

**ANATOLIA TANI VE BİYOTEKNOLOJİ
ÜRÜNLERİ AR-GE SANAYİ VE TİCARET A.Ş.
AND GROUP COMPANIES CONSOLIDATED
FINANCIAL STATEMENTS FOR THE
PERIOD ENDED 30 SEPTEMBER 2023**

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Anatolia Tanı ve Biyoteknoloji Ürünleri Ar-Ge Sanayi Ticaret A.Ş. and Group Companies
Consolidated Statements of Financial Position for The Years Ended 30 September 2023 and 31 December 2022
(Amounts expressed in Turkish Lira (“TL”) unless otherwise indicated.)

ASSETS	Notes	Audited 30 September 2023	Audited 31 December 2022
Current Assets			
Cash and cash equivalents	4	253.182.219	323.447.280
Financial investments	5	110.401.960	101.094.857
Trade receivables	6	69.543.317	69.430.482
- <i>Due from third parties</i>		69.543.317	69.430.482
Other receivables	8	6.102.820	6.576.172
- <i>Other receivables from third parties</i>		6.102.820	6.576.172
Inventories	9	121.803.023	90.846.140
Prepaid expenses	10	4.102.869	3.529.603
Current tax assets		10.863.715	7.044.275
Other current assets	11	23.626.635	23.090.466
TOTAL CURRENT ASSETS		599.626.558	625.059.275
Non-current Assets			
Other receivables		1.467.395	572.916
- <i>Other receivables from third parties</i>	8	1.467.395	572.916
Tangible assets	12	198.587.916	176.189.120
Right use of assets	14	15.542.567	11.239.951
Intangible assets	13	73.785.616	43.392.865
- <i>Other intangible assets</i>		73.785.616	43.392.865
Prepaid expenses	10	1.530.582	357.065
Other current assets		--	104.309
TOTAL NON-CURRENT ASSETS		290.914.076	231.856.226
TOTAL ASSETS		890.540.634	856.915.501

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

Anatolia Tanı ve Biyoteknoloji Ürünleri Ar-Ge Sanayi Ticaret A.Ş. and Group Companies
Consolidated Statements of Financial Position for The Years Ended 30 September 2023 and 31 December 2022
(Amounts expressed in TL unless otherwise indicated.)

LIABILITIES	Notes	Audited 30 September 2023	Audited 31 December 2022
Current Liabilities			
Short-term borrowings	16	696.169	337.292
Short-term portion of long-term borrowings	16	271.293	920.886
Lease liabilities	15	1.697.855	1.060.536
Trade payables	6	19.287.179	7.812.978
- Due to related parties	7	--	340.525
- Due to third parties		19.287.179	7.472.453
Payables within benefit to employees	19	10.935.377	2.058.388
Other Payables	8	3.333.012	1.978.936
- Due to third parties		3.333.012	1.978.936
Deferred income	10	755.163	599.546
Taxes payable on income	20	3.361.468	--
Provisions		3.269.600	1.674.946
- Provisions for employee benefits	17	3.269.600	1.674.946
Other current liabilities	11	1.615.807	1.974.119
TOTAL CURRENT LIABILITIES		45.222.923	18.417.627
Non-current liabilities			
Long-term borrowings	16	77.010	294.078
Lease liabilities	15	14.390.030	10.710.601
Deferred income		2.224.250	--
Long-term provisions		5.669.688	8.437.533
- Long-term provisions for employee benefits	17	5.669.688	8.437.533
Deferred tax liabilities	20	9.513.284	2.654.633
TOTAL NON-CURRENT LIABILITIES		31.874.262	22.096.845
EQUITY			
Equity attributable to owners of the Company		813.443.449	816.401.029
Share capital	21	220.000.000	110.000.000
Share premiums		108.843.895	218.843.895
Accumulated comprehensive income and expense			
- Expense not to be reclassified to profit or loss		(1.655.464)	(2.103.485)
- Expense to be reclassified to profit or loss		61.022.272	32.189.833
Legal reserves		87.503.185	57.743.791
Retained earnings		239.913.980	69.337.180
Profit for the period		97.815.582	330.389.815
Non-controlling interests	21	--	--
TOTAL SHAREHOLDER'S EQUITY		813.443.449	816.401.029
TOTAL LIABILITIES		890.540.634	856.915.501

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

Anatolia Tanı ve Biyoteknoloji Ürünleri Ar-Ge Sanayi Ticaret A.Ş. and Group Companies

Consolidated Statements of Financial Position and Other Comprehensive Income as of

1 January – 30 September 2023 and 2022

(Amounts expressed in TL unless otherwise indicated.)

	Notes	Audited 1 January- 30 September 2023	Audited 1 January- 30 September 2022	Audited 1 July- 30 September 2023	Audited 1 July- 30 September 2022
Revenue	23	123.031.454	228.104.821	49.789.785	46.814.597
Cost of sales (-)	23	(31.526.592)	(30.066.509)	(12.179.626)	(8.585.446)
GROSS PROFIT		91.504.862	198.038.312	37.610.159	38.229.151
General administrative expenses (-)	25	(55.365.498)	(29.453.482)	(15.664.416)	(11.004.765)
Selling and marketing expenses (-)	24	(43.826.682)	(23.722.463)	(19.720.982)	(7.811.476)
Research and development expenses (-)	26	(4.644.094)	(1.997.041)	(3.556.978)	(705.576)
Other operating income	27	104.354.743	61.702.971	24.023.175	23.896.090
Other operating expenses (-)	27	(51.100.747)	(25.733.861)	(22.904.446)	(10.544.373)
OPERATING PROFIT		40.922.584	178.834.436	(213.488)	32.059.051
Income from Investment Activities	28	13.957.587	32.343.765	3.757.296	1.663.605
OPERATING PROFIT/LOSS BEFORE FINANCE EXPENSES		54.880.171	211.178.201	3.543.808	33.722.656
Finance income	29	78.296.411	119.210.496	16.583.565	29.110.144
Finance expenses (-)	29	(13.418.393)	(11.874.498)	(5.239.703)	(8.117.584)
PROFIT BEFORE TAX FROM CONTINUING OPERATIONS		119.758.189	318.514.199	14.887.670	54.715.216
Tax Income / (Expense) of Continuing Operations		(21.942.607)	(7.150.912)	(11.249.349)	(1.202.089)
Tax expenses		(15.217.781)	(6.981.465)	(5.544.088)	(281.224)
Deferred tax expense / incomes	20	(6.724.826)	(169.447)	(5.705.261)	(920.865)
PROFIT FROM CONTINUING OPERATIONS		97.815.582	311.363.287	3.638.321	53.513.127
NET PROFIT FOR THE PERIOD		97.815.582	311.363.287	3.638.321	53.513.127
Profit/(loss) attributable to:					
Non-controlling interests		--	5.729.385	--	--
Equity holders of the parent		97.815.582	305.633.902	3.638.321	53.513.127
OTHER COMPREHENSIVE INCOME					
Not to be reclassified to profit or loss, before tax		448.021	239.599	(48.212)	(244.286)
- Gain /loss arising from defined benefits plan		581.846	307.181	(38.445)	(297.678)
To be reclassified to profit or loss, before tax		--	--	--	--
- Currency translation differences		28.832.439	17.227.071	11.646.530	1.937.487
Total other comprehensive income, before tax		29.414.285	17.534.252	11.608.085	1.639.809
Other comprehensive income, total tax effect		--	--	--	--
- Not to be reclassified to profit or loss other comprehensive income, tax effect		--	--	--	--
- Deferred tax income/(expense)		(133.825)	(67.582)	(9.767)	53.392
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		29.280.460	17.466.670	11.598.318	1.693.201
TOTAL COMPREHENSIVE INCOME		127.096.042	328.829.957	15.236.639	55.206.328
Attributable to					
Non-controlling interests		--	11.290.380	--	--
Equity holders of the parent		127.096.042	317.539.577	15.236.639	55.206.328
Earnings per share (Nominal value per TL 1)	22	0,4446	2,7785	0,0331	0,4865

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

Anatolia Tam ve Biyoteknoloji Ürünleri Ar-Ge Sanayi Ticaret A.Ş. and Group Companies

Consolidated Statement of Changes in Share Holder's Equity as of 1 January – 30 September 2023 and 31 December 2022

(Amounts expressed in TL unless otherwise indicated.)

	Share capital	Premiums/ Discounts on Shares	Other comprehensive income		Legal reserve	Retained earnings	Profit for the period	Equity attributable to owners of the Company	Non- controlling interests	Total equity
			Items that will never be reclassified to profit or loss	Items that will be reclassified to profit or loss						
Balance at 1 January 2022	110.000.000	215.000.000	(167.170)	9.268.122	8.738.235	(9.433.313)	433.331.607	766.737.481	59.054.811	825.792.292
Transfers	--	--	--	--	19.000.000	414.331.608	(433.331.608)	--	--	--
Total comprehensive income	--	--	239.599	11.666.076	--	--	305.633.902	317.539.577	11.290.380	328.829.957
Increase due to share basis transactions	--	--	--	--	--	3.843.892	--	3.843.892	(70.345.191)	(66.501.299)
Dividends	--	--	--	--	30.005.556	(335.561.113)	--	(305.555.557)	--	(305.555.557)
As of 30 September 2022	110.000.000	215.000.000	72.429	20.934.197	57.743.791	73.181.074	305.633.902	782.565.393	--	782.565.393
Balance at 1 January 2023	110.000.000	218.843.895	(2.103.485)	32.189.833	57.743.792	69.337.180	330.389.815	816.401.029	--	816.401.029
Transfers	110.000.000	(110.000.000)	--	--	29.759.393	300.630.422	(330.389.815)	--	--	--
Total comprehensive income	--	--	448.021	28.832.439	--	--	97.815.582	127.096.042	--	127.096.042
Capital increase	--	--	--	--	--	--	--	--	--	--
Increase due to share basis transactions	--	--	--	--	--	--	--	--	--	--
Dividends	--	--	--	--	--	(130.053.622)	--	(130.053.622)	--	(130.053.622)
As of 30 September 2023	220.000.000	108.843.895	(1.655.464)	61.022.272	87.503.185	239.913.980	97.815.582	813.443.449	--	813.443.449

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

Anatolia Tanı ve Biyoteknoloji Ürünleri Ar-Ge Sanayi Ticaret A.Ş. and Group Companies
Consolidated Statements of Cash Flows For The Periods Ended at 1 January – 30 September 2023 and 31 December 2022
(Amounts expressed in TL unless otherwise indicated.)

