

**ANATOLIA TANI VE BİYOTEKNOLOJİ
ÜRÜNLERİ AR-GE SANAYİ VE TİCARET A.Ş.
AND GROUP COMPANIES CONSOLIDATED
FINANCIAL STATEMENTS FOR THE
PERIOD ENDED 31 DECEMBER 2023**

INDEPENDENT AUDITOR'S REPORT

**To the Shareholders and the Board of Directors of
Anatolia Tanı Ve Biyoteknoloji Ürünleri
Araştırma Geliştirme Sanayi Ve Ticaret A.Ş.
İstanbul**

Independent Audit of Consolidated Financial Statements**Opinion**

We have audited the financial statements of Anatolia Tanı Ve Biyoteknoloji Ürünleri Araştırma Geliştirme Sanayi Ve Ticaret Anonim Şirketi ("the Company" or "Anatolia") and its Subsidiary (together "the Group"), which comprise the consolidated statement of financial position as at December 31, 2023 and the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies

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

Basis for Opinion

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

Emphasis of Matter

Within the scope of the "Announcement on Adjustment of Financial Statements of Companies Subject to Independent Audit for Inflation" dated 23 November 2023 published by the KGK, the financial statements dated 31 December 2023 were subject to inflation adjustment within the scope of TMS 29 "Financial Reporting in Economies with High Inflation" standard. In this context, we draw attention to footnote No. 2, which contains explanations regarding the transition to inflation accounting. This issue does not affect the opinion given by us.

Key Audit Issues

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. Key audit matters were addressed in the context of our audit of the consolidated financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on those matters.

The matters described below have been identified as key audit matters and disclosed in our report:

Key Audit Matter	Key Audit Subject How it is Handled in Audit
Recognition of Revenue	
The Group's revenue within the scope of its core business consists of revenue from the sales of diagnostic kits and devices that the Group manufactures and sells. Revenue has been identified as a key audit matter because it is an important measurement criterion in terms of evaluating the results of the strategy implemented during the year and monitoring performance, and because of its inherent risks of fraud and error. The Company recognizes revenue when it fulfills its performance obligation by transferring control of the products to its customers. . As of December 31, 2023, the Group's sales revenue is TL 238.205.645 and the related accounting policies are disclosed in Note 2.	During our audit, we performed the following audit procedures related to revenue recognition. Evaluated the design, implementation and testing of internal controls over the revenue process. We tested the Group's internal controls over the sales process by using the sampling method to cover the IT processes. The substantive procedures focused on the assessment of instances where revenue was invoiced but not earned. In order to test the completeness, accuracy and correctness of the transactions selected by the sampling method, customer-based sales contracts, calculation tables for commission income and income records were compared with sales invoices. In addition, we assessed the adequacy of the disclosures in Note 23, Revenue, in accordance with TFRS 15.

Other Matter

The Group's financial statements for the year ended 31 December 2022 have been audited by another auditor who expressed an unqualified opinion on March 10, 2023.

Management's and Senior Management's Responsibilities for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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

Independent Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also consider:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. (The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting a material misstatement due to error, as fraud may involve collusion, forgery, intentional omission, misrepresentation or violation of internal control).
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- We assess the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on audit evidence obtained up to the date of the independent auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements give a true and fair view of the underlying transactions and events.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business segments within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We are also solely responsible for our audit opinion.

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

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

From the matters communicated to those charged with governance, we determine those matters that were of most significance in our audit of the financial statements of the current period, that is, key audit matters. We may decide not to disclose a matter in our auditor's report if the matter is not permitted by law or in very exceptional circumstances where the adverse consequences of disclosure could reasonably be expected to outweigh the public interest in disclosure.

Other Liabilities Arising from Legislation

1. In accordance with paragraph four of Article 402 of the Turkish Commercial Code ("TCC") No. 6102, nothing has come to our attention that may cause us to believe that the Company's bookkeeping activities and financial statements for the period 01.01.-31.12.2023 are not in compliance with the code and provisions of the Company's articles of association in relation to financial reporting.
2. Pursuant to subparagraph 4 of Article 402 of the TCC, the Board of Directors provided us with the necessary explanations and requested documents within the scope of audit.
3. 6102 The Auditor's Report on the Early Detection of Risk System and Committee prepared in accordance with the fourth paragraph of Article 398 of the Turkish Commercial Code No. 6102 ("TCC") has been submitted to the Company's Board of Directors on May 10, 2024. The Auditor's Report on the Early Detection of Risk System and Committee prepared in accordance with the fourth paragraph of Article 398 of the Turkish Commercial Code No. 6102 ("TCC") was submitted to the Company's Board of Directors on May 10, 2024.

The engagement partner on the audit resulting in this independent audit is Yunus Can Çarpatan

PKF Aday Bağımsız Denetim A.Ş.
(A Member Firm of PKF International)



Yunus Can Çarpatan
Partner

İstanbul, 10.05.2024

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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 31 December 2023 and 31 December 2022
(Amounts expressed in Turkish Lira (“TL”) unless otherwise indicated.)

ASSETS	Notes	Audited 31 December 2023	Audited 31 December 2022
Current Assets			
Cash and cash equivalents	4	301.732.038	487.793.245
Financial investments	5	58.370.744	166.576.945
Trade receivables	6	77.924.261	87.248.839
- <i>Due from third parties</i>		77.924.261	87.248.839
Other receivables	8	17.646.875	10.483.030
- <i>Other receivables from third parties</i>		17.646.875	10.483.030
Inventories	9	226.095.596	294.568.862
Prepaid expenses	10	9.328.379	5.338.081
Current tax assets		13.289.876	7.044.284
Other current assets	11	25.337.481	34.077.015
TOTAL CURRENT ASSETS		729.725.250	1.093.130.301
Non-current Assets			
Financial investments		852.876	149.809
Other receivables		917.823	572.916
- <i>Other receivables from third parties</i>	8	917.823	572.916
Tangible assets	12	16.946.661	18.520.395
Right use of assets	14	444.906.886	429.334.766
Intangible assets	13	159.242.346	108.004.728
- <i>Other intangible assets</i>		159.242.346	108.004.728
Prepaid expenses	10	543.315	373.355
Deferred tax assets		--	--
Other current assets		--	104.314
TOTAL NON-CURRENT ASSETS		623.409.907	557.060.283
TOTAL ASSETS		1.353.135.157	1.650.190.584

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 31 December 2023 and 31 December 2022
(Amounts expressed in TL unless otherwise indicated.)

