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

AKSA AKRİLİK KİMYA SANAYİİ A.Ş.

1 JANUARY – 31 DECEMBER, 2024
FINANCIAL STATEMENTS TOGETHER WITH INDEPENDENT AUDITOR'S REPORT

CONTENTS		PAGE

CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

AKSA AKRİLİK KİMYA SANAYİİ A.Ş.

STATEMENTS OF FINANCIAL POSITION AT 31 DECEMBER 2024 AND 2023

(Amounts expressed in thousands of Turkish Lira ('TRY') based on the purchasing power of the Turkish Lira ("TRY") as of 31 December 2024, unless otherwise indicated.)

			Audited	
	Notes	**USD (*)**	**31 December 2024**	**31 December 2023**
ASSETS				
Current Assets		**357,273**	**12,604,629**	**14,110,637**
Cash and cash equivalents	4	89,636	3,162,396	4,890,151
Financial investments	5	-	-	83,855
Trade receivables				
- Due from third parties	8	43,607	1,538,457	1,166,540
- Due from related parties	28	66,119	2,332,660	2,219,307
Other receivables				
- Due from third parties	9	24	847	787
Derivative financial assets	18	3,217	113,499	8,179
Inventories	10	127,599	4,501,714	4,978,501
Prepaid expenses	17	2,850	100,541	109,365
Current income tax assets	26	3,483	122,870	-
Other current assets	17	20,738	731,645	653,952
Non-current assets		**652,722**	**23,028,219**	**21,986,493**
Financial investments	5	514	18,120	4,414
Trade receivables				
- Due from third parties	8	-	-	129,743
Investment accounted for using equity method	6	59,825	2,110,644	2,504,227
Investment properties	11	16,349	576,782	15,502
Property, plant and equipment	13	536,591	18,931,094	17,902,569
Right of use assets	12	3,772	133,082	174,781
Intangible assets and goodwill				
- Goodwill	14	3,271	115,388	115,388
- Other intangible assets	14	24,853	876,838	822,188
Prepaid expenses	17	7,547	266,271	317,681
Total assets		**1,009,995**	**35,632,848**	**36,097,130**

These financial statements at 31 December 2024 have been reviewed by the Audit Committee and approved for issue by the Board of Directors on 17 February 2025. These consolidated financial statements will be finalised after approval in the General Assembly.

(*) United States Dollar ("USD") amounts presented above have been translated from Turkish Lira ("TRY") for convenience purposes only, at the official TRY bid rate announced by the Central Bank of the Republic of Turkey ("CBRT") at 31 December 2024, and therefore do not form part of these interim condensed financial statements (Note 2.6).

CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

AKSA AKRİLİK KİMYA SANAYİİ A.Ş.

STATEMENTS OF FINANCIAL POSITION AT 31 DECEMBER 2024 AND 2023

(Amounts expressed in thousands of Turkish Lira ('TRY') based on the purchasing power of the Turkish Lira ("TRY") as of 31 December 2024, unless otherwise indicated.)

	Notes	USD (*)	Audited 31 December 2024	31 December 2023
Current liabilities		**281,373**	**9,926,782**	**9,948,059**
Current borrowings				
- Current borrowing to related parties	7, 28	73,329	2,587,084	904,159
- Current borrowing to other parties	7	68,385	2,412,660	1,427,698
Current portions of non-current borrowings				
- Bank loans	7	14,710	518,980	1,095,963
- Lease liabilities	7	760	26,818	35,896
Trade payables				
- Due to third parties	8	95,042	3,353,100	5,134,250
- Due to related parties	28	8,952	315,816	457,489
Payables related to employee benefits	16	1,181	41,665	55,869
Other payables				
- Other payables to third parties	9	38	1,174	2,030
Deferred income other than contract liabilities	17	15,554	548,733	508,646
Current income tax liability	26	-	-	113,620
Current provisions				
- Current provisions for employee benefits	16	3,419	120,632	212,266
- Other current provisions	15	3	120	173
Non-current liabilities		**51,847**	**1,829,181**	**1,987,972**
Long term borrowings				
- Bank loans	7	24,482	863,739	1,650,606
- Lease liabilities	7	832	29,367	81,317
Non-current provisions				
- Non-current provisions for employee benefits	16	4,340	153,109	171,500
Deferred tax liabilities	26	22,086	779,200	79,735
Other non-current liabilities	17	107	3,766	4,814
Total liabilities		**333,220**	**11,755,963**	**11,936,031**
EQUITY		**676,775**	**23,876,885**	**24,161,099**
Equity attributable to owners of parent				
Paid-in capital	19	110,118	3,885,000	323,750
Inflation adjustments on capital		140,994	4,974,325	8,535,575
Other accumulated comprehensive income/(loss) that will not be reclassified in profit or loss		(3,214)		
- Gains/(losses) on remeasurement of defined benefit plans			(113,381)	(173,487)
- Share of other comprehensive income of investments accounted for using equity method		1,270	44,790	55,319
- Other revaluation and measurement gains/losses		48	1,704	1,657
Other comprehensive income/loss that will be reclassified in profit or loss				
- Currency translation differences		39,517	1,394,177	1,533,288
- Gains/(losses) on hedge		(28,379)	(1,001,210)	(1,731,260)
Restricted reserves	19	90,059	3,177,326	2,976,241
Retained earnings		294,145	10,377,529	10,254,906
Net profit for the period		32,217	1,136,625	2,385,110
Total liabilities and equity		**1,009,995**	**35,632,848**	**36,097,130**

(*) United States Dollar ("USD") amounts presented above have been translated from Turkish Lira ("TRY") for convenience purposes only, at the official TRY bid rate announced by the Central Bank of the Republic of Turkey ("CBRT") at 31 December 2024, and therefore do not form part of these condensed financial statements (Note 2.6).

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

CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

AKSA AKRİLİK KİMYA SANAYİİ A.Ş.

STATEMENTS OF FINANCIAL POSITION AT 31 DECEMBER 2024 AND 2023

(Amounts expressed in thousands of Turkish Lira ('TRY') based on the purchasing power of the Turkish Lira ("TRY") as of 31 December 2024, unless otherwise indicated.)

			Audited	
Profit or loss	**Notes**	**USD (*)**	**2024**	**2023**
Revenue	20	864,717	28,361,359	34,553,569
Cost of sales (-)	20, 21	(734,962)	(24,105,577)	(28,846,492)
Gross profit		**129,755**	**4,255,782**	**5,707,077**
General administrative expenses (-)	21	(21,012)	(689,164)	(625,642)
Marketing expenses (-)	21	(22,376)	(733,893)	(762,139)
Research and development expenses (-)	21	(2,883)	(94,555)	(124,078)
Other income from operating activities	22	41,372	1,356,935	2,695,124
Other expense from operating activities (-)	22	(41,041)	(1,346,085)	(3,108,603)
Profit from operating activities		**83,815**	**2,749,020**	**3,781,739**
Investment activity income	23	1,217	39,929	168,717
Share of gain/(loss) from investments accounted for using equity method		1,143	37,497	150,164
Profit before financing income/(expense)		**86,175**	**2,826,447**	**4,100,620**
Finance income	24	36,321	1,191,285	1,755,051
Finance expense (-)	24	(77,976)	(2,557,477)	(3,255,073)
Monetary gain/(loss), net	25	14,628	479,761	742,090
Profit from continuing operations, before tax		**59,148**	**1,940,016**	**3,342,688**
Tax (expense)/income from continuing operations				
- Current period tax expense	26	(10,485)	(343,902)	(549,155)
- Deferred tax income	26	(14,009)	(459,489)	(408,423)
Profit from continuing operations		**34,654**	**1,136,625**	**2,385,110**
Attributable to:				
Owners of parent		34,654	1,136,625	2,385,110
Non-controlling interests		-	-	-
		34,654	**1,136,625**	**2,385,110**
Basic earnings per share from continuing operations (Kr)	27	0.29	0.29	0.61

(*) USD amounts presented above have been translated from TRY for convenience purposes only, at the USD average CBRT bid rates for the period ended 31 December 2024 and therefore do not form part of these condensed financial statements (Note 2.6).

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

AKSA AKRİLİK KİMYA SANAYİİ A.Ş.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEARS ENDED 31 DECEMBER 2024 AND 2023

(Amounts expressed in thousands of Turkish Lira (‘TRY’) based on the purchasing power of the Turkish Lira (“TRY”) as of 31 December 2024, unless otherwise indicated.)

			Audited	
Other comprehensive income	**Notes**	**USD (*)**	**2024**	**2023**
Profit from continuing operations		**34,654**	**1,136,625**	**2,385,110**
Other comprehensive income that will not be reclassified to profit or loss				
Gains/(losses) on remeasurements of defined benefit plans	16	1,198	39,303	157,335
Share of other comprehensive income of associates and joint ventures accounted for using equity method that will not be reclassified to profit or loss				
Gains/(losses) on remeasurement of defined benefit plans of associates and joint ventures accounted for using equity method	6	(321)	(10,529)	47,739
Other revaluation and measurement gains/losses		1	47	1,657
Taxes relating to components of other comprehensive income that will not be reclassified to profit or loss	26	(288)	(9,434)	(37,764)
Other comprehensive income that will be reclassified to profit or loss				
Other comprehensive (loss)/income related with cash flow hedges		29,288	960,592	(369,777)
Currency translation differences		(4,241)	(139,111)	294,947
Taxes relating to other comprehensive income to be reclassified to profit/loss	26	(7,029)	(230,542)	165,074
Total comprehensive income		**53,263**	**1,746,951**	**2,644,321**
Attributable to:				
Owners of parent		53,263	1,746,951	2,644,321
Non-controlling interests		-	-	-
		53,263	**1,746,951**	**2,644,321**

(*) USD amounts presented above have been translated from TRY for convenience purposes only, at the USD average CBRT bid rates for the period ended 31 December 2024, and therefore do not form part of these condensed financial statements (Note 2.6).

AKSA AKRİLİK KİMYA SANAYİİ A.Ş.

STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED 31 DECEMBER 2024 AND 2023

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

Audited	Paid-in capital	Inflation adjustments on capital	Other revaluation and measurement gain/losses	Gains/(loses) on hedge (1)	Restricted reserves	Income from investments accounted for using equity method (2)	Currency translation differences	Gains/(losses) on remeasurement of defined benefit plans (2)	Retained earnings	Net profit for the period	Total equity
1 January 2023	**323,750**	**8,535,575**	**(1,526,557)**	**2,818,466**	**7,580**	**-**	**1,238,341**	**(293,058)**	**5,434,586**	**6,589,265**	**23,127,948**
Transfers (*)	-	-	-	157,775	-	-	-	-	6,431,490	(6,589,265)	-
Dividends paid	-	-	-	-	-	-	-	-	(1,611,170)	-	(1,611,170)
Total comprehensive-income	-	-	(204,703)	-	47,739	1,657	294,947	119,571	-	2,385,110	2,644,321
31 December 2023	**323,750**	**8,535,575**	**(1,731,260)**	**2,976,241**	**55,319**	**1,657**	**1,533,288**	**(173,487)**	**10,254,906**	**2,385,110**	**24,161,099**

Audited	Paid-in capital	Inflation adjustments on capital	Other revaluation and measurement gain/losses	Gains/(loses) on hedge (1)	Restricted reserves	Income from investments accounted for using equity method (2)	Currency translation differences	Gains/(losses) on remeasurement of defined benefit plans (2)	Retained earnings	Net profit for the period	Total equity
1 January 2024	**323,750**	**8,535,575**	**(1,731,260)**	**2,976,241**	**55,319**	**1,657**	**1,533,288**	**(173,487)**	**10,254,906**	**2,385,110**	**24,161,099**
Increase/(decrease) through treasury share transactions (Note 19)	3,561,250	(3,561,250)	-	-	-	-	-	-	-	-	-
Transfers (*)	-	-	-	201,085	-	-	-	30,237	2,153,788	(2,385,110)	-
Dividends paid	-	-	-	-	-	-	-	-	(2,031,165)	-	(2,031,165)
Total comprehensive income	-	-	730,050	-	(10,529)	47	(139,111)	29,869	-	1,136,625	1,746,951
31 December 2024	**3,885,000**	**4,974,325**	**(1,001,210)**	**3,177,326**	**44,790**	**1,704**	**1,394,177**	**(113,381)**	**10,377,529**	**1,136,625**	**23,876,885**

(*) According to the board decision announced by the Capital Markets Board's announcement dated March 7, 2024, the revaluation and measurement gains (losses) should be reset to zero by transferring their values before the transition period to Inflation Accounting to the "Retained Years Profits or Losses" account, so the defined benefit value is 30,237 TL. The balance of remeasurement losses of plans is classified into the "Retained Earnings" account.