		Audited	Audited
		1 January- 30 September 2023	1 January- 30 September 2022
	Notes		
A. Cash flow from Operating activities		94.211.032	272.673.777
Income for the period		97.815.582	311.363.287
Adjustments to reconcile cash flow generated from operating activities:		41.421.050	(12.414.397)
Depreciation and amortization	12,13,14	17.047.445	12.324.134
Provisions for doubtful trade receivables	6	--	90.412
Provisions for inventories	9	13.947.931	2.434.107
Provisions for severance pay	17	(1.576.341)	961.284
Provisions for unused vacation	17	1.594.654	779.658
Unrealized foreign currency (income) / loss		15.457.849	15.834.122
Tax Income / Expense	20	21.942.607	7.150.912
Net financial expenses		(26.993.095)	(51.989.026)
Changes in working capital		(45.025.601)	(26.275.113)
Change in trade and other receivables	6	(112.835)	31.538.169
Change in other receivables		(852.987)	--
Applications Regarding the Increase (Decrease) in Other Debts Related to Activities		995.764	--
Change in inventories	9	(44.904.814)	(26.966.568)
Change in other current and non-current asset		--	(6.694.114)
Change in other receivables	6	11.474.201	4.366.417
(Increase) decrease in prepaid expenses		(1.746.783)	(10.572.197)
Change in payables related to employee benefits		8.876.989	(2.051.043)
Other cash inflows/(outflows)		(4.932.689)	(7.483.340)
Change in deferred income		2.379.867	--
Cash flow from operations			
Payments Made Within the Scope of Provisions for Benefits Provided to Employees		(743.483)	--
Tax Payment		(15.458.830)	(8.412.437)
B. Cash flows from investing activities		(54.843.007)	(145.482.427)
Acquisition from procurement of property and equipment and intangible assets	12,13,14	(68.558.274)	(58.053.274)
Proceeds from sales of property and equipment and intangible assets	12,13,14	12.640.847	1.468.800
Cash Outflows from the Acquisition of Subsidiaries (-)		--	(66.501.299)
Adjustments for financial investments (increase)/decrease	5	(9.307.103)	(54.740.419)
Interest received		10.381.523	32.343.765
C. Cash flows from financing activities		(109.633.086)	(288.232.136)
Cash Inflows/(Outflows) From Borrowings		5.156.103	(1.426.140)
Acquisition on lease repayments		(1.347.139)	(1.160.050)
Dividends paid		(130.053.622)	(305.555.557)
Interests paid		(2.604.451)	(408.002)
Interest received		19.216.023	20.317.613
Net (decrease) / increase in cash and cash equivalents (A+B+C+D)		(70.265.061)	(161.040.786)
E. Cash and cash equivalents at January 1		323.447.280	462.412.517
Cash and cash equivalents at September 30 (A+B+C+D+E)	4	253.182.219	301.371.731

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

1. GROUP'S ORGANIZATION AND NATURE OF OPERATIONS

The main field of Anatolia Tanı ve Biyoteknoloji Ürünleri Araştırma Sanayi ve Ticaret A.Ş. ("Company" or "Anatolia") and its subsidiaries (collectively "The Group"), is producing kits, installation of robots, developing software and designing of devices for research of real-time PCR and such as DNA sequencing and DNA/RNA Isolation techniques.

Exporting its developed products to more than 50 countries in Europe, Asia, Africa and America, the Group is the first and only Turkish manufacturer company invited by the World Health Organization to determine new global test reference standards on four different viruses ("WHO Collaborative Study").

As of the 30 September 2023 and 31 December 2022 the total number of employees of the Group is 171 and 165 respectively.

The company is registered with the Capital Markets Board ("CMB") and its shares are traded on Borsa İstanbul A.Ş. ("BIST") as of 2021. As of 30 September 2023, the Company has 30,32% of shares registered in BIST (Note 21).

The final control of the Group belongs to Elif Akyüz and Alper Akyüz.

The company is registered in Turkey, its registered address and R&D Departments are as follows:

Hasanpaşa Mh. Beydağı Sk. No:1-9H, Sultanbeyli, İstanbul, Turkey.

The Group has a free zone branch at Aydınlı SB Mahallesi, Matraş Caddesi, No:18/Z02, Tuzla / İstanbul.

The Group carries out production in its head office and free zone branches.

Subsidiaries

As of 30 September 2023, the subsidiaries subject to the consolidated financial statements, the countries in which they operate, and their fields of activity are as follows:

Subsidiaries	Country	Main Activity
Alpha IVD SRL ("Alpha")	Italy	Trading of test kits, devices and software in the field of molecular biology
Euronano Diagnostics (Private) Limited ("Euronano")	Pakistan	Trading of test kits, devices and software in the field of molecular biology
RhineGene B.V. ("RhineGene") (*)	Holland	Establishing or acquiring companies and businesses in the field of molecular biology
RhineGene Philippines ("RhineGene PH") (**)	Philippines	Trading of test kits, devices and software in the field of molecular biology
RhineGene Bulgaria ("RhineGene BG") (***)	Bulgaria	Trading of test kits, devices and software in the field of molecular biology
RhineGene Poland("RhineGene PL") (****)	Poland	Trading of test kits, devices and software in the field of molecular biology

Alpha and Euronano were founded by Anatolia, Elif Akyüz and Alper Akyüz in 2017 and 2018, respectively.

(*) The commercial title of Alpha IVD S.r.l (Ltd.) has been changed and announced in the trade registry gazette as Alpha IVD S.p.A (A.Ş.) due to its new restructuring regarding the current business volume and business plans for the coming years.

(**) 200,000 of which RhineGene B.V, which is a 100% subsidiary of the Company, has fully participated in on 10.05.2022. -USD capital, RhineGene Philippines Inc. was established.

(***) RhineGene Bulgaria was established on 26.07.2022, in which RhineGene B.V, a 100% subsidiary of the Company, fully participated.

(****) RhineGene Poland was established on 27.09.2022, in which RhineGene B.V, a 100% subsidiary of the Company, fully participated.

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

2.1. Basis of presentation

Accounting policies

The accompanying consolidated financial statements are prepared in accordance with the announcement of the Capital Markets Board ("CMB") "Communiqué on Principles Regarding Financial Reporting in the Capital Markets" ("Communiqué") No. II-14.1 published in the Official Gazette dated 13.06.2013 and numbered 28676 and Turkish Financial Reporting Standards ("TFRS") published by Public Oversight Accounting and Auditing Standards Board ("POA").

TASs; Turkish Accounting Standards, includes Turkish Financial Reporting Standards ("TFRS") and related annexes and comments.

Consolidated financial statements are presented in accordance with the "TFRS Taxonomy" published by POA dated on 4 October 2022 and Financial Statement Examples and User Guide published by CMB.

Approval of consolidated financial statements

Consolidated financial statements as of 1 January - 30 September 2023 have been approved by the Board of Directors and authorized for publication on 03 November 2023 The General Assembly of the Company and the relevant regulatory authorities have the right to request the amendment of the consolidated financial statements after the publication of the consolidated financial statements.

Comparative Information and Correction of Prior Financial Statements

The current period consolidated financial statements of the Group are prepared comparatively with the previous period in order to enable the determination of the financial position and performance trends. Comparative information is reclassified when deemed necessary in order to comply with the presentation of the current period consolidated financial statements.

The Group has classified the income from financial investments, which it reported under "Other operating income", which was respectively TL 32.343.765 and TL 31.127.597 amounting to as of 30 September 2022 and 30 June 2022 in the profit or loss statement in the previous period, to "Income from Investment Activities".

Preparation of Financial Statements in Hyperinflationary Economies

In accordance with the communique issued by CMB, for companies that operate in Turkey and prepare their financial statements applying Turkish Accounting Standards, it is decided not to apply inflation accounting from 1 January 2005 which is published on 17 March 2005 numbered 11/367. Accordingly, as of 1 January 2005, no:29 "Financial reporting in Hyperinflationary Economies" ("TAS 29") was not applied.

As per the announcement published by the Public Oversight, Accounting and Auditing Standards Authority ("POA") on 20 January 2022, since the cumulative change in the general purchasing power of the last three years has been 74.41% according to the Consumer Price Index ("CPI") rates, it has been stated that entities applying the Turkish Financial Reporting Standards ("TFRS") are not required to make any restatements in their financial statements for 2022 within the scope of TAS 29 "Financial Reporting in High Inflation Economies". In addition, a new announcement has been made by the KGK regarding the inflation accounting application and no inflation adjustment has been made in accordance with TAS 29 in the accompanying consolidated financial statements dated 30 September 2023.

Functional and presentation currency

The Group prepares and maintains its legal books and prepares its statutory financial statements in accordance with the Turkish Commercial Code ("TCC"), accounting principles set forth by tax legislation and the Uniform Chart of Accounts issued by the Ministry of Finance. The valid currency of the Group is Turkish Lira ("TL"). These consolidated financial statements are presented in TL, which is the valid currency of the Group.

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.1. Basis of presentation (Continued)

Financial statements of subsidiaries operating in countries other than Turkey

Subsidiaries in foreign country assets and liabilities are translated into TRY from the foreign exchange rate at the reporting date and income and expenses are translated into TRY at the average foreign exchange rate. The retranslation of net assets at the beginning of the period and the exchange differences which resulting from the using of average exchange rates are followed on differences of foreign currency translation account within shareholders' equity.

Netting/Offsetting

Financial assets and liabilities are shown in net, if the required legal right already exists, there is an intention to pay the assets and liabilities on a net basis, or if there is an intention to realize the assets and the fulfilment of the liabilities simultaneously.

2.2. Changes in Accounting Policies

Significant changes in accounting policies are applied retrospectively and prior period consolidated financial statements are restated.

2.3. Restatement and Errors in the Accounting Policies and Estimates

If changes in accounting estimates are related to only one period, they are recognised in the period when changes are applied; if changes in estimates are related to future periods, they are recognized both in the period where the change is applied and future periods prospectively. There was no significant change in accounting estimates of the Group in the current year. The detected significant accounting errors are applied retrospectively, and prior period consolidated financial statements are restated.

2.4. Going concern

The consolidated financial statements prepared on a going concern basis, with the assumption that the Group will benefit from its assets and fulfil its obligations in the next year and in the natural course of its activities.

New and Amended Turkish Financial Reporting Standards

a) Amendments that are mandatorily effective from 2023

Amendments to TAS 1	<i>Disclosure of Accounting Policies</i>
Amendments to TAS 8	<i>Definition of Accounting Estimates</i>
Amendments to TAS 12	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>
Amendments to TFRS 17	<i>Initial Application of TFRS 17 and TFRS 9 — Comparative Information (Amendment to TFRS 17)</i>

Amendments to TAS 1 *Disclosure of Accounting Policies*

The amendments require that an entity discloses its material accounting policies, instead of its significant accounting policies.

Amendments to TAS 1 are effective for annual reporting periods beginning on or after 1 January 2023 and earlier application is permitted.

Amendments to TAS 8 *Definition of Accounting Estimates*

With this amendment, the definition of “a change in accounting estimates” has been replaced with the definition of “an accounting estimate”, sample and explanatory paragraphs regarding estimates have been added, and the differences between application of an estimate prospectively and correction of errors retrospectively have been clarified.

