

**ANATOLIA TANI VE BİYOTEKNOLOJİ
ÜRÜNLERİ AR-GE SANAYİ VE TİCARET A.Ş.
AND GROUP COMPANIES CONSOLIDATED
FINANCIAL STATEMENTS FOR THE
PERIOD ENDED 30 JUNE 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 30 June 2024 and 31 December 2023
(Amounts expressed in Turkish Lira (“TL”) unless otherwise indicated.)

ASSETS	Notes	Audited 30 June 2024	Audited 31 December 2023
Current Assets			
Cash and cash equivalents	4	290.187.740	376.364.217
Financial investments	5	15.177.817	72.808.508
Trade receivables	6	91.528.866	97.198.507
- <i>Due from third parties</i>		91.528.866	97.198.507
Other receivables	8	4.509.528	22.011.757
- <i>Other receivables from third parties</i>		4.509.528	22.011.757
Inventories	9	309.150.791	282.019.412
Prepaid expenses	10	7.389.289	11.635.715
Current tax assets		5.519.062	16.577.072
Other current assets	11	37.522.537	31.604.603
TOTAL CURRENT ASSETS		760.985.630	910.219.791
Non-current Assets			
Financial investments		1.132.422	1.063.831
Other receivables		580.415	1.144.843
- <i>Other receivables from third parties</i>	8	580.415	1.144.843
Right use of assets	14	18.412.505	21.138.348
Tangible assets	12	560.784.962	554.952.775
Intangible assets	13	228.848.467	198.630.286
- <i>Other intangible assets</i>		228.848.467	198.630.286
Prepaid expenses	10	5.699.255	677.702
TOTAL NON-CURRENT ASSETS		815.458.026	777.607.785
TOTAL ASSETS		1.576.443.656	1.687.827.576

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

Anatolia Tanı ve Biyoteknoloji Ürünleri Ar-Ge Sanayi Ticaret A.Ş. and Group Companies
Consolidated Statements of Financial Position for The Years Ended 30 June 2024 and 31 December 2023
(Amounts expressed in TL unless otherwise indicated.)

LIABILITIES	Notes	Audited 30 June 2024	Audited 31 December 2023
Current Liabilities			
Lease liabilities	15	2.221.368	2.345.266
Short-term borrowings	16	432.401	9.088.329
Short-term portion of long-term borrowings	16	151.645	350.209
Trade payables	6	38.939.407	13.528.443
- Due to third parties		38.939.407	13.528.443
Employee benefit obligations	19	17.450.810	7.854.081
Other Payables	8	26.811.971	5.806.605
- Due to related parties		12.080.633	--
- Due to third parties		14.731.338	5.806.605
Deferred income	10	1.802.601	5.640.039
Provisions		661.803	--
- Provisions for employee benefits	17	4.770.790	6.168.037
Period Profit Tax Liability		4.770.790	6.168.037
Other short-term liabilities	11	9.263.284	7.201.066
TOTAL CURRENT LIABILITIES		102.506.080	57.982.074
Non-current liabilities			
Lease liabilities	15	15.567.762	18.682.979
Deferred income		1.445.940	2.774.409
Long-term provisions		4.586.337	3.533.712
- Long-term provisions for employee benefits	17	4.586.337	3.533.712
Deferred tax liabilities	20	85.736.348	91.510.632
TOTAL NON-CURRENT LIABILITIES		107.336.387	116.501.732
EQUITY			
Equity attributable to owners of the Company		1.356.044.189	1.513.343.770
Share capital	21	220.000.000	220.000.000
Adjustment to share capital		469.021.498	469.021.498
Share premium		662.403.394	662.403.394
Other accumulated comprehensive income and expense not to be reclassified to profit or loss		1.828.282	1.451.914
- Gain/loss arising from defined benefit plans		1.828.282	1.451.914
Other accumulated comprehensive income and expense to be reclassified to profit or loss		17.298.566	67.520.832
- Currency translation reserve		17.298.566	67.520.832
Restricted reserves		196.393.110	196.393.110
Retained earnings		(103.446.979)	67.028.272
Profit for the period		(107.453.682)	(170.475.250)
Non-controlling interests		--	--
TOTAL SHAREHOLDER'S EQUITY		1.356.044.189	1.513.343.770
TOTAL LIABILITIES		1.576.443.656	1.687.827.576

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

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

Consolidated Statements of Financial Position and Other Comprehensive Income as of

1 January – 30 June 2024 and 2023

(Amounts expressed in TL unless otherwise indicated.)

	Notes	Audited 1 January - 30 June 2024	Audited 1 January - 30 June 2023	Audited 1 April - 30 June 2024	Audited 1 April - 30 June 2023
Revenue	23	222.558.740	131.312.779	120.192.802	84.783.980
Cost of sales (-)	23	(73.720.008)	(49.091.960)	(55.404.543)	(32.389.068)
GROSS PROFIT		148.838.732	82.220.818	64.788.259	52.394.912
General administrative expenses (-)	25	(83.396.351)	(68.125.927)	(40.489.758)	(34.418.480)
Marketing expenses (-)	24	(57.559.225)	(42.766.033)	(28.835.920)	(22.614.899)
Research and development expenses (-)	26	(2.098.239)	(2.419.417)	(2.098.239)	(2.419.417)
Other income from operating activities	27	32.213.058	150.581.677	18.070.428	112.693.954
Other expenses from operating activities (-)	27	(5.807.858)	(63.030.392)	(3.199.695)	(41.907.558)
OPERATING PROFIT		32.190.117	56.460.725	8.235.075	63.728.511
Other income from investing activities	28	10.080.211	18.413.155	2.296.940	14.508.248
Other income from investing activities (-)	28	(2.789.070)	(856.395)	(2.789.070)	(856.395)
OPERATING INCOME BEFORE FINANCIAL INCOME/(EXPENSE)		39.481.258	74.017.485	7.742.945	77.380.365
Finance expenses (-)	29	(1.962.212)	(14.016.725)	(1.309.411)	(1.943.845)
Finance income	29	16.700.363	105.897.488	2.426.608	72.613.718
Monetary position gain/(loss)	33	(148.843.781)	(213.548.026)	(38.382.001)	(113.040.766)
PROFIT BEFORE TAX FROM CONTINUING OPERATIONS		(94.624.372)	(47.649.778)	(29.521.858)	35.009.472
Tax income/(expense), continuing operations		(12.829.310)	(71.373.572)	(12.683.246)	(19.116.436)
Tax expenses		(4.182)	(16.599.782)	14.360	(16.591.076)
Deferred tax expense / incomes	20	(12.825.128)	(54.773.790)	(12.697.606)	(2.525.361)
NET PROFIT FOR THE PERIOD		(107.453.682)	(119.023.350)	(42.205.105)	15.893.035
Attributable to:					
Non-controlling interests		--	--	--	--
Equity holders of the parent		(107.453.682)	(119.023.350)	(42.205.105)	15.893.035
OTHER COMPREHENSIVE INCOME					
Not to be reclassified to profit or loss		376.368	1.565.269	311.474	(2.652.691)
Gain/ loss arising from defined benefit plans		488.789	2.032.817	404.512	(3.445.053)
Not to be reclassified to profit or loss, tax effect		(112.421)	(467.548)	(93.038)	792.362
-Deferred tax income/(expense)		(112.421)	(467.548)	(93.038)	792.362
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		(50.222.266)	161.258.529	(27.552.212)	129.381.056
Foreign Currency Translation Differences		(50.222.266)	161.258.529	(27.552.212)	129.381.056
OTHER COMPREHENSIVE INCOME		(49.845.898)	162.823.798	(27.240.738)	126.728.365
TOTAL COMPREHENSIVE INCOME		(157.299.580)	43.800.448	(69.445.843)	142.621.400
Attributable to		(157.299.580)	43.800.448	(69.445.843)	142.621.400
Non-controlling interests		--	--	--	--
Equity holders of the parent		(157.299.580)	43.800.448	(69.445.843)	142.621.400

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

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

Consolidated Statement of Changes in Share Holder's Equity as of 1 January – 30 June 2024 and 30 June 2023

(Amounts expressed in TL unless otherwise indicated.)