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

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

AKSA AKRİLİK KİMYA SANAYİİ A.Ş.

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED 31 DECEMBER 2024 AND 2023

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

	Notes	2024	2023
A. Cash flows from/(used in) operating activities		**2,050,957**	**5,267,924**
Profit for the period		1,136,625	2,385,110
Adjustments to reconcile profit/(loss):		**3,887,748**	**2,739,749**
- Adjustments for depreciation and amortization expense	21	1,745,372	1,649,754
- Adjustments for impairment loss / (reversal of impairment loss)		61,467	115,600
- Adjustments for provisions		63,440	24,921
- Adjustments for interest income and expense	22, 24	161,355	139,291
- Adjustments for unrealised foreign exchange losses/(gains)		449,486	(143,946)
- Adjustments for fair value gains/(losses)		(105,320)	50,251
- Adjustments for undistributed profits of investments accounted for using equity method	6	(37,498)	(150,164)
- Adjustments for tax expense	26	803,391	957,578
- Adjustments for losses/(gains) on disposal of non-current assets		(1,736)	(11,390)
- Adjustments for losses/(gains) on disposal of subsidiaries		-	(111,395)
- Adjustments for monetary losses/(gains)		747,791	219,249
Changes in working capital		**(2,808,212)**	**(99,850)**
- Adjustments for (increase)/decrease in inventories		495,593	941,194
- Adjustments for (increase)/decrease in trade receivables		1,121,124	2,927,249
- Adjustments for (increase)/decrease in other operating receivables		(60)	(95)
- Adjustments for increase/(decrease) in trade payables		(3,855,787)	(3,618,893)
- Adjustments for increase/(decrease) in other operating payables		(856)	(13,149)
- Other adjustments for other increase/(decrease) in working capital		(568,226)	(336,156)
Cash flows from/ (used in) operations		**2,216,161**	**5,025,009**
Interest paid		(196,114)	(193,362)
Interest received		229,979	241,066
Payments related with provisions for employee benefits		(145,897)	(294,520)
Income taxes paid/refunds		(53,172)	489,731
B. Cash flows from / (used in) investing activities		**(3,406,328)**	**(2,565,641)**
Cash inflows from disposal of subsidiaries, resulted in the loss of control of the subsidiaries		-	64,376
Proceeds from sales of property, plant, equipment and intangible assets		1,812	30,446
Cash outflows from purchase of property, plant, equipment and intangible assets		(3,380,683)	(2,654,128)
Cash advances and loans made to other parties		(71,030)	(111,354)
Cash inflows from participation (profit) shares or other financial instruments		58,636	1,004,419
Cash outflows from participation (profit) shares or other financial instruments		(15,063)	(899,400)
C. Cash flows from / (used in) financing activities		**640,132**	**(415,307)**
Proceeds from borrowings	7	5,925,201	4,560,306
Repayments of borrowings	7	(2,834,355)	(2,908,962)
Dividends paid	19	(2,031,165)	(1,611,170)
Payments of lease liabilities	7	(8,401)	(34,987)
Interest received		752,696	429,215
Interest paid		(1,163,844)	(849,709)
D. Effect of monetary gain losses on cash and cash equivalents		**(1,288,193)**	**(1,654,162)**
Net increase/(decrease) in cash and cash equivalents before effect of exchange rate changes		**(2,003,432)**	**632,814**
E. Effect of exchange rate changes on cash and cash equivalents		**281,441**	**495,807**
Net increase/(decrease) in cash and cash equivalents		**(1,721,991)**	**1,128,621**
E. Cash and cash equivalents at the beginning of the period	**4**	**4,878,895**	**3,750,274**
Cash and cash equivalents at the end of the period	**4**	**3,156,904**	**4,878,895**

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

(Amounts expressed in thousands of Turkish Lira ('TRY') based on the purchasing power of the Turkish Lira ("TRY") as of 31 December 2024, unless otherwise indicated.)

NOTE 1 - ORGANISATION AND NATURE OF OPERATIONS

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

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

Aksa is registered with the Capital Markets Board ("CMB") and its shares have been quoted in the Borsa İstanbul A.Ş. ("BİST") since 1986. As of 31 December 2024, the principal shareholders and their respective shareholding rates in the Company are as follows:

	%
Akkök Holding A.Ş. ("Akkök Holding")	39.59
Emniyet Ticaret ve Sanayi A.Ş.	23.96
Other (*)	36.45
Total	**100.00**

(*) As of 31 December 2024, 33.03% of the Aksa shares are traded on BIST.

Akkök Holding, which is the main shareholder of the Company, is controlled by Dinçkök family members. As of 31 December 2024, the number of employees employed by the Company is 1.418. (31 December 2023: 1.435).

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

Merkez Mahallesi Ali Raif Dinçkök Cad. No:2

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

- Fibers
- Energy
- Other

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

Joint ventures	Shareholding rate	Country	Nature of business
DowAksa Advanced Composites Holdings BV ("DowAksa Holdings")	50.00%	Netherlands	Investment

Financial non–current assets	Shareholding rate	Country	Nature of business
Akkök Next Yatırım Holding A.Ş. ("Akkök Next")	9.25%	Türkiye	Investment

The company was established to invest in innovative initiatives in the growing deep technology market in Türkiye and around the world, with funds to be established.

(Amounts expressed in thousands of Turkish Lira (‘TRY’) based on the purchasing power of the Turkish Lira (“TRY”) as of 31 December 2024, unless otherwise indicated.)

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

2.1 Basis of preparation

2.1.1 Financial reporting standards applied

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

The financial statements are presented in accordance with “Announcement regarding with TAS Taxonomy” which was published on 3 July 2024 by POA and the format and mandatory information recommended by CMB.

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

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

Pursuant to the decision of the Capital Markets Board (SPK) dated 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 IAS 29 starting from their annual financial reports for the periods ending on 31 December 2023.

As of 31 December 2024, adjustments have been made for changes in the general purchasing power of the Turkish Lira in accordance with the requirements of TAS 29 ("Financial Reporting in Hyperinflationary Economies"). TAS 29 requires that financial statements prepared in the currency of a hyperinflationary economy be stated in terms of the measuring unit current at the balance sheet date and that corresponding figures for previous periods be restated in the same terms. One of the requirements to apply TAS 29 is a three-year compound inflation rate approaching or exceeding 100%. The indexation process is performed by using the coefficient obtained from the Consumer Price Index in Turkey published by the Turkish Statistical Institute ("TÜİK"). Since 1 January 2005, the indices and adjustment factors used in the restatement of the financial statements for the current and prior periods are as follows:

Year End	Index	Conversion Factor	Three – year Inflation Rate
31 December 2024	2,684.55	1,00000	291%
31 December 2023	1,859.38	1,44379	268%
31 December 2022	1,128.45	2,37897	156%

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

2.1 Basis of preparation (Continued)

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

- The financial statements of the current period in TL are expressed in terms of the purchasing power of the currency at the balance sheet date and the amounts of the previous reporting periods are restated in accordance with the purchasing power of the currency at the latest balance sheet date.
- Monetary assets and liabilities are not restated as they are currently expressed in terms of the measuring unit current at the balance sheet date. Where the inflation-adjusted amounts of non-monetary items exceed their recoverable amount or net realizable value, the provisions of TAS 36 and TAS 2 are applied.
- Non–monetary assets, liabilities and equity items that are not expressed in the current purchasing power at the balance sheet date are restated by applying the relevant conversion factors.
- All items in the statements of income and other comprehensive income, except cost of sales, depreciation expense and gain/loss on sale of assets, have been restated by applying the relevant monthly restatement factors. Cost of sales, depreciation expense and gain/loss on sale of assets have been recalculated based on the adjusted balance sheet items using the adjustment factors.
- All items in the statement of cash flows are expressed in the unit of measurement in effect at the end of the reporting period.
- The effect of inflation on the Company's net monetary asset position in the current period is recognized in the statement of income in the net monetary position loss account. (Note 25).

Comparative Figures

- Figures for the previous reporting period are restated by applying the general price index so that the comparative financial statements are presented in the currency of the reporting period end. Information disclosed for prior periods is also expressed in the currency of the reporting period.
- According to the board decision announced by the Capital Markets Board's announcement dated March 7, 2024, the revaluation and measurement gains (losses) should be reset to zero by transferring their values before the transition period to Inflation Accounting to the "Retained Years Profits or Losses" account, so the defined benefit value is 30,237 TL. The balance of remeasurement losses of plans is classified into the "Retained Earnings" account.

Functional and presentation currency

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

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

2.1 Basis of preparation (Continued)

Amendments in Turkish Financial Reporting Standards

The accounting policies adopted in preparation of the financial statements as at 31 December 2024 are consistent with those of the previous financial year, except for the adoption of new and amended TFRS and its interpretations effective as of 1 January 2024. The effects of these standards and interpretations on the Company’s financial position and performance have been disclosed in the related paragraphs.

a) Standards, amendments, and interpretations applicable as of 31 December 2024:

Amendment to IAS 1 – Non-current liabilities with covenants; effective from annual periods beginning on or after 1 January 2024. These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendments also aim to improve information an entity provides related to liabilities subject to these conditions.

Amendment to IFRS 16 – Leases on sale and leaseback; effective from annual periods beginning on or after 1 January 2024. These amendments include requirements for sale and leaseback transactions in IFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted.

Amendments to IAS 7 and IFRS 7 on Supplier finance arrangements; effective from annual periods beginning on or after 1 January 2024. These amendments require disclosures to enhance the transparency of supplier finance arrangements and their effects on a company’s liabilities, cash flows and exposure to liquidity risk. The disclosure requirements are the IASB’s response to investors’ concerns that some companies’ supplier finance arrangements are not sufficiently visible, hindering investors’ analysis.

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

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

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

2.1 Basis of preparation (Continued)

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

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

Amendment to IFRS 9 and IFRS 7 - Classification and Measurement of Financial Instruments; effective from annual reporting periods beginning on or after 1 January 2026 (early adoption is available). These amendments:

- clarify the requirements for the timing of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system;
- clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion;
- add new disclosures for certain instruments with contractual terms that can change cash flows (such as some instruments with features linked to the achievement of environment, social and governance (ESG) targets); and
- make updates to the disclosures for equity instruments designated at Fair Value through Other Comprehensive Income (FVOCI).

IFRS 18 Presentation and Disclosure in Financial Statements; effective from annual periods beginning on or after 1 January 2027. This is the new standard on presentation and disclosure in financial statements, with a focus on updates to the statement of profit or loss. The key new concepts introduced in IFRS 18 relate to:

- the structure of the statement of profit or loss;
- required disclosures in the financial statements for certain profit or loss performance measures that are reported outside an entity's financial statements (that is, management-defined performance measures); and
- enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general.

IFRS 19 Subsidiaries without Public Accountability: Disclosures; effective from annual periods beginning on or after 1 January 2027. Earlier application is permitted. This new standard works alongside other IFRS Accounting Standards. An eligible subsidiary applies the requirements in other IFRS Accounting Standards except for the disclosure requirements and instead applies the reduced disclosure requirements in IFRS 19. IFRS 19's reduced disclosure requirements balance the information needs of the users of eligible subsidiaries' financial statements with cost savings for preparers. IFRS 19 is a voluntary standard for eligible subsidiaries. A subsidiary is eligible if:

- it does not have public accountability; and
- it has an ultimate or intermediate parent that produces consolidated financial statements available for public use that comply with IFRS Accounting Standards.

(Amounts expressed in thousands of Turkish Lira (‘TRY’) based on the purchasing power of the Turkish Lira (“TRY”) as of 31 December 2024, unless otherwise indicated.)

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

2.1 Basis of preparation (Continued)

2.1.2 Basis of Consolidation

a) Joint ventures

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

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

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

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

	The Company’s direct and indirect ownership interest (%)	
Subsidiary	**31 December 2024**	**31 December 2023**
DowAksa Holdings	50.00	50.00

b) Financial investments

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

	The Company’s direct and indirect ownership interest (%)	
Subsidiary	**31 December 2024**	**31 December 2023**
Akkök Next Yatırım Holding A.Ş. (“Akkök Next”)	9.25	9.25

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

2.2 Changes in Accounting Policies, Accounting Estimates and Errors

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

In order to enable the determination of the financial position and performance trends, the Company's current period financial statements are prepared comparatively with the previous period. The Company's statement of financial position as at 31 December 2024 has been prepared comparatively with the statement of financial position as at 31 December 2023 and the statement of profit or loss and other comprehensive income, statement of cash flows and statement of changes in equity for the year ended 31 December 2024 have been prepared comparatively with the related financial statements for the year ended 31 December 2023. Comparative information for the previous reporting period is expressed in the purchasing power of 31 December 2024.