Amendments to TAS 8 are effective for annual reporting periods beginning on or after 1 January 2023 and earlier application is permitted.

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

New and Amended Turkish Financial Reporting Standards (Continued)

Amendments to TAS 12 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

The amendments clarify that the initial recognition exemption does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition.

Amendments to TAS 12 are effective for annual reporting periods beginning on or after 1 January 2023 and earlier application is permitted.

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

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

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

Amendments are effective with the first application of TFRS 17.

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

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

TFRS 17	<i>Insurance Contracts</i>
Amendments to TFRS 4	<i>Extension of the Temporary Exemption from Applying TFRS 9</i>
Amendments to TAS 1	<i>Classification of Liabilities as Current or Non-Current</i>
Amendments to TFRS 16	<i>Lease Liability in a Sale and Leaseback</i>
Amendments to TAS 1	<i>Non-current Liabilities with Covenants</i>

TFRS 17 *Insurance Contracts*

TFRS 17 requires insurance liabilities to be measured at a current fulfillment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. TFRS 17 supersedes TFRS 4 *Insurance Contracts* as of 1 January 2024 for insurance and reinsurance and pension companies.

Amendments to TFRS 4 *Extension of the Temporary Exemption from Applying TFRS 9*

The amendment changes the fixed expiry date for the temporary exemption in TFRS 4 *Insurance Contracts* from applying TFRS 9, so that insurance and reinsurance and pension companies would be required to apply TFRS 9 for annual periods beginning on or after 1 January 2024 with the deferral of the effective date of TFRS 17.

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

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

Amendments to TAS 1 are effective for annual reporting periods beginning on or after 1 January 2024 and earlier application is permitted.

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

New and Amended Turkish Financial Reporting Standards (Continued)

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

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

Amendments are effective from annual reporting periods beginning on or after 1 January 2024.

Amendments to IAS 7 and IFRS 7 on Supplier Finance Arrangements

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.

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

IFRS 1, 'General requirements for disclosure of sustainability-related financial information';

IFRS 1, 'General requirements for disclosure of sustainability-related financial information; effective from annual periods beginning on or after 1 January 2024. This is subject to endorsement of the standards by local jurisdictions.

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

IFRS 2, 'Climate-related disclosures';

IFRS 2, 'Climate-related disclosures'; effective from annual periods beginning on or after 1 January 2024.

This is subject to endorsement of the standards by local jurisdictions. This is the first thematic standard issued that sets out requirements for entities to disclose information about climate-related risks and opportunities.

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

Subsidiaries are consolidated using the full consolidation method from the date on which the control passes to the Group. They are excluded from the scope of consolidation as of the date of loss of control.

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.6. Summary of significant accounting policies

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

Consolidation Principles

Full Consolidation:

Consolidated financial statements include the financial statements of the subsidiary managed by the Group in Note 1.

As of 30 September 2023 and 31 December 2022, the subsidiaries consolidated within the Parent Company have been consolidated using the "full consolidation method" since the control power belongs to the Group.

The applied principles of consolidation as below:

- (i) The balance sheets and income statements of the subsidiaries are consolidated one by one for each item and the carried net book value of the investment, which is owned by the Parent Company, is eliminated with the related equity items. The intra-group transactions, the remaining profit margins balances in the balance sheets which between the Parent Company and its subsidiaries, are eliminated.
- (ii) Operating results of subsidiaries are included in the consolidation effective from the date on which the said company controls are transferred to the Parent Company.
- (iii) Non-controlling interests in net assets and operating results of subsidiaries are presented separately as non-controlling interests in the consolidated balance sheet and consolidated income statement.

The following table shows the subsidiaries, total shares of owned and effective partnership ratios as of 30 September 2023 and 31 December 2022:

Subsidiaries	30 September 2023	31 December 2022
Alpha IVD SRL ("Alpha") (*)	%100,00	%100
Euronano Diagnostics (Private) Limited ("Euronano")	%99,99	%99,99
RhineGene B.V. ("RhineGene")	%100	%100
RhineGene Philippines ("RhineGene PH")	%100	%100
RhineGene Bulgaria ("RhineGene BG")	%100	%100
RhineGene Poland ("RhineGene PL")	%100	%100

(*) Although the ownership rate of the company is 50% or less, control power can be obtained with the remaining votes belonging to Elif Akyüz and Alper Akyüz, who are also the controlling shareholders of Anatolia. Elif Akyüz and Alper Akyüz declared that they will use their voting rights in line with Anatolia.

The company take over 100% of the company by paying 66,501,299 TL for the remaining 76.67% of Alpha shares. The transfer and delivery procedures were completed on May 25, 2022. This take over is considered as a "business combination under common control" and the difference between Alpha's net equity at the acquisition date and the purchase price is classified under "Share Premiums" under equity. (**) (Footnote 1)

Related Parties

To the accompanying consolidated financial statements, key personnel in management and board of directors, their family and controlled or dependent companies, participations and subsidiaries of the Group is referred to as related parties.

Cash and Cash Equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less (Note 5). To consolidated statements of cash flows, cash and cash equivalents includes cash and cash equivalents with original maturities less than three months, excluding the interest accruals. If any provision provided to the cash and cash equivalents because of a specific event, Group measures expected credit loss from these cash and cash equivalents by the life-time expected credit loss. The calculation of expected credit loss is performed based on the experience of the Group and its expectations for the future indications.

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.6. Summary of significant accounting policies (Continued)

Trade Receivables and Allowance for Doubtful Receivables

Trade receivables that are created by the Group by way of providing goods or services in the ordinary course of business directly to a debtor are recognized initially at fair value and subsequently measured at amortized cost, using the effective interest rate method, less provision for impairment. Short-term trade receivables with no specific interest rates are measured at original invoice amount if the effect of interest accrual is insignificant.

Impairment

IAS 39, “Financial Instruments” valid before 1 January 2018: Instead of “realised credit losses model” in Accounting and Measurement Standard, “expected credit loss model” was defined in IFRS 9 “Financial Instruments” Standard. Expected credit loss is estimated by weighting credit losses, expected to occur throughout the expected life of financial instruments, based on previous statistics. When calculating the expected credit losses, credit losses in the previous years and forecasts of the Group are considered.

Trade Payables

Trade payables are stated at their nominal value, discounted to present value as appropriate.

Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is calculated using the weighted average method. Costs comprise direct materials, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Net realizable value represents the estimated selling price less all estimated costs to completion and costs to be incurred in marketing, selling and distributed.

Property, plant and equipment and related depreciation

Property, plant, and equipment are carried at acquisition cost, less any accumulated depreciation and any impairment loss. Land is not depreciated as it is deemed to have an indefinite useful life.

Depreciation is provided on the restated amounts of property, plant and equipment on a pro-rata basis. Profit and loss arising out of the sale of property, plant and equipment are included in the other income and expense accounts. Repair and maintenance expenditure related to property, plant and equipment is expensed as incurred.

Cost amounts of property, plant and equipment, other than the lands and construction in progress are subject to depreciation by using systematic pro-rata basis using the straight-line method in accordance with their expected useful life.

The depreciation and amortization periods for property, plant and equipment, which approximate the economic useful lives of such assets, are as follows:

	<u>Year</u>
Buildings	50
Machinery and Equipment	4-14
Motor vehicles	5-10
Furniture and Fixtures	4-10
Leasehold improvements	10-20

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.6. Summary of significant accounting policies (Continued)

Leases

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

As a lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.6. Summary of significant accounting policies (Continued)

Intangible assets and related amortization

An intangible asset is recognized if it meets the identifiability criterion of intangibles, control exists over the asset; it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the costs can be measured reliably. Intangible assets are carried at cost less accumulated amortization and impairment. Amortization of intangible assets is allocated on a systematic pro-rata basis using the straight-line method. Intangible assets including acquired rights, information systems and computer software are amortized using the straight-line.

Costs incurred on development projects relating to the design and testing of new or improved products are recognized as intangible assets when it is probable that the project will be a success considering its commercial and technological feasibility, and only if the cost can be measured reliably. Other research and development expenditures are recognized as an expense as incurred. Development expenditures previously recognized as an expense cannot be recognized as an asset in a subsequent period.

The useful lives of intangible assets are as follows:

	<u>Year</u>
Rights	3-5
Research and development costs	5
Other intangible asset	5-10

Impairment of assets

The carrying values of all tangible or intangible fixed assets, other than goodwill which is reviewed for impairment at least annually, are reviewed for impairment when events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognized in the income statement for items carried at cost and treated as a revaluation decrease for items carried at revalued amount to the extent that impairment loss does not exceed the amount held in the revaluation surplus. The recoverable amount of property, plant and equipment is the greater of net selling price and value in use.

Financial assets

The Group performs the classification process regarding its financial assets during the acquisition of the related assets and reviews them regularly.

Classification

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

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

Recognition and Measurement

a) Financial assets measured at amortized cost

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

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.6. Summary of significant accounting policies (Continued)

Financial assets (Continued)

b) Financial assets measured at fair value

i. Financial assets measured at fair value through other comprehensive income

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

In case of sale of assets, valuation differences classified to other comprehensive income are reclassified to retained earnings.

Group make a choice for the equity instruments during the initial recognition and elect profit or loss or other comprehensive income for the presentation of fair value gain and loss. If the said preference is made, dividends from related investments are recognized in the income statement.

ii. Financial assets measured at fair value through 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.

Derecognition

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

Impairment

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

Provisions for losses are measured as below.

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

Provisions for losses are measured as below.

- 12- Month ECL: results from default events that are possible within 12 months after reporting date.

- Lifetime ECL: results from all possible default events over the expected life of financial instrument.

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

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

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.6. Summary of significant accounting policies (Continued)

Financial liabilities

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

Financial liabilities are classified as either financial liabilities at fair value through profit and loss or other financial liabilities.

a) Financial liabilities at fair value through profit and loss

Financial liabilities are classified as at FVTPL where the financial liability is either held for trading or it is designated as at FVTPL. Financial liabilities at FVTPL are stated at fair value, with any resultant gain or loss recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any interest paid on the financial liability.

b) Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

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

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

Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a considerable time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned by the temporary investment of the part of the borrowing not yet used is deducted from the borrowing costs eligible for capitalization. All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

Taxation and Deferred Income Taxes

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax: The tax currently payable is based on taxable profit for the year.

Deferred tax: Deferred tax is provided, using the liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Employee Benefits / Retirement Pay Provision

Under the Turkish law and union agreements, severance payments are made to employees retiring or involuntarily leaving the Group. Such payments are considered as being part of defined retirement benefit plan as per International Accounting Standard No: 19 "Employee Benefits" ("IAS 19"). The retirement benefit obligation recognized in the balance sheet represents the present value of the defined benefit obligation as adjusted for unrecognized actuarial gains and losses.