LIABILITIES	Notes	Audited 31 December 2023	Audited 31 December 2022
Current Liabilities			
Lease liabilities	15	1.880.205	1.747.476
Short-term borrowings	16	280.763	1.517.371
Short-term portion of long-term borrowings	16	7.286.134	555.766
Trade payables	6	10.845.783	10.611.747
- Due to related parties	7	--	561.097
- Due to third parties		10.845.783	10.050.650
Employee benefit obligations	19	6.296.634	2.660.921
Other Payables	8	4.655.168	2.546.556
- Due to third parties		4.655.168	2.546.556
Deferred income	10	4.521.632	987.889
Provisions		--	--
- Provisions for employee benefits	17	4.944.929	2.759.856
Other current liabilities	11	4.944.929	2.759.856
Other short-term liabilities		5.773.111	2.696.743
TOTAL CURRENT LIABILITIES		46.484.359	26.084.325
Non-current liabilities			
Long-term borrowings	16	--	484.561
Lease liabilities	15	14.978.186	17.648.170
Deferred income		2.224.250	--
Long-term provisions		2.832.985	13.387.223
- Long-term provisions for employee benefits	17	2.832.985	13.387.223
Deferred tax liabilities	20	73.364.279	84.906.970
TOTAL NON-CURRENT LIABILITIES		93.399.700	116.426.924
EQUITY			
Equity attributable to owners of the Company		1.213.251.098	1.507.679.335
Share capital	21	220.000.000	110.000.000
Adjustment to share capital		332.390.082	281.309.712
Share premium		531.050.288	692.130.658
Other accumulated comprehensive income and expense not to be reclassified to profit or loss		1.616.482	(3.013.495)
- Gain/loss arising from defined benefit plans		1.616.482	(3.013.495)
Other accumulated comprehensive income and expense to be reclassified to profit or loss		54.131.603	32.189.833
- Currency translation reserve		54.131.603	32.189.833
- Other gains/ losses		--	--
Restricted reserves		157.448.797	120.252.025
Retained earnings		53.284.237	295.874.923
Profit for the period		(136.670.391)	(21.064.321)
Non-controlling interests	21	--	--
TOTAL SHAREHOLDER'S EQUITY		1.213.251.098	1.507.679.335
TOTAL LIABILITIES		1.353.135.157	1.650.190.584

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 – 31 December 2023 and 2022

(Amounts expressed in TL unless otherwise indicated.)

		Audited 1 January- 31 December 2023	Audited 1 January - 31 December 2022
	Notes		
Revenue	23	238.205.645	468.380.164
Cost of sales (-)	23	(48.071.287)	(66.770.445)
GROSS PROFIT		190.134.358	401.609.719
General administrative expenses (-)	25	(117.977.243)	(98.151.780)
Marketing expenses (-)	24	(73.697.378)	(53.000.852)
Research and development expenses (-)	26	(8.999.290)	(5.884.955)
Other income from operating activities	27	148.116.827	158.456.861
Other expenses from operating activities (-)	27	(66.456.208)	(37.146.892)
OPERATING PROFIT		71.121.066	365.882.101
Other income from investing activities		16.684.513	71.477.445
Other income from investing activities (-)	28	(9.599.097)	--
OPERATING INCOME BEFORE FINANCIAL INCOME/(EXPENSE)		16.684.513	71.477.445
Finance expenses (-)	29	(21.765.537)	(21.038.803)
Finance income	29	121.906.062	222.910.190
Monetary position gain/(loss)		(324.456.624)	(593.409.364)
PROFIT BEFORE TAX FROM CONTINUING OPERATIONS		(146.109.617)	45.821.569
Tax income/(expense), continuing operations		9.439.226	(55.877.232)
Tax expenses		(1.359.984)	(5.093.802)
Deferred tax expense / incomes	20	10.799.210	(50.783.430)
PROFIT FROM CONTINUING OPERATIONS BEFORE TAX		(136.670.391)	(10.055.663)
NET PROFIT FOR THE PERIOD		(136.670.391)	(10.055.663)
Attributable to:			
Non-controlling interests		--	11.008.658
Equity holders of the parent		(136.670.391)	(21.064.321)
OTHER COMPREHENSIVE INCOME			
Not to be reclassified to profit or loss		4.629.977	(3.013.495)
Gain/ loss arising from defined benefit plans		6.012.957	(3.814.551)
Not to be reclassified to profit or loss, tax effect		(1.382.980)	801.056
-Deferred tax income/(expense)		(1.382.980)	801.056
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		21.941.770	22.746.796
Foreign Currency Translation Differences		21.941.770	22.746.796
OTHER COMPREHENSIVE INCOME		26.571.747	19.733.301
TOTAL COMPREHENSIVE INCOME		(110.098.644)	9.677.638
Attributable to		(110.098.644)	55.206.328
Non-controlling interests		--	--
Equity holders of the parent		(110.098.644)	55.206.328

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 – 31 December 2023 and 31 December 2022

(Amounts expressed in TL unless otherwise indicated.)

	Share capital (Note 21)	Share capital adjustments (Note 21)	Share premium/(discount) (Note 21)	Other comprehensive income not to be reclassified under profit and loss (Note 21)	Other comprehensive income to be reclassified under profit and loss (Note 21)	Restricted reserves (Note 21)	Retained earnings (Note 21)	Net income/(loss) (Note 21)	Equity holders of the parent (Note 21)	Non- controlling interest (Note 21)	Total equity (Note 21)
Balance at January 1, 2022	110.000.000	281.309.712	684.157.140	--	9.443.037	22.830.402	977.868.001	--	2.085.608.292	63.089.350	2.148.697.642
Transfers	--	--	--	--	--	97.421.623	(97.421.623)	--	--	--	--
Total comprehensive income	--	--	--	(3.013.495)	22.746.796	--	--	(21.064.321)	(1.331.020)	11.008.658	9.677.638
Dividends	--	--	--	--	--	--	(584.571.455)	--	(584.571.455)	--	(584.571.455)
Increase/(decrease) through-share based transactions	--	--	7.973.518	--	--	--	--	--	7.973.518	(74.098.008)	(66.124.490)
As of December 31, 2022	110.000.000	281.309.712	692.130.658	(3.013.495)	32.189.833	120.252.025	295.874.923	(21.064.321)	1.507.679.335	--	1.507.679.335
Balance at January 1, 2023	110.000.000	281.309.712	692.130.658	(3.013.495)	32.189.833	120.252.025	295.874.923	(21.064.321)	1.507.679.335	--	1.507.679.335
Transfers	--	--	--	--	--	37.196.772	(58.261.093)	21.064.321	--	--	--
Capital increase	110.000.000	51.080.370	(161.080.370)	--	--	--	--	--	--	--	--
Total comprehensive income	--	--	--	4.629.977	21.941.770	--	--	(136.670.391)	(110.098.644)	--	(110.098.644)
Dividends	--	--	--	--	--	--	(184.329.593)	--	(184.329.593)	--	(184.329.593)
Increase// (Decrease) from to Other Changes	--	--	--	--	--	--	--	--	--	--	--
As of December 31, 2023	220.000.000	332.390.082	531.050.288	1.616.482	54.131.603	157.448.797	53.284.237	(136.670.391)	1.213.251.098	--	1.213.251.098

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 – 31 December 2023 and 31 December 2022
(Amounts expressed in TL unless otherwise indicated.)