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

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

In the event of changes in accounting policies and accounting estimates and errors, significant changes and significant accounting errors are applied retrospectively and prior period financial statements are restated. If the changes in accounting estimates are for only one period, they are applied in the period in which the change is made and if they are for future periods, they are applied both in the period in which the change is made and prospectively. After the classification made for the presentation of the adjustments item regarding monetary loss and gain in the "Cash flow statement" for the year 31.12.2023; A classification of TL 3,128,408 was made between the item "Cash flows from operating activities" and the item "Effect of monetary loss and gain on cash and cash equivalents".

2.3 Summary of Significant Accounting Policies

Cash and cash equivalents

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

Financial Assets

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

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

2.3 Summary of Significant Accounting Policies (Continued)

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

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

Loans and receivables

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

Trade receivables

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

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

Finance lease

As Lessor

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

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

2.3 Summary of Significant Accounting Policies (Continued)

Lease Liabilities

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

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

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

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

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

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

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

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

Short-term leases and low-value leases

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

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

2.3 Summary of Significant Accounting Policies (Continued)

Right-of-use assets

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

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

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

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

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

Trade payables

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

Inventories

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

Other inventory and spare parts

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

Investment properties

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

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

2.3 Summary of Significant Accounting Policies (Continued)

Property, plant and equipment

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

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

Depreciation is provided for property, plant and equipment on a straight-line basis (Note 13). Useful life and the depreciation method are constantly reviewed, and accordingly, parallels are sought between the depreciation method and the period and the useful life to be derived from the related asset. As of 31 December 2024, the depreciation periods for property, plant and equipment, which approximate the economic useful lives of such assets, are as follows:

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

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

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

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

Intangible assets

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

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

2.3 Summary of Significant Accounting Policies (Continued)

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

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

Research and development costs

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

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

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

2.3 Summary of Significant Accounting Policies (Continued)

Revenue recognition

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

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

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

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

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

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

2.3 Summary of Significant Accounting Policies (Continued)

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

Income from sale of fibers

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

Income from sale of energy

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

Interest income

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

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

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

Cash flow hedge accounting

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

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

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

2.3 Summary of Significant Accounting Policies (Continued)

Bank borrowings

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

Borrowing costs

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

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

Fair value of financial instruments

Financial assets

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

Financial liabilities

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

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

2.3 Summary of Significant Accounting Policies (Continued)

Employment termination benefits

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

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

Unused vacation rights

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

Current and deferred income tax

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

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

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

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

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

2.3 Summary of Significant Accounting Policies (Continued)

Earnings per share

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

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

Events after the balance sheet date

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

Provisions

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

Contingent assets and liabilities

Probable obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company are not included in financial statements and are treated as contingent liabilities. A contingent asset is not recognized in the financial statements, but disclosed when an inflow of economic benefits is probable (Note 15).

Offsetting

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

Foreign currency transactions

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

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

2.3 Summary of Significant Accounting Policies (Continued)

Goodwill

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

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

Segment reporting

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

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

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

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

The Company's reportable business segments are "fibers", "energy" and the remained operations are reported as "other". Yarn production facilities whose investment process is ongoing and their financial results are reported in the "other" section and DowAksa Holdings are reported under "fibers" segment (Note 6).

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

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

2.3 Summary of Significant Accounting Policies (Continued)

Derivative instruments

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

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

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

Related parties

Parties are considered related to the Company if:

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

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

Has joint control over the Company;

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

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

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

2.3 Summary of Significant Accounting Policies (Continued)

Reporting of cash flow

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

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

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

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

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

Government grants

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

2.4 Critical Accounting Judgments, Estimates and Assumptions

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

a) Provisions

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

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

2.4 Critical Accounting Judgments, Estimates and Assumptions (Continued)

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

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

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

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

c) Deferred tax assets and liabilities

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

2.5 Convenience Translation into English of Condensed Financial Statements

The accounting principles described in Note 2.1 (defined as Turkish Financial Reporting Standards) to the interim condensed financial statements differ from International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board with respect to the application of inflation accounting, classification of some income statement items and also for certain disclosure requirements of the POA.

2.6 USD amounts presented in the financial statements

USD amounts shown in the statement of financial position prepared in accordance with the TFRS have been translated from TRY, as a matter of arithmetic computation only, at the official USD bid rate announced by the CBRT on 31 December 2024 of TRY 35.2803 = USD1 and USD amounts shown in the statements of profit or loss and other comprehensive income and cash flow have been translated from TRY, as a matter of arithmetic computation only, at the average USD bid rate calculated from the official daily bid rates announced by the CBRT for the period ended 31 December 2024 of TRY 32.7984 = USD1, and do not form part of these financial statements.

(Amounts expressed in thousands of Turkish Lira ('TRY') based on the purchasing power of the Turkish Lira ("TRY") as of 31 December 2024, unless otherwise indicated.)

NOTE 3 – SEGMENT REPORTING

Segmental information of the Company is as follows:

	1 January - 31 December 2024			
	Fibers	**Energy**	**Other**	**Total**
Total segment revenue	25,603,466	2,168,327	589,566	28,361,359
Revenue from external customers	**25,603,466**	**2,168,327**	**589,566**	**28,361,359**
Adjusted EBITDA (*)	**4,751,837**	**301,877**	**71,189**	**5,124,903**
Unallocated corporate expenses (**)	-	-	-	(641,361)
EBITDA	**-**	**-**	**-**	**4,483,542**
Amortization and depreciation	(1,191,890)	(180,191)	(373,291)	(1,745,372)
Other operating income, net	-	-	-	10,850
Income from investment activities	-	-	-	39,929
Share of profit/(loss) of investment accounted for using equity method	37,498	-	-	37,498
Financial income/(expenses), net	-	-	-	(1,366,192)
Monetary gain/(loss), net	-	-	-	479,761
Profit before tax				**1,940,016**

(*) Adjusted Earnings Before Interest, Taxes, Depreciation, Amortization
(**) Unallocated corporate expenses consists of unallocated parts of general administrative expenses

	1 January - 31 December 2024				
	Fibers	**Energy**	**Other**	**Undistributed**	**Total**
Purchase of property, plant and equipment and intangibles	2,057,908	160,168	1,127,410	35,197	3,380,683

	31 December 2024				
	Fibers	**Energy**	**Other**	**Undistributed**	**Total**
Total segment assets	17,968,360	4,964,552	3,279,678	-	26,212,590
Investments accounted for using equity method	2,110,644	-	-	-	2,110,644
Unallocated corporate assets	-	-	-	7,309,614	7,309,614
Total assets	**20,079,004**	**4,964,552**	**3,279,678**	**7,309,614**	**35,632,848**
Total segment liabilities	4,862,270	145,267	9,510	-	5,017,047
Unallocated corporate liabilities	-	-	-	6,738,916	6,738,916
Total liabilities	**4,862,270**	**145,267**	**9,510**	**6,738,816**	**11,755,963**

(Amounts expressed in thousands of Turkish Lira ('TRY') based on the purchasing power of the Turkish Lira ("TRY") as of 31 December 2024, unless otherwise indicated.)

NOTE 3 – SEGMENT REPORTING (Continued)

	1 January - 31 December 2023			
	Fibers	**Energy**	**Other**	**Total**
Total segment revenue	30,989,644	3,004,932	558,993	34,553,569
Revenue from external customers	**30,989,644**	**3,004,932**	**558,993**	**34,553,569**
Adjusted EBITDA	**5,928,690**	**438,344**	**61,371**	**6,428,405**
Unallocated corporate expenses (*)	-	-	-	(583,433)
EBITDA	**-**	**-**	**-**	**5,844,972**
Amortization and depreciation	(1,199,034)	(130,790)	(319,930)	(1,649,754)
Other operating income, net	-	-	-	(413,479)
Income from investment activities	-	-	-	168,717
Share of profit/(loss) of investment accounted for using equity method	150,164	-	-	150,164
Financial income/(expenses), net	-	-	-	(1,500,022)
Monetary gain / (loss), net	-	-	-	742,090
Profit before tax				**3,342,688**

(*) Undistributed corporate expenses consist of the portion of general administrative expenses

	1 January - 31 December 2023				
	Fibers	**Energy**	**Other**	**Undistributed**	**Total**
Purchase of property, plant and equipment and intangibles	1,819,935	504,093	254,177	75,923	2,654,128

	31 December 2023				
	Fibers	**Energy**	**Other**	**Undistributed**	**Total**
Total segment assets	17,927,174	5,164,704	1,995,696	-	25,087,574
Investments accounted for using equity method	2,504,227	-	-	-	2,504,227
Unallocated corporate assets	-		-	8,505,329	8,505,329
Total assets	**20,431,401**	**5,164,704**	**1,995,696**	**8,505,329**	**36,097,130**
Total segment liabilities	8,809,118	305,264	-	-	9,114,382
Unallocated corporate liabilities	-	-	-	2,821,649	2,821,649
Total liabilities	**8,809,118**	**305,264**	**-**	**2,821,649**	**11,936,031**

(Amounts expressed in thousands of Turkish Lira ('TRY') based on the purchasing power of the Turkish Lira ("TRY") as of 31 December 2024, unless otherwise indicated.)

NOTE 3 – SEGMENT REPORTING (Continued)

Segment Assets

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

	31 December 2024	31 December 2023
Reportable segment assets	**28,323,234**	**27,591,801**
Cash and cash equivalents	3,162,396	4,890,151
Property, plants and equipment and intangibles	3,099,672	2,864,778
Other assets	793,057	653,952
Current income tax assets	122,870	-
Derivative financial assets	113,499	8,179
Financial investments	18,120	88,269
Total assets	**35,632,848**	**36,097,130**

Segment Liabilities

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

	31 December 2024	31 December 2023
Reportable segment liabilities	**5,017,047**	**9,114,382**
Borrowings	5,863,483	2,331,857
Deferred tax liability	779,200	79,735
Provision for employee benefits	52,296	234,350
Liabilities for employee benefits	41,665	55,869
Other payables	1,174	2,030
Lease liabilities	978	4,015
Other short-term provisions	120	173
Current income tax liability	-	113,620
Total liabilities	**11,755,963**	**11,936,031**

(Amounts expressed in thousands of Turkish Lira ('TRY') based on the purchasing power of the Turkish Lira ("TRY") as of 31 December 2024, unless otherwise indicated.)

NOTE 4 - CASH AND CASH EQUIVALENTS

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

	31 December 2024	31 December 2023
Cash	897	1,230
Bank		
Demand deposit (TRY)	20,970	3,433
Foreign currency demand deposit	1,213	4,386
Time deposits (TRY)	1,917,508	1,139,860
Foreign currency time deposit	1,221,808	3,741,242
Total	**3,162,396**	**4,890,151**

As of 31 December 2024, the maturity of time deposits are less than three months and weighted average effective interest rates on TRY denominated time deposits are 46,76% (31 December 2023: 42.79%), 1,75% for USD denominated time deposits (31 December 2023: 3.30%) and 1.86% for EUR denominated time deposits (31 December 2023: EUR 1.79%) respectively.

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

	31 December 2024	31 December 2023	31 December 2022
Cash and cash equivalents	3,162,396	4,890,151	3,752,863
Less: Interest accrual	(5,492)	(11,256)	(2,589)
Cash and cash equivalents, net	**3,156,904**	**4,878,895**	**3,750,274**

NOTE 5 – FİNANCIAL INVESTMENTS

	31 December 2024	31 December 2023
Currency protected deposits	-	49,402
Time deposit	-	34,453
Financial investments - current assets	**-**	**83,855**
Shareholding participation shares (*)	13,136	476
Investment funds (**)	4,984	3,938
Financial investments – non-current assets	**18,120**	**4,414**

(*) 9.25% shares of the enterprise established under the leadership of Akkök Holding are owned.
(**) Investment funds are accounted at fair value whether they are financial investments with a maturity of one.

(Amounts expressed in thousands of Turkish Lira ('TRY') based on the purchasing power of the Turkish Lira ("TRY") as of 31 December 2024, unless otherwise indicated.)

NOTE 6 - INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

Joint Ventures	31 December 2024	31 December 2023
DowAksa Holdings	2,110,644	2,504,227

Summarized financial information of DowAksa Holding is presented below:

	31 December 2024	31 December 2023
Current assets	3,279,621	4,365,943
Non-current assets	10,617,218	12,935,215
Total Assets	**13,896,839**	**17,301,158**
Short-term liabilities	5,984,668	6,415,286
Long-term liabilities	3,690,883	5,877,418
Equity	4,221,288	5,008,454
Total Liabilities	**13,896,839**	**17,301,158**
Equity corresponding to Company's shares of 50%	**2,110,644**	**2,504,227**

	2024	2023
Revenue	5,642,129	6,487,061
Net profit	74,996	300,328
Net profit/(loss) corresponding to Company's shares of 50%	**37,498**	**150,164**

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

	2024	2023
1 January	**2,504,227**	**2,379,801**
Net profit corresponding to Company's shares of 50%	37,498	150,164
Currency translation differences	(420,552)	(73,477)
Gains on remeasurements of defined benefit plans	(10,529)	47,739
31 December	**2,110,644**	**2,504,227**

(Amounts expressed in thousands of Turkish Lira ('TRY') based on the purchasing power of the Turkish Lira ("TRY") as of 31 December 2024, unless otherwise indicated.)