	Share capital (Note 22)	Share capital adjustments (Note 22)	Share premium/(discount) (Note 22)	Other comprehensive income not to be reclassified under profit and loss (Note 22)	Other comprehensive income to be reclassified under profit and loss (Note 22)	Restricted reserves (Note 22)	Retained earnings (Note 22)	Net income/(loss) (Note 22)	Equity holders of the parent (Note 22)	Non- controlling interest (Note 22)	Total equity (Note 22)
Balance at January 1, 2023	110.000.000	378.098.561	863.326.331	(4.323.268)	40.151.856	149.995.869	343.348.273	--	1.880.597.621	--	1.880.597.621
Transfers	--	--	--	--	--	--	--	--	--	--	--
Capital increase	110.000.000	90.922.938	(200.922.938)	--	--	--	--	--	--	--	--
Total comprehensive income	--	--	--	1.565.269	161.258.529	--	--	(119.023.350)	43.800.449	--	43.800.449
Increase/(decrease) through-share based transactions	--	--	--	--	--	46.741.876	(46.741.876)	--	--	--	--
As of June 30, 2023	220.000.000	469.021.499	662.403.393	(2.757.999)	201.410.385	196.737.745	66.683.636	(119.023.350)	1.694.475.310	--	1.694.475.310
Balance at January 1, 2024	220.000.000	469.021.498	662.403.394	1.451.914	67.520.832	196.393.110	67.028.272	(170.475.250)	1.513.343.770	--	1.513.343.770
Transfers	--	--	--	--	--	--	(170.475.251)	170.475.250	--	--	--
Capital increase	--	--	--	--	--	--	--	--	--	--	--
Total comprehensive income	--	--	--	376.368	(50.222.266)	--	--	(107.453.682)	(157.299.581)	--	(157.299.581)
As of June 30 , 2024	220.000.000	469.021.498	662.403.394	1.828.282	17.298.566	196.393.110	(103.446.979)	(107.453.682)	1.356.044.189	--	1.356.044.189

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

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

Consolidated Statements of Cash Flows For The Periods Ended at 1 January – 30 June 2024 and 30 June 2023
(Amounts expressed in TL unless otherwise indicated.)

		Audited	Audited
	Notes	1 January- 30 June 2024	1 January- 30 June 2023
A. Cash flow from Operating activities			
Income for the period		(107.453.682)	(119.023.350)
Adjustments to reconcile net profit (loss) for the period to cash flows from operating activities			
Adjustments Related to Depreciation and Amortization Expenses		40.947.629	47.387.403
Corrections Regarding Provisions		--	166.134
Provision for employment termination benefit	18	6.876.150	5.157.853
Provision for unused vacation	18	(1.397.247)	(30.404)
Adjustments for Interest (Income) and Expenses		(1.470.456)	(21.758.014)
Provision for impairment of inventories	10	7.722.435	7.722.435
Adjustments related to unrealized foreign currency translation differences		(70.322.325)	209.966.368
Adjustments Related to Tax (Income) Expense		12.829.310	71.373.572
Monetary (Gain) / Loss		95.486.854	(65.315.953)
Changes in working capital		(16.781.332)	136.016.427
Adjustments for Decrease (Increase) in Financial Investments		57.630.691	(30.830.660)
Adjustments for Decrease (Increase) in Trade Receivables		5.669.641	(10.563.029)
Adjustments for Decrease (Increase) in Other Receivables Related to Operations		18.066.657	(12.486.509)
Adjustments for Decrease (Increase) in Inventories		(27.131.379)	144.874.011
Decrease (Increase) in Prepaid Expenses		(775.127)	(9.936.269)
Adjustments related to increase (decrease) in trade payables		35.967.964	7.059.572
Increase (Decrease) in Employee Benefit Payables		9.596.729	4.439.894
Adjustments Related to Increase (Decrease) in Other Payables Related to Operations		21.005.366	1.635.011
Change in other current and fixed assets		(3.855.717)	1.363.724
Increase (Decrease) in Deferred Income		(5.165.907)	1.587.672
Total Adjustments		94.227.587	233.159.844
Cash Flows from Operating Activities			
Payments made within the scope of provisions for employee benefits	18	(320.294)	(565.196)
Tax Refunds (Payments)		--	2.759.211
Total		93.907.293	235.353.860
B. Cash flows used in investing activities			
Cash inflows from sale of property, plant and equipment and intangible assets		12.720.007	17.304.897
Cash outflows from the acquisition of property, plant and equipment and intangible assets	12, 13, 14	(109.123.808)	(144.990.942)
C. Cash flows from financing activities			
Cash inflows and (outflows) related to debt payments, net		(8.854.492)	(1.093.255)
Cash outflows related to debt payments arising from finance lease agreements		(1.663.754)	(2.180.468)
Dividends Paid		(206.481)	(1.763.676)
Interest Paid		1.676.937	23.521.690
Net (decrease) / increase in cash and cash equivalents (A+B+C+D)		(11.544.298)	126.152.106
D. Inflation Effect on Cash			
		(74.632.179)	(312.407.204)
Net increase (decrease) in cash and cash equivalents (A+B+C+D)		(86.176.477)	(186.255.099)
E. Cash and Cash Equivalents at the Beginning of the Period		376.364.217	608.446.899
Cash and cash equivalents at the end of the period (A+B+C+D)	4	290.187.740	422.191.800

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

1. GROUP'S ORGANIZATION AND NATURE OF OPERATIONS

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

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

As of the 30 June 2024 the total number of employees of the Group is 185.

The company is registered with the Capital Markets Board ("CMB") and its shares are traded on Borsa İstanbul A.Ş. ("BIST") as of 2021. As of 30 June 2024, 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 Aydın SB Mahallesi, Matraş Caddesi, No:18/Z02, Tuzla / İstanbul.

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

Subsidiaries

As of 30 June 2024, 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 – 30 June 2024 have been approved by the Board of Directors and authorized for publication on 20 September 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 June 30, 2024. TAS 29 is applied to the financial statements, including the consolidated financial statements, of any entity whose functional currency is the currency of a hyperinflationary economy.

According to the standard, financial statements prepared in the currency of a hyperinflationary economy are presented in terms of the purchasing power of that currency at the balance sheet date. Prior period financial statements are also presented in the current measurement unit at the end of the reporting period for comparative purposes. The Group has therefore presented its consolidated financial statements as of June 30, 2023, on the purchasing power basis as of June 30, 2024. 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 June, 2024.

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 June 30, 2024, 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
30 June 2024	2.319,29	1,0000	%316
31 December 2023	1.859,38	1,2473	%268
30 June 2023	1.269,75	1,7160	%182

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

As at 30 June 2024, the accounting policies adopted in preparation of the condensed consolidated interim financial statements for the year ended 30 June 2024 are consistent with those of the previous financial year, except for the adoption of new and amended TFRS and TFRIC interpretations effective as of 1 January 2024.

The effects of these standards and interpretations on the financial position and performance of the Group are disclosed in the related paragraphs.

a) Amendments and interpretations effective from 2024

TAS 1 (Amendments) Classification of Liabilities as Current or Non-Current
IFRS 16 (Amendments) Lease Liability in a Sale and Leaseback Transaction
TAS 1 (Amendments) Long-term liabilities with loan contract terms
TAS 7 and TFRS 7 (Amendments) Supplier Financing Arrangements
TSRS 1 General requirements for disclosure of sustainability-related financial information
TSRS 2 Climate Related Disclosures

TAS 1 (Amendments) Classification of Liabilities as Current or Non-Current

The purpose of these amendments is to ensure consistent application of the requirements of the standard by assisting entities in making decisions about whether debt and other liabilities in the statement of financial position that have no fixed maturity should be classified as current (expected to be settled within one year) or non-current.