Operating Expenses

Operating expenses are recognized in profit or loss upon utilization of the service or at the date of their origin. Expenditure for warranties is recognized and charged against the associated provision when the related revenue is recognized.

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.6. Summary of significant accounting policies (Continued)

Revenue Recognition

Group recognizes revenue when the goods or services is transferred to the customer and when performance obligation is fulfilled. Goods are counted to be transferred when the control belongs to the customer.

Group recognizes revenue based on the following main principles:

- (a) Identification of customer contracts
- (b) Identification of performance obligations,
- (c) Determination of transaction price in the contract,
- (d) Allocation of price to performance obligations,
- (e) Recognition of revenue when the performance obligations are fulfilled.

Group recognizes revenue from its customers only when all the following criteria are met:

- (a) The parties to the contract have approved the contract (in writing, orally or in accordance with other customary business practices) and are committed to perform their respective obligations,
- (b) Group can identify each party's rights regarding the goods or services to be transferred,
- (c) Group can identify the payment terms for the goods or services to be transferred.
- (d) The contract has commercial substance,

It is probable that Group will collect the consideration to which it will be entitled in exchange for the goods or services that will be transferred to the customer. In evaluating whether collectability of an amount of consideration is probable, an entity shall consider only the customer's ability and intention to pay that amount of consideration when it is due.

Equipment rental revenue

Rent income from operational rental transactions is accounted if it is measured reliably based on straight-line method during relevant rental agreement and if it is possible that an economic benefit related to transaction is achieved by the Group.

Provisions

Provisions are recognized when, and only when the Group has a present obligation because of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are recognized by the amortized amount as of balance sheet date in case that the monetary loss is material. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

Commitments and Contingencies

Transactions that may give rise to contingencies and commitments are those where the outcome and the performance of which will be ultimately confirmed only on the occurrence or non-occurrence of certain future events unless the expected performance is remote. Accordingly, contingent losses are recognized in the financial statements if a reasonable estimate of the amount of the resulting loss can be made. Contingent gains are reflected only if it is probable that the gain will be realized.

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.6. Summary of significant accounting policies (Continued)

Transactions in foreign currency

Transactions in foreign currencies during the periods have been translated at the exchange rates prevailing at the dates of these transactions. Balance sheet items denominated in foreign currencies have been translated at the exchange rates prevailing at the balance sheet dates. The foreign exchange gains and losses are recognized in the income statement.

The periods-end rates used for USD, EURO and PKR are shown below:

	30 September 2023	31 December 2022
US Dollars	27,3767 TL	18,7029 TL
Euro	29,0305 TL	19,9806 TL
PKR	0,09428 TL	0,0820 TL
PLN (Zloti)	6,2296 TL	4,2641 TL
LEVA	14,7596 TL	10,1354 TL
PHP	0,4814 TL	0,3364 TL

Earnings per share

Earnings per share presented in the consolidated statements of profit or loss are determined by dividing consolidated net income attributable to that class of shares by the weighted average number of such shares outstanding during the year concerned. In Turkey, companies can increase their share capital by making a pro-rata distribution of shares ("bonus shares") to existing shareholders from retained earnings or inflation adjustments. To 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.

Government incentives and 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 group will comply with all the attached conditions. Government grants relating to costs are deferred and recognized in the income statement over the period necessary to match them with the costs that they are intended to compensate. Government grants relating to property, plant and equipment are included in non-current liabilities as deferred government grants and are credited to the income statement on a straight-line basis over the expected lives of the related assets.

Cash Flow statement

Cash and cash equivalents comprise of cash in hand, bank deposits and short-term investments, which can easily be converted into cash for a known amount, has high liquidity with maturities of 3 months or less.

EBITDA

EBITDA is defined as earnings before interest expense, income tax expense (benefit), depreciation and amortization. This information should be read with the statements of cash flows contained in the accompanying financial statements (note 3).

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.7. Significant Accounting Assessments, Estimates and Assumptions

Provisions for doubtful trade receivables: The provision for doubtful receivables reflects the amounts that the management believes will cover the future losses of the receivables that exist as of the reporting date but have the risk of being uncollectible within the current economic conditions. While evaluating whether the receivables are impaired or not, the past performance of the debtors, their credibility in the market, their performance from the date of the consolidated financial statements until the approval date of the consolidated financial statements and the renegotiated conditions are also taken into. In addition, the “simplified approach” defined in TFRS 9 has been preferred within the scope of the impairment calculations of trade receivables that are accounted at amortized cost in the consolidated financial statements and that do not contain a significant financing component (with a maturity of less than one year). With this approach, the Group measures the provision for impairment on trade receivables at an amount equal to “lifetime expected credit losses”, unless the trade receivables are impaired for certain reasons (excluding realized impairment losses).

Provision for employee benefit: Employment termination benefits pay liability is determined by actuarial calculations based on some assumptions including discount rates, future salary increases and employee turnover rates. Since these plans are long term, these assumptions contain significant uncertainties.

Lawsuit provisions: The probability of loss of ongoing lawsuits and the consequences that will be endured if they are lost are evaluated in line with the opinions of the Group's legal advisors. The Group management makes its best estimates using the data in hand and estimates the provision it deems necessary.

Deferred tax: The Group recognizes deferred tax assets and liabilities based upon temporary differences arising between their statement of financial position accounts prepared in accordance with TAS/TFRS promulgated by POA Financial Reporting Standards and their statutory financial statements. These temporary differences usually result from the recognition of revenue and expenses in different reporting periods for TAS/TFRS and Tax Laws.

Impairment of Inventory: When calculating, data on the list prices of inventories after discounting are used. In cases where the projected net realizable value is below the cost value, an inventory impairment provision is made.

3. SHARES IN OTHER BUSINESS

The details of the Group's shares in other businesses for the periods are as follows:

	30 September 2023	31 December 2022
	Alpha IVD S.p.A (Italy) Solo	Alpha IVD S.p.A (Italy) Solo
Current assets	116.679.837	90.102.530
Non-current assets	33.954.500	28.792.650
Total assets	150.634.337	118.895.180
Current liabilities	9.056.849	8.085.184
Non-current liabilities	1.304.452	795.921
Total debts	10.361.301	8.881.105
Net assets	140.273.036	110.014.075
<u>Profit Loss for the period:</u>		
Revenue	16.881.759	61.733.940
EBITDA	(14.281.640)	13.796.902
Profit / (Loss) for the period	(15.572.148)	8.511.355
<u>Profit Loss for the period:</u>	(15.572.148)	8.511.355

	30 September 2023	31 December 2022
	Euronano (Pakistan) Solo	Euronano (Pakistan) Solo
Current assets	31.573.987	37.569.007
Non-current assets	4.551.410	4.573.486
Total assets	36.125.397	42.142.493
Current liabilities	76.830.876	55.413.972
Total debts	76.830.876	55.413.972
Net assets	(40.705.479)	(13.271.479)
<u>Profit Loss for the period:</u>		
Revenue	3.578.593	9.122.749
EBITDA	(12.681.430)	624.350
Profit / (Loss) for the period	(12.759.756)	(8.319.562)
<u>Profit Loss for the period:</u>	(12.759.756)	(8.319.562)

3. SHARES IN OTHER BUSINESS (continued)

	30 September 2023	31 December 2022
	RhineGene B.V. (Hollanda) Solo	RhineGene B.V. (Hollanda) Solo
Current assets	5.192.610	9.169.119
Non-current assets	14.283.271	7.702.208
Total assets	19.475.881	16.871.327
Current liabilities	6.503.358	88.498
Total debts	6.503.358	88.498
Net assets	12.972.523	16.782.829
<u>Profit Loss for the period:</u>		
EBITDA	(3.976.275)	(899.804)
Profit / (Loss) for the period	(4.250.763)	(905.935)
<u>Profit Loss for the period:</u>	(4.250.763)	(905.935)

	30 September 2023	31 December 2022
	RhineGene Philippines Solo	RhineGene Philippines Solo
Current assets	3.732.189	4.198.373
Non-current assets	672.941	470.351
Total assets	4.405.130	4.668.724
Current liabilities	9.081.284	5.284.690
Total debts	9.081.284	5.284.690
Net assets	(4.676.154)	(615.966)
<u>Profit Loss for the period:</u>		
EBITDA	(2.334.744)	--
Profit / (Loss) for the period	(2.334.744)	--
<u>Profit Loss for the period:</u>	(2.334.744)	--

3. SHARES IN OTHER BUSINESS (continued)

	30 September 2023	31 December 2022
	RhineGene Bulgaria Solo	RhineGene Bulgaria Solo
Current assets	5.770.563	5.402.169
Non-current assets	395.444	50.677
Total assets	6.166.007	5.452.846
Current liabilities	6.038.944	3.070.132
Non-current liabilities	--	--
Total debts	6.038.944	3.070.132
Net assets	127.063	2.382.714
<u>Profit Loss for the period:</u>		
Revenue	914.012	--
EBITDA	(2.693.290)	--
Profit / (Loss) for the period	(2.742.037)	--
<u>Profit Loss for the period:</u>	<u>(2.742.037)</u>	<u>--</u>

	30 September 2023	31 December 2022
	RhineGene Poland Solo	RhineGene Poland Solo
Current assets	20.470.901	126.536
Non-current assets	--	345.392
Total assets	20.470.901	471.928
Current liabilities	13.898.287	1.119.304
Total debts	13.898.287	1.119.304
Net assets	6.572.614	(647.376)
<u>Profit Loss for the period:</u>		
Revenue	5.631.341	--
EBITDA	(1.049.869)	--
Profit / (Loss) for the period	(1.098.236)	--
<u>Profit Loss for the period:</u>	<u>(1.098.236)</u>	<u>--</u>

4. CASH AND CASH EQUIVALENTS

The details of the Group's cash and cash equivalents for the periods are as follows:

		30 September 2023	31 December 2022
Cash on hand		287.148	117.058
Cash at banks		252.895.071	323.330.222
- Demand deposit		222.520.818	155.837.578
- Time deposit less than 3 months		30.374.253	167.492.644
		253.182.219	323.447.280

Currency	Interest rate (%)	Maturity	30 September 2023
TL	35%	July 2023	1.170.000
EURO	3,25%	July 2023	29.204.253
			30.374.253

Currency	Interest rate (%)	Maturity	31 December 2022
TL	%14,00-%26,75	January 2023	5.108.209
USD	%1,25-%3,55	January -March 2023	92.327.852
EURO	%1,5	January 2023	70.056.583
			167.492.644

5. FINANCIAL INVESTMENTS

The details of the Group's financial investments for the periods are as follows:

	30 September 2023	31 December 2022
Fair value through	110.201.741	75.522.051
Financial assets at fair value through profit or loss	200.219	25.572.806
	110.401.960	101.094.857

As of 30.09.2023, the Group's financial investments consist of Eurobonds amounting to USD 3.997.736 with an average interest rate of 3,27%, with a maturity between December 2023 and October 2025 (31 December 2022: 3.997.736).