NOTE 7 - BORROWINGS

Company's financial liabilities are as follows:

	31 December 2024	31 December 2023
Short-term bank borrowings	4,999,744	2,331,857
Short-term portion of long-term bank borrowings	518,980	1,095,963
Lease liabilities	26,818	35,896
Total short-term borrowings	**5,545,542**	**3,463,716**
Long-term bank borrowings	863,739	1,650,606
Lease liabilities	29,367	81,317
Total long-term borrowings	**893,106**	**1,731,923**
Total borrowings	**6,438,648**	**5,195,639**

	31 December 2024		31 December 2023	
	Annual weighted average effective interest rate (%)	TRY	Annual weighted average effective interest rate (%)	TRY
a) Short-term bank borrowings:				
USD borrowings	6.08	1,286,069	9.78	1,427,698
EUR borrowings	8.22	1,126,591	-	-
Short-term borrowings to not related parties		**2,412,660**		**1,427,698**
TRY borrowings	26.93	3,070,000	25.65	1,162,249
Prepaid interest		(482,916)		(258,090)
Short-term borrowings to related parties (Note 28)		**2,587,084**		**904,159**
Total short-term borrowings		**4,999,744**		**2,331,857**
b) Short-term portion of long-term bank borrowings:				
T				
EUR borrowings	7.06	348,590	7.37	686,829
USD borrowings	8.32	170,390	8.76	409,134
Lease liabilities		26,818		35,896
Total short-term portion of long-term bank borrowings		**545,798**		**1,131,859**
Total short-term borrowings		**5,545,542**		**3,463,716**
c) Long-term bank borrowings:				
EUR borrowings	5.32	422,735	8.71	1,447,521
USD borrowings	6.78	441,004	8.76	203,085
Lease liabilities		29,367		81,317
Total long-term borrowings		**893,106**		**1,731,923**

(Amounts expressed in thousands of Turkish Lira (‘TRY’) based on the purchasing power of the Turkish Lira (“TRY”) as of 31 December 2024, unless otherwise indicated.)

NOTE 7 – BORROWINGS (Continued)

As of 31 December 2024, and 2023, there is no violation of the Company's long-term foreign currency borrowings.

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

	31 December 2024		31 December 2023	
	Fair Value	**Book Value**	**Fair Value**	**Book Value**
USD borrowings	435,354	441,004	199,160	203,085
EUR borrowings	428,169	422,735	1,481,108	1,447,521

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

	31 December 2024	**31 December 2023**
Less than 3 months	322,981	591,142
Between 3-12 months	5,222,561	2,872,574
Between 1-2 years	871,083	1,614,188
3 years and longer	22,023	117,735
	6,438,648	**5,195,639**

Movement of borrowing for the years 2024 and 2023 as follows;

	2024	**2023**
1 January	**5,195,639**	**5,773,119**
Additions	5,925,201	4,560,306
Principal payments	(2,842,756)	(2,943,949)
Change in lease liabilities	(5,236)	25,602
Change in interest accrual	(221,692)	(224,832)
Currency translation differences	220,773	1,103,513
Monetary gain	(1,833,281)	(3,098,120)
31 December	**6,438,648**	**5,195,639**

(Amounts expressed in thousands of Turkish Lira ('TRY') based on the purchasing power of the Turkish Lira ("TRY") as of 31 December 2024, unless otherwise indicated.)

NOTE 7 – BORROWINGS (Continued)

Movement of lease liabilities for the years 2024 and 2023 as follows;

31 December 2024	Site Rents	Buildings	Vehicles	Total
Balance at 1 January 2024	37,535	-	79,678	117,213
Effect of changes to lease conditions	(5,236)	-	-	(5,236)
Interest expenses	6,836	-	703	7,539
Payments	(6,875)	-	(9,065)	(15,940)
Movements of foreign currency differences	-	-	(13,934)	(13,934)
Monetary gain/(loss), net	(10,157)	-	(23,300)	(33,457)
Balance at 31 December 2024	**22,103**	**-**	**34,082**	**56,185**

31 December 2023	Site Rents	Buildings	Vehicles	Total
Balance at 1 January 2023	35,378	3,436	118,525	157,339
Additions	-	-	752	752
Effect of changes to lease conditions	24,850	-	-	24,850
Interest expenses	12,990	591	1,925	15,506
Payments	(13,024)	(3,313)	(34,154)	(50,491)
Movements of foreign currency differences	-	-	31,908	31,908
Monetary gain/(loss), net	(22,659)	(714)	(39,278)	(62,651)
Balance at 31 December 2023	**37,535**	**-**	**79,678**	**117,213**

NOTE 8 - TRADE RECEIVABLES AND PAYABLES

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

a) Short-term trade receivables:

	31 December 2024	31 December 2023
Trade receivables	1,390,391	952,620
Notes receivable and cheques	351,873	255,530
Less: Provision for doubtful receivables	(189,772)	(34,709)
Less: Unearned finance income on credit sales	(14,035)	(6,901)
Total short-term trade receivables, net	**1,538,457**	**1,166,540**

(Amounts expressed in thousands of Turkish Lira ('TRY') based on the purchasing power of the Turkish Lira ("TRY") as of 31 December 2024, unless otherwise indicated.)

NOTE 8 - TRADE RECEIVABLES AND PAYABLES (Continued)

b) Long-term trade receivables:

	31 December 2024	31 December 2023
Long-term trade receivables	-	48,409
Notes receivables and cheques	-	307,931
Less: Provision for doubtful receivables	-	(45,972)
Less: Unearned finance income on credit sales	-	(180,625)
Total long-term trade receivables, net	**-**	**129,743**

As of 31 December 2024, trade receivables which are denominated in TRY and foreign currency have an average maturity of (80) days (31 December 2023: 60 days) and they are discounted with an average annual interest rate of 6% (31 December 2023: 8%).

The movements of the provision for doubtful trade receivables during the periods ending on 31 December 2024 and 2023 are as follows:

	2024	2023
1 January	**215,334**	**339,803**
Provisions collected during the period	-	(3,537)
Provisions during the period (Not 22)	53,030	144,750
Uncollectable receivable	-	(116,403)
Monetary (gain)/ loss, net	(78,592)	(149,279)
31 December	**189,772**	**215,334**

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

c) Short-term trade payables:

	31 December 2024	31 December 2023
Suppliers	3,377,956	5,167,904
Less: Unaccrued finance costs on credit purchases (-)	(24,856)	(33,654)
Total	**3,353,100**	**5,134,250**

As of 31 December 2024, trade payables which are denominated in TRY and foreign currency have an average maturity of (3) months (31 December 2023: 3 months) and they are discounted with an average annual interest rate of 7.7% (31 December 2023: 7.5%) in USD.

(Amounts expressed in thousands of Turkish Lira ('TRY') based on the purchasing power of the Turkish Lira ("TRY") as of 31 December 2024, unless otherwise indicated.)

NOTE 9 - OTHER RECEIVABLES AND PAYABLES

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

a) Short-term other receivables:

	31 December 2024	31 December 2023
Deposits and guarantees given	847	787
Total	**847**	**787**

b) Short-term other payables:

	31 December 2024	31 December 2023
Taxes and funds payable	1,174	2,030
Total	**1,174**	**2,030**

NOTE 10 - INVENTORIES

	31 December 2024	31 December 2023
Raw materials and supplies	1,382,043	1,478,379
Work in progress	161,986	202,904
Finished goods	1,335,818	1,316,105
Goods in transit	1,229,734	1,611,984
Other inventories and spare parts	459,953	428,512
Less: Provision for impairment of inventories	(67,820)	(59,383)
Total	**4,501,714**	**4,978,501**

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

As of 31 December 2024, and 2023, the Company has included movements in the amount of impairment in inventory to cost of goods sold. (Due the increase in the costs of the inventories, inventory impairment resulted with decrease).

As of 31 December 2024, and 2023, the Company has insurance on all of its inventories.

As of current period, the cost of raw material and goods are shown in Note 21.

(Amounts expressed in thousands of Turkish Lira (‘TRY’) based on the purchasing power of the Turkish Lira (“TRY”) as of 31 December 2024, unless otherwise indicated.)

NOTE 10 – INVENTORIES (Continued)

The movements of the provision for impairment of inventories for the periods ending on 31 December 2024 and 2023 are as follows:

	2024	2023
1 January	**59,383**	**84,996**
Provisions (cancelled/reversed) during the period	8,437	(25,613)
31 December	**67,820**	**59,383**

NOTE 11 - INVESTMENT PROPERTIES

	1 January 2024	Additions	Disposals	Transfers	31 December 2024
Cost					
Independent units	66,110	-	-	-	66,110
Land and buildings	-	567,231	-	-	567,231
	66,110	**567,231**	**-**	**-**	**633,341**
Accumulated depreciation					
Independent units	50,608	1,224	-	-	51,832
Land and buildings	-	4,727	-	-	4,727
	50,608	**5,951**	**-**	**-**	**56,559**
Net book value	**15,502**				**576,782**

	1 January 2023	Additions	Disposals	Transfers	31 December 2023
Cost					
Independent units	66,110	-	-	-	66,110
	66,110	**-**	**-**	**-**	**66,110**
Accumulated depreciation					
Independent units	49,241	1,367	-	-	50,608
	49,241	**1,367**	**-**	**-**	**50,608**
Net book value	**16,869**				**15,502**

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

(Amounts expressed in thousands of Turkish Lira ('TRY') based on the purchasing power of the Turkish Lira ("TRY") as of 31 December 2024, unless otherwise indicated.)

NOTE 11 - INVESTMENT PROPERTIES (Continued)

Independent Units

Comprise of offices of the Company located at Gümüşsuyu. According to the valuation report dated 31 December 2024, the fair value of the units is TRY154,500 (31 December 2023: TRY168.909) and it provides rent income amounting to TRY118 (31 December 2023: TRY315) per month.

Land and Buildings

It consists of the industrial facility and land numbered 151 island 14 parcel in Yalova Province, Çiftlikköy District, Denizçalı Village, which the Company purchased from Akkim Kimya Sanayi ve Ticaret A.Ş. According to the expert report prepared in July 2024, which is the purchase period, it has a current value of 569,871 TL and a monthly rental income of 2,515 TL is obtained.

As of 31 December 2024, rent income from investment properties has been disclosed as income from investment activities and is amounting to TRY29,971 (31 December 2023: TRY14,436).

NOTE 12 - RIGHT-OF-USE ASSETS

As of 31 December 2024, and 2023, the movement of right-of-use assets are as follows:

31 December 2024	Site Rent	Buildings	Vehicles	Total
Cost				
Balance at 1 January 2024	114,190	-	179,870	294,060
Rental condition changes	(5,236)	-	-	(5,236)
	108,954	**-**	**179,870**	**288,824**
Accumulated Depreciation				
Balance at 1 January 2024	(10,801)	-	(108,478)	(119,279)
Charge for the period	(2,861)	-	(33,602)	(36,463)
	(13,662)	**-**	**(142,080)**	**(155,742)**
Net book value	**95,292**	**-**	**37,790**	**133,082**

(Amounts expressed in thousands of Turkish Lira (‘TRY’) based on the purchasing power of the Turkish Lira (“TRY”) as of 31 December 2024, unless otherwise indicated.)

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

31 December 2023	**Site Rent**	**Buildings**	**Vehicles**	**Total**
Cost				
Balance at 1 January 2023	89,340	5,380		201,572296,292
Additions	-	-		752752
Rental condition changes	24,850	-	-	24,850
Outputs	-	(5,380)	(22,454)	(27,834)
	114,190	**-**	**179,870**	**294,060**
Accumulated Depreciation				
Balance at 1 January 2023	(7,820)	(1,116)	(96,638)	(105,574)
Charge for the period	(2,981)	(947)	(34,293)	(38,221)
Outputs	-	2,063	22,453	24,516
	(10,801)	**-**	**(108,478)**	**(119,279)**
Net book value	**103,389**	**-**	**71,392**	**174,781**

All current depreciation expenses are included in the cost of goods sold (December 31, 2023: 37,273 TL cost of goods sold, 924 TL general administrative expense, 24 TL marketing, sales and distribution expense).

(Amounts expressed in thousands of Turkish Lira ('TRY') based on the purchasing power of the Turkish Lira ("TL") as of 31 December 2024, unless otherwise indicated.)