		Audited	Audited
	Dipnot	1 January- 31 December 2023	1 January- 31 December 2022
A. Cash flow from Operating activities		66.874.291	596.434.982
Income for the period		(136.670.391)	(10.055.663)
Adjustments to reconcile net profit (loss) for the period to cash flows from operating activities			
Adjustments Related to Depreciation and Amortization Expenses		61.708.918	59.638.775
Provision for employment termination benefit		101.589	5.838.603
Provision for unused vacation		1.641.384	912.237
Adjustments for Interest (Income) and Expenses		(39.931.490)	(81.791.307)
Provision for impairment of inventories		(532.474)	2.681.708
Adjustments related to unrealized foreign currency translation differences		3.375.192	16.990.254
Adjustments Related to Tax (Income) Expense		(9.439.226)	55.877.232
Monetary (Gain) / Loss		84.856.253	587.078.670
Changes in working capital		(34.890.245)	637.170.509
Adjustments for Decrease (Increase) in Trade Receivables		11.318.296	108.217.133
Adjustments for Decrease (Increase) in Other Receivables Related to Operations		1.620.557	(1.175.641)
Other cash inflows/(outflows)		(1.188.016)	(34.517.458)
Adjustments for Decrease (Increase) in Inventories		80.371.824	(84.186.715)
Decrease (Increase) in Prepaid Expenses		(5.049.776)	17.205.354
Adjustments related to increase (decrease) in trade payables		284.076	(15.161.473)
Increase (Decrease) in Employee Benefit Payables		4.413.076	(3.326.471)
Adjustments Related to Increase (Decrease) in Other Payables Related to Operations		6.293.597	(13.810.913)
Increase (Decrease) in Deferred Income		6.989.128	(13.283.860)
Total Adjustments		70.162.517	597.130.471
Cash Flows from Operating Activities			
Payments made within the scope of provisions for employee benefits		(1.076.160)	(206.955)
Tax Refunds (Payments)		(2.212.066)	(488.534)
Total		66.874.291	596.434.982
B. Cash flows used in investing activities		66.301.275	(211.988.293)
Cash outflows related to acquisition of additional shares in subsidiaries (-)	12,13,14	--	(109.574.190)
Cash inflows from sale of property, plant and equipment and intangible assets		8.251.595	3.077.640
Cash outflows from the acquisition of property, plant and equipment and intangible assets	12,13,14	(62.418.102)	(141.337.233)
Adjustments related to (increase)/decrease in financial investments	5	107.503.134	(26.300.557)
Interest Received		12.964.649	62.146.046
C. Cash flows from financing activities		(154.890.808)	(545.487.469)
Cash inflows and (outflows) related to debt payments, net		3.920.524	12.697.844
Cash outflows related to debt payments arising from finance lease agreements		(1.448.580)	(1.401.310)
Dividends Paid		(184.329.593)	(584.571.455)
Interest Paid		(3.374.565)	(3.485.720)
Interest Received		30.341.406	31.273.172
Net (decrease) / increase in cash and cash equivalents (A+B+C+D)		(21.715.242)	(161.040.780)
D. Inflation Effect on Cash		(164.345.965)	(731.861.637)
Net increase (decrease) in cash and cash equivalents (A+B+C+D)		(186.061.207)	(892.902.417)
E. Cash and Cash Equivalents at the Beginning of the Period		487.793.245	1.194.274.148
Cash and cash equivalents at the end of the period (A+B+C+D)	4	301.732.038	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 31 December 2023 the total number of employees of the Group is 257.

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 31 December 2023, the Company has 32,45% 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 31 December 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
RhineGene Germany ("RhineGene GE") (*****)	Germany	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.

(*) Within the scope of its growth strategy in international markets, the company established and registered its RhineGene B.V subsidiary, located in the Netherlands, with a capital of 2,000,000 Euros, in which it fully participates, on 09.02.2022.

(**) 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.

(*****) RhineGene Germany was established on 03.11.2023, 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 - 31 December 2023 have been approved by the Board of Directors and authorized for publication on 10 May 2024 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.

Financial reporting in hyperinflationary economy

With the announcements made by the Public Oversight Accounting and Auditing Standards Authority (POA) on November 23, 2023, entities applying TFRSs have started to apply inflation accounting in accordance with TAS 29 Financial Reporting in Hyperinflation Economies as of financial statements for the annual reporting period ending on or after December 31, 2023. TAS 29 is applied to the financial statements, including the consolidated financial statements, of any entity whose functional currency is the currency of a hyperinflationary economy.

According to the standard, financial statements prepared in the currency of a hyperinflationary economy are presented in terms of the purchasing power of that currency at the balance sheet date. Prior period financial statements are also presented in the current measurement unit at the end of the reporting period for comparative purposes. The Group has therefore presented its consolidated financial statements as of December 31, 2022, on the purchasing power basis as of December 31, 2023. Pursuant to the decision of the Capital Markets Board (SPK) dated December 28, 2023 and numbered 81/1820, it has been decided that issuers and capital market institutions subject to financial reporting regulations that apply Turkish Accounting/Financial Reporting Standards will apply inflation accounting by applying the provisions of IAS 29 starting from their annual financial reports for the periods ending on December 31, 2023.

The adjustments made in accordance with IAS 29 were made using the adjustment coefficient obtained from the Consumer Price Index (CPI) of Turkey published by the Turkish Statistical Institute (TÜİK). As of December 31, 2023, the indices and adjustment coefficients used in the adjustment of the consolidated financial statements are as follows:

Year End	Indeks	Conversion Factor	Three Year Inflation Rate
31 December 2023	1.859.38	1.0000	268%
31 December 2022	1.128.45	1.6477	156%
31 December 2021	686.95	2.7067	74%

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

- Current period consolidated financial statements prepared in TRY are expressed in terms of the purchasing power at the balance sheet date, and amounts from previous reporting periods are also adjusted and expressed in terms of the purchasing power at the end of the reporting period.

- Monetary assets and liabilities are not adjusted as they are already expressed in terms of the current purchasing power at the balance sheet date. In cases where the inflation-adjusted values of non-monetary items exceed their recoverable amount or net realizable value, the provisions of IAS 36 "Impairment of Assets" and IAS 2 "Inventories" are applied, respectively.

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

2.1. Basis of presentation (Continued)

Financial reporting in hyperinflationary economy (Continued)

- Non-monetary assets and liabilities and equity items that are not expressed in terms of the current purchasing power at the balance sheet date have been adjusted using the relevant adjustment coefficients.
- All items in the comprehensive income statement, except for those that have an impact on the comprehensive income statement of non-monetary items on the balance sheet, have been indexed using the coefficients calculated for the periods when the income and expense accounts were first reflected in the financial statements.
- The impact of inflation on the Group's net monetary asset position in the current period is recorded in the net monetary gain/(loss) account in the consolidated income statement.

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.

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.

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. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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.

2.5. 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 TAS 12	<i>International tax reform - pillar two model rules</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.

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 TAS 12 *International Tax Reform - Pillar two model rules*

These amendments provide a temporary exception to the requirements for deferred tax assets and liabilities related to Pillar two model income tax.

Amendments to TAS 12 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)**

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

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

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

TFRS 17	<i>Insurance Contracts</i>
Amendments to TFRS 17	<i>Insurance Contracts and First-time Adoption of TFRS 17 and TFRS 9 - Comparative Information</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>
Amendments to TAS 7 and TFRS 7	<i>Supplier Finance Agreements</i>
IFRS S1	<i>General Requirements for Disclosure of Sustainability-Related Financial Information</i>
IFRS S2	<i>Climate-related Disclosures</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 17 Insurance Contracts and First-time Adoption of TFRS 17 and TFRS 9 - Comparative Information

Amendments have been made to TFRS 17 to reduce implementation costs, improve disclosure of results and ease transition.

The amendment also permits entities that are first-time adopters of TFRS 7 and TFRS 9 to present comparative information about a financial asset as if the classification and measurement requirements of TFRS 9 had previously been applied to that financial asset.

These amendments will be applied when TFRS 17 is first adopted.

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)

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

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 TAS 1 *Non-current Liabilities with Covenants*

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

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

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

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.