6. TRADE RECEIVABLES AND PAYABLES

The details of the Group's trade receivables for the periods are as follows:

Short-term trade receivables	30 September 2023	31 December 2022
Trade receivables	65.775.875	67.322.854
Notes receivables	2.420.847	1.966.058
Income accruals	1.346.595	141.570
Doubtful receivables	837.207	591.084
Allowance for doubtful receivables (-) (*)	(837.207)	(591.084)
	69.543.317	69.430.482

As of 30 September 2023, the average maturity of the Group's trade receivables is 90 days. (31 December 2022: 90 days).

Explanations on the nature and level of risks in trade receivables are given in Note 31.

6. TRADE RECEIVABLES AND PAYABLES (continued)

(*) The movement of the allowance for doubtful receivables is as follows:

	1 January- 30 September 2023	1 January- 31 December 2022
Balance at beginning of the period	591.084	578.860
Amounts recovered during the year (Note 29)	206.452	90.412
Foreign currency conversion difference	39.671	42.048
End of the period	837.207	711.320

The details of the trade payables are as follows:

	30 September 2023	31 December 2022
<u>Short-term trade payables</u>		
Trade payables	13.570.648	5.212.178
Expense Accruals	3.577.641	1.056.752
Trade payables to related segments	--	340.525
Other trade payables	2.138.890	1.203.523
	19.287.179	7.812.978

As of 30 September 2023, the average maturity of the Group's trade receivables is 90 days. (31 December 2022: 74 day).

Explanations on the nature and level of risks in trade payables are given in Note 30.

7. RELATED PARTIES TRANSACTION

<u>Trade payables to related parties</u>	30 September 2023	31 December 2022
Anatolia Makine Sanayi ve Ticaret Ltd. Şti.	--	340.525
	--	340.525

The details of the Group's related party disclosures for the periods are as follows:

	1 January- 30 September 2023	1 January- 30 September 2022
Anatolia Makine Sanayi ve Ticaret Ltd. Şti. (*)	5.100	5.399

(*) Anatolia Makine Sanayi ve Ticaret Ltd Şti. sells imported instrument and provides labour services to the Company for instrument production.

Key management compensation:

The total amount of wages and similar benefits provided to the Group's President and Vice President of the Board of Directors and other key executives as of 30 September 2023 is TL 4.439.429 (30 September 2022: TL 5.485.132).

8. OTHER RECEIVABLES AND PAYABLES

The details of the Group's other receivables and payables for the periods are as follows:

<u>Short term other receivables</u>	<u>30 September 2023</u>	<u>31 December 2022</u>
Other receivables from third parties	5.444.114	6.116.179
Deposits and guarantees given	658.706	459.993
	6.102.820	6.576.172
<u>Long term other receivables</u>	<u>30 September 2023</u>	<u>31 December 2022</u>
Deposits and guarantees given	497.392	572.916
Other Receivables	970.003	--
	1.467.395	572.916
<u>Short term other payables</u>	<u>30 September 2023</u>	<u>31 December 2022</u>
Deferred tax payables	781.826	840.987
Other payables	2.551.186	1.137.949
	3.333.012	1.978.936

9. INVENTORIES

The details of the Group's inventories for the periods are as follows:

	<u>30 September 2023</u>	<u>31 December 2022</u>
Raw materials	46.798.184	39.215.870
Finished goods	50.449.974	36.808.115
Semi-finished goods	11.257.911	10.803.098
Trade goods	18.306.102	5.854.766
Other Inventories	4.349.920	2.753.154
Provision for impairment in inventory	(9.359.068)	(4.588.863)
	121.803.023	90.846.140

10. PREPAID EXPENSES AND DEFERRED INCOME

The details of short and long-term prepaid expense for the periods are as follows:

<u>Short-term prepaid expenses</u>	<u>30 September 2023</u>	<u>31 December 2022</u>
Advances given to suppliers (*)	1.806.217	1.328.922
Prepaid expenses (**)	2.296.652	2.200.681
	<u>4.102.869</u>	<u>3.529.603</u>

(*) Consists of personnel expenses in the Center and Free Zone.

(**) Order advances given consist of advances given for building modernization and investment to move the Group's headquarters and R&D center.

<u>Long-term prepaid expenses</u>	<u>30 September 2023</u>	<u>31 December 2022</u>
Prepaid expenses for the following years	1.146.203	357.065
Advances given	384.379	--
	<u>1.530.582</u>	<u>357.065</u>

(*) Advances given consist of prepayments for the modernization and investment of the Group's building in Sultanbeyli which the Group purchased in December 2020 to move its headquarters and R&D center.

<u>Deferred income-short term</u>	<u>30 September 2023</u>	<u>31 December 2022</u>
Advances received (*)	539.913	599.546
Prepaid revenues	215.250	--
	<u>755.163</u>	<u>599.546</u>

(*) Advances received consist of advances received by the Group from customers regarding sales.

11. OTHER ASSETS AND LIABILITIES

The details of other assets and liabilities for the periods are as follows:

<u>Other current assets</u>	<u>30 September 2023</u>	<u>31 December 2022</u>
Deferred VAT	23.173.517	22.958.207
Other current assets	453.118	132.259
	23.626.635	23.090.466
<u>Other short-term liabilities</u>	<u>30 September 2023</u>	<u>31 December 2022</u>
Prepaid taxes and dues	1.590.127	1.974.119
Other	25.680	--
	1.615.807	1.974.119

12. PROPERTY, PLANT AND EQUIPMENTS

Movement of property, plant, and equipment for the period 01.01.-30.09.2023 is as follows:

	1 January 2023	Additions	Disposals (-)	Transfers	Foreign currency translation differences	30 September 2023
Cost						
Land and land improvements	22.500.000	3.981.307	--	--	--	26.481.307
Buildings	74.532.257	--	(3.971.483)	--	4.087.665	74.648.439
Machinery and equipment	81.528.442	22.057.248	(7.763.955)	--	13.360.798	109.182.532
Vehicles	9.584.396	4.751.373	(1.342.044)	--	364.076	13.357.801
Furniture and fixtures	20.231.237	3.320.962	(16.101)	--	82.335	23.618.433
Construction in progress	288.549	874.935	(560.984)	--	(507.040)	95.460
Leasehold improvements	4.628.875	323.082	--	--	1.409.462	6.361.419
	213.293.756	35.308.907	(13.654.568)	--	18.797.296	253.745.391
	1 January 2023	Current year charge	Disposals (-)	Transfers	Foreign currency translation differences	30 September 2023
Accumulated depreciation						
Buildings	(2.934.649)	(984.226)	254.963	--	(647.358)	(4.311.270)
Machinery and equipment	(24.378.288)	(7.180.040)	447.483	--	(3.259.647)	(34.370.492)
Vehicles	(2.934.098)	(2.365.131)	310.737	--	(392.321)	(5.380.813)
Furniture and fixtures	(4.224.698)	(2.791.401)	537	--	(564.889)	(7.580.452)
Leasehold improvements	(2.632.903)	(529.496)	--	--	(352.049)	(3.514.448)
	(37.104.636)	(13.850.295)	1.013.720	--	(5.216.264)	(55.157.475)
Net book value	176.189.120					198.587.916

As of 30 September 2023, property, plant, and equipment are insured for TL 64.248.204 and there is no mortgage on it (31.12.2022: 74.880.000 TL).

12. PROPERTY, PLANT AND EQUIPMENTS (continued)

Movement of property, plant and equipment for the period 01.01.-30.09.2022 is as follows:

	1 January 2022	Additions	Disposals (-)	Transfers	Foreign currency conversion differences	30 September 2022
Cost						
Land and land improvements	22.500.000	--	--	2.476.986	--	24.976.986
Buildings	59.074.090	--	--	(2.476.986)	2.302.406	58.899.510
Machinery and equipment	47.647.923	27.778.716	(835.299)	--	3.129.947	77.721.287
Vehicles	5.468.165	2.754.198	-	--	231.829	8.454.192
Furniture and fixtures	8.534.216	9.997.866	(25.750)	--	(412.589)	18.073.743
Construction in progress	--	273.460	--	--	-	273.460
Leasehold improvements	4.727.191	545.867	(752.028)	--	(35.639)	4.485.391
	147.951.585	41.330.107	(1.613.077)	--	5.215.954	192.884.569
	1 January 2022	Current year charge	Disposals (-)	Transfers	Foreign currency conversion differences	30 September 2022
Accumulated depreciation						
Buildings	(168.616)	(1.689.708)	--	--	(154.692)	(2.013.016)
Machinery and equipment	(13.972.638)	(5.620.408)	172.124	--	(447.357)	(19.868.279)
Vehicles	(1.455.669)	(725.116)	--	--	(10.607)	(2.191.392)
Furniture and fixtures	(1.605.035)	(1.571.559)	17.966	--	(4.384)	(3.163.012)
Leasehold improvements	(2.022.043)	(157.351)	--	--	--	(2.179.394)
	(19.224.001)	(9.764.144)	190.090	--	(617.040)	(29.415.093)
Net book value	128.727.584					163.469.476

As of 30.09.2022, property, plant and equipment are insured for TL 64.248.204 and there is no mortgage on it.
(31.12.2022: 74.880.000 TL)

Depreciation and amortization shown in expense accounts associated with tangible and intangible assets and right-of-use assets as of 30 September are as follows:

	1 January- 30 September 2023	1 January- 30 September 2022
Cost		
Cost of sales (Note 24)	(4.318.837)	(2.993.886)
General administrative expenses (Note 26)	(4.977.524)	(4.832.793)
Research and development expenses (Note 27)	(4.644.094)	(1.997.041)
Selling and marketing expenses (Note 25)	(3.106.990)	(2.500.414)
	(17.047.445)	(12.324.134)

13. INTANGIBLE ASSETS

Movement of intangible fixed asset for the period 01.01.-30.09.2023 is as follows:

	1 January 2023	Additions	Transfers	Foreign currency conversion differences	30 September 2023
Cost					
vRights (*)	16.732.007	4.219.936	--	1.364	20.953.307
Research and development costs (**)	34.357.897	28.934.449	--	--	63.292.346
Other intangible fixed assets	534.543	94.982	--	(68.097)	561.428
	51.624.447	33.249.367	--	(66.733)	84.807.081
	1 January 2023	Current year charge	Transfers	Foreign currency conversion differences	30 September 2023
Accumulated depreciation					
Rights	(7.930.865)	(2.564.958)	--	--	(10.495.823)
Other intangible fixed assets	(300.717)	(85.216)	--	(139.709)	(525.642)
	(8.231.582)	(2.650.174)	--	(139.709)	(11.021.465)
Net book value	43.392.865				73.785.616

(*) Rights mostly consist of R&D projects of the Group that are activated by reaching the final product.

(**) Research and development costs consist of ongoing R&D projects of the Group.