NOTE 13 - PROPERTY, PLANT AND EQUIPMENT

	1 January 2024	Additions	Disposals	Transfers (*)	31 December 2024
Cost					
Land	1,586,645	78,129	-	-	1,664,774
Land improvements	2,151,788	4,587	-	61,966	2,218,341
Buildings	5,188,759	3,050	-	1,118,163	6,309,972
Machinery and equipment	30,043,153	4,876	(5,068)	1,482,741	31,525,702
Motor vehicles	16,544	328	-	-	16,872
Furniture and fixture	1,431,347	24,160	(826)	37,235	1,491,916
Construction in progress	1,331,366	2,585,520	-	(2,704,692)	1,212,194
	41,749,602	**2,700,650**	**(5,894)**	**(4,587)**	**44,439,771**
Accumulated depreciation					
Land improvements	1,302,803	87,057	-	-	1,389,860
Buildings	1,827,271	128,743	-	-	1,956,014
Machinery and equipment	19,794,721	1,386,243	(5,068)	-	21,175,896
Motor vehicles	11,072	596	-	-	11,668
Furniture and fixture	911,166	64,823	(750)	-	975,239
	23,847,033	**1,667,462**	**(5,818)**	**-**	**25,508,677**
Net book value	**17,902,569**				**18,931,094**

(*) Transfers with a net book value of TRY4,587 is related to capitalized intangible assets.

The investments being made as of 31 December 2024 mainly result from the investments in power plant, press and cutting unit modernization investments and the investments in progress of the auxiliary enterprises.

Depreciation expense for the current period amounting to TRY1,595,930 are recognized in cost of goods sold, TRY2,319 are recognized in research and development expenses, TRY34,612 are recognized in general administrative expenses, TRY896 are recognized in marketing expenses, TRY6,462 are recognized in ongoing investments and TRY27,243 are recognized in inventories.

As of 31 December 2024, there is no collateral, pledge and mortgage on property, plant and equipment. At the date of reporting, Company's property, plants and equipment is insured for USD710 million.

(Amounts expressed in thousands of Turkish Lira ('TRY') based on the purchasing power of the Turkish Lira ("TL") as of 31 December 2024, unless otherwise indicated.)

NOTE 13 - PROPERTY, PLANT AND EQUIPMENT (Continued)

	1 January 2023	Additions	Disposals	Transfers (*)	31 December 2023
Cost					
Land	1,569,026	21,832	(4,213)	-	1,586,645
Land improvements	1,975,498	2,519	-	173,771	2,151,788
Buildings	4,859,585	17,376	-	311,798	5,188,759
Machinery and equipment	28,950,419	35,176	(40,516)	1,098,074	30,043,153
Motor vehicles	16,395	149	-	-	16,544
Furniture and fixture	1,398,082	21,421	(1,450)	13,294	1,431,347
Construction in progress	432,785	2,496,089	-	(1,597,508)	1,331,366
	39,201,790	**2,594,562**	**(46,179)**	**(571)**	**41,749,602**
Accumulated depreciation					
Land improvements	1,220,343	82,460	-	-	1,302,803
Buildings	1,712,988	114,283	-	-	1,827,271
Machinery and equipment	18,516,056	1,307,870	(29,205)	-	19,794,721
Motor vehicles	10,305	767	-	-	11,072
Furniture and fixture	847,540	64,862	(1,236)	-	911,166
	22,307,232	**1,570,242**	**(30,441)**	**-**	**23,847,033**
Net book value	**16,894,558**				**17,902,569**

(*) Transfers with a net book value of TRY571 is related to capitalized intangible assets.

Depreciation expense for the current period amounting to TRY1,497,944 are recognized in cost of goods sold, TRY2,743 are recognized in research and development expenses, TRY35,137 are recognized in general administrative expenses, TRY866 are recognized in marketing expenses, TRY5,889 are recognized in ongoing investments and TRY27,663 are recognized in inventories.

As of 31 December 2023 there is no collateral, pledge and mortgage on property, plant and equipment. At the date of reporting, Company's property, plants and equipment is insured for USD710 million.

(Amounts expressed in thousands of Turkish Lira (‘TRY’) based on the purchasing power of the Turkish Lira (“TL”) as of 31 December 2024, unless otherwise indicated.)

NOTE 14 - INTANGIBLE ASSETS

	1 January 2024	Additions	Disposals	Transfers (*)	Currency translation differences	31 December 2024
Cost						
Rights	692,055	2,203	-	-	-	694,258
Development cost	572,248	117,061	-	-	-	689,309
Other intangible assets	123,926	-	-	4,587	-	128,513
	1,388,229	**119,264**	**-**	**4,587**	**-**	**1,512,080**
Accumulated depreciation						
Rights	198,277	34,183	-	-	-	232,460
Development cost	256,378	28,012	-	-	-	284,390
Other intangible assets	111,386	7,006	-	-	-	118,392
	566,041	**69,201**	**-**	**-**	**-**	**635,242**
Net book value	**822,188**					**876,838**

	1 January 2023	Additions	Disposals	Transfers (*)	Currency translation differences	31 December 2023
Cost						
Rights	666,753	25,302	-	-	-	692,055
Development cost	532,423	39,825	-	-	-	572,248
Other intangible assets	123,024	331	-	571	-	123,926
	1,322,200	**65,458**	**-**	**571**	**-**	**1,388,229**
Accumulated depreciation						
Rights	167,898	30,379	-	-	-	198,277
Development cost	220,051	36,327	-	-	-	256,378
Other intangible assets	104,616	6,770	-	-	-	111,386
	492,565	**73,476**	**-**	**-**	**-**	**566,041**
Net book value	**829,635**					**822,188**

(*) Transfers amounting to TRY4,587 are related to property plant and equipment (2023: TRY571).

(Amounts expressed in thousands of Turkish Lira (‘TRY’) based on the purchasing power of the Turkish Lira (“TL”) as of 31 December 2024, unless otherwise indicated.)

NOTE 14 - INTANGIBLE ASSETS (Continued)

Amortization expenses for the period ended 31 December 2023 amounting to TRY33,753 (2023: TRY32,176) are recognized in cost of goods sold, TRY28,013 (2023: TRY 36,329) are recognized in research and development expenses, TRY7,242 (2023: TRY4,783) are recognized in general administrative expenses, TRY193 (2023: TRY188) are recognized in marketing expenses.

Goodwill

As of 31 December 2024, the goodwill balance with the carrying amount of TRY 115,388 (2023: TRY115,388) resulted from the acquisition of 50% shares of Ak-Tops Tekstil Sanayi A.Ş. during 2007.

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

NOTE 15 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

Provisions:

	31 December 2024	31 December 2023
Provision for litigation	120	173

Contingent assets and liabilities are as follows:

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

	31 December 2024	31 December 2023
Letters of guarantees given	1,837,029	3,007,378
Letters of credit commitments	1,727,397	2,744,421
Total	**3,564,426**	**5,751,799**

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

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

	31 December 2024	31 December 2023
Credit insurance limits	5,679,978	4,234,247
Collateral checks and notes received	266,479	91,722
Limits of direct debiting system (“DDS”)	111,455	102,861
Guarantee letters received	102,982	68,051
Mortgages received	66,374	580,946
Confirmed and unconfirmed letter of credit	-	46,822
Share pledges	-	166,549
Total	**6,227,268**	**5,291,198**

(Amounts expressed in thousands of Turkish Lira ('TRY') based on the purchasing power of the Turkish Lira ("TL") as of 31 December 2024, unless otherwise indicated.)

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

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

	31 December 2024	31 December 2023
A. CPM given on behalf of the Company's legal personality	3,564,426	5,751,799
-USD	*3,072,010*	*4,854,294*
-EUR	*371,115*	*716,413*
-TRY	*92,405*	*153,856*
-Other	*28,896*	*27,236*
B. CPM given on behalf of fully consolidated subsidiaries	-	-
C. CPM given for continuation of its economic activities on behalf of third parties	-	-
- USD	-	-
D. Total amount of other CPM given	-	-
i) Total amount of CPM given on behalf of the parent company	-	-
ii) Total amount of CPM given to on behalf of other company companies which are not in scope of B and C	-	-
iii) Total amount of CPM given on behalf of third parties which are not in scope of C	-	-
Total	**3,564,426**	**5,751,799**

As of 31 December 2024, the ratio of other CPMs' given by the Company (D) to equity is zero percent (31 December 2023: zero).

NOTE 16 - EMPLOYEE BENEFIT OBLIGATIONS

Payables for employee benefit obligations	**31 December 2024**	**31 December 2023**
Social security premiums payable	41,665	55,869
Total	**41,665**	**55,869**

Current provisions for employee benefits	**31 December 2024**	**31 December 2023**
Provision for performance premium	108,000	202,131
Provision for unused vacation rights	12,632	10,135
Total	**120,632**	**212,266**

(Amounts expressed in thousands of Turkish Lira ('TRY') based on the purchasing power of the Turkish Lira ("TL") as of 31 December 2024, unless otherwise indicated.)

NOTE 16 - EMPLOYEE BENEFIT OBLIGATIONS (Continued)

Non-current provisions for employee benefits	**31 December 2024**	**31 December 2023**
Provision for employment termination benefits and seniority incentive	153,109	171,500

Provision for employment termination benefits

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

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

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

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

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

	31 December 2024	**31 December 2023**
Discount rate (%)	4.04	3.65
Probability of retirement (%)	97.45	97.86

The principal assumption is that the maximum liability for each year of service will increase in line with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. As the maximum liability is revised once every six months, the maximum amount of TRY46,655 effective from 1 January 2025 (1 January 2024: TRY46,655) has been taken into consideration in calculating the reserve for employment termination benefit of the Company.

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

	2024	**2023**
1 January	**171,500**	**563,669**
Service cost	10,572	1,525
Interest cost	50,424	29,785
Payments	(37,401)	(235,713)
Actuarial gain	(39,303)	(157,335)
Monetary (gain)/loss, net	(2,683)	(30,431)
31 December	**153,109**	**171,500**

(Amounts expressed in thousands of Turkish Lira ('TRY') based on the purchasing power of the Turkish Lira ("TL") as of 31 December 2024, unless otherwise indicated.)

NOTE 17 - OTHER ASSETS AND LIABILITIES

a) Other current assets:

	31 December 2024	31 December 2023
VAT carried forward and receivables from the tax office	731,645	653,952
Total	**731,645**	**653,952**

b) Short-term prepayments:

	31 December 2024	31 December 2023
Prepaid expenses	81,268	71,833
Advances given	19,273	37,532
Total	**100,541**	**109,365**

c) Long-term prepayments:

	31 December 2024	31 December 2023
Advances given for purchase of property, plant and equipment	261,742	303,873
Prepaid expenses	4,529	13,808
Total	**266,271**	**317,681**

d) Deferred income:

	31 December 2024	31 December 2023
Deferred revenue	496,525	338,668
Order advances received	52,208	169,978
Total	**548,733**	**508,646**

e) Other long-term liabilities:

	31 December 2024	31 December 2023
Deposits and guarantees received	3,766	4,814
Total	**3,766**	**4,814**

(Amounts expressed in thousands of Turkish Lira ('TRY') based on the purchasing power of the Turkish Lira ("TL") as of 31 December 2024, unless otherwise indicated.)

NOTE 18 - DERIVATIVE FINANCIAL INSTRUMENTS

	31 December 2024		31 December 2023	
	Asset	**Liability**	**Asset**	**Liability**
Held for trading	113,499	-	8,179	-

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

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

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

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

As of 31 December 2024, there is no fixed interest rates (31 December 2023: None). The Company's main floating interest rates are EURIBOR and SOFR.

Derivative financial instruments held for trading:

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

	31 December 2024		31 December 2023	
	Contract amount (thousand)	**Fair value Asset amount TRY**	**Contract amount (thousand)**	**Fair value Assets amount TRY**
Foreign exchange transactions				
- USD	27,570	83,063	1,000	8,179
- EUR	7,970	30,436	-	-

(Amounts expressed in thousands of Turkish Lira ('TRY') based on the purchasing power of the Turkish Lira ("TL") as of 31 December 2024, unless otherwise indicated.)

NOTE 19 – EQUITY

Aksa has adopted the registered share capital system applicable to companies registered on the Capital Markets Board and set a limit on its registered share capital representing type of registered shares with a nominal value of Kr 1. As of 31 December 2024, and 2023, the historical, authorized and issued capital of Aksa is presented below:

	31 December 2024	31 December 2023
Limit on registered share capital	6,500,000	650,000
Paid-in capital (*)	3,885,000	323,750

(*) The issued capital of the Company was increased from 323,750 TL to 3,885,000 TL free of charge, entirely covered by internal resources, and was registered by the Yalova Trade Registry Office on 1 August 2024.