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 31 December 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 31 December 2023 and 31 December 2022:

Subsidiaries	31 December 2023	31 December 2022
Alpha IVD SRL ("Alpha") (*)	100.00%	100.00%
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%
RhineGene Germany ("RhineGene GE")	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:

	31 December 2023	31 December 2022
US Dollars	29,4382 TRY	18.7029 TRY
Euro	32,5739 TRY	19.9806 TRY
PKR	0,1050 TRY	0.0820 TRY
PLN (Zloti)	7,5187 TRY	4.2641 TRY
LEVA	16,5611 TRY	10.1354 TRY
PHP	0,5312 TRY	0.3364 TRY

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:

	31 December 2023	31 December 2022
	Alpha IVD S.p.A	Alpha IVD S.p.A
	(Italy)	(Italy)
	Solo	Solo
Current assets	119.633.407	90.102.530
Non-current assets	37.125.463	28.792.650
Total assets	156.758.870	118.895.180
Current liabilities	6.982.068	8.085.184
Non-current liabilities	1.654.825	795.921
Total debts	8.636.893	8.881.105
Net assets	148.121.977	110.014.075

Profit Loss for the period:

Revenue	24.674.814	61.733.940
Profit / (Loss) for the period	(23.569.531)	8.511.355
<u>Profit Loss for the period:</u>	<u>(23.569.531)</u>	<u>8.511.355</u>

	31 December 2023	31 December 2022
	Euronano	Euronano
	(Pakistan)	(Pakistan)
	Solo	Solo
Current assets	33.247.309	37.569.007
Non-current assets	5.464.842	4.573.486
Total assets	38.712.151	42.142.493
Current liabilities	80.893.207	55.413.972
Total debts	80.893.207	55.413.972
Net assets	(42.181.056)	(13.271.479)

Profit Loss for the period:

Revenue	4.891.386	9.122.749
Profit / (Loss) for the period	(20.092.027)	(8.319.562)
<u>Profit Loss for the period:</u>	<u>(20.092.027)</u>	<u>(8.319.562)</u>

3. SHARES IN OTHER BUSINESS (continued)

	31 December 2023	31 December 2022
	RhineGene B.V. (Hollanda) Solo	RhineGene B.V. (Hollanda) Solo
Current assets	31.397.853	9.169.119
Non-current assets	15.482.004	7.702.208
Total assets	46.879.857	16.871.327
Current liabilities	672.312	88.498
Total debts	672.312	88.498
Net assets	46.207.545	16.782.829
<u>Profit Loss for the period:</u>		
Profit / (Loss) for the period	(4.967.165)	(905.935)
<u>Profit Loss for the period:</u>	<u>(4.967.165)</u>	<u>(905.935)</u>

	31 December 2023	31 December 2022
	RhineGene Philippines Solo	RhineGene Philippines Solo
Current assets	1.805.490	4.198.373
Non-current assets	1.452.455	470.351
Total assets	3.257.945	4.668.724
Current liabilities	9.919.204	5.284.690
Total debts	9.919.204	5.284.690
Net assets	(6.661.259)	(615.966)
<u>Profit Loss for the period:</u>		
Revenue	--	--
Profit / (Loss) for the period	(4.715.636)	--
<u>Profit Loss for the period:</u>	<u>(4.715.636)</u>	<u>--</u>

3. SHARES IN OTHER BUSINESS (continued)

	31 December 2023	31 December 2022
	RhineGene Bulgaria Solo	RhineGene Bulgaria Solo
Current assets	5.775.408	5.402.169
Non-current assets	481.284	50.677
Total assets	6.256.692	5.452.846
Current liabilities	7.498.687	3.070.132
Non-current liabilities	7.498.687	3.070.132
Total debts	(1.241.995)	2.382.714
Net assets		
Profit Loss for the period:		
Revenue	1.762.160	--
Profit / (Loss) for the period	(4.020.337)	--
Profit Loss for the period:	(4.020.337)	--

	31 December 2023	31 December 2022
	RhineGene Poland Solo	RhineGene Poland Solo
Current assets	22.307.156	126.536
Non-current assets	--	345.392
Total assets	22.307.156	471.928
Current liabilities	19.697.096	1.119.304
Total debts	19.697.096	1.119.304
Net assets	2.610.060	(647.376)
Profit Loss for the period:		
Revenue	9.727.193	--
Profit / (Loss) for the period	(4.660.508)	--
Profit Loss for the period:	(4.660.508)	--

	31 December 2023	31 December 2022
	RhineGene Germany Solo	RhineGene Germany Solo
Current assets	2.079.123	--
Non-current assets	2.034.202	--
Total assets	4.113.325	--
Current liabilities	7.071.679	--
Total debts	7.071.679	--
Net assets	(2.958.354)	--
Profit Loss for the period:		
EBITDA		
Profit / (Loss) for the period	(2.955.142)	--
Profit Loss for the period:	(2.955.142)	--

4. CASH AND CASH EQUIVALENTS

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

	31 December 2023	31 December 2022
Cash in hand	1.761	188.858
Cash at banks	301.649.538	487.604.400
- Demand deposit	180.416.497	320.111.743
- Time deposit less than 3 months	121.233.041	167.492.644
Other cash and cash equivalents	80.739	--
	301.732.038	487.793.245

Currency	Interest rate	Maturity	31 December 2023
TRY	29.98%-38.97%	January 2024	5.727.199
USD	5%	January 2024	43.439.261
EUR	2.21%	January 2024	72.066.581
			121.233.041

Currency	Interest rate	Maturity	31 December 2022
TRY	14.00%-26.75%	January 2023	5.108.209
USD	1.25%-3.55%	January -March 2023	92.327.852
EUR	2%	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:

	31 December 2023	31 December 2022
Fair value through	58.370.744	124.439.887
Financial assets at fair value through profit or loss	--	42.137.058
-Currency-protected deposits	--	42.137.058
	58.370.744	166.576.945

6. TRADE RECEIVABLES AND PAYABLES

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

Short-term trade receivables	31 December 2023	31 December 2022
Trade receivables	74.584.742	83.752.704
<i>Trade receivables from related parties</i>	--	--
<i>Trade receivables from third parties</i>	74.584.742	83.752.704
Notes receivable	3.339.519	3.354.561
Income accruals	--	141.580
Doubtful trade receivables (*)	910.567	777.590
Provision for doubtful trade receivables (-)	(910.567)	(777.596)
	77.924.261	87.248.839

As of 31 December 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- 31 December 2023	1 January- 31 December 2022
Balance at beginning of the period	777.596	1.287.122
Current year additions (Note 29)	98.541	70.350
Provisions no longer required	--	(251.897)
Currency translation differences	220.948	72.974
Inflation adjustments	(186.518)	(400.959)
End of the period	910.567	777.590

The details of the trade payables are as follows:

	31 December 2023	31 December 2022
<u>Short-term trade payables</u>		
Trade payables	5.996.661	7.010.820
Expense Accruals	2.502.201	1.056.750
Trade payables to related parties (Note 8)	--	561.097
Other trade payables	2.346.921	1.983.080
	10.845.783	10.611.747

As of 31 December 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>	31 December 2023	31 December 2022
Anatolia Makine Sanayi ve Ticaret Ltd. Şti.	--	561.097
	--	561.097

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

	1 January- 31 December 2023	1 January- 31 December 2022
Anatolia Makine Sanayi ve Ticaret Ltd. Şti. (*)	280.587	14.987
	280.587	14.987

(*) 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 31 December 2023 is TRY 6.626.824 (31 December 2022: TRY 8.221.138).

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>31 December 2023</u>	<u>31 December 2022</u>
Deposits and guarantees given	776.747	740.719
Other receivables(*)	16.870.128	9.742.311
	17.646.875	10.483.030

(*) Other receivables consist of VAT receivables.