Movement of intangible fixed assets for the period 01.01.-30.09.2022 is as follows:

	1 January 2022	Additions	Disposals (-)	Transfers	Foreign currency conversion differences	30 September 2022
Cost						
Rights (*)	13.560.824	294.351	--	1.576.822	651	15.432.648
Research and development costs (**)	14.310.589	16.242.933	--	(1.576.822)	--	28.976.700
Other intangible fixed assets	326.523	185.883	--	--	12.951	525.357
	28.197.936	16.723.167	--	--	13.602	44.934.705
	1 January 2022	Current year charge	Disposals (-)	Transfers	Foreign currency conversion differences	30 September 2022
Accumulated depreciation						
Rights	(5.148.317)	(1.211.680)	--	--	3.899	(6.356.098)
Other intangible fixed assets	(200.776)	(74.935)	--	--	77.578	(198.133)
	(5.349.093)	(1.286.615)	--	--	81.477	(6.554.231)
Net book value	22.848.843					38.380.474

(*) Rights mostly consist of R&D projects of the Group that are activated by reaching the final product.

(**) Research and development costs consist of ongoing R&D projects of the Group.

14. RIGHTS OF USE ASSETS

Movement of rights of use assets for the period 01.01.-30.09.2023 is as follows:

	Buildings	Total
1 January 2023	12.738.610	12.738.610
Additions	4.849.592	4.849.592
30 September 2023	17.588.202	17.588.202
	Buildings	Total
<u>Accumulated depreciation</u>		
1 January 2023	(1.498.659)	(1.498.659)
Period depreciation	(546.976)	(546.976)
30 September 2023	(2.045.635)	(2.045.635)
Net book value		
30 September 2023	15.542.567	15.542.567
	Buildings	Total
<u>Cost</u>		
1 January 2023	1.133.150	1.133.150
Additions	3.960.349	3.960.349
30 September 2023	5.093.499	5.093.499
	Buildings	Total
<u>Accumulated depreciation</u>		
1 January 2022	(1.087.339)	(1.087.339)
Disposals (-)	1.087.339	1.087.337
Period depreciation	(1.273.375)	(1.273.375)
30 September 2022	(1.273.375)	(1.273.375)
Net book value		
30 September 2022	3.820.124	3.820.124

15. LEASE LIABILITIES

The details of lease of liabilities for the periods are as follows:

	30 September 2023	31 December 2022
Short-term lease liabilities	1.697.855	1.060.536
Long-term lease liabilities	14.390.030	10.710.601
	16.087.885	11.771.137
	1 January- 30 September 2023	1 January- 30 September 2022
Operating lease as of January 1	11.771.137	--
Current operating lease liability increase	--	5.093.499
Current operating lease liability payment	(1.347.139)	(1.160.050)
Current interest expense	(622.430)	(132.175)
Current foreign currency effects	6.286.317	129.716
Operating lease at the end of the periods	16.087.885	3.930.990

16. FINANCIAL BORROWINGS

The details of financial borrowings for the periods are as follows:

	<u>30 September 2023</u>	<u>31 December 2022</u>
Other financial borrowings (*)	696.169	337.292
Short-term borrowings	<u>696.169</u>	<u>337.292</u>
Short term portion of long term borrowings	271.293	920.886
Short-term portion of long-term borrowings	<u>271.293</u>	<u>920.886</u>
Long-term borrowings	77.010	294.078
Long-term borrowings	<u>77.010</u>	<u>294.078</u>
Total financial borrowings	<u>1.044.472</u>	<u>1.552.256</u>

(*) Other financial borrowings consist of credit card borrowings.

The details of currency-based financial liabilities are as follows:

	<u>Interest rate</u>	<u>30 September 2023</u>
TL bank borrowings	%10,27 - %23,95	348.303
		<u>348.303</u>
	<u>Interest rate</u>	<u>31 December 2022</u>
TL bank borrowings	%7,50 - %16,80	1.214.964
		<u>1.214.964</u>

17. EMPLOYEE BENEFITS

Severance pay provision

Under the Turkish Legislations, the Company and its subsidiaries which located in Turkey, is required to pay termination benefits to each employee, who has completed one year of service and whose employment is terminated without due cause, is called up for military service, dies, who retires after completing 25 years for man and 20 years for women of service and reaches the retirement age (58 for women and 60 for men). Due to the amendment of the legislation as of 8 September 1999, there are certain transitional obligations regarding the length of service due to retirement.

These payments are calculated based on the rate on the day of retirement or termination per year worked, with a maximum of TL 23.489,83 over the 30-day salary as of 30 September 2023 (31 December 2022: TL 10.849). The provision for severance pay is calculated on a current basis and is reflected in the Consolidated financial statements. The provision is calculated according to the severance pay ceiling announced by the Government.

Provision for termination benefits is made by calculating the present value of the possible liability to be paid in case of retirement of employees. To calculate the liabilities of the Group in accordance with TAS 19 (Employee Benefits), a calculation made with actuarial assumptions is required. Accordingly, the actuarial assumptions used in the calculation of total liabilities are given below. The basic assumption is that the maximum liability for each year of service will increase in line with inflation. Hence the discount rate applied represents the expected real interest rate after adjusting for the effects of future inflation. As a result, the liabilities in the accompanying Consolidated financial statements as of 30 September 2023 and 31 December 2022 are calculated by estimating the present value of the future probable obligation arising from the retirement of the employees.

	30 September 2023	31 December 2022
Discount rate	1,82%	--
Estimated rate of salary increasing /inflation rate	18,86%	21,83%
The turnover ratio used to calculate the probability of retirement	99%	100,00%

It is planned that the severance pay rights will be paid at the end of the concession agreement. Accordingly, the terms of the concession agreements are considered in calculating the present value of the liabilities to be paid in the future.

The details of long-term severance pay provisions for the periods are as follows:

<u>Long-term provisions</u>	30 September 2023	31 December 2022
Severance pays provisions	5.669.688	8.437.533
	5.669.688	8.437.533

Movement of severance pay provisions for the periods are as follows:

	30 September 2023	30 September 2022
Balance at January 1	2.084.952	1.610.518
Service cost	3.303.798	649.193
Interest cost	1.606.267	312.091
Actuarial (Gain)/Loss	(581.846)	(307.181)
Paid	(743.483)	(179.669)
Balance at December 31	5.669.688	2.084.952

17. EMPLOYEE BENEFITS (continued)

The details of short-term employee benefits provisions for the periods are as follows:

<u>Short-term provisions</u>	<u>30 September 2023</u>	<u>31 December 2022</u>
Provision for vacation pay liability	3.269.600	1.674.946
	<u>3.269.600</u>	<u>1.674.946</u>

Movement of vacation pay provisions as follows:

<u>Short-term provisions</u>	<u>30 September 2023</u>	<u>30 September 2022</u>
Balance at January 1	1.674.946	762.709
Current year provision expense (*)	1.594.654	779.658
Balance at the end of the periods	<u>3.269.600</u>	<u>1.542.367</u>

(*) Leave provision expenses for the relevant periods are included in personnel expenses.

18. COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES

a) Guarantees received

As of 30 September 2023, the Group has no guarantees received (31 December 2022: None).

b) Guarantees given

Collaterals/ pledges/ mortgages/bill of guarantees ("CPMB") position of the Group as of 30 September 2023 and 31 December 2022 are as follows:

<u>CPMB's given by the Group</u>	<u>30 September 2023</u>	<u>31 December 2022</u>
A. CPMB's given for Group's own legal personality	4.953.229	4.211.789
B. CPMB's given on behalf of fully consolidated companies	--	--
C. CPMB's given on behalf of third parties for ordinary course of business	--	--
D. Total amount of other CPMB's	--	--
i) Total amount of CPMB's given on behalf of the majority shareholder	--	--
ii) Total amount of CPMB's given on behalf of other Group companies which are not in scope of B and C	--	--
iii) Total amount of CPMB's given on behalf of third parties which are not in scope of C	--	--
	<u>4.953.229</u>	<u>4.211.789</u>

As of 30 September 2023, the ratio of other CPMs given by the Group to the Group's equity is 0% (31 December 2022: 0%).

19. PAYABLES WITHIN BENEFIT TO EMPLOYEES

The details of employee benefits obligations for the periods are as follows:

	30 September 2023	31 December 2022
Due to personnel	6.661.715	533.732
Payable to social security withholding	4.273.662	1.524.656
	10.935.377	2.058.388

20. INCOME TAX

The details of current period tax assets for the periods are as follows:

<u>Current period tax assets:</u>	30 September 2023	31 December 2022
Current tax expense	(12.097.362)	(488.534)
Prepaid taxes and funds	15.458.830	488.534
	3.361.468	--
	30 September 2023	30 September 2022
Deferred tax assets/liabilities	(15.217.781)	(6.981.465)
Deferred tax income/(expense)	(6.724.826)	(169.447)
	(21.942.607)	(7.150.912)

Corporation tax

As of 30 September 2023, the corporate tax rate is 23% in Turkey (31 December 2022: 23%). Corporation tax rate is applied to net income of the companies after adjusting for certain disallowable expenses, exempt income and allowances. With the provision added to Article 35 of the Law No. 7256 and Article 32 If more than 20 percent of its shares are offered to the public for the first time in the Borsa Istanbul market, the Group pays corporate tax with a discount of 2 points for 5 years. As of April 22, 2021, the company's corporate tax rate has been calculated 18%. Accordingly, in the Group's consolidated financial statements as of September 30, 2023, when calculating deferred tax assets and liabilities for its subsidiaries residing in Turkey, the tax rate is 23% for the parts of the temporary differences that will occur. Corporate tax losses can be carried forward for a maximum period of 5 years following the year in which the losses were incurred. The tax authorities can inspect tax returns and the related accounting records for a retrospective maximum period of five years.

10% withholding applies to dividends distributed by resident real persons, those who are not liable to income and corporation tax, non-resident real persons, non-resident corporations (excluding those that acquire dividend through a permanent establishment or permanent representative in Turkey) and non-resident corporations exempted from income and corporation tax.

Dividend distribution by resident corporations to resident corporations is not subject to a withholding tax. Furthermore, in the event the profit is not distributed or included in capital, no withholding tax shall be applicable.

20. INCOME TAX (continued)

Corporation tax (continued)

Dividend earnings of corporations from participation in the capital of another corporation subject to full obligation (Except for the dividends obtained from mutual funds participation certificate and the shares of investment trusts) are exempt from corporation tax. In addition, 75% of the profits arising from the sale of the participation shares in the assets of the corporations for at least two full years and the real estates, founder shares, usufruct shares and pre-emptive rights owned for the same period, are exempt from corporate tax as of 31 December 2017. However, with the amendment made with the Law No. 7061, this rate has been reduced from 75% to 50% in terms of immovables and this rate is used as 50% in tax returns to be prepared as of 2018.