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

	Share (%)	31 December 2024	Share (%)	31 December 2023
Akkök Holding	39.59	1,537,987	39.59	128,166
Emniyet Ticaret ve Sanayi A.Ş.	23.96	930,663	22.42	72,577
Other	36.45	1,416,350	37.99	123,007
	100.00	**3,885,000**	**100.00**	**323,750**

The Company has 388,500,000,000 shares (31 December 2023: 1 piece) with a nominal value of 1 Kr (31 December 2023: 32,375,000,000 Kr). All shareholders have same rights and there are not issued different type of shares such as privilege. The capital adjustment represents the difference between the adjustment effect of cash and cash equivalent contributions to capital before inflation adjustment and the adjustment amounts."

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

In accordance with TAS, the Company has to classify the above-mentioned amounts under "Restricted reserves", the amount of restricted reserves is TRY3,177,326 as of 31 December 2024 (31 December 2023: TRY2,976,241). This amount fully consists of legal reserves.

The historical values and inflation adjustment effects of the following accounts under the Company's equity are as follows as of December 31, 2024, in accordance with the financial statements prepared in accordance with TFRS and the tax procedure law ("TPL"):

	Historical Value	Indexed Value IAS	Indexed Value IFRS
Capital	3,885,000	9,355,360	8,859,325
Restricted reserves	517,948	3,457,389	3,177,326

NOTE 19 – EQUITY (Continued)

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

- The difference arising from the “Paid-in Capital” and if has not been transferred to capital yet, shall be classified under the “Adjustments to Share Capital”, following the “Paid-in capital”;
- The difference due to the inflation adjustment of “Restricted Reserves” and “Share Premium” and the amount has not been utilized in dividend distribution or capital increase yet, shall be classified under “Retained Earnings”. Other equity totals are being demonstrated as they are valued according to CMB’s and TAS’s statements.

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

Dividend distribution

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

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

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

At the Ordinary General Assembly dated 28 March 2024, the Company has decided to set aside Legal Reserves amounting to TRY201,085 from the distributable profit for the year 2023 in accordance with the Turkish Commercial Code and the Company's Articles of Association and to pay a gross dividend of TRY2,031,165 (2023: TRY1,611,170) as indexed value. Dividend payments were completed on 5 April 2024.

(Amounts expressed in thousands of Turkish Lira ('TRY') based on the purchasing power of the Turkish Lira ("TL") as of 31 December 2024, unless otherwise indicated.)

NOTE 20 - REVENUE AND COST OF SALES

Sales and cost of goods sold for the years ended 31 December 2024 and 2023 are as follows:

	31 December 2024	**31 December 2023**
Domestic sales	16,002,704	21,362,043
Export sales	13,827,234	14,938,925
Less: Sales returns	(13,628)	(43,298)
Less: Sales discounts	(1,454,951)	(1,704,101)
Net sales income	**28,361,359**	**34,553,569**
Cost of sales (-)	**(24,105,577)**	**(28,846,492)**
Gross profit	**4,255,782**	**5,707,077**

NOT 21 - EXPENSES BY NATURE

Cost of sales, marketing expenses, general administrative expenses and research and development expenses by nature for the years ended as of 31 December 2024 and 2023 are as follows:

	31 December 2024	**31 December 2023**
Raw materials and goods	19,757,700	24,825,622
Employee benefit expenses	1,814,482	1,602,147
Depreciation and amortization	1,745,372	1,649,754
Consumable materials	481,554	484,955
Commission expenses	354,726	367,676
Maintenance, repair and cleaning expenses	246,089	271,021
Export expenses	150,643	163,406
Information technologies expense	123,162	104,936
Consultancy expenses	118,160	76,132
Insurance expenses	100,494	92,737
Other	730,807	719,965
Total	**25,623,189**	**30,358,351**

(Amounts expressed in thousands of Turkish Lira (‘TRY’) based on the purchasing power of the Turkish Lira (“TL”) as of 31 December 2024, unless otherwise indicated.)

NOT 21 - EXPENSES BY NATURE (Continued)

Fees for Services Obtained from Independent Auditor/Independent Audit Firm

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

	2024	**2023**
Independent audit fee for the reporting period	4,632	4,519
Fees for tax advisory services	-	303
Fee for other assurance services	145	105
Fees for services other than independent auditing	156	49
Total	**4,632**	**4,976**

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

NOTE 22 - OTHER OPERATING INCOME/(EXPENSE)

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

	31 December 2024	**31 December 2023**
Foreign exchange gains	1,088,884	2,385,360
Interest income on credit sales	229,979	241,066
Gain on sale of scraps	23,347	45,967
Provisions no longer required	-	3,537
Other	14,725	19,194
Total	**1,356,935**	**2,695,124**

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

	31 December 2024	**31 December 2023**
Foreign exchange losses	1,087,937	2,753,362
Interest expense from credit purchases	196,114	193,362
Provision for doubtful receivables (Note 8)	53,030	144,750
Other	9,004	17,129
Total	**1,346,085**	**3,108,603**

(Amounts expressed in thousands of Turkish Lira ('TRY') based on the purchasing power of the Turkish Lira ("TL") as of 31 December 2024, unless otherwise indicated.)

NOTE 23 – INCOME FROM INVESTMENT ACTIVITIES

Income from investment activities for the years ended at 31 December 2024 and 2023 are as follows:

	31 December 2024	31 December 2023
Rent income	29,971	14,436
Financial investment financing income	8,199	31,096
Income from fixed asset sales	1,759	11,790
Rent income	-	111,395
Total	**39,929**	**168,717**

NOTE 24 - FINANCIAL INCOME/(COSTS)

Finance income for the years ended at 31 December 2024 and 2023 are as follows:

	31 December 2024	31 December 2023
Interest income	746,932	437,882
Foreign exchange gains	444,353	1,317,169
Total	**1,191,285**	**1,755,051**

Financial costs for the years ended at 31 December 2024 and 2023 are as follows:

	31 December 2024	31 December 2023
Foreign exchange expense	1,615,325	2,630,196
Interest and commission expenses	942,152	624,877
Total	**2,557,477**	**3,255,073**

(Amounts expressed in thousands of Turkish Lira ('TRY') based on the purchasing power of the Turkish Lira ("TL") as of 31 December 2024, unless otherwise indicated.)

NOTE 25 - NET MONETARY POSITION GAINS/(LOSSES)

Net monetary position gains for the year ending December 31, 2024 are as follows:

	31 December 2024
Statement of Financial Position (a)	**(2,511,283)**
Inventories	68,850
Prepaid expenses	2,199
Financial investments	1,606
Property, plant and equipment	4,456,030
Intangible assets	244,879
Investment properties	52,040
Right of use assets	23,276
Deferred tax liability	(217,125)
Paid-in capital	(2,723,156)
Accumulated other comprehensive income and expenses to be reclassified to profit or loss	(32,212)
Restricted reserves	(955,658)
Retained earnings	(3,432,012)
Statement of profit or losses (b)	**2,991,044**
Revenue	(4,093,889)
Cost of sales	5,943,345
General administrative expenses	112,760
Marketing expenses	105,103
Research and development expenses	30,849
Other income/expenses from operating activities	39,252
Income/expense from investing activities	(4,737)
Operating profit/(loss)	751,146
Tax expense for the period	107,215
Net monetary position gains/(losses), (a+b)	**479,761**

NOTE 26 - TAX ASSETS AND LIABILITIES

Tax expenses for the years ended at 31 December 2024 and 2023 are as follows:

	31 December 2024	31 December 2023
Current income tax expense	(343,902)	(549,155)
Deferred tax income	(459,489)	(408,423)
Total tax income/(expense)	**(803,391)**	**(957,578)**

NOTE 26 - TAX ASSETS AND LIABILITIES (Continued)

Corporate Tax

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

Corporate Tax Law No. 5520 and dated 13 June 2006 was published in the Official Gazette dated 21 June 2006. Many provisions of the said new Corporate Tax Law No. 5520 came into effect as of 1 January 2006. In accordance with the temporary article 13 added to the Corporate Tax Law with the “Law on the Collection of Public Claims and Amendments to Certain Laws” numbered 7316, which was published in the Official Gazette dated 22 April 2021, the corporate tax rate was increased to 25% for the year 2024. (2023: 25%). The corporate tax rate is applied to the net corporate income to be found as a result of adding the expenses that are not accepted as deductible in accordance with the tax laws to the commercial income of the corporations and deducting the exceptions and deductions in the tax laws. Losses can be carried for a maximum of 5 years, to be deducted from the taxable profit that will occur in the coming years, provided that the conditions stipulated in the Law are met. However, the losses incurred cannot be deducted retrospectively from the profits of previous years.

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

Türkiye started to adopt the OECD's Global Minimum Supplementary Corporate Tax regulations (Pillar 2) with the Bill submitted to the Turkish Grand National Assembly on July 16, 2024. These regulations came into force with the laws published in the Official Gazette on August 2, 2024. The company is not covered under the Pillar 2 Model. The controlling shareholder of the Company is Akkök Holding A.Ş. Calculations continue at the consolidated level, and no significant provision is expected to be reflected to the Company.

Income Tax Withholding

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

Tax Advantages Obtained under the Investment Incentive System:

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

(Amounts expressed in thousands of Turkish Lira ('TRY') based on the purchasing power of the Turkish Lira ("TL") as of 31 December 2024, unless otherwise indicated.)

NOTE 26 - TAX ASSETS AND LIABILITIES (Continued)

Deferred Income Tax Assets and Liabilities

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

With the provisions of the seventh and eighth paragraphs added to Article 32 of the Corporate Tax Law with the Law No. 7351 dated 19.01.2022, it is envisaged that the corporate tax rate will be reduced by 1 and 5 points on the earnings of exporting institutions from exports and the earnings of institutions that have an industrial registry certificate and are actually engaged in production activities. In this context, the tax rate used in calculating deferred tax assets and liabilities is 24% (2023: 24%).

The breakdown of cumulative temporary differences and deferred income tax assets and liabilities provided using enacted tax rates as of 31 December 2024 and 2023 are as follows:

	Temporary taxable differences		**Deferred income tax asset/liability**	
	31 December 2024	**31 December 2023**	**31 December 2024**	**31 December 2023**
Employee termination benefits	165,741	181,635	39,778	43,592
Lease liabilities	56,185	117,213	13,484	28,131
Trade receivable	38,650	140,860	9,276	33,806
Prepaid expenses	-	4,686	-	1,122
Other	2,597	-	623	-
Deferred tax assets			**63,161**	**106,651**
Property, plant and equipment and intangible assets	(2,947,890)	(224,434)	(707,494)	(53,865)
Stock	(286,143)	(335,547)	(68,674)	(80,532)
Right-of-use assets	(133,082)	(174,781)	(31,940)	(41,948)
Derivative financial instruments	(113,499)	(8,179)	(27,240)	(1,964)
Trade receivables	(24,852)	(33,653)	(5,964)	(8,077)
Prepaid expenses	(4,370)	-	(1,049)	-
Deferred tax liabilities			**(842,361)**	**(186,386)**
Deferred tax assets/(liability), net			**(779,200)**	**(79,735)**

Movement for the deferred income tax liabilities for the periods ended at 31 December 2024 and 2023 are as follows:

	2024	**2023**
1 January	**(79,735)**	**201,378**
Deferred tax income for the period, net	(459,489)	(408,423)
Recognized under equity	(239,976)	127,310
31 December	**(779,200)**	**(79,735)**

(Amounts expressed in thousands of Turkish Lira ('TRY') based on the purchasing power of the Turkish Lira ("TL") as of 31 December 2024, unless otherwise indicated.)

NOTE 26 - TAX ASSETS AND LIABILITIES (Continued)

	31 December 2024	31 December 2023
Income tax	(343,902)	(549,155)
Prepaid taxes	367,288	305,404
Monetary gain/(loss), net	99,484	130,131
Current income tax assets/(liabilities)	**122,870**	**(113,620)**

The reconciliation of tax expenses stated in income statements for the years ended at 31 December 2024 and 2023 are as follows:

	2024	2023
Profit before tax in the financial statements	1,940,016	3,342,688
Expected tax expense of the Company (24%)	**465,604**	**802,245**
Monetary (gain) / loss, net	2,602,013	1,272,620
The effect of application of equity method	(37,498)	(150,164)
Investment incentives	(1,031,228)	(1,212,349)
Discounts and exemptions	(164,200)	(332,615)
Additions	38,358	12,597
Tax effect (24%)	337,787	(98,379)
Additional corporate tax	-	253,712
Current period tax (income)/expense of the Company	**803,391**	**957,578**

NOTE 27 - EARNINGS PER SHARE

Earnings per share disclosed in the statements is determined by dividing net profit for the period by the weighted average number of shares issued within the relevant period. The earnings per share calculation for the years ended 31 December 2024 and 2023 as follows:

	2024	2023
Net profit attributable to the equity holders of the parent (TRY) (*) (A)	1,136,624,872	2,385,110,308
Weighted average number of shares (B)	388,500,000,000	388,500,000,000
Earnings per share (Kr) (A/B)	0.29	0.61

(*) Amounts expressed in full TRY.