<u>Long term other receivables</u>	<u>31 December 2023</u>	<u>31 December 2022</u>
Deposits and guarantees given	917.823	572.916
	917.823	572.916

<u>Short term other payables</u>	<u>31 December 2023</u>	<u>31 December 2022</u>
Free zone overdue deferred tax liabilities	1.596.695	1.392.889
Other payables	3.058.473	1.153.667
	4.655.168	2.546.556

9. INVENTORIES

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

	<u>31 December 2023</u>	<u>31 December 2022</u>
Raw materials	92.455.036	130.627.513
Work in Process	--	35.640.640
Finished goods	111.619.347	104.491.063
Trade goods	20.654.072	19.315.533
Other Inventories	8.214.935	9.082.968
Provision for impairment in inventory	(6.847.794)	(4.588.855)
	226.095.596	294.568.862

	<u>31 December 2023</u>	<u>31 December 2022</u>
Balance at beginning of the period	4.588.855	1.115.840
Current year additions (Note 29)	(532.474)	2.681.708
Currency translation differences	2.791.413	791.307
End of the period	6.847.794	4.588.855

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>31 December 2023</u>	<u>31 December 2022</u>
Advances given to suppliers (*)	6.208.834	2.186.453
Prepaid expenses (**)	3.119.545	3.151.628
	9.328.379	5.338.081

(*) 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>31 December 2023</u>	<u>31 December 2022</u>
Prepaid expenses for the following years	178.203	373.355
Advances given	365.112	--
	543.315	373.355

(*) 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>31 December 2023</u>	<u>31 December 2022</u>
Advances received (*)	4.521.632	987.889
	4.521.632	987.889

(*) 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>	31 December 2023	31 December 2022
Deferred VAT	23.780.321	33.872.206
Other current assets	1.557.160	204.809
	25.337.481	34.077.015

<u>Other short-term liabilities</u>	31 December 2023	31 December 2022
Prepaid taxes and dues	5.760.154	2.696.743
Other	12.957	--
	5.773.111	2.696.743

12. PROPERTY, PLANT AND EQUIPMENTS

Movement of property, plant, and equipment for the period 01.01.-31.12.2023 is as follows:

	1 January 2023	Additions	Disposals (-)	Foreign currency translation differences	31 December 2023
Cost					
Land and land improvements	73.311.691	--	--	--	73.311.691
Buildings	190.418.992	3.234.845	--	5.877.545	199.531.382
Machinery and equipment	189.638.170	34.722.321	(12.634.425)	19.564.086	231.290.152
Vehicles	25.875.762	8.176.739	(1.968.013)	1.590.626	33.675.114
Furniture and fixtures	51.393.607	6.633.706	(593.544)	374.520	57.808.289
Other tangible assets	733.584	63.571	--	409.737	1.206.892
Leasehold improvements	18.399.460	451.955	--	43.035	18.894.450
Construction in progress	475.451	--	(335.824)	--	139.627
	550.246.717	53.283.137	(15.531.806)	27.859.549	615.857.598

	1 January 2023	Current year charge	Disposals (-)	Foreign currency translation differences	31 December 2023
Accumulated depreciation					
Buildings	(6.808.462)	(4.046.430)	--	(2.081.938)	(12.936.830)
Machinery and equipment	(80.822.339)	(30.015.565)	6.426.162	(6.953.139)	(111.364.882)
Vehicles	(9.233.880)	(4.593.397)	1.166.301	(126.021)	(12.786.997)
Furniture and fixtures	(13.539.020)	(7.159.747)	105.011	(36.744)	(20.630.501)
Other tangible assets	(114.894)	(76.699)	--	(81.681)	(273.274)
Leasehold improvements	(10.393.356)	(2.551.424)	--	(13.447)	(12.958.227)
	(120.911.951)	(48.443.263)	7.697.473	(9.292.970)	(170.950.712)
Net book value	429.334.766				444.906.886

As of 31 December 2023, property, plant, and equipment are insured for TRY 273.075.000 and there is no mortgage on it (31.12.2022: 74.880.000 TRY).

12. PROPERTY, PLANT AND EQUIPMENTS (continued)

Movement of property, plant and equipment for the period 01.01.-31.12.2022 is as follows:

	1 January 2022	Additions	Disposals (-)	Foreign currency conversion differences	31 December 2022
Cost					
Land and land improvements	73.311.691	--	--	--	73.311.691
Buildings	166.365.118	21.633.516	--	2.420.358	190.418.992
Machinery and equipment	142.215.300	47.032.370	(4.749.799)	5.140.299	189.638.170
Vehicles	19.458.587	6.252.613	--	164.562	25.875.762
Furniture and fixtures	28.724.863	23.013.629	(389.115)	44.230	51.393.607
Other tangible assets	238.605	445.459	--	49.520	733.584
Leasehold improvements	18.609.937	1.104.395	(1.332.589)	17.717	18.399.460
Construction in progress	--	475.451	--	--	475.451
	448.924.101	99.957.434	(6.471.503)	7.836.686	550.246.717
	1 January 2022	Current year charge	Disposals (-)	Foreign currency conversion differences	31 December 2022
Accumulated depreciation					
Buildings	(2.362.037)	(3.901.336)	--	(545.088)	(6.808.462)
Machinery and equipment	(52.476.833)	(29.249.151)	2.375.331	(1.471.686)	(80.822.339)
Vehicles	(4.929.396)	(4.267.465)	--	(37.020)	(9.233.880)
Furniture and fixtures	(6.380.520)	(7.325.485)	176.345	(9.361)	(13.539.020)
Other tangible assets	--	(101.895)	--	(12.998)	(114.894)
Leasehold improvements	(8.400.459)	(2.843.466)	854.559	(3.990)	(10.393.356)
	(74.549.244)	(47.688.798)	3.406.235	(2.080.143)	(120.911.951)
Net book value	374.374.857				429.334.766

13. INTANGIBLE ASSETS

Movement of intangible fixed asset for the period 01.01.-31.12.2023 is as follows:

	1 January 2023	Additions	Disposals (-)	Transfers	Foreign currency conversion differences	31 December 2023
Cost						
Rights (*)	63.176.136	6.808.608	--	(10.716.703)	1.320	59.269.361
Research and development costs (**)	82.002.243	55.411.444	--	10.716.703	--	148.130.390
Other intangible fixed assets	821.824	198.050	(327.708)	--	58.257	750.423
	146.000.203	62.418.102	(327.708)	--	59.577	208.150.174
	1 January 2023	Current year charge	Disposals (-)	Transfers	Foreign currency conversion differences	31 December 2023
Accumulated depreciation						
Rights	(1.206.157)	(3.986.667)	--	--	(1.386)	(5.194.210)
Other intangible fixed assets	(35.970.085)	(6.608.962)	--	--	--	(42.579.047)
	(819.233)	(200.642)	(32.771)	--	(81.925)	(1.134.571)
	(37.995.475)	(10.796.270)	(32.771)	--	(83.312)	(48.907.828)
Net book value	108.004.728					159.242.346

(*) 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.-31.12.2022 is as follows:

	1 January 2022	Additions	Transfers	Foreign currency conversion differences	31 December 2022
Cost					
Rights (*)	46.528.178	16.646.750	--	1.208	63.176.136
Research and development costs (**)	57.269.194	24.733.049	--	--	82.002.243
Other intangible fixed assets	1.267.523	--	(458.071)	12.372	821.824
	105.064.895	41.379.799	(458.071)	13.580	146.000.203
	1 January 2022	Current year charge	Transfers	Foreign currency conversion differences	31 December 2022
Accumulated depreciation					
Rights	(1.011.190)	(193.292)	--	(1.676)	(1.206.157)
Research and development costs (**)	(27.027.891)	(8.942.195)	--	--	(35.970.085)
Other intangible assets	(898.755)	(345.106)	445.699	(21.071)	(819.233)
	(28.937.835)	(9.480.592)	445.699	(22.746)	(37.995.475)
Net book value	76.127.060				108.004.728

(*) 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.