These amendments to IAS 1 will be effective for annual periods beginning on or after 1 January 2024, with earlier application permitted.

The Group is in the process of assessing the potential impact of the standard, amendments and improvements on the consolidated financial position and performance of the Group.

IFRS 16 (Amendments) Lease Liability in a Sale and Leaseback Transaction

These amendments to TFRS 16 clarify how a seller-lessee subsequently measures sale and leaseback transactions that meet the requirements in TFRS 15 to be recognised as sales.

These amendments to TFRS 16 are effective for annual periods beginning on or after 1 January 2024, with earlier application permitted.

The Group is in the process of assessing the potential impact of these standards, amendments and improvements on the consolidated financial position and performance of the Group.

IAS 1 (Amendments) Long-term Liabilities with Credit Agreement Terms

The amendments to TAS 1 clarify how conditions that an entity must meet within twelve months of the reporting period affect the classification of a liability.

The amendments to TAS 1 are effective for annual periods beginning on or after 1 January 2024, with earlier application permitted.

The Group is in the process of assessing the potential impact of these standards, amendments and improvements on the consolidated financial position and performance of the Group.

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

TAS 7 and TFRS 7 (Amendments) Supplier Financing Arrangements

The amendments to TAS 7 and TFRS 7 add guidance that requires entities to provide qualitative and quantitative information about supplier financing arrangements and disclosure requirements to existing disclosure requirements. The amendments are effective for annual periods beginning on or after 1 January 2024.

The Group is in the process of assessing the impact of the amendments on financial position or performance of the Group.

TSRS 1 General requirements for disclosure of sustainability-related financial information

TSRS 1 sets out general requirements for sustainability-related financial disclosures, requiring an entity to disclose information about sustainability-related risks and opportunities that is useful for primary users of general purpose financial reports to make decisions about funding the entity. The application of this standard is mandatory for annual reporting periods beginning on or after 1 January 2024 for entities that meet the relevant criteria in the POA's announcement dated 5 January 2024 and numbered 2024-5 and for banks regardless of the criteria. Other entities may voluntarily report in accordance with TSRS.

The Group is in the process of assessing the impact of the amendment on the financial position and performance of the Group.

TSRS 2 Climate Related Disclosures

TSRS 2 sets out the requirements for identifying, measuring and disclosing climate-related risks and opportunities that are useful to primary users of general purpose financial reports in making decisions about funding the entity. The application of this standard is mandatory for annual reporting periods beginning on or after 1 January 2024 for entities that meet the relevant criteria in the POA's announcement dated 5 January 2024 and numbered 2024-5 and for banks regardless of the criteria. Other entities may report in accordance with TSRS on a voluntary basis.

b) Standards, amendments and interpretations to existing standards that are not yet effective

The Group has not yet adopted the following standards, amendments and interpretations to existing standards that are not yet effective

TFRS 17 Insurance Contracts

TFRS 17 (Amendments) Insurance Contracts and First-time Adoption of TFRS 17 and TFRS 9 - Comparative Information

TAS 21 (Amendments) Lack of Exchangeability

TFRS 17 - Insurance Contracts

IFRS 17 requires insurance liabilities to be measured at a current settlement value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve consistent, principle-based accounting for insurance contracts. TFRS 17 has been deferred for insurance, reinsurance and pension companies for a further year and will replace TFRS 4 Insurance Contracts as at 1 January 2025.

The Group is in the process of assessing the potential impact of the standards, amendments and improvements on the consolidated financial position and performance of the Group.

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

TFRS 17 (Amendments) 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 and facilitate disclosure of results and transition.

In addition, the amendment on comparative information 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.

The Group is in the process of assessing the potential impact of the standards, amendments and improvements on the consolidated financial position and performance of the Group.

TAS 21 (Amendments) Lack of Exchangeability

These amendments provide guidance on when a currency is exchangeable and how exchange rates should be determined when it is not. The amendments are effective for annual reporting periods beginning on or after January 1, 2025.

The Group is in the process of assessing the potential impact of the standards, amendments and improvements on the consolidated financial position and performance of the Group.

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.

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

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

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.

2.6. Summary of significant accounting policies

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

Consolidation Principles

Full Consolidation:

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

As of 30 June 2024 and 30 June 2023, the subsidiaries consolidated within the Parent Company have been consolidated using the "full consolidation method" since the control power belongs to the Group.

The applied principles of consolidation as below:

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

The following table shows the subsidiaries, total shares of owned and effective partnership ratios as of 30 June 2024 and 31 December 2023:

Subsidiaries	30 June 2024	31 December 2023
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	%100

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

2.6. Summary of significant accounting policies (Continued)

(*) 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.

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.

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

2.6. Summary of significant accounting policies (Continued)

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

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

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

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

2.6. Summary of significant accounting policies (Continued)

Leases

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

As a lessee

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

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

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

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

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

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

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

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

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

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

2.6. Summary of significant accounting policies (Continued)

Intangible assets and related amortization

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

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

The useful lives of intangible assets are as follows:

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

Impairment of assets

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

Financial assets

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

Classification

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

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

Recognition and Measurement

a) Financial assets measured at amortized cost

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

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

2.6. Summary of significant accounting policies (Continued)

Financial assets (Continued)

b) Financial assets measured at fair value

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

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

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

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

ii. Financial assets measured at fair value through profit or loss

Financial assets measured at fair value through profit or loss, are assets that are not measured at amortized cost or at fair value through other comprehensive income. Gains and losses on valuation of these financial assets are accounted for under the statement of income.

Derecognition

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

Impairment

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

Provisions for losses are measured as below.

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

Provisions for losses are measured as below.

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

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

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

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

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

2.6. Summary of significant accounting policies (Continued)

Financial liabilities

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

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

a) Financial liabilities at fair value through profit and loss

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

b) Other financial liabilities

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

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

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

Borrowing Costs

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

Taxation and Deferred Income Taxes

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

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

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

Employee Benefits / Retirement Pay Provision

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

Operating Expenses

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

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

2.6. Summary of significant accounting policies (Continued)

Revenue Recognition

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

Group recognizes revenue based on the following main principles:

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

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

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

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

Equipment rental revenue

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

Provisions

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

Commitments and Contingencies

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

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

2.6. Summary of significant accounting policies (Continued)

Transactions in foreign currency

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

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

	30 June 2024	31 December 2023
US Dollars	32,8262 TRY	29,4382 TRY
Euro	35,1284 TRY	32,5739 TRY
PKR	0,11729 TRY	0,1050 TRY
PLN (Zloti)	8,139 TRY	7,5187 TRY
LEVA	17,8599 TRY	16,5611 TRY
PHP	0,5603 TRY	0,5312 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:

	30 June 2024	31 December 2023
	Alpha IVD S.p.A (Italy) Solo	Alpha IVD S.p.A (Italy) Solo
Current assets	96.425.948	149.224.238
Non-current assets	6.060.925	46.308.294
Total assets	102.486.873	195.532.532
Current liabilities	11.825.564	8.709.054
Non-current liabilities	2.157.956	2.064.139
Total debts	13.983.520	10.773.193
Net assets	88.503.353	184.759.339

Profit Loss for the period:

Revenue	18.699.940	30.778.028
Profit / (Loss) for the period	(20.822.900)	(29.399.358)
<u>Profit Loss for the period:</u>	<u>(20.822.900)</u>	<u>(29.399.358)</u>