(Amounts expressed in thousands of Turkish Lira ('TRY') based on the purchasing power of the Turkish Lira ("TL") as of 31 December 2024, unless otherwise indicated.)

NOTE 28 - RELATED PARTY DISCLOSURES

a) Short-term trade receivables:

As of 31 December 2024, and 2023, trade receivables from related parties are as follows:

	31 December 2024	31 December 2023
Ak-Pa Tekstil İhracat Pazarlama A.Ş. ("Ak-Pa") (*) [1]	1,853,029	1,671,389
DowAksa İleri Kompozit Malzemeler San. Ltd. Şti. ("DowAksa") [2]	404,826	449,759
Akkim Kimya San. ve Tic. A.Ş. ("Akkim") [1]	76,446	94,533
Yalova Kompozit ve Kimya İhtisas Organize Sanayi Bölgesi ("Yalkim OSB") [4]	6,224	3,462
Akgirişim Müt. Müş. Çevre Tek. San. Tic. A.Ş. ("Akgirişim") [1]	3,278	3,563
Other	698	189
Less: Unearned finance income on credit sales (-)	(11,841)	(3,588)
Total	**2,332,660**	**2,219,307**

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

As of 31 December 2024, and 2023, the foreign currency denominated trade receivables have 3 months maturity on average and are discounted with annual average discount rate of 8% (31 December 2023: 8%) based on USD.

b) Short-term trade payables:

As of 31 December 2024, and 2023, short-term trade payables to related parties are as follows:

	31 December 2024	31 December 2023
Ak-Pa [1]	91,205	121,118
Akkim [1]	83,982	167,062
Akgirişim [1]	68,403	86,912
Dinkal Sigorta Acenteliği A.Ş. (**) [1]	24,171	22,969
Yalkim OSB [4]	23,835	31,929
Aktek Bilgi İşlem Tekn. San. ve Tic. A.Ş. [1]	14,133	11,813
Akkök Holding [3]	9,794	9,562
Other	293	6,124
Total	**315,816**	**457,489**

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

31 December 2024 and 2023, trade receivables have an average maturity of one (1) month.

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

(Amounts expressed in thousands of Turkish Lira ('TRY') based on the purchasing power of the Turkish Lira ("TL") as of 31 December 2024, unless otherwise indicated.)

NOTE 28 - RELATED PARTY DISCLOSURES (Continued)

c) Short-term borrowings:

	31 December 2024		31 December 2023	
	Annual weighted average effective interest rate (%)	TRY	Annual weighted average effective interest rate (%)	TRY
TRY borrowings	26.93	3,070,000	25.65	1,162,249
Prepaid interest		(482,916)		(258,090)
Ak-Pa (1)		**2,587,084**		**904,159**

It consists of export credits mediated by Ak-Pa.

d) Prepaid expenses:

Advances given to related parties for the year ended as of 31 December 2024 and 2023 are as follows:

	31 December 2024	31 December 2023
Akgirişim (1)	17,244	95,111
Total	**17,244**	**95,111**

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

e) Sales:

Sales to related parties for the years ended 31 December 2024 and 2023 are as follows:

	2024	2023
Ak-Pa (*) (1)	13,733,918	15,164,022
DowAksa (2)	902,956	1,203,274
Akkim (1)	901,032	1,245,254
Akenerji (1)	36,355	53,826
Sakarya Elektrik Perakende Satış A.Ş ("Sepaş") (1)	-	54,753
Other	37,305	66,664
Total	**15,611,566**	**17,787,793**

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

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

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

(Amounts expressed in thousands of Turkish Lira ('TRY') based on the purchasing power of the Turkish Lira ("TL") as of 31 December 2024, unless otherwise indicated.)

NOTE 28 - RELATED PARTY DISCLOSURES (Continued)

f) Purchases of goods and services:

Product and service purchases from related parties for the years ended 31 December 2024 and 2023 are as follows:

	2024	2023
Akkim (1)	858,634	1,115,859
Akgirişim (1)	629,323	748,777
Dinkal Sigorta Acenteliği A.Ş. (*) (1)	236,365	219,795
Yalkim OSB (4)	228,471	354,067
Ak-Pa (1)	219,075	208,132
Aktek Bilgi İşlem Tekn. San. ve Tic. A.Ş. (1)	139,677	93,436
Akkök Holding (3)	39,706	22,198
Akenerji (1)	28,327	79,303
Other	7,347	11,706
Total	**2,386,925**	**2,853,273**

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

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

g) Real estate purchases:

	2024	2023
Akkim (*) (1)	632,708	-
Total	**632,708**	**-**

(*) When the expansion areas around the Company's production facilities are evaluated, consider future potential growth needs, the 16,965.79 m2 land owned and shared by Akkim Kimya Sanayi ve Ticaret A.Ş. was purchased for 76,597 TL, and the property rights and shares of the 33,427.62 m2 industrial facility and land were purchased for 556,111 TL on August 1, 2024.

h) Key management compensation:

The Company defined its key management personnel as member of executive committee and board members. Benefits provided to key management personnel as of 31 December 2024 and 2023 are as follows:

	31 December 2024	31 December 2023
Wages and other short-term employee benefits	142,707	101,042
Provision for employment termination benefits	1,432	48
Total	**144,139**	**101,090**

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

(Amounts expressed in thousands of Turkish Lira ('TRY') based on the purchasing power of the Turkish Lira ("TL") as of 31 December 2024, unless otherwise indicated.)

NOTE 28 - RELATED PARTY DISCLOSURES (Continued)

Benefits provided to the Board of Directors, for the years ended 31 December 2024 and 2023 are as follows:

	31 December 2024	31 December 2023
Wages and other short-term employee benefits	9,637	8,205
Provision for employment termination benefits	-	-
Total	**9,637**	**8,205**

NOTE 29 - FINANCIAL RISK MANAGEMENT

Purposes and principles of risk management

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

Credit risk

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

<u>Trade Receivable Aging Analysis</u>

The Company has TRY189,772 provision (31 December 2023: TRY215,334) on their receivables and aging of the receivables which are overdue but not impaired are as follows:

Trade Receivables	31 December 2024	31 December 2023
1-30 days overdue	147,884	140,250
1-3 months overdue	238,360	287,377
3-12 months overdue	281,627	37,113
More than 12 months overdue	75,905	195,822
Total (*)	**743,776**	**660,562**
Secured with guarantees	**206,885**	**421,742**

(*) TRY292,862 of the amount has been collected as of the date of the report (31 December 2023: TRY202,345).

(Amounts expressed in thousands of Turkish Lira ('TRY') based on the purchasing power of the Turkish Lira ("TL") as of 31 December 2024, unless otherwise indicated.)

NOTE 29 - FINANCIAL RISK MANAGEMENT (Continued)

As of 31 December 2024, the Company's maximum exposure to credit risk is presented below:

	Trade receivables		**Other receivables**		**Financial assets**		**Deposits in banks**
31 December 2024	**Related Parties**	**Other**	**Related Parties**	**Other**	**Related Parties**	**Other**	**Other**
Maximum credit risk exposure as of reporting date	**2,332,660**	**1,538,457**	**-**	**847**	**-**	**18,120**	**3,161,499**
- Secured portion of maximum credit risk by guarantees (*)	***1,822,773***	***1,416,061***	**-**	**-**	**-**	**-**	**-**
Net book value of financial assets either are not due or not impaired	1,705,055	1,422,286	-	847	-	18,120	3,161,499
- Secured portion with guarantees	1,593,517	1,384,108	-	-	-	-	-
Net book value of the overdue or not impaired financial assets	627,605	116,171	-	-	-	-	-
- Secured portion with guarantees	229,256	31,953	-	-	-	-	-
Net book value of impaired assets	-	-	-	-	-	-	-
- Matured (gross book value)	-	189,772	-	-	-	-	-
- Impairment (-) (Note 8)	-	(189,772)	-	-	-	-	-
- Secured portion with guarantees	-	-	-	-	-	-	-
Off balance sheet credit risks	-	-	-	-	-	-	-

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

(Amounts expressed in thousands of Turkish Lira ('TRY') based on the purchasing power of the Turkish Lira ("TL") as of 31 December 2024, unless otherwise indicated.)

NOTE 29 - FINANCIAL RISK MANAGEMENT (Continued)

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

	Trade receivables		Other receivables		Financial assets		Deposits in banks
31 December 2023	**Related Parties**	**Other**	**Related Parties**	**Other**	**Related Parties**	**Other**	**Other**
Maximum credit risk exposure as of reporting date	**2,219,307**	**1,296,283**	**-**	**787**	**-**	**88,269**	**4,888,921**
- Secured portion of maximum credit risk by guarantees (*)	***1,581,554***	***1,151,253***	-	-	-	-	-
Net book value of financial assets either are not due or not impaired	1,829,188	1,025,840	-	787	-	88,269	4,888,921
- Secured portion with guarantees	1,422,541	888,524	-	-	-	-	-
Net book value of the overdue or not impaired financial assets	390,119	270,443	-	-	-	-	-
- Secured portion with guarantees	159,013	262,729	-	-	-	-	-
Net book value of impaired assets	-	-	-	-	-	-	-
- Matured (gross book value)	-	215,334	-	-	-	-	-
- Impairment (-) (Note 8)	-	(215,334)	-	-	-	-	-
- Secured portion with guarantees	-	-	-	-	-	-	-
Off balance sheet credit risks	-	-	-	-	-	-	-

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

(Amounts expressed in thousands of Turkish Lira ('TRY') based on the purchasing power of the Turkish Lira ("TL") as of 31 December 2024, unless otherwise indicated.)

NOTE 29 - FINANCIAL RISK MANAGEMENT (Continued)

Foreign Exchange Risk

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

Foreign currency position presented in TRY is as follows:

	31 December 2024		31 December 2023	
	TRY equivalent	USD equivalent (*)	TRY equivalent	USD equivalent (*)
Assets	4,358,769	123,547	7,077,454	166,519
Liabilities	7,102,570	201,318	9,425,796	221,770
Net balance sheet position	**(2,743,801)**	**(77,771)**	**(2,348,342)**	**(55,251)**
Foreign currency denominated net position of derivative financial assets/(liabilities)	(1,265,472)	(35,869)	42,502	1,000
Net Foreign Currency Asset/(Liability) Position	**(4,009,273)**	**(113,640)**	**(2,305,840)**	**(54,251)**
Inventories considered under natural hedge (**)	4,041,761	114,561	4,549,989	107,052
Cash flow hedge (***)	1,299,272	36,827	2,699,249	63,508
Net foreign currency position after hedge	**1,331,760**	**37,748**	**4,943,398**	**116,309**

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

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

(***) As of 31 December 2024, principal amount of loans amounting to USD4,778 thousand and EUR30,779 thousand (hedging instruments), were matched to the amount of future highly probable sales transactions (hedged items) to apply cash flow hedge accounting (31 December 2023: USD14,335 thousand and EUR44,440 thousand). As a result of the effectiveness test performed within this scope, the Company has determined that the entire transaction is effective. As of the reporting period, amounting to TRY960,592 (31 December 2023: TRY369,777) before tax is recognized under "Other Comprehensive Income". The ineffective portion arises when sales and credit payments are not realized on the same date and as of the reporting period, the ineffective portion is insignificant.

(Amounts expressed in thousands of Turkish Lira ('TRY') based on the purchasing power of the Turkish Lira ("TL") as of 31 December 2024, unless otherwise indicated.)