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

There is no practice in Turkey to reach an agreement with the tax administration regarding the taxes to be paid. Corporate tax returns are submitted within four months following the end of the period. The tax inspection authorities may examine the tax returns and the accounting records underlying them for five years following the accounting period and make a reassessment because of their findings.

Income tax withholding

There is a withholding tax liability on dividend distributions, and this withholding liability is accrued in the period when the dividend payment is made. Dividend payments are subject to 15% withholding tax, excluding those made to non-resident companies that generate income through a workplace or their permanent representative in Turkey, and to companies residing in Turkey. In the application of withholding tax rates for profit distributions to non-resident companies and natural persons, the withholding tax rates in the relevant Double Taxation Agreements are also considered. The addition of retained earnings to the capital is not considered as profit distribution, so it is not subject to withholding tax.

Transfer pricing regulations

In Turkey, transfer pricing regulations are specified in Article 13 of the Corporate Tax Law, titled "Hidden income distribution through transfer pricing". The notified dated 18 November 2007 on hidden income distribution via transfer pricing regulates the details of the implementation.

If the taxpayer buys or sells goods or services with related parties at the price or price, they have determined in peer assessment, the profit is deemed to have been distributed through transfer pricing, in whole or in part. Hidden income distribution through is considered as a non-deductible expense for corporate tax.

Deferred tax assets and liabilities:

Deferred tax liability or assets are determined by calculating the tax effects of temporary differences between the values of assets and liabilities shown in the Consolidated financial statements and the amounts considered in the legal tax base calculation. Deferred tax liability or assets are reflected in the accompanying Consolidated financial statements by considering the tax rates that are expected to be valid in the future periods when the temporary differences will disappear.

In reflecting the deferred tax asset to the consolidated financial statements, the developments in the sector in which it operates, taxable profit estimates in the future, it considers factors such as the general economic and political situation in Turkey and/or the international general economic and political situation that may affect the Group.

The Group considers factors such as developments in the sector in which it operates, taxable profit estimates in the future, general economic and political situation in Turkey and/or international general economic and political situation that may affect the Group while reflecting the deferred tax asset to the consolidated financial statements. The Group estimates that it will generate sufficient taxable profits in the future.

20. INCOME TAX (continued)

Recognized deferred tax assets and liabilities

The details of deferred tax assets and liabilities for the periods are as follows:

	30 September 2023		31 December 2022	
	Cumulative temporary differences	Deferred tax	Cumulative temporary differences	Deferred tax
<u>Deferred tax assets</u>				
Provisions for employee benefits	7.597.896	1.747.516	9.316.558	1.863.312
Expenses accruals	--	--	--	--
Lease liabilities	545.318	125.423	531.186	106.237
Trade receivables	283.887	65.294	283.888	56.777
Deferred tax assets	8.427.101	1.938.233	10.131.632	2.026.326
<u>Deferred tax liabilities</u>				
Financial liabilities	(25.691)	(5.909)	(66.057)	(13.211)
Tangible and intangible assets	(49.763.515)	(11.445.608)	(23.338.738)	(4.667.748)
Deferred tax liabilities	(49.789.206)	(11.451.517)	(23.404.795)	(4.680.959)
Net deferred tax		(9.513.284)		(2.654.633)

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Notes to the Consolidated Financial Statements as of 30 September 2023

(Amounts expressed in TL unless otherwise indicated.)

21. SHARE CAPITAL AND NON-CONTROLLING INTERESTSShare Capital

The paid capital structure of the Group for the periods are as follows:

	30 September 2023	Share	31 December 2022	Share
	TL	%	TL	%
Shareholders				
Alper Akyüz	93.562.286	42,53	46.781.143	42,53
Elif Akyüz	45.603.000	20,73	22.801.500	20,73
Actual Shares Outstanding (*)	66.706.153	30,32	32.375.971	29,43
Other	14.128.561	6,42	8.041.386	7,31
Total paid-in capital	220.000.000	100	110.000.000	100

(*) The company is registered with the Capital Markets Board ("CMB") and its shares are traded on Borsa İstanbul A.Ş. ("BIST") as of 21.10.2021. As of 30 September 2023, the Company has 30,32% of shares registered in BIST.

As of 30 September 2023, the capital of the Group consists of 220.000.000 shares. (31 December 2022: TL 110.000.000). The nominal value of the shares is TL 1 per share. (31 December 2022: per share TL 1). Company shares are represented by two separate share groups as A and B group, and A group shares provide voting rights to the shareholder. The Company's shares consist of 40.000.000 Group A shares and 180.000.000 Group B shares.

Non- controlling interests

As of 30 September 2023, there is no non-controlling interests (31 December 2022: there is no non-controlling interests).

22. EARNINGS PER SHARE

Earnings per share for the periods are as follows:

	30 September 2023	30 September 2022
Net profit for the period of the equity holders of the parent	97.815.582	305.633.902
Weighted average number of shares with nominal value of TL 1 each	220.000.000	110.000.000
Earnings per share (TL)	0,4446	2,7785

23. REVENUE AND COST OF SALES

Revenue for the periods are as follows:

	1 January- 30 September 2023	1 January- 30 September 2022	1 July- 30 September 2023	1 July- 30 September 2022
Domestic Sales	52.643.534	39.503.603	16.016.076	13.955.471
Export Sales	66.742.921	188.898.055	32.098.153	33.479.112
Other Revenue	3.989.313	2.289.397	1.810.906	1.523.684
Gross Sales	123.375.768	230.691.055	49.925.135	48.958.267
Sales Returns (-)	(297.740)	(2.351.695)	(130.677)	(2.143.670)
Sales Discount (-)	(46.574)	(234.539)	(4.673)	-
Net Sales	123.031.454	228.104.821	49.789.785	46.814.597
Cost of goods sold (-)	(23.242.982)	(28.820.411)	(11.740.107)	(8.774.903)
Cost of merchandise sold (-)	(7.498.243)	(1.023.875)	(83.446)	306.704
Cost of services sold (-)	(785.367)	(222.223)	(356.073)	(117.247)
Gross Profit	91.504.862	198.038.312	37.610.159	38.229.151

24. MARKETING, SELLING AND DISTRIBUTION EXPENSES

The details of selling and marketing expenses for the periods are as follows:

	1 January- 30 September 2023	1 January- 30 September 2022	1 July- 30 September 2023	1 July- 30 September 2022
Personnel expenses	(22.875.752)	(9.919.959)	(9.309.159)	(4.177.372)
Logistic expenses	(3.206.158)	(3.143.601)	(1.440.567)	(659.574)
Commission expenses	(1.971.973)	(3.452.544)	(800.424)	(348.736)
Fair, exhibition expenses	(1.205.597)	(21.172)	(587.989)	--
Export expenses	(1.021.807)	(761.497)	(502.814)	(252.380)
Travel expenses	(1.642.224)	(682.331)	(1.068.150)	(233.293)
Depreciation and amortization expenses (Note 12)	(5.049.643)	(2.500.414)	(1.942.653)	(1.585.904)
Transportation expenses	(844.161)	(803.796)	(384.915)	(224.195)
Outsourced benefits and services	(1.283.733)	(1.006.360)	(319.933)	(131.452)
Representation expenses	(50.506)	(124.505)	(30.596)	(71.723)
Taxes and funds expenses	(317.934)	(120.313)	(188.502)	(62.645)
Other	(4.357.195)	(1.185.971)	(3.145.280)	(64.202)
Total	(43.826.682)	(23.722.463)	(19.720.982)	(7.811.476)

25. GENERAL ADMINISTRATIVE EXPENSES

The details of general administrative expenses for the periods are as follows:

	1 January- 30 September 2023	1 January- 30 September 2022	1 July- 30 September 2023	1 July- 30 September 2022
Personnel expenses	(25.620.203)	(11.407.532)	(8.540.068)	(5.295.913)
Outsourced benefits and services	(15.055.888)	(7.172.554)	(5.018.629)	(1.698.469)
Taxes and funds expenses	(1.958.864)	(1.783.307)	(652.955)	(209.787)
Depreciation and amortization expenses (Note 12)	(7.292.906)	(4.832.793)	(595.868)	(2.123.134)
Insurance expenses	(979.171)	(369.896)	(301.438)	(223.296)
Other	(4.458.466)	(3.887.400)	(555.459)	(1.454.166)
	(55.365.498)	(29.453.482)	(15.664.416)	(11.004.765)

26. RESEARCH AND DEVELOPMENT EXPENSES

The details of research and development expenses for the periods are as follows:

	1 January- 30 September 2023	1 January- 30 September 2022	1 July- 30 September 2023	1 July- 30 September 2022
Depreciation and amortization expenses (Note 12)	(4.644.094)	(1.997.041)	(3.556.978)	(705.576)
	(4.644.094)	(1.997.041)	(3.556.978)	(705.576)

27. OTHER OPERATING INCOME AND EXPENSES

The details of other operating income and expenses for the periods are as follows:

	1 January- 30 September 2023	1 January- 30 September 2022	1 July- 30 September 2023	1 July- 30 September 2022
<u>Other operating income</u>				
Foreign exchange gain on trade receivables and payables	91.754.784	58.106.685	15.554.423	22.995.721
Interest income from financial investments	--	32.343.765	--	1.663.605
Other	12.599.959	3.596.286	8.468.752	900.369
	104.354.743	94.046.73	24.023.175	25.559.695
	1 January- 30 September 2022	1 January- 30 September 2022	1 July- 30 September 2023	1 July- 30 September 2022
<u>Other operating income loss</u>				
Foreign exchange loss on trade receivables and payables	(12.716.617)	(16.128.439)	(4.698.679)	(4.450.386)
Establishment and organization expenses	--	(5.795.613)	--	(5.795.613)
Provisions for doubtful receivables (Note 6)	(92.527)	(90.412)	(15.963)	(28.712)
Other (*)	(38.291.603)	(3.719.397)	(18.189.804)	(269.662)
	(51.100.747)	(25.733.861)	(22.904.446)	(10.544.373)

(*) Other expenses include 2022 Additional Earthquake Tax payment of 28,471,347 TL.

28. FINANCIAL INCOME AND EXPENSES

	1 January- 30 September 2023	1 January- 30 September 2022	1 July- 30 September 2023	1 July- 30 September 2022
<u>Other operating income</u>				
Profit on sales of tangible fixed assets	2.872.653	--	2.872.653	--
Interest income from financial investments	703.411	--	--	--
Exchange rate protected time deposit income	10.381.523	32.343.765	884.643	1.663.605
	13.957.587	32.343.765	3.757.296	1.663.605

29. FINANCIAL INCOME AND EXPENSES

The details of finance income and expenses for the periods are as follows:

	1 January- 30 September 2023	1 January- 30 September 2022	1 July- 30 September 2023	1 July- 30 September 2022
<u>Finance income</u>				
Foreign exchange gain	59.080.388	98.892.883	11.075.048	22.300.983
Interest income	19.216.023	20.317.613	5.508.517	6.809.161
Interest income from lease transactions		--		--
	78.296.411	119.210.496	16.583.565	29.110.144
	1 January- 30 September 2023	1 January- 30 September 2022	1 July- 30 September 2023	1 July- 30 September 2022
<u>Finance expenses</u>				
Foreign exchange loss	(10.813.942)	(11.202.146)	(4.562.325)	(7.909.282)
Interest expense on borrowings	(1.982.021)	(540.177)	(642.056)	(146.299)
Interest expense arising from rental transactions	(622.430)	(132.175)	(35.322)	(62.003)
	(13.418.393)	(11.874.498)	(5.239.703)	(8.117.584)

30. FINANCIAL INSTRUMENTS

Capital Risk Management

While trying to ensure the continuity of its activities in capital management, the Group also aims to increase its profits by using the debt and equity balance in the most efficient way. The Group's capital structure consists of equity items including issued capital, reserves and retained earnings.