	30 June 2024	31 December 2023
	Euronano (Pakistan) Solo	Euronano (Pakistan) Solo
Current assets	33.380.433	41.470.894
Non-current assets	6.060.925	6.816.548
Total assets	39.441.358	48.287.442
Current liabilities	91.770.023	100.901.809
Total debts	91.770.023	100.901.809
Net assets	(52.328.665)	(52.614.367)

Profit Loss for the period:

Revenue	1.112.709	6.101.250
Profit / (Loss) for the period	(163.347)	(25.061.707)
<u>Profit Loss for the period:</u>	<u>(163.347)</u>	<u>(25.061.707)</u>

3. SHARES IN OTHER BUSINESS (continued)

	30 June 2024	31 December 2023
	RhineGene B.V. (Hollanda) Solo	RhineGene B.V. (Hollanda) Solo
Current assets	89.560.663	39.163.983
Non-current assets	7.388.100	19.311.414
Total assets	96.948.763	58.475.397
Current liabilities	56.387.661	838.606
Total debts	56.387.661	838.606
Net assets	40.561.102	57.636.791
<u>Profit Loss for the period:</u>		
Revenue	--	--
Profit / (Loss) for the period	(737.283)	(6.195.773)
<u>Profit Loss for the period:</u>	(737.283)	(6.195.773)

	30 June 2024	31 December 2023
	RhineGene Philippines Solo	RhineGene Philippines Solo
Current assets	735.463	2.252.071
Non-current assets	3.115.260	1.811.714
Total assets	3.850.723	4.063.784
Current liabilities	12.125.397	12.372.678
Total debts	12.125.397	12.372.678
Net assets	(8.274.674)	(8.308.894)
<u>Profit Loss for the period:</u>		
Revenue	--	--
Profit / (Loss) for the period	(1.210.846)	(5.882.029)
<u>Profit Loss for the period:</u>	(1.210.846)	(5.882.029)

3. SHARES IN OTHER BUSINESS (continued)

	30 June 2024	31 December 2023
	RhineGene Bulgaria Solo	RhineGene Bulgaria Solo
Current assets	5.911.660	7.203.931
Non-current assets	1.375.220	600.328
Total assets	7.286.880	7.804.259
Current liabilities	11.450.970	9.353.456
Total debts	11.450.970	9.353.456
Net assets	(4.164.090)	(1.549.197)
<u>Profit Loss for the period:</u>		
Revenue	2.463.805	2.198.023
Profit / (Loss) for the period	(2.776.117)	(5.014.751)
<u>Profit Loss for the period:</u>	(2.776.117)	(5.014.751)

	30 June 2024	31 December 2023
	RhineGene Poland Solo	RhineGene Poland Solo
Current assets	16.749.170	27.824.739
Non-current assets	--	1.670.179
Total assets	16.749.170	27.824.739
Current liabilities	18.482.398	24.569.092
Total debts	18.482.398	24.569.092
Net assets	(1.733.228)	4.925.826
<u>Profit Loss for the period:</u>		
Revenue	5.894.195	12.133.174
Profit / (Loss) for the period	(4.595.392)	(5.813.265)
<u>Profit Loss for the period:</u>	(4.595.392)	(5.813.265)

	30 June 2024	31 December 2023
	RhineGene Germany Solo	RhineGene Germany Solo
Current assets	8.226.532	2.593.386
Non-current assets	1.756.500	2.537.354
Total assets	9.983.032	5.130.739
Current liabilities	7.607.375	8.820.830
Non-current liabilities	10.557.000	--
Total debts	18.164.375	8.820.830
Net assets	(8.181.343)	(3.690.091)
<u>Profit Loss for the period:</u>		
Revenue	5.715.867	--
Profit / (Loss) for the period	(4.904.288)	(3.686.084)
<u>Profit Loss for the period:</u>	(4.904.288)	(3.686.084)

4. CASH AND CASH EQUIVALENTS

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

	30 June 2024	31 December 2023
Cash in hand	--	2.202
Cash at banks	287.149.132	376.261.311
- Demand deposit	165.343.161	202.262.635
- Time deposit less than 3 months	121.805.971	173.998.676
Other cash and cash equivalents	3.038.608	100.704
	290.187.740	376.364.217

Currency	Interest rate	Maturity	30 June 2024
TRY	%30	1 July 2024	1.200.000
USD	% 4,95 – %4,10	31 July 2024	34.365.749
EUR	% 3,10 - %2,50	31 July 2024	86.240.222
			121.805.971
Currency	Interest rate	Maturity	31 December 2023
TRY	%29,98-%38,97	2 January 2024	8.219.913
USD	%5	31 January 2024	62.345.825
EUR	%2	31 January 2024	103.432.939
			173.998.677

5. FINANCIAL INVESTMENTS

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

	30 June 2024	31 December 2023
Fair value through	15.177.817	72.808.508
Financial assets at fair value through profit or loss	--	--
-Currency-protected deposits	--	--
	15.177.817	72.808.508

6. TRADE RECEIVABLES AND PAYABLES

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

Short-term trade receivables	30 June 2024	31 December 2023
Trade receivables	87.185.960	93.032.970
- Trade receivables from third parties	87.185.960	93.032.970
Notes receivable	4.029.091	4.165.537
Income accruals	313.815	--
Doubtful trade receivables (*)	1.259.041	1.135.792
Provision for doubtful trade receivables (-)	(1.259.041)	(1.135.792)
	91.528.866	97.198.507

As of 30 June 2024, the average maturity of the Group's trade receivables is 90 days. (30 June 2023: 90 days).

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

6. TRADE RECEIVABLES AND PAYABLES (continued)

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

	1 January- 30 June 2024	1 January- 30 June 2023
Balance at beginning of the period	1.135.792	737.286
Current year additions (Note 29)	--	166.134
Currency translation differences	123.249	49.483
Inflation adjustments	--	182.888
End of the period	1.259.041	1.135.792

The details of the trade payables are as follows:

	30 June 2024	31 December 2023
<u>Short-term trade payables</u>		
Trade payables	28.589.988	7.479.910
Expense Accruals	5.527.610	3.121.110
Other trade payables	4.821.809	2.927.423
	38.939.407	13.528.443

As of 30 June 2024, the average maturity of the Group's trade receivables is 90 days. (31December 2023: 90 day).
Explanations on the nature and level of risks in trade payables are given in Note 30.

7. RELATED PARTIES TRANSACTION

As of 30 June 2023, there are no trade receivables from organizations (31 December 2023: None).

Key management compensation:

The total amount of wages and similar benefits provided to the Group's President and Vice President of the Board of Directors and other key executives as of 30 June 2024 is TRY 6.956.606 (31 December 2023: TRY 6.626.824).

8. OTHER RECEIVABLES AND PAYABLES

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

<u>Short term other receivables</u>	<u>30 June 2024</u>	<u>31 December 2023</u>
Deposits and guarantees given	1.096.730	968.872
Other receivables(*)	3.412.798	21.042.885
	4.509.528	22.011.757

(*) Other receivables consist of VAT receivables.