The Group invested a total of 70,119,184 TL for R&D projects in the accounting period ending on 31 December 2023 (31 December 2022: 37,007,368 TL).

14. RIGHTS OF USE ASSETS

Movement of rights of use assets for the period 01.01.-31.12.2023 is as follows:

	Buildings	Total
1 January 2023	20.989.779	20.989.779
Additions	(939.320)	(939.320)
31 December 2023	20.050.459	20.050.459
	Buildings	Total
<u>Accumulated depreciation</u>		
1 January 2023	(2.469.384)	(2.469.384)
Effect of change in accounting policies	1.834.970	1.834.970
Period depreciation	(2.469.384)	(2.469.384)
31 December 2023	(3.103.798)	(3.103.798)
Net book value		
31 December 2023	16.946.661	16.946.661

	Buildings	Total
<u>Cost</u>		
1 January 2022	1.211.340	1.211.340
Additions	19.778.439	19.778.439
31 December 2022	20.989.779	20.989.779

	Buildings	Total
<u>Accumulated depreciation</u>		
1 January 2022	(1.087.337)	(1.087.337)
Effect of change in accounting policies	1.087.337	1.087.337
Period depreciation	(2.469.384)	(2.469.384)
31 December 2022	(2.469.384)	(2.469.384)
Net book value		
31 December 2022	18.520.395	18.520.395

15. LEASE LIABILITIES

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

	31 December 2023	31 December 2022
Short-term lease liabilities	1.880.205	1.747.476
Long-term lease liabilities	14.978.186	17.648.170
	16.858.391	19.395.646
	1 January- 31 December 2023	1 January- 31 December 2022
Operating lease as of January 1	19.395.646	--
Current operating lease liability increase	--	20.989.779
Current operating lease liability payment	(1.448.580)	(2.995.443)
Current interest expense	(669.300)	(1.401.310)
Current foreign currency effects	(419.375)	2.802.620
Operating lease at the end of the periods	16.858.391	19.395.646

16. FINANCIAL BORROWINGS

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

	31 December 2023	31 December 2022
Other financial borrowings (*)	7.286.134	555.766
Short-term borrowings	7.286.134	555.766
Short term portion of long term borrowings	280.763	1.517.371
Short-term portion of long-term borrowings	280.763	1.517.371
Long-term borrowings	--	484.561
Long-term borrowings	--	484.561
Total financial borrowings	7.566.897	2.557.698

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

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

	Interest rate	31 December 2023
TRY bank borrowings	10.27% - 23.95%	280.763
		280.763
	Interest rate	31 December 2022
TRY bank borrowings	7.50% - 16.80%	1.214.964
		1.214.964

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 35.058,58 over the 30-day salary as of 31 December 2023 (31 December 2022: TL 19.982,83). 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 31 December 2023 and 31 December 2022 are calculated by estimating the present value of the future probable obligation arising from the retirement of the employees.

	31 December 2023	31 December 2022
Discount rate	4,69%	--
Estimated rate of salary increasing /inflation rate	22.01%	21.83%
The turnover ratio used to calculate the probability of retirement	95%	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>	31 December 2023	31 December 2022
Provision for employment termination benefits	2.832.985	13.387.223
	2.832.985	13.387.223

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

	31 December 2023	31 December 2022
Balance at January 1	13.387.223	3.637.551
Provisions	(683.998)	3.893.351
Interest cost	785.587	1.945.252
Actuarial (gain)/ losses	(6.012.957)	3.814.551
Payments during the year	(1.076.160)	(206.955)
Inflation effect	(3.566.710)	303.473
Balance at December 31	2.832.985	13.387.223

17. EMPLOYEE BENEFITS (continued)

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

<u>Short-term provisions</u>	<u>31 December 2023</u>	<u>31 December 2022</u>
Provision for vacation pay liability	4.944.929	2.759.856
	4.944.929	2.759.856

Movement of vacation pay provisions as follows:

<u>Short-term provisions</u>	<u>31 December 2023</u>	<u>31 December 2022</u>
Balance at January 1	2.759.856	762.709
Current year provision expense (*)	1.641.384	912.237
Inflation effect	543.689	1.084.910
Balance at the end of the periods	4.944.929	2.759.856

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

18. COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES

a) Guarantees received

As of 31 December 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 31 December 2023 and 31 December 2022 are as follows:

<u>CPMB's given by the Group</u>	<u>31 December 2023</u>	<u>31 December 2022</u>
A. CPMB's given for Group's own legal personality	11.335.382	6.939.888
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	--	--
	11.335.382	6.939.888

As of 31 December 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:

	31 December 2023	31 December 2022
Due to personnel	613.079	585.727
Social security premiums payable	5.683.555	2.075.194
	6.296.634	2.660.921

20. INCOME TAX

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

<u>Current period tax assets:</u>	31 December 2023	31 December 2022
Current tax expense	2.212.066	488.534
Prepaid taxes and funds	(2.212.066)	(488.534)
	--	--
	31 December 2023	31 December 2022
Deferred tax assets/liabilities	(1.359.984)	(5.093.802)
Deferred tax income/(expense)	10.799.210	(50.783.430)
	9.439.226	(55.877.232)

Corporation tax

As of 31 December 2023, the corporate tax rate is 25% 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 December 31, 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)

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:

	31 December 2023		31 December 2022	
	Cumulative temporary differences	Deferred tax	Cumulative temporary differences	Deferred tax
<u>Deferred tax assets</u>				
Provision for employment termination benefits	6.049.722	1.391.436	14.620.162	3.070.234
Other	(107.526)	(24.731)	--	--
Financial lease liabilities	(88.270)	(20.302)	833.571	175.050
Trade receivables provisions	283.887	65.294	445.490	93.553
Financial investments	(60.031.313)	(13.807.202)	(64.550.567)	(13.555.619)
Trade payables provisions	(16.426)	(3.778)	(103.657)	(21.768)
Inventories	(27.351.487)	(6.290.842)	(147.281.324)	(30.929.078)
Property, plant and equipment and intangible assets	(237.713.713)	(54.674.154)	(208.282.581)	(43.739.342)
Deferred tax assets	(318.975.126)	(73.364.279)	(404.318.906)	(84.906.970)
Net deferred tax		(73.364.279)		(84.906.970)

The reconciliation of tax expense for the period to profit for the period is as follows:

	1 January- 31 December 2023	1 January- 31 December 2023
Deferred tax at the beginning of the period	(84.906.970)	(36.090.519)
Deferred tax income / expense	10.799.210	(50.783.430)
Deferred tax income / (expense) recognized in other comprehensive income	(1.382.980)	801.056
Inflation impact	2.126.461	1.068.924
Foreign currency translation differences	--	96.999
Total	(73.364.279)	(84.906.970)

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21. SHARE CAPITAL AND NON-CONTROLLING INTERESTS**Share Capital**

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

	31 December 2023	Share	31 December 2022	Share
	TRY	%	TRY	%
<u>Shareholders</u>				
Alper Akyüz	93.562.286	42,52	46.781.143	42.53
Elif Akyüz	45.603.000	20,72	22.801.500	20.73
Actual Shares Outstanding (*)	71.405.592	32,45	32.375.971	30.32
Other	9.429.122	4,28	8.041.386	6.42
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 31 December 2023, the Company has 32,45% of shares registered in BIST.