The gearing ratios for the periods are as follows:

	30 September 2023	31 December 2022
Total financial liabilities	17.132.357	13.323.393
Less: Cash and cash equivalents	(253.182.219)	(323.447.280)
Net debt	(236.049.862)	(310.123.887)
Total equity	813.443.449	817.330.063
Net debt to equity ratio	577.393.587	507.206.176

Risk Management System

When calculating the Group's capital risk management, debts and equity items including cash and cash equivalents, paid-in capital, defined benefit plans remeasurement gains / losses, restricted reserves from profit and retained earnings / (losses) are considered, respectively.

The risks associated with each capital class, together with the group capital cost, are evaluated by the senior management. Based on senior management assessments, it is aimed to keep the capital structure in balance through the acquisition of new debt or repayment of existing debt, as well as through dividend payments.

31. NATURE AND LEVEL OF RISKS ARISING FROM DERIVATIVE FINANCIAL INSTRUMENTS

Risk management disclosures

The Group's activities expose it to a variety of financial risks, including the effects of changes in debt and equity market prices, foreign currency exchange rates and interest rates. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance of the Group.

Credit risk

Credit risk is the risk that a customer or a counterparty will not fulfil its contractual obligations and arises mainly from customer receivables.

30 September 2023	Receivables				Cash at Banks	Financial Investments
	Trade receivables		Other receivables			
	Related Party	Third Party	Related Party	Third Party		
Maximum credit risk exposed as of balance sheet date, (A+B+C+D)	--	69.543.317	--	7.570.215	252.895.071	110.401.960
- Secured portion of the maximum credit risk by guarantees	--	--	--	--	--	--
A. Net book value of financial assets that are neither past due nor impaired	--	69.543.317	--	7.570.215	252.895.071	110.401.960
B. Net book value of the impaired assets	--	--	--	--	--	--
- Past due (gross carrying amount)	--	837.207	--	--	--	--
- Impairment (-)	--	(837.207)	--	--	--	--
- Secured portion of the net value by guarantees, etc.	--	--	--	--	--	--

31. **NATURE AND LEVEL OF RISKS ARISING FROM DERIVATIVE FINANCIAL INSTRUMENTS (continued)**

Credit risk (continued)

31 December 2022	Receivables					Financial Investments
	Trade receivables		Other receivables		Cash at Banks	
	Related Party	Third Party	Related Party	Third Party		
Maximum credit risk exposed as of balance sheet date, (A+B+C+D)	--	69.430.482	--	7.149.088	323.330.222	101.094.857
- Secured portion of the maximum credit risk by guarantees	--	--	--	--	--	--
A. Net book value of financial assets that are neither past due nor impaired	--	69.430.482	--	7.149.088	323.330.222	101.094.857
B. Net book value of the impaired assets	--	--	--	--	--	--
- Past due (gross carrying amount)	--	591.084	--	--	--	--
- Impairment (-)	--	(591.084)	--	--	--	--
- Secured portion of the net value by guarantees, etc.	--	--	--	--	--	--

The Group monitors the collectability of its trade receivables periodically and allocates provision for doubtful receivables for possible losses that may arise from doubtful receivables based on the collection rates of previous years. Following the provision for doubtful receivables, if all or part of the doubtful receivable amount is collected, the collected amount is deducted from the doubtful receivable provision and associated with profit or loss.

Liquidity risk

The Group manages liquidity risk by maintaining adequate funds and available borrowing by regularly monitoring forecast and actual cash flows and matching the maturities of financial assets and liabilities. Prudent liquidity risk management expresses the ability to keep sufficient cash, the availability of sufficient credit transactions, the availability of fund resources and the ability to close market positions.

The funding risk of current and prospective debt requirements is managed by maintaining the availability of sufficient number of high-quality lenders.

The table below shows the maturity distribution of the Group's non-derivative financial liabilities:

Contractual maturity	30 September 2023					
	Carrying Value	Contractual cash flows	Less than 3 months	3 - 12 month	1 - 5years	More than 5 years
Non derivative financial liabilities	39.627.125	39.792.914	23.808.647	1.476.861	8.566.285	5.900.755
Loans and borrowings	1.044.472	1.084.838	763.992	203.470	77.010	0
Lease liabilities	15.962.462	16.087.885	424.464	1.273.391	8.489.275	5.900.755
Trade payables	19.287.179	19.287.179	19.287.179	--	--	--
Other payables	3.333.012	3.333.012	3.333.012	--	--	--

Contractual maturity	31 December 2022					
	Carrying Value	Contractual cash flows	Less than 3 months	3 - 12 month	1 - 5years	More than 5 years
Non derivative financial liabilities	23.115.306	23.804.891	10.653.790	1.573.752	6.299.657	5.277.692
Loans and borrowings	1.552.255	1.612.465	582.566	735.822	294.077	--
Trade payables	11.771.137	12.400.512	279.310	837.930	6.005.580	5.277.692
Other payables	7.812.978	7.812.978	7.812.978	--	--	--
Other debts	1.978.936	1.978.936	1.978.936	--	--	--

31. NATURE AND LEVEL OF RISKS ARISING FROM DERIVATIVE FINANCIAL INSTRUMENTS
(continued)

Foreign Currency Risk

For the periods, the Group's foreign currency position consists of foreign currency denominated assets and liabilities stated in the table below:

		30 September 2023			31 December 2022		
		TL			TL		
		Equivalent	USD	EUR	Equivalent	USD	EUR
1	Trade payables	27.979.004	145.191	826.859	94.706.464	3.494.824	1.468.581
2a.	Monetary financial assets	347.448.379	6.566.350	5.776.111	372.174.008	11.113.327	8.224.105
2b.	Non-Monetary financial assets	--	--	--	--	--	--
3	Other	1.533.165	7.742	45.511	--	--	--
4	Current assets (1+2+3)	376.960.548	6.719.284	6.648.481	466.880.472	14.608.151	9.692.686
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)	376.960.548	6.719.284	6.648.481	466.880.472	14.608.151	9.692.686
10	Trade payables	2.066.857	50.468	23.603	5.825.859	34.464	259.316
11	Financial borrowings	571.964	289	19.430	--	--	--
12a.	Other Monetary financial liabilities	--	--	--	--	--	--
12b.	Other Non-Monetary financial liabilities	--	--	--	--	--	--
13	Current liabilities (10+11+12)	2.638.821	50.757	43.033	5.825.859	34.464	259.316
14	Trade payables	--	--	--	--	--	--
15	Financial borrowings	--	--	--	--	--	--
16a.	Other Monetary financial liabilities	--	--	--	--	--	--
16b.	Other Non-Monetary financial liabilities	--	--	--	--	--	--
17	Non-Current liabilities (14+15+16)	--	--	--	--	--	--
18	Total liabilities (13+17)	2.638.821	50.757	43.033	5.825.859	34.464	259.316
19	. Net asset / liability position of off-balance sheet derivatives (19a-19b)	--	--	--	--	--	--
19a.	Total amount of assets hedged	--	--	--	--	--	--
19b.	Total amount of liabilities hedged	--	--	--	--	--	--
20	Net foreign currency asset /(liability)position (9-18+19)	374.321.727	6.668.527	6.605.448	461.054.613	14.573.687	9.433.370
21	Net foreign currency asset / (liability) position of monetary items (1+2a+5+6a-10-11-12a-14-15-16a)	374.321.727	6.668.527	6.605.448	461.054.613	14.573.687	9.433.370

31. NATURE AND LEVEL OF RISKS ARISING FROM DERIVATIVE FINANCIAL INSTRUMENTS (continued)

Foreign currency risk(continued)

Sensibility analysis

The Group's currency risk consists of the value changes of TL against Euro and USD. The basis of the sensitivity analysis to measure the currency risk is to make the total currency statement made throughout the organization. Total foreign currency position includes all foreign currency based short-term and long-term purchase agreements and all assets and liabilities.

The exchange rate sensitivity analysis for the periods are as follows:

	2023		2022	
	Profit / (Loss)		Profit / (Loss)	
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
	In case of 10% appreciation of USD against TL			
1- USD net asset/liability	18.256.235	(18.256.235)	27.257.021	(27.257.021)
2- Amount hedged for USD risk (-)	--	--	--	--
3- USD net effect (1+2)	18.256.235	(18.256.235)	27.257.021	(27.257.021)
	In case of 10% appreciation of EUR against TL			
4- EUR net asset/liability	19.175.952	(19.175.952)	18.848.440	(18.848.440)
5- Amount hedged for EUR risk (-)	--	--	--	--
6- EUR net effect (4+5)	19.175.952	(19.175.952)	18.848.440	(18.848.440)
Total net effect (3+6)	37.432.187	(37.432.187)	46.105.461	(46.105.461)

32. FINANCIAL INSTRUMENTS (FAIR VALUE EXPLANATION)

For the periods, the book values and fair values of assets and liabilities are shown in the table below:

		30 September 2023		31 December 2022	
	Note	Book value	Fair value	Book value	Fair value
Financial assets					
Cash and cash equivalents	5	253.182.219	253.182.219	323.447.280	323.447.280
Financial investments	6	110.401.960	110.401.960	101.094.857	101.094.857
Trade receivables	6	69.543.317	69.543.317	69.430.482	69.430.482
Other receivables	8	7.570.215	7.570.215	6.576.172	6.576.172
Total financial assets		440.697.711	440.697.711	500.548.791	500.548.791
Financial liabilities					
Financial borrowings	16	1.044.472	1.084.838	1.552.256	1.612.465
Trade payables	6	16.087.885	16.710.315	11.771.137	12.400.512
Other payables	8	19.287.179	19.287.179	7.812.978	7.812.978
Payables related to employment benefits	19	9.065.450	9.065.450	1.978.936	1.978.936
Payables within benefit to employees		10.935.377	10.935.377	2.058.388	2.058.388
Total financial liabilities		56.420.363	57.083.159	25.173.695	25.863.279
Net		384.277.348	383.614.552	475.375.096	474.685.512

33. SUBSEQUENT EVENTS

There is none.