<u>Long term other receivables</u>	<u>30 June 2024</u>	<u>31 December 2023</u>
Deposits and guarantees given	580.415	1.144.843
	580.415	1.144.843

<u>Short term other payables</u>	<u>30 June 2024</u>	<u>31 December 2023</u>
Free zone overdue deferred tax liabilities	1.153.868	1.991.631
Other payables	13.577.470	3.814.974
	14.731.338	5.806.605

9. INVENTORIES

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

	<u>30 June 2024</u>	<u>31 December 2023</u>
Raw materials	121.229.018	115.323.409
Work in Process	153.264.678	139.227.934
Trade goods	34.694.837	25.762.772
Other Inventories	16.250.493	10.246.865
Provision for impairment in inventory	(16.288.235)	(8.541.568)
	309.150.791	282.019.412

	<u>30 June 2024</u>	<u>31 December 2023</u>
Balance at beginning of the period	8.541.568	5.723.889
Current year additions	7.722.435	8.092.817
Currency translation differences	24.232	579.015
End of the period	16.288.235	14.395.721

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>	30 June 2024	31 December 2023
Advances given to suppliers (*)	3.144.687	7.744.564
Prepaid expenses (**)	4.244.602	3.891.151
	7.389.289	11.635.715

(*) 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>	30 June 2024	31 December 2023
Prepaid expenses for the following years	844.289	222.281
Advances given	4.854.966	455.421
	5.699.255	677.702

<u>Deferred income-short term</u>	30 June 2024	31 December 2023
Advances received (*)	1.355.816	5.640.039
Short-term deferred income	446.785	--
	1.802.601	5.640.039

(*) 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>	30 June 2024	31 December 2023
Deferred VAT	36.613.578	29.662.286
Other current assets	908.959	1.942.317
	37.522.537	31.604.603
<u>Other short-term liabilities</u>	30 June 2024	31 December 2023
Prepaid taxes and dues	9.238.668	7.184.904
Other	24.616	16.161
	9.263.284	7.201.065

12. PROPERTY, PLANT AND EQUIPMENTS

Movement of property, plant, and equipment for the period 01.01.-30.06.2024 is as follows:

	1 January 2024	Additions	Disposals (-)	Foreign currency translation differences	30 June 2024
Cost					
Land and land improvements	91.445.036	--	--	--	91.445.036
Buildings	248.884.649	--	(4.842.987)	(3.161.995)	240.879.668
Machinery and equipment	288.498.820	39.960.945	(4.053.290)	(5.977.429)	318.429.046
Vehicles	42.004.515	3.118.160	(1.117.164)	(2.359.054)	41.646.457
Furniture and fixtures	72.106.932	17.208.815	(637.143)	(685.071)	87.993.533
Other tangible assets	1.505.413	1.307.897	(771.069)	(246.298)	1.795.943
Leasehold improvements	23.567.915	--	--	(19.052)	23.548.863
Construction in progress	174.163	392.920	--	(211.954)	355.129
	768.187.443	61.988.737	(11.421.653)	(12.660.853)	806.093.675
	1 January 2024	Current year charge	Disposals (-)	Foreign currency translation differences	30 June 2024
Accumulated depreciation					
Buildings	(16.136.702)	(2.266.144)	--	133.206	(18.269.639)
Machinery and equipment	(138.910.528)	(18.956.775)	198.190	15.726	(157.653.387)
Vehicles	(15.949.809)	(4.113.948)	22.176	248.731	(19.792.850)
Furniture and fixtures	(25.733.371)	(6.258.364)	183.082	890.457	(30.918.196)
Other tangible assets	(340.867)	--	734.503	(1.459.993)	(1.066.357)
Leasehold improvements	(16.163.391)	(1.595.301)	--	150.409	(17.608.283)
	(213.234.667)	(33.190.532)	1.137.951	2.254.438	(245.308.713)
Net book value	554.952.776				560.784.962

As of 30 June 2024, property, plant, and equipment are insured for TRY 363.250.000 and there is no mortgage on it (31.12.2023: 273.075.000 TRY).

12. PROPERTY, PLANT AND EQUIPMENTS (continued)

Movement of property, plant and equipment for the period 01.01.-30.06.2023 is as follows:

	1 January 2023	Additions	Disposals (-)	Foreign currency conversion differences	30 June 2023
Cost					
Land and land improvements	91.445.036	6.123.878	--	--	97.568.914
Buildings	237.518.347	--	(6.108.767)	8.958.103	240.367.683
Machinery and equipment	236.544.392	17.925.971	(8.434.766)	37.876.554	283.912.152
Vehicles	32.276.025	1.575.265	(1.261.063)	417.416	33.007.643
Furniture and fixtures	64.105.604	1.761.378	(637.419)	1.435.166	66.664.730
Other tangible assets	915.034	277.771	(862.882)	2.085.993	2.415.916
Leasehold improvements	22.950.491	2.193.166	--	(1.664.941)	23.478.716
Construction in progress	593.052	--	--	(158.767)	434.285
	686.347.981	29.857.429	(17.304.897)	48.949.526	747.850.039
	1 January 2023	Current year charge	Disposals (-)	Foreign currency conversion differences	30 June 2023
Accumulated depreciation					
Buildings	(8.492.507)	(1.647.268)	570.513	167.430	(9.401.831)
Machinery and equipment	(100.813.413)	(22.844.425)	796.557	348.126	(122.513.155)
Vehicles	(11.517.842)	(10.247.328)	637.419	110.161	(21.017.590)
Furniture and fixtures	(16.887.841)	(4.027.359)	81.405	(731.500)	(21.565.296)
Other tangible assets	(143.312)	--	--	5.270	(138.042)
Leasehold improvements	(12.964.110)	(1.145.526)	--	87.959	(14.021.677)
	(150.819.025)	(39.911.906)	2.085.894	(12.553)	(188.657.591)
Net book value	535.528.956				559.192.448

13. INTANGIBLE ASSETS

Movement of intangible fixed asset for the period 01.01.-30.06.2024 is as follows:

	1 January 2024	Additions	Disposals (-)	Transfers	Foreign currency conversion differences	30 June 2024
Cost						
Rights (*)	73.929.394	8.080	--	--	(8.536.007)	65.401.467
Research and development costs (**)	184.769.833	47.126.991	--	--	--	231.896.824
Other intangible fixed assets	936.037	--	(160.404)	--	327.022	1.102.655
	259.635.264	47.135.071	(160.404)	--	(8.208.985)	298.400.946
	1 January 2024	Current year charge	Disposals (-)	Transfers	Foreign currency conversion differences	30 June 2024
Accumulated depreciation						
Rights	(6.478.977)	(2.930.850)	--	--	(1.386)	(9.411.213)
Research and development costs (**)	(53.110.799)	(3.587.449)	--	--	(1.482.173)	(58.180.422)
Other intangible fixed assets	(1.415.202)	(397.062)	--	--	(147.467)	(1.959.731)
	(61.004.978)	(6.915.362)	--	--	(1.631.026)	(69.551.366)
Net book value	198.630.286					228.849.580

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

Notes to the Consolidated Financial Statements as of 30 June 2024

(Amounts expressed in TL unless otherwise indicated.)

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

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

Movement of intangible fixed assets for the period 01.01.-30.06.2023 is as follows:

	1 January 2023	Additions	Transfers	Foreign currency conversion differences	30 June 2023
Cost					
Rights (*)	78.802.494	4.327.547	--	1.701	83.131.742
Research and development costs (**)	102.285.161	110.805.965	--	--	213.091.126
Other intangible fixed assets	1.025.099	--	--	315.049	1.340.148
	182.112.753	115.133.512	--	316.750	297.563.016
	1 January 2023	Current year charge	Transfers	Foreign currency conversion differences	30 June 2023
Accumulated depreciation					
Rights	(1.504.495)	(2.456.518)	--	(883.767)	(4.844.780)
Research and development costs (**)	(44.867.138)	(3.282.518)	--	--	(48.149.656)
Other intangible assets	(1.021.867)	(131.322)	--	(290.615)	(1.443.803)
	(47.393.500)	(5.870.358)	--	(1.174.382)	(54.438.239)
Net book value	134.719.253				243.124.777

(*) 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 TRY 74.702.754 for R&D projects in the accounting period ending on 30 June 2024 (6-month period) (31 December 2023: TRY 70.119.184 TRY (12-month period)).