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

Other comprehensive income not to be reclassified under profit and loss

	31 December 2023	31 December 2022
Balance at January 1	(3.465.974)	(452.479)
Additions	6.012.957	(3.814.551)
Deferred tax	(1.382.980)	801.056
	1.164.003	(3.465.974)

Restricted reserves;

	31 December 2023	31 December 2022
Balance at January 1	120.252.025	22.830.402
Additions	37.196.772	97.421.623
	157.448.797	120.252.025

Retained earnings

	31 December 2023	31 December 2022
Balance at January 1	296.327.402	978.320.480
Transfers	(21.064.321)	--
Transferler to reserves	(37.196.772)	(97.421.623)
Dividends paid	(184.329.593)	(584.571.455)
Transfers to capital	--	--
Additions	--	--
	53.736.716	296.327.402

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21. SHARE CAPITAL AND NON-CONTROLLING INTERESTS (continued)

The comparison of the equity items presented by the Company as adjusted for inflation in its financial statements as of December 31, 2023, according to CPI indexed legal records is as follows:

31 December 2023

Equity items	PPI indexed legal records	TUFE indexed legal records	Amounts recognized in retained earnings
Capital Adjustment Differences	332.390.082	442.986.997	(110.596.915)
Share premium	531.050.288	287.180.250	243.870.038
Legal reserves	157.448.797	95.888.634	61.560.163

22. EARNINGS PER SHARE

Earnings per share for the periods are as follows:

	31 December 2023	31 December 2022
Net profit for the period of the equity holders of the parent	(127.342.153)	(21.064.321)
Weighted average number of ordinary shares with nominal value (kuruş1 per value)	220.000.000	110.000.000
Earnings per share (TRY)	(0,6212)	(0,1915)

23. REVENUE AND COST OF SALES

Revenue for the periods are as follows:

	1 January- 31 December 2023	1 January- 31 December 2022
Domestic Sales	115.138.477	107.876.922
Export Sales	122.694.520	365.544.157
Other Revenue	4.412.671	2.863.018
Gross Sales	242.245.668	476.284.097
Sales Returns (-)	(435.127)	(4.767.736)
Sales Discount (-)	(3.604.896)	(3.136.197)
Net Sales	238.205.645	468.380.164
Cost of goods sold (-)	(44.627.739)	(53.049.953)
Cost of merchandise sold (-)	(2.259.022)	(13.720.492)
Cost of services sold (-)	(1.184.526)	--
Gross Profit	190.134.358	401.609.719

24. MARKETING, SELLING AND DISTRIBUTION EXPENSES

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

	1 January- 31 December 2023	1 January- 31 December 2022
Personnel expenses	(38.073.700)	(20.580.554)
Depreciation and amortization expenses	(9.915.112)	(9.081.083)
Shipping costs	(7.962.725)	(5.573.198)
Material usage expenses	(3.264.859)	(2.082.527)
Travel expenses	(2.911.088)	(1.605.441)
Commission expenses	(2.741.603)	(4.936.657)
Transportation expenses	(2.257.311)	(1.643.862)
Fair and exhibition expenses	--	(770.099)
Benefits and services provided externally	(1.915.084)	(2.317.934)
Tax, duty and duty expenses	(1.167.572)	(264.192)
Export expenses	(806.671)	(1.554.839)
Representation and hosting expenses	(459.584)	(238.145)
Other	(2.222.068)	(2.352.321)
Total	(73.697.378)	(53.000.852)

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

	1 January- 31 December 2023	1 January- 31 December 2022
Direct raw material and material expense	(20.987.545)	(27.577.667)
Depreciation and amortization expenses (Note 13)	(15.102.838)	(16.234.899)
Direct labor expense	(8.877.098)	(19.935.460)
Indirect labor expenses	(695.317)	(782.994)
Food expenses	(550.414)	(758.969)
Other	(1.858.075)	(1.480.456)
	(48.071.287)	(66.770.445)

25. GENERAL ADMINISTRATIVE EXPENSES

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

	1 January- 31 December 2023	1 January- 31 December 2022
Personnel expenses	(59.173.575)	(30.295.462)
Depreciation and amortization expenses	(27.691.678)	(25.362.337)
Externally provided benefits and services	(22.466.628)	(27.627.153)
Tax, duty and duty expenses	(5.078.427)	(4.558.609)
Insurance expenses	(1.806.922)	(1.165.956)
Other	(1.760.013)	(9.142.263)
	(117.977.243)	(98.151.780)

Fees for Services Received from Independent Auditor/Independent Audit Firm

The Group's disclosure regarding the fees for the services provided by the independent audit firms, which is prepared in accordance with the Board Decision of the POA published in the Official Gazette dated March 30, 2021 and based on the POA letter dated August 19, 2021, is as follows:

	31 December 2023	31 December 2022
Provision for vacation leave	425.000	250.000
	425.000	250.000

26. RESEARCH AND DEVELOPMENT EXPENSES

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

	1 January- 31 December 2023	1 January- 31 December 2022
Depreciation and amortization expenses (Note 12)	(8.999.290)	(5.884.955)
	(8.999.290)	(5.884.955)

The Group invested a total of 70,119,184 TL for R&D projects in the accounting period ending on 31 December 2023 (31 December 2022: 37,007,368 TL).

27. OTHER OPERATING INCOME AND EXPENSES

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

	1 January- 31 December 2023	1 January- 31 December 2022
<u>Other operating income</u>		
Exchange rate difference income on trade receivables and payables	138.658.252	147.725.716
Provisions no longer required	--	251.897
Other	9.458.575	10.479.248
	148.116.827	158.456.861
	1 January- 31 December 2022	1 January- 31 December 2022
<u>Other operating income loss</u>		
Foreign exchange loss on trade receivables and payables	(23.249.519)	(27.562.462)
Provisions for doubtful receivables (Note 6)	(478.696)	(70.350)
Other (*)	(42.727.993)	(9.514.080)
	(66.456.208)	(37.146.892)

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

28. INCOME AND EXPENSES FROM INVESTMENT ACTIVITIES

	1 January- 31 December 2023	1 January- 31 December 2022
<u>Other operating income</u>		
Property, plant and equipment sales profits	3.002.250	7.766
Income from financial investments	717.614	9.318.595
Exchange rate protected deposit income	12.964.649	62.146.046
Other	--	5.038
	16.684.513	71.477.445
	1 January- 31 December 2023	1 January- 31 December 2022
<u>Other operating expenses</u>		
Expenses from financial investments	(7.786.338)	--
Exchange rate protected deposit income	(1.812.759)	--
	(9.599.097)	--

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29. FINANCIAL INCOME AND EXPENSES

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

	1 January- 31 December 2023	1 January- 31 December 2022
<u>Finance income</u>		
Foreign exchange gains	91.564.656	191.637.018
Interest income	30.341.406	31.273.172
Interest income from rental transactions	--	--
	121.906.062	222.910.190
	1 January- 31 December 2023	1 January- 31 December 2022
<u>Finance expenses</u>		
Foreign exchange losses	(18.390.972)	(17.553.083)
Loan interest expenses	(2.705.265)	(2.084.410)
Interest expense arising from rental transactions	(669.300)	(1.401.310)
	(21.765.537)	(21.038.803)

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:

	31 December 2023	31 December 2022
Total financial liabilities	24.425.288	21.953.344
Less: Cash and cash equivalents	(301.732.038)	(487.793.245)
Net debt	(277.306.750)	(465.839.901)
Total equity	1.213.251.098	1.507.679.335
Debt/equity ratio	(0.23)	(0.31)

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.