NOTE 29 - FINANCIAL RISK MANAGEMENT (Continued)

As of 31 December 2024, and 31 December 2023, the foreign currency positions are as follows:

	31 December 2024			
	TRY equivalent	**USD position**	**EUR position**	**Other**
1. Trade Receivables	3,134,868	63,740	23,989	4,842
2a. Monetary Financial Assets (including cash and bank accounts)	1,223,901	26,266	8,089	40
2b. Non-monetary Financial Assets	-	-	-	-
3. Other	-	-	-	-
4. Current Assets (1+2+3)	**4,358,769**	**90,006**	**32,078**	**4,882**
5. Trade Receivables	-	-	-	-
6a. Monetary Financial Assets	-	-	-	-
6b. Non-monetary Financial Assets	-	-	-	-
7. Other	-	-	-	-
8. Non-Current Assets (5+6+7)	**-**	**-**	**-**	**-**
9. Total Assets (4+8)	**4,358,769**	**90,006**	**32,078**	**4,882**
10. Trade Payables	3,274,086	87,323	4,971	10,690
11. Financial Liabilities	2,957,509	41,283	40,861	-
12a. Other Monetary Liabilities	-	-	-	-
12b. Other Non-monetary Liabilities	-	-	-	-
13. Short-Term Liabilities (10+11+12)	**6,231,595**	**128,606**	**45,832**	**10,690**
14. Trade Payables	-	-	-	-
15. Financial Liabilities	870,975	12,500	11,704	-
16 a. Other Monetary Liabilities	-	-	-	-
16 b. Other Non-monetary Liabilities	-	-	-	-
17. Long-Term Liabilities (14+15+16)	**870,975**	**12,500**	**11,704**	**-**
18. Total Liabilities (13+17)	**7,102,570**	**141,106**	**57,536**	**10,690**
19. Off Balance Sheet Derivative Items Net Asset/(Liability) Position (19a-19b)	**(1,265,472)**	**(27,570)**	**(7,970)**	**-**
19a. Off balance sheet derivative asset amount	-	-	-	-
19b. Off balance sheet derivative liability	1,265,472	27,570	7,970	-
20. Off Balance Sheet Derivative Items' Net Asset/(Liability) Position (19a-19b)	**(4,009,273)**	**(78,670)**	**(33,428)**	**(5,808)**
21. Monetary Net Foreign Currency Assets/(Liabilities) Position (=1+2a+5+6a-10-11-12a-14-15-16a)	**(2,743,801)**	**(51,100)**	**(25,458)**	**(5,808)**
22. Fair Value of Financial Instruments Used for Foreign Hedge	113,499	2,354	828	-
23. Amount of Hedged Foreign Currency Assets	4,041,761	114,561	-	-
24. Amount of Hedged Foreign Currency Liabilities	1,299,272	4,778	30,779	-

As of 31 December 2024, the Company has TRY1,331,760 (31 December 2023: TRY4,943,398 foreign currency deficit, net) foreign currency surplus, net after natural hedge (page 60).

(Amounts expressed in thousands of Turkish Lira ('TRY') based on the purchasing power of the Turkish Lira ("TL") as of 31 December 2024, unless otherwise indicated.)

NOTE 29 - FINANCIAL RISK MANAGEMENT (Continued)

	31 December 2023 (*)			
	TRY equivalent	**USD position**	**EUR**	**Other**
1. Trade Receivables	3,166,404	60,394	12,748	-
2a. Monetary Financial Assets (including cash and bank accounts)	3,781,307	81,804	5,669	26,183
2b. Non-monetary Financial Assets	-	-	-	-
3. Other	-	-	-	-
4. Current Assets (1+2+3)	**6,947,711**	**142,198**	**18,417**	**26,183**
5. Trade Receivables	129,743	3,053	-	-
6a. Monetary Financial Assets	-	-	-	-
6b. Non-monetary Financial Assets	-	-	-	-
7. Other	-	-	-	-
8. Non-Current Assets (5+6+7)	**129,743**	**3,053**	**-**	**-**
9. Total Assets (4+8)	**7,077,454**	**145,251**	**18,417**	**26,183**
10. Trade Payables	5,171,163	109,855	10,663	395
11. Financial Liabilities	2,556,952	43,217	15,312	-
12a. Other Monetary Liabilities	-	-	-	-
12b. Other Non-monetary Liabilities	-	-	-	-
13. Short-Term Liabilities (10+11+12)	**7,728,115**	**153,072**	**25,975**	**395**
14. Trade Payables	-	-	-	-
15. Financial Liabilities	1,692,980	4,778	31,680	-
16 a. Other Monetary Liabilities	4,701	-	100	-
16 b. Other Non-monetary Liabilities	-	-	-	-
17. Long-Term Liabilities (14+15+16)	**1,697,681**	**4,778**	**31,780**	**-**
18. Total Liabilities (13+17)	**9,425,796**	**157,850**	**57,755**	**395**
19. Off Balance Sheet Derivative Items Net Asset/(Liability) Position (19a-19b)	**42,502**	**1,000**	**-**	**-**
19 a. Off balance sheet derivative asset amount	42,502	1,000	-	-
19 b. Off balance sheet derivative liability amount	-	-	-	-
20. Net Foreign Currency Asset/(Liability) Position (9-18+19)	**(2,305,840)**	**(11,599)**	**(39,338)**	**25,788**
21. Monetary Net Foreign Currency Assets/(Liabilities) Position (=1+2a+5+6a-10-11-12a-14-15-16a)	**(2,348,342)**	**(12,599)**	**(39,338)**	**25,788**
22. Fair Value of Financial Instruments Used for Foreign Hedge	8,179	192	-	-
23. Amount of Hedged Foreign Currency Assets	4,549,989	107,052	-	-
24. Amount of Hedged Foreign Currency Liabilities	2,699,249	14,335	44,440	-

(*) In the foreign exchange position dated 31.12, 2023, the values in the TL equivalent column have been re-indexed on the basis of purchasing power as of December 31, 2024, and the foreign currency equivalents are shown at their historical value.

(Amounts expressed in thousands of Turkish Lira (‘TRY’) based on the purchasing power of the Turkish Lira (“TL”) as of 31 December 2024, unless otherwise indicated.)

NOTE 29 - FINANCIAL RISK MANAGEMENT (Continued)

As of 31 December 2024, and 2023, the situations to reach of net foreign position in the Company’s balance sheet with the changes in exchange rates are summarized in the table below:

31 December 2024	**Profit/(Loss)**		**Equity**	
	Appreciation of foreign currency	**Depreciation of foreign currency**	**Appreciation of foreign currency**	**Depreciation of foreign currency**
In case of 10% appreciation of USD against TRY				
USD net asset/(liability)	(180,278)	180,278	211,064	(211,064)
Amount hedged for USD risk	(80,410)	80,410	(16,858)	16,858
USD net effect	**(260,688)**	**260,688**	**194,206**	**(194,206)**
In case of 10% appreciation of EUR against TRY				
EUR net asset/(liability)	(93,521)	93,521	-	-
Amount hedged for EUR risk	83,790	(83,790)	(113,070)	113,070
EUR net effect	**(9,731)**	**9,731**	**(113,070)**	**113,070**

31 December 2023	**Profit/(Loss)**		**Equity**	
	Appreciation of foreign currency	**Depreciation of foreign currency**	**Appreciation of foreign currency**	**Depreciation of foreign currency**
In case of 10% appreciation of USD against TRY				
USD net asset/(liability)	(53,549)	53,549	250,423	(250,423)
Amount hedged for USD risk	65,176	(65,176)	(65,176)	65,176
USD net effect	**11,627**	**(11,627)**	**185,247**	**(185,247)**
In case of 10% appreciation of EUR against TRY				
EUR net asset/(liability)	(185,006)	185,006	-	-
Amount hedged for EUR risk	208,999	(208,999)	(208,999)	208,999
EUR net effect	**23,993**	**(23,993)**	**(208,999)**	**208,999**

(Amounts expressed in thousands of Turkish Lira ('TRY') based on the purchasing power of the Turkish Lira ("TL") as of 31 December 2024, unless otherwise indicated.)

NOTE 29 - FINANCIAL RISK MANAGEMENT (Continued)

Interest Risk

The Company is exposed to interest risk arising from the borrowings interest rate changes. According to balance sheet position of the floating interest rate financial liabilities as of 31 December 2024, other things being constant, if the interest rate depreciate/appreciate by 1%, profit before tax would TRY2,212 (31 December 2023: TRY1,914), capitalized financing cost on construction in progress will not change

	31 December 2024	31 December 2023
Fixed interest rate financial instruments		
Financial assets		
Cash and cash equivalents (*)	3,139,316	4,881,102
Financial investments	-	34,453
Financial liabilities		
Lease liabilities	56,185	117,213
USD borrowings (fixed due to interest rate swaps)	1,287,057	1,427,698
TRY borrowings	3,070,000	1,162,249
EUR borrowings	657,842	709,142
Floating interest rate financial instruments		
Financial investments		
Shareholding participation shares	13,136	476
Financial funds	4,984	87,793
Financial liabilities		
USD borrowings	610,406	612,219
EUR borrowings	1,240,074	1,425,208

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

(Amounts expressed in thousands of Turkish Lira ('TRY') based on the purchasing power of the Turkish Lira ("TL") as of 31 December 2024, unless otherwise indicated.)

NOTE 29 - FINANCIAL RISK MANAGEMENT (Continued)

Liquidity risk

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

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

31 December 2024:

Expected or maturities per agreement	Book value	Contractual cash outflows	Up to 3 months	3-12 months	1-5 years	Over than 5 years
Non-derivative financial liabilities						
Financial liabilities	6,382,463	7,069,192	304,361	5,849,691	915,140	-
Trade payables	3,353,100	3,605,632	3,108,807	496,825	-	-
Lease liabilities	56,185	209,899	3,369	8,976	30,877	166,677
Due to related parties	315,816	315,816	315,816	-	-	-
	10,107,564	**11,200,539**	**3,732,353**	**6,355,492**	**946,017**	**166,677**

31 December 2023:

Expected or maturities per agreement	Book Value	Contractual cash outflows	Up to 3 months	3-12 months	1-5 years	Over than 5 years
Non-derivative financial liabilities						
Financial liabilities	5,078,426	6,248,250	1,444,000	2,965,663	1,838,587	-
Trade payables	5,134,250	5,167,904	4,730,091	437,813	-	-
Lease liabilities	117,213	357,628	4,815	13,089	42,156	297,568
Due to related parties	457,489	457,489	457,489	-	-	-
	10,787,378	**12,231,271**	**6,636,395**	**3,416,565**	**1,880,743**	**297,568**

(Amounts expressed in thousands of Turkish Lira ('TRY') based on the purchasing power of the Turkish Lira ("TL") as of 31 December 2024, unless otherwise indicated.)

NOT 29 - FINANCIAL RISK MANAGEMENT (Continued)

Import and export information:

Import and export in TRY according to their original currency for the years ended at 31 December 2024 and 2023 are as follows:

Export	**31 December 2024**	**31 December 2023**
EUR	8,693,737	10,428,928
USD	5,109,678	4,458,203
Other	23,819	51,794
Total	**13,827,234**	**14,938,925**

Import	**31 December 2024**	**31 December 2023**
USD	13,766,825	18,180,949
EUR	1,344,460	1,948,072
Other	2,115,710	73,326
Total	**17,226,995**	**20,202,347**

Capital risk management

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

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

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

(Amounts expressed in thousands of Turkish Lira ('TRY') based on the purchasing power of the Turkish Lira ("TL") as of 31 December 2024, unless otherwise indicated.)

NOTE 29 - FINANCIAL RISK MANAGEMENT (Continued)

The ratio of net debt to equity is as follows:

	31 December 2024	31 December 2023
Total monetary liabilities (*)	10,107,564	10,787,378
Less: Cash and cash equivalents (Note 4)	(3,162,396)	(4,890,151)
Less: Financial investments (Note 5)	(18,120)	(88,269)
Net debt	**6,927,048**	**5,808,958**
Total shareholders' equity	23,876,885	24,161,099
Total capital	**30,803,933**	**29,970,057**
Debt/equity ratio	**22%**	**19%**

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

NOTE 30 - FINANCIAL INSTRUMENTS

Fair value of financial instruments

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

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

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

Financial assets

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

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

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

(Amounts expressed in thousands of Turkish Lira ('TRY') based on the purchasing power of the Turkish Lira ("TL") as of 31 December 2024, unless otherwise indicated.)

NOTE 30 - FINANCIAL INSTRUMENTS (Continued)

Financial liabilities

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

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

Fair Value Estimation:

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

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

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

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

31 December 2024	**Level 1**	**Level 2**	**Level 3**
Financial investments	-	4,984	13,136
Derivative financial assets for hedging purposes	-	113,499	-
Total asset/(liabilities)	**-**	**118,483**	**13,136**

31 December 2023	**Level 1**	**Level 2**	**Level 3**
Financial investments	-	87,793	476
Derivative financial assets for hedging purposes	-	8,179	-
Total asset/(liabilities)	**-**	**95,972**	**476**

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

NOTE 31 - EVENTS AFTER BALANCE SHEET DATE

In line with the Company's strategy of 'becoming a leader with innovative solutions in advanced materials', Epsilon Kompozit Teknoloji ve Savunma Sanayi A.Ş., which produces composite parts and molds mainly for the aviation industry. The purchase of all shares of BTB Aviation Investment Inc., which holds 49% of the shares ("Epsilon") and has no other activities, for 20,237,000 USD and the 5% shares of Epsilon from NDÇ Holding A.Ş. for 2,065,000 USD, were completed on January 28, 2025. Thus, Epsilon became a 54% shareholder.

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