14. RIGHTS OF USE ASSETS

Movement of rights of use assets for the period 01.01.-30.06.2024 is as follows:

	Buildings	Total
1 January 2024	25.009.858	25.009.858
Additions	(1.884.108)	(1.884.108)
30 June 2024	23.125.750	23.125.750
	Buildings	Total
<u>Accumulated depreciation</u>		
1 January 2024	(3.871.510)	(3.871.510)
Period depreciation	(841.735)	(841.735)
30 June 2024	(4.713.245)	(4.713.245)
Net book value		
30 June 2024	18.412.505	18.412.505
	Buildings	Total
<u>Cost</u>		
1 January 2023	26.181.515	26.181.515
Additions	3.358.625	3.358.625
30 June 2023	29.540.140	29.540.140
	Buildings	Total
<u>Accumulated depreciation</u>		
1 January 2023	(3.080.176)	(3.080.176)
Period depreciation	(1.605.139)	(1.605.139)
30 June 2023	(4.685.315)	(4.685.315)
Net book value		
30 June 2023	24.854.825	24.854.825

15. LEASE LIABILITIES

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

	30 June 2024	31 December 2023
Short-term lease liabilities	2.221.368	2.345.266
Long-term lease liabilities	15.567.762	18.682.979
	17.789.130	21.028.245
	1 January- 30 June 2024	1 January- 30 June 2023
Operating lease as of January 1	21.028.245	20.198.936
Current operating lease liability payment	(1.663.754)	(2.180.467)
Current interest expense	(746.329)	(1.007.461)
Current foreign currency effects	(829.032)	9.670.171
Operating lease at the end of the periods	17.789.130	26.681.179

16. FINANCIAL BORROWINGS

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

	30 June 2024	31 December 2023
Other financial borrowings (*)	432.401	917.565
Short-term borrowings	432.401	9.088.329
Short term portion of long term borrowings	151.645	350.209
Short-term portion of long-term borrowings	151.645	350.209
Long-term borrowings	--	--
Long-term borrowings	--	--
Total financial borrowings	584.046	9.438.538

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

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

	Interest rate	30 June 2024
TRY bank borrowings	%10.27 - %23.95	151.645
		151.645
	Interest rate	31 December 2023
TRY bank borrowings	%7.50 - %16.80	350.209
		350.209

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 41.828,42 over the 30-day salary as of 30 June 2024 (31 December 2023: TL 35.058,58). The provision for severance pay is calculated on a current basis and is reflected in the Consolidated financial statements. The provision is calculated according to the severance pay ceiling announced by the Government.

Provision for termination benefits is made by calculating the present value of the possible liability to be paid in case of retirement of employees. To calculate the liabilities of the Group in accordance with TAS 19 (Employee Benefits), a calculation made with actuarial assumptions is required. Accordingly, the actuarial assumptions used in the calculation of total liabilities are given below. The basic assumption is that the maximum liability for each year of service will increase in line with inflation. Hence the discount rate applied represents the expected real interest rate after adjusting for the effects of future inflation. As a result, the liabilities in the accompanying Consolidated financial statements as of 30 June 2024 and 31 December 2023 are calculated by estimating the present value of the future probable obligation arising from the retirement of the employees.

	30 June 2024	31 December 2023
Discount rate	27,05	27,05
Estimated rate of salary increasing /inflation rate	22,72	23,72
The turnover ratio used to calculate the probability of retirement	%95	%95

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:

Long-term provisions

	30 June 2024	31 December 2023
Provision for employment termination benefits	4.586.337	3.533.712
	4.586.337	3.533.712

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

	30 June 2024	30 June 2023
Balance at January 1	3.533.712	2.158.258
Provisions	4.820.445	3.154.283
Interest cost	2.055.705	2.003.569
Actuarial (gain)/ losses	(488.789)	(773.717)
Payments during the year	(320.294)	(565.196)
Inflation effect	(5.014.442)	2.245.623
Balance at June 31	4.586.337	8.222.819

17. EMPLOYEE BENEFITS (continued)

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

<u>Short-term provisions</u>	30 June 2024	31 December 2023
Provision for vacation pay liability	4.770.790	6.168.037
	4.770.790	6.168.037

Movement of vacation pay provisions as follows:

<u>Short-term provisions</u>	30 June 2024	30 June 2023
Balance at January 1	6.168.037	3.442.495
Current year provision expense (*)	(1.397.247)	(30.404)
Balance at the end of the periods	4.770.790	3.412.091

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

18. COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES

a) Guarantees received

As of 30 June 2024, the Group has no guarantees received (31 December 2023: None).

b) Guarantees given

Collaterals/ pledges/ mortgages/bill of guarantees ("CPMB") position of the Group as of 30 June 2024 and 31 December 2023 are as follows:

CPMB's given by the Group	30 June 2024	31 December 2023
A. CPMB's given for Group's own legal personality	18.379.031	12.288.107
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	--	--
	18.379.031	12.288.107

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

19. PAYABLES WITHIN BENEFIT TO EMPLOYEES

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

	30 June 2024	31 December 2023
Due to personnel	11.002.021	764.722
Social security premiums payable	6.448.789	7.089.359
	17.450.810	7.854.081

20. INCOME TAX

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

<u>Current period tax assets:</u>	30 June 2024	31 December 2023
Current tax expense	661.803	(2.759.211)
Prepaid taxes and funds	--	2.759.211
	661.803	--
	30 June 2024	31 December 2023
Deferred tax assets/liabilities	(4.182)	(16.599.782)
Deferred tax income/(expense)	(12.825.128)	(54.773.790)
	(12.829.310)	(71.373.572)

Corporation tax

As of 30 June 2023, the corporate tax rate is 25% in Turkey (31 December: 25%,). 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:

	30 June 2024		31 December 2023	
	Cumulative temporary differences	Deferred tax	Cumulative temporary differences	Deferred tax
<u>Deferred tax assets</u>				
Provision for employment termination benefits	6.611.906	1.652.976	7.546.096	1.735.602
Other	2.789.592	697.399	(134.121)	(30.848)
Financial lease liabilities	(573.505)	(143.376)	(110.103)	(25.324)
Trade receivables provisions	261.177	65.294	354.105	81.444
Financial investments	(20.755.254)	(5.188.813)	(74.879.812)	(17.222.357)
Trade payables provisions	--	--	(20.489)	(4.712)
Inventories	(53.439.975)	(13.359.994)	(34.116.765)	(7.846.856)
Property, plant and equipment and intangible assets	(277.839.335)	(69.459.834)	(296.511.223)	(68.197.581)
Deferred tax assets	(342.945.394)	(85.736.348)	(397.872.312)	(91.510.632)
Net deferred tax		(85.736.348)		(91.510.632)

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

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

Share Capital

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

	30 June 2024	Share	31 December	Share
	TRY	%	2023	%
			TRY	
Shareholders				
Alper Akyüz	93.562.286	42,53	93.562.286	42,53
Elif Akyüz	45.603.000	20,73	45.603.000	20,73
Actual Shares Outstanding (*)	64.898.588	29,5	64.898.588	29,43
Other	15.936.126	7,244	15.936.126	7,31
Total paid-in capital	220.000.000	100	220.000.000	100

(*) The company is registered with the Capital Markets Board ("CMB") and its shares are traded on Borsa İstanbul A.Ş. ("BIST") as of 21.10.2021. As of 30 June 2024, the Company has 32,45% of shares registered in BIST.

As of 30 June 2024, the capital of the Group consists of 220.000.000 shares. (31 December 2023: TL 220.000.000). The nominal value of the shares is TL 1 per share. (31 December 2023: 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.

Other comprehensive income not to be reclassified under profit and loss

	30 June 2024	30 June 2023
Balance at January 1	1.451.914	(4.323.268)
Additions	488.789	2.032.817
Deferred tax	(112.421)	(467.548)
	1.828.282	(2.757.999)

Kardan ayrılan kısıtlanmış yedekler;

	30 June 2024	30 June 2023
Balance at January 1	196.393.110	149.995.869
Additions		46741876,4
	196.393.110	196.737.745

Non- controlling interests

As of 30 June 2024, there is no non-controlling interests (31 December 2023: there is no non-controlling interests).