31 December 2023	Receivables				Bank deposits	Financial Invest-ments
	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)	--	77.924.261	--	18.564.698	301.649.538	59.223.620
- Secured portion of the maximum credit risk by guarantees	--		--			
A. Net book value of financial assets that are neither past due nor impaired	--	77.924.261	--	18.564.698	301.649.538	59.223.620
B. Net book value of the impaired assets	--	--	--	--	--	--
- Past due (gross carrying amount)	--	910.567	--	--	--	--
- Impairment (-)	--	(910.567)	--	--	--	--
- 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					
	Trade receivables		Other receivables		Bank deposits	Financial Investments
	Related Party	Third Party	Related Party	Third Party		
Maximum credit risk exposed as of balance sheet date, (A+B+C+D)	--	87.248.839	--	11.055.946	487.604.400	166.726.754
- Secured portion of the maximum credit risk by guarantees	--	--	--	--	--	- -
A. Net book value of financial assets that are neither past due nor impaired	--	87.248.839	--	11.055.946	487.604.400	166.726.754
B. Net book value of the impaired assets	--	--	--	--	--	--
- Past due (gross carrying amount)	--	777.590	--	--	--	--
- Impairment (-)	--	(777.590)	--	--	--	--
- 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	31 December 2023					
	Carrying Value	Contractual cash flows	Up to 3 months	3 - 12 month	1 - 5 years	More than 5 years
Non derivative financial liabilities	39.926.239	40.645.172	23.327.327	1.620.726	10.070.325	5.577.161
Loans and borrowings	7.566.897	7.616.530	7.356.325	210.572	--	--
Lease liabilities	16.858.391	17.527.691	470.051	1.410.154	10.070.325	5.577.161
Trade payables	10.845.783	10.845.783	10.845.783	--	--	--
Other payables	4.655.168	4.655.168	4.655.168	--	--	--

Contractual maturity	31 December 2022					
	Carrying Value	Contractual cash flows	Up to 3 months	3 - 12 month	1 - 5 years	More than 5 years
Non derivative financial liabilities	31.380.987	32.885.954	11.187.250	2.518.710	10.483.787	8.696.207
Loans and borrowings	2.557.698	2.661.355	935.109	1.138.028	588.218	--
Trade payables	19.031.375	20.432.685	460.227	1.380.682	9.895.569	8.696.207
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:

		31 December 2023			31 December 2022		
		TRY	USD	EUR	TRY	USD	EUR
		Equivalent			Equivalent		
1	Trade payables	30.746.751	123.342	832.439	94.706.464	3.494.824	1.468.581
2a.	Monetary financial assets	270.328.314	3.478.185	5.155.564	372.174.008	11.113.327	8.224.105
2b.	Non-Monetary financial assets	--	--	--	--	--	--
3	Other	1.710.389	7.742	45.511	--	--	--
4	Current assets (1+2+3)	302.785.454	3.609.269	6.033.514	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)	--	--	--	--	--	--
10	Trade payables	302.785.454	3.609.269	6.033.514	466.880.472	14.608.151	9.692.686
11	Financial borrowings	6.511.077	117.474	93.721	5.825.859	34.464	259.316
12a.	Other Monetary financial liabilities	--	--	--	--	--	--
12b.	Other Non-Monetary financial liabilities	--	--	--	--	--	--
13	Current liabilities (10+11+12)	--	--	--	--	--	--
14	Trade payables	6.511.077	117.474	93.721	5.825.859	34.464	259.316
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)	--	--	--	--	--	--
19	. Net asset / liability position of off-balance sheet derivatives (19a-19b)	6.511.077	117.474	93.721	5.825.859	34.464	259.316
19a.	Total amount of assets hedged	--	--	--	--	--	--
19b.	Total amount of liabilities hedged	--	--	--	--	--	--
20	Net foreign currency asset /(liability)position (9-18+19)	--	--	--	--	--	--
21	Net foreign currency asset / (liability) position of monetary items (1+2a+5+6a-10-11-12a-14-15-16a)	296.274.377	3.491.795	5.939.793	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 TRY			
1- USD net asset/liability	10.279.231	(10.279.231)	27.257.021	(27.257.021)
2- Amount hedged for USD risk (-)	--	--	--	--
3- USD net effect (1+2)	10.279.231	(10.279.231)	27.257.021	(27.257.021)
	In case of 10% appreciation of EUR against TRY			
4- EUR net asset/liability	19.348.213	(19.348.213)	18.848.440	(18.848.440)
5- Amount hedged for EUR risk (-)	--	--	--	--
6- EUR net effect (4+5)	19.348.213	(19.348.213)	18.848.440	(18.848.440)
Total net effect (3+6)	29.627.444	(29.627.444)	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:

		31 December 2023		31 December 2022	
<i>Financial assets</i>	Note	Book value	Fair value	Book value	Fair value
Cash and cash equivalents	5	301.732.038	301.732.038	323.447.280	323.447.280
Financial investments	6	58.370.744	58.370.744	101.094.857	101.094.857
Trade receivables	7	77.924.261	77.924.261	69.430.482	69.430.482
Other receivables	9	18.564.698	18.564.698	6.576.172	6.576.172
Total financial assets		456.591.741	456.591.741	500.548.791	500.548.791
<i>Financial liabilities</i>					
Financial borrowings	17	7.566.897	7.616.530	2.557.698	2.661.355
Trade payables		16.858.391	17.527.691	19.031.375	20.432.685
Other payables	7	10.845.783	10.845.783	7.812.978	7.812.978
Payables related to employment benefits	9	4.655.168	4.655.168	1.978.936	1.978.936
Payables within benefit to employees	20	6.296.634	6.296.634	2.058.388	2.058.388
Total financial liabilities		46.222.873	46.941.806	33.439.375	34.944.342
Net		410.368.868	409.649.935	467.109.416	465.604.449

33. OTHER MATTERS THAT SIGNIFICANTLY AFFECT THE FINANCIAL STATEMENTS OR SHOULD BE DISCLOSED IN ORDER TO MAKE THE FINANCIAL STATEMENTS CLEAR, INTERPRETABLE AND UNDERSTANDABLE.

The effects of the adjustments made by the Group within the scope of IAS 29 on an account group basis are as follows:

Monetary Loss/Gain

	1 January- 31 December 2023	1 January- 31 December 2023
Operating Profit Before Finance Expenses	78.206.482	437.359.546
Finance Expenses (-)	(21.765.537)	(21.038.803)
Finance Income (+)	121.906.062	222.910.190
Monetary Loss	(324.456.624)	(593.409.364)
<i>Stocks</i>	<i>(48.753.849)</i>	<i>86.603.595</i>
<i>Financial Investments</i>	<i>57.624.084</i>	<i>36.409.188</i>
<i>Fixed Assets</i>	<i>121.426.716</i>	<i>144.388.207</i>
<i>Equity</i>	<i>(467.024.875)</i>	<i>(736.340.473)</i>
<i>Index effect on statement of profit and loss</i>	<i>(60.136.520)</i>	<i>(142.090.445)</i>
<i>Current period adjustment factor indexation effect</i>	<i>72.407.821</i>	<i>17.620.564</i>
Profit Before Tax	(146.109.617)	45.821.569
Tax	9.439.226	(55.877.232)
Profit for the Period	(136.670.391)	(10.055.663)

34. SUBSEQUENT EVENTS

There is none.