Non-monetary financial assets	-	-	-	-	-
3. Other	-	-	-	-	-
4. Current Assets (1+2+3)	1.413.568.592	34.419.714	6.480.414	111.203	-
5. Trade Receivables	-	-	-	-	-
6a. Monetary financial receivables	1.085.752	3.425	25.873	-	-
6b. Non-monetary financial assets	-	-	-	-	-
7. Other	-	-	-	-	-
8. Non-Current Assets (5+6+7)	1.085.752	3.425	25.873	-	-
9. Total Assets (4+8)	1.414.654.344	34.423.139	6.506.287	111.203	-
10. Trade Payables	436.776.632	3.512.264	8.458.245	-	-
11. Financial Liabilities	290.069.376	1.885.506	6.021.279	-	-
12a. Other monetary financial liabilities	6.661.645	69.647	114.473	-	-
12b. Other non-monetary financial liabilities	-	-	-	-	-
13. Current Liabilities (10+11+12)	733.507.653	5.467.417	14.593.997	-	-
14. Trade Payables	-	-	-	-	-
15. Financial Liabilities	1.102.305.937	6.190.079	23.762.845	-	-
16a. Other monetary financial liabilities	-	-	-	-	-
16b. Other non-monetary financial liabilities	-	-	-	-	-
17. Non-Current Liabilities (14+15+16)	1.102.305.937	6.190.079	23.762.845	-	-
18. Total Liabilities	1.835.813.590	11.657.496	38.356.842	-	-
19. Net asset/(liabilities) position of off-balance sheet derivative instruments(19a-19b)	-	-	-	-	-
19a. Off-balance sheet foreign currency derivative assets	-	-	-	-	-
19b. Off-balance sheet foreign currency derivative liabilities	-	-	-	-	-
20. Net foreign currency asset / liabilities (9-18+19)	(421.160.675)	22.765.643	(31.850.555)	111.203	-
21. Net foreign currency asset / liability position of monetary items (IFRS 7.B23) (=1+2a+5+6a-10-11-12a-14-15-16a)	(421.160.675)	22.765.643	(31.850.555)	111.203	-
22. Fair value of derivative instruments used in foreign currency hedge	-	-	-	-	-
23. Exports	3.036.951.939	59.912.905	25.853.236	113.060	-
24. Imports	980.525.041	21.231.100	6.788.085	3.255	300

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NOTE 34 – FINANCIAL INSTRUMENTS (FAIR VALUE DISCLOSURES AND HEDGE ACCOUNTING DISCLOSURES)

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 Group using available markets information in Turkey and appropriate valuation methodologies. However, judgment is necessarily required to interpret market data to estimate the fair value. Accordingly, the estimates presented here in are not necessarily indicative of the amounts the Group could realize in a current market exchange:

The following methods and assumptions are utilized for the current values of financial instruments which are predictable in practice:

Financial Assets

Monetary assets for which fair value approximates carrying value:

- Balances denominated in foreign currencies are converted at period exchange rates.
- The fair value of certain financial assets carried at cost, including cash and cash equivalents are considered to approximate their respective carrying amounts in the financial statements.
- The carrying value of trade receivables, net of allowances for possible non-recovery of uncollectible are considered to approximate their fair values.

Financial Liabilities

Monetary liabilities for which fair value approximates carrying value:

- The fair value of short-term bank loans and other monetary liabilities are considered to approximate their respective carrying values due to their short-term nature.
- The fair values of long-term bank borrowings, which are denominated in foreign currencies and converted at period exchange rates, are considered to approximate their carrying values.
- The carrying amount of accounts payable and accrued expenses reported in the financial statements for estimated third party payer set TRY amounts approximates its fair values.

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Capital Risk Management

In capital management, the Group aims at enhancing profitability while keeping a reasonable leverage, on the other hand rendering sustainability in its operations.

The Group follows capital by using debt to equity ratio. This rate is found by dividing net debt to total equity. Net debt is calculated by deducting cash and cash equivalents from total payable amount (as shown in balance sheet, trade and other payables and loans). Total capital, as shown in balance sheet, is calculated by adding up equity and net debt.

As of 31 March 2024 and 31 December 2023, net debt / total equity ratio is as follows:

	31.03.2024	31.12.2023
Total debts	4.595.786.929	4.838.496.238
Liquid assets	(405.092.337)	(503.881.401)
Net debt	4.190.694.592	4.334.614.837
Total equity	8.493.619.141	9.143.254.913
Total capital	12.684.313.733	13.477.869.750
Net Debt/Total Capital	33%	32%

Fair Value Estimate

Classification of the group's financial assets and liabilities measured at fair value is represented below:

Level 1: Market price valuation techniques for the determined assets and liabilities traded in markets (unadjusted);

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

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

The group's assets/(liabilities) measured at fair value are presented below:

31.03.2024	Level 1	Level 2	Level 3	Total
Assets				
Lands	-	762.816.201	-	762.816.201
Underground and above ground layouts	-	625.085.505	-	625.085.505
Buildings	-	1.723.900.339	-	1.723.900.339
Machinery, plant and devices	-	4.811.616.645	-	4.811.616.645
Derivative instruments	-	-	-	-

31.12.2023	Level 1	Level 2	Level 3	Total
Assets				
Lands	-	751.549.391	-	653.159.851
Underground and above ground layouts	-	642.919.824	-	619.875.719
Buildings	-	1.738.604.840	-	1.564.337.612
Machinery, plant and devices	-	4.910.526.922	-	3.971.351.942

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As of 31 March 2024, the classes and fair values of financial instruments are as follows;

31.03.2024	Financial assets and liabilities shown at amortized value	Financial assets at fair value differences in income statement	Book Value	Note
Financial Assets				
Cash and cash equivalents	405.041.653	-	405.041.653	4
Financial investments	-	3.218.246	3.218.246	5
Trade receivables	1.552.414.606	-	1.552.414.606	7
Other receivables	49.621.174	-	49.621.174	9
Financial Liabilities				
Financial borrowings	2.836.878.257	-	2.836.878.257	8
Trade payables	579.717.894	-	579.717.894	7
Other payables	8.100.841	-	8.100.841	9

As of 31 December 2023, the classes and fair values of financial instruments are as follows;

31.12.2023	Financial assets and liabilities shown at amortized value	Financial assets at fair value differences in income statement	Book Value	Note
Financial Assets				
Cash and cash equivalents	503.823.671	-	503.823.671	4
Financial investments	3.267.220	-	3.267.220	5
Trade receivables	1.151.672.530	-	1.151.672.530	7
Other receivables	6.093.323	-	6.093.323	9
Financial Liabilities				
Financial borrowings	2.881.916.670	-	2.881.916.670	8
Trade payables	759.002.456	-	759.002.456	7
Other payables	14.440.433	-	14.440.433	9

NOTE 35 – POST BALANCE SHEET EVENTS

None.