22. **EARNINGS PER SHARE**

Earnings per share for the periods are as follows:

	30 June 2024	31 December 2023
Net profit for the period of the equity holders of the parent	(107.453.682)	(170.475.250)
Weighted average number of ordinary shares with nominal value (kuruş1 per value)	220.000.000	220.000.000
Earnings per share (TRY)	(0,4884)	(0,7749)

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23. REVENUE AND COST OF SALES

Revenue for the periods are as follows:

	1 January - 30 June 2024	1 January - 30 June 2023	1 April - 30 June 2024	1 April - 30 June 2023
Domestic Sales	82.441.660	62.851.676	25.011.725	30.162.000
Export Sales	137.016.080	65.087.726	94.554.155	52.745.850
Other Revenue	3.704.680	3.752.403	723.329	2.023.439
Gross Sales	223.162.420	131.691.805	120.289.209	84.931.289
Sales Returns (-)	(507.395)	(303.887)	(7.058)	(80.835)
Sales Discount (-)	(96.285)	(75.139)	(89.349)	(66.474)
Net Sales	222.558.740	131.312.779	120.192.802	84.783.980
Cost of goods sold (-)	(31.300.743)	(20.843.932)	(30.323.259)	(17.726.743)
Cost of merchandise sold (-)	(41.313.049)	(27.511.372)	(23.999.101)	(14.029.689)
Cost of services sold (-)	(1.106.215)	(736.656)	(1.082.183)	(632.636)
Gross Profit	148.838.733	82.220.818	64.788.259	52.394.912

24. MARKETING, SELLING AND DISTRIBUTION EXPENSES

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

	1 January - 30 June 2024	1 January - 30 June 2023	1 April - 30 June 2024	1 April - 30 June 2023
Personal expenses	(31.439.691)	(24.068.555)	(16.600.594)	(16.243.746)
Depreciation and amortization expenses	(6.697.651)	(5.512.125)	(2.833.270)	(2.059.461)
Shipping costs	(4.617.486)	(3.132.343)	(1.514.041)	(1.013.391)
Travel expenses	(2.871.315)	(1.018.467)	(1.736.728)	(408.072)
Export expenses	(2.353.033)	(920.748)	(1.955.593)	(329.592)
Tax duty and duty expenses	(2.313.418)	(229.626)	(1.692.273)	(129.179)
Material usage expenses	(1.689.036)	(1.095.701)	(416.568)	(303.916)
Benefits and services provided externally	(1.545.354)	(1.709.882)	(798.956)	(828.595)
Transportation expenses	(1.275.356)	(814.749)	(395.577)	(189.746)
Commission expense	(1.084.209)	(2.078.450)	(15.679)	--
Fair and exhibition expenses	(616.912)	--	(249.130)	(292.794)
Representation and hosting expenses	(568.232)	(35.322)	(389.110)	--
Other	(487.531)	(2.150.064)	(238.401)	(816.407)
	(57.559.225)	(42.766.033)	(28.835.919)	(22.614.899)

25. GENERAL ADMINISTRATIVE EXPENSES

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

	1 January - 30 June 2024	1 January - 30 June 2023	1 April - 30 June 2024	1 April - 30 June 2023
Personnel expenses	(31.873.503)	(29.309.026)	(15.474.903)	(18.779.316)
Depreciation and amortization expenses	(24.693.423)	(11.491.928)	(11.988.903)	(3.362.772)
Externally provided benefits and services	(12.923.136)	(17.223.651)	(6.274.311)	(6.651.840)
Insurance expenses	(5.343.700)	(1.162.971)	(2.594.420)	(1.662.557)
Tax, duty and duty expenses	(261.411)	(2.240.904)	(126.918)	(675.379)
Other	(8.301.178)	(6.697.447)	(4.030.305)	(3.286.617)
	(83.396.351)	(68.125.927)	(40.489.758)	(34.418.479)

26. RESEARCH AND DEVELOPMENT EXPENSES

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

	<u>1 January- 30 June 2024</u>	<u>1 January - 30 June 2023</u>	<u>1 April - 30 June 2024</u>	<u>1 April - 30 June 2023</u>
Depreciation and amortization expenses (Note 13)	(2.098.239)	(2.419.417)	(2.098.239)	(2.419.417)
	<u>(2.098.239)</u>	<u>(2.419.417)</u>	<u>(2.098.239)</u>	<u>(2.419.417)</u>

The Group invested a total of TRY 74.702.754 for R&D projects in the accounting period ending on 30 June 2024 (6-month period) (31 December 2023: TRY 70.119.184 TRY (12-month period)).

27. OTHER OPERATING INCOME AND EXPENSES

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

	<u>1 January- 30 June 2024</u>	<u>1 January - 30 June 2023</u>	<u>1 April - 30 June 2024</u>	<u>1 April - 30 June 2023</u>
<u>Other operating income</u>				
Exchange rate difference income on trade receivables and payables	26.584.305	142.837.721	13.051.975	108.042.052
Other	5.628.753	7.743.955	5.018.453	4.651.901
	<u>32.213.058</u>	<u>150.581.677</u>	<u>18.070.428</u>	<u>112.693.954</u>
	<u>1 January- 30 June 2024</u>	<u>1 January - 30 June 2023</u>	<u>1 April - 30 June 2024</u>	<u>1 April - 30 June 2023</u>
<u>Other operating income loss</u>				
Foreign exchange loss on trade receivables and payables	(877.971)	(17.923.407)	(11.368)	(9.231.136)
Provisions for doubtful receivables (Note 6)	(284.237)	(171.152)	(55.916)	(13.653)
Other (*)	(4.645.650)	(44.935.833)	(3.132.411)	(32.662.769)
	<u>(5.807.858)</u>	<u>(63.030.392)</u>	<u>(3.199.695)</u>	<u>(41.907.558)</u>

28. INCOME AND EXPENSES FROM INVESTMENT ACTIVITIES

	<u>1 January- 30 June 2024</u>	<u>1 January - 30 June 2023</u>	<u>1 April - 30 June 2024</u>	<u>1 April - 30 June 2023</u>
<u>Other operating income</u>				
Income from financial investments	10.080.211	18.413.155	17.863.482	14.508.248
	<u>10.080.211</u>	<u>18.413.155</u>	<u>17.863.482</u>	<u>14.508.248</u>
	<u>1 January- 30 June 2024</u>	<u>1 January - 30 June 2023</u>	<u>1 April - 30 June 2024</u>	<u>1 April - 30 June 2023</u>
<u>Other operating expenses</u>				
Expenses from financial investments	(2.789.070)	(856.395)	(2.789.070)	(856.395)
	<u>(2.789.070)</u>	<u>(856.395)</u>	<u>(2.789.070)</u>	<u>(856.395)</u>

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29. FINANCIAL INCOME AND EXPENSES

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

	1 January - 30 June 2024	1 January - 30 June 2023	1 April - 30 June 2024	1 April - 30 June 2023
<u>Finance income</u>				
Foreign exchange gains	15.023.426	82.375.798	1.725.374	59.652.379
Interest income	1.676.937	23.521.690	701.234	12.961.339
	16.700.363	105.897.488	2.426.608	72.613.718
	1 January - 30 June 2024	1 January - 30 June 2023	1 April - 30 June 2024	1 April - 30 June 2023
<u>Finance expenses</u>				
Foreign exchange losses	(1.009.402)	(12.253.049)	(814.398)	(1.699.258)
Loan interest expenses	(952.810)	(1.763.676)	(495.013)	(244.588)
	(1.962.212)	(14.016.725)	(1.309.411)	(1.943.845)

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:

	1 January - 30 June 2024	1 January - 31 December 2023
Total financial liabilities	28.930.176	30.466.783
Less: Cash and cash equivalents	(290.187.740)	(376.364.217)
Net debt	(261.257.564)	(345.897.435)
Total equity	1.356.044.189	1.513.343.770
Debt/equity ratio	1.094.786.625	1.167.446.335

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.

	Receivables				Bank deposits	Financial Invements
	Trade receivables		Other receivables			
	Related Party	Third Party	Related Party	Third Party		
30 June 2024						
Maximum credit risk exposed as of balance sheet date, (A+B+C+D)	--	91.528.866	--	5.089.943	287.149.132	15.177.817
- Secured portion of the maximum credit risk by guarantees	--		--			
A. Net book value of financial assets that are neither past due nor im-paired	--	91.528.866	--	5.089.943	287.149.132	15.177.817
B. Net book value of the impaired assets	--	--	--	--	--	--
- Past due (gross carrying amount)	--	1.259.041	--	--	--	--
- Impairment (-)	--	(1.259.041)	--	--	--	--
- 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 2023	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)	--	97.198.507	--	23.156.600	376.261.311	72.808.508
- Secured portion of the maximum credit risk by guarantees	--		--			
A. Net book value of financial assets that are neither past due nor impaired	--	97.198.507	--	23.156.600	376.261.311	72.808.508
B. Net book value of the impaired assets	--	--	--	--	--	--
- Past due (gross carrying amount)	--	1.135.792	--	--	--	--
- Impairment (-)	--	(1.135.792)	--	--	--	--
- Secured portion of the net value by guarantees, etc.	--	--	--	--	--	--

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

Liquidity risk

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

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

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

Contractual maturity	30 June 2024					
	Carrying Value	Contractual cash flows	Up to 3 months	3 - 12 month	1 - 5years	More than 5 years
Non derivative financial liabilities	94.751.654	94.751.654	77.334.032	1.779.760	11.106.840	4.460.922
Loans and borrowings	654.146	654.146	470.312	113.734	--	--
Lease liabilities	17.789.130	17.789.130	555.342	1.666.026	11.106.840	4.460.922
Trade payables	49.496.407	49.496.407	49.496.407	--	--	--
Other payables	26.811.971	26.811.971	26.811.971	--	--	--

Contractual maturity	31 December 2023					
	Carrying Value	Contractual cash flows	Up to 3 months	3 - 12 month	1 - 5years	More than 5 years
Non derivative financial liabilities	49.774.618	49.801.830	20.200.674	1.100.586	6.299.657	5.277.692
Loans and borrowings	9.411.326	9.438.538	586.316	262.656	294.077	--
Trade payables	21.028.245	21.028.245	279.310	837.930	6.005.580	5.277.692
Other payables	13.528.443	13.528.443	13.528.443	--	--	--
Other debts	5.806.605	5.806.605	5.806.605	--	--	--

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

Foreign Currency Risk

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

		30 June 2024			31 December 2023		
		TRY			TRY		
		Equivalent	USD	EUR	Equivalent	USD	EUR
1	Trade payables	35.355.647	221.768	799.235	38.351.833	153.850	1.038.339
2a.	Monetary financial assets	176.339.201	1.281.492	3.822.340	337.192.911	4.338.500	6.430.772
2b.	Non-Monetary financial assets	--	--	--	--	--	--
3	Other	--	--	--	2.133.447	9.657	56.768
4	Current assets (1+2+3)	211.694.848	1.503.260	4.621.575	377.678.191	4.502.007	7.525.879
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)	211.694.848	1.503.260	4.621.575	377.678.191	4.502.007	7.525.879
10	Trade payables	3.415.113	--	97.218	8.121.565	146.531	116.903
11	Financial borrowings	--	--	--	--	--	--
12a.	Other Monetary financial liabilities	--	--	--	--	--	--
12b.	Other Non-Monetary financial liabilities	--	--	--	--	--	--
13	Current liabilities (10+11+12)	3.415.113	--	97.218	8.121.565	146.531	116.903
14	Trade payables	--	--	--	--	--	--
15	Financial borrowings	--	--	--	--	--	--
16a.	Other Monetary financial liabilities	--	--	--	--	--	--
16b.	Other Non-Monetary financial liabilities	--	--	--	--	--	--
17	Non-Current liabilities (14+15+16)	--	--	--	--	--	--
18	Total liabilities (13+17)	3.415.113	--	97.218	8.121.565	146.531	116.903
19	. Net asset / liability position of off-balance sheet derivatives (19a-19b)	--	--	--	--	--	--
19a.	Total amount of assets hedged	--	--	--	--	--	--
19b.	Total amount of liabilities hedged	--	--	--	--	--	--
20	Net foreign currency asset /(liability)position (9-18+19)	208.279.735	1.503.260	4.524.357	369.556.626	4.355.476	7.408.976
21	Net foreign currency asset / (liability) position of monetary items (1+2a+5+6a-10-11-12a-14-15-16a)	208.279.735	1.503.260	4.524.357	369.556.626	4.355.476	7.408.976

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:

	2024		2023	
	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	4.934.631	(4.934.631)	12.821.757	(12.821.757)
2- Amount hedged for USD risk (-)	--	--	--	--
3- USD net effect (1+2)	4.934.631	(4.934.631)	12.821.757	(12.821.757)
In case of 10% appreciation of EUR against TRY				
4- EUR net asset/liability	15.893.342	(15.893.342)	24.133.914	(24.133.914)
5- Amount hedged for EUR risk (-)	--	--	--	--
6- EUR net effect (4+5)	15.893.342	(15.893.342)	24.133.914	(24.133.914)
Total net effect (3+6)	20.827.973	(20.827.973)	36.955.670	(36.955.670)

32. FINANCIAL INSTRUMENTS (FAIR VALUE EXPLANATION)

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

		30 June 2024		31 December 2023	
	Note	Book value	Fair value	Book value	Fair value
Financial assets					
Cash and cash equivalents	5	290.187.740	290.187.740	376.364.217	376.364.217
Financial investments	6	15.177.817	15.177.817	72.808.508	72.808.508
Trade receivables	7	91.528.866	91.528.866	97.198.506	97.198.506
Other receivables	9	5.089.943	5.089.943	23.156.600	23.156.600
Total financial assets		401.984.366	401.984.366	569.527.831	569.527.831
Financial liabilities					
Financial borrowings	17	584.046	654.146	9.438.538	9.500.447
Trade payables	7	17.789.130	17.280.694	21.028.245	21.863.093
Other payables	9	49.496.407	49.496.407	13.528.443	13.528.443
Payables related to employment benefits	20	26.811.971	26.811.971	5.806.605	5.806.605
		17.450.810	17.450.810	7.854.080	7.854.080
Total financial liabilities		112.132.364	111.694.028	57.655.911	58.552.668
Net		289.852.002	290.290.338	511.871.920	510.975.163

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- 30 June 2024	1 January- 30 June 2023
Operating Profit Before Finance Expenses	39.481.258	74.017.485
Finance Expenses (-)	(1.962.212)	(14.016.725)
Finance Income (+)	16.700.363	105.897.488
Monetary Loss	(148.843.781)	(213.548.026)
<i>Stocks</i>	39.645.104	(100.030.378)
<i>Financial Investments</i>	98.050.116	37.296.398
<i>Fixed Assets</i>	108.677.648	184.490.107
<i>Equity</i>	(306.651.258)	(339.545.177)
<i>Index effect on statement of profit and loss</i>	(7.197.239)	(6.278.205)
<i>Current period adjustment factor indexation effect</i>	(81.368.152)	10.519.228
Profit Before Tax	(94.624.372)	(47.649.778)
Tax	(12.829.310)	(71.373.572)
Profit for the Period	(107.453.682)	(119.023.350)

34. SUBSEQUENT EVENTS

There is none.