

**Kordsa Teknik Tekstil A.Ş. and
Its Subsidiaries**

Convenience Translation into English of
the Condensed Consolidated Financial
Statements for the Interim Period
1 January-30 September 2024
(Originally Issued in Turkish)

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KORDSA TEKNİK TEKSTİL A.Ş. AND ITS SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2024 AND 31 DECEMBER 2023

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

	Notes	Not Reviewed 30 September 2024	Audited 31 December 2023
ASSETS			
Current Assets:			
Cash and cash equivalents	4	2.179.104.243	1.712.468.307
Financial Investments		117.333.184	91.639.021
Trade Receivables	6	6.193.748.779	4.773.938.898
<i>Due from Related Parties</i>	23	315.097.513	317.610.477
<i>Due from Third Parties</i>		5.878.651.266	4.456.328.421
Other Receivables	7	436.369.073	449.285.901
<i>Other Receivables from Third Parties</i>		436.369.073	449.285.901
Derivatives	24	34.240.759	3.400.830
Inventories	8	8.789.886.129	6.839.959.506
Prepayments		480.029.583	433.552.431
<i>Prepayments to Third Parties</i>		480.029.583	433.552.431
Current Tax Assets	21	98.830.147	47.477.693
Other Current Assets		731.550.897	390.284.876
<i>Other Current Assets from Third Parties</i>		731.550.897	390.284.876
Current Assets		19.061.092.794	14.742.007.463
Non-Current Assets			
Financial Investments		2.216.202	1.969.244
Other Receivables	7	78.290.131	113.040.134
<i>Other receivables from third parties</i>		78.290.131	113.040.134
Investment Properties	12	685.761.649	697.056.265
Derivatives		-	18.821.056
Property Plant and Equipment	9	11.130.533.922	9.482.157.379
Right of Use Assets	11	959.572.973	870.598.988
Intangible Assets		8.741.212.045	7.528.628.568
<i>Goodwill</i>	13	4.589.579.132	3.959.700.724
<i>Other Intangible Assets</i>	10	4.151.632.913	3.568.927.844
Prepayments		46.975.449	113.974.008
<i>Prepayment to Third Parties</i>		46.975.449	113.974.008
Deferred Tax Assets	21	1.284.802.599	1.025.765.381
Other Non-Currents Assets		434.543.518	382.095.611
Non-Current Assets		23.363.908.488	20.234.106.634
Total Assets		42.425.001.282	34.976.114.097

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

KORDSA TEKNİK TEKSTİL A.Ş. AND ITS SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2024 AND 31 DECEMBER 2023

(Amounts expressed in Turkish Lira (“TL”) unless otherwise indicated.)

	Notes	Not Reviewed 30 September 2024	Audited 31 December 2023
LIABILITIES			
Short Term Liabilities			
Short Term Borrowings	5	7.709.361.258	6.954.689.210
Short Term Portion Of Long Term Borrowings	5	1.076.748.750	427.623.845
Short Term Lease Liabilities	5	131.078.060	113.022.245
Trade Payables	6	3.874.281.447	3.375.239.130
<i>Due To Related Parties</i>	23	96.252.793	76.598.491
<i>Due To Third Parties</i>		3.778.028.654	3.298.640.639
Payables Related To Employee Benefits		169.563.603	81.854.474
Other Payables	7	170.670.085	142.825.312
<i>Other Payables To Third Parties</i>		170.670.085	142.825.312
Deferred Revenue		53.048.180	14.875.555
<i>Deferred Revenue From Third Parties</i>		53.048.180	14.875.555
Current Tax Liabilities	21	98.869.022	139.872.061
Short Term Provisions		369.792.188	239.839.144
<i>Short Term Employee Benefits</i>		354.085.865	203.873.470
<i>Other Short Term Provisions</i>		15.706.323	35.965.674
Other Short Term Liabilities		633.513.835	331.893.469
<i>Other Current Liabilities To Third Parties</i>		633.513.835	331.893.469
Derivative Financial Instruments	24	7.869.145	7.550.407
Subtotal		14.294.795.573	11.829.284.852
Liability Directly Associated With The Assets Held For Sale		43.719.412	29.565.974
Total Short Term Liabilities		14.338.514.985	11.858.850.826
Long Term Liabilities			
Long Term Borrowings	5	6.759.364.341	4.269.179.252
Long Term Lease Liabilities	5	953.923.923	851.762.569
Deferred Income		44.535.748	37.409.611
Long Term Provisions		461.687.418	437.846.681
<i>Long Term Employee Benefits</i>		382.375.559	364.294.960
<i>Other Long Term Provisions</i>	7	79.311.859	73.551.721
Deferred Tax Liabilities	21	698.433.367	595.521.083
Other Long-Term Liabilities	15	1.266.377.228	818.443.973
Derivative Instruments		20.559.741	46.424.861
Total Long Term Liabilities		10.204.881.766	7.056.588.030
Total Liabilities		24.543.396.751	18.915.438.856
Shareholder's Equity			
Equity Attributable To Owners Of The Company			
Share Capital		194.529.076	194.529.076
Share Premium		62.052.856	62.052.856
Put Option Valuation Fund For Non-Controlling Shares		(833.034.916)	(515.292.078)
Other Comprehensive Income Or Expenses That Will Not Be Reclassified To Profit Or (Loss)		1.867.440.622	1.787.801.476
<i>Revaluation And Remeasurement Gain /(Loss)</i>		(106.723.048)	(91.681.312)
<i>Defined Benefit Plans Remeasurement Fund</i>		(106.723.048)	(91.681.312)
<i>Revaluation And Reclassification Gain /(Loss)</i>		40.027.097	40.027.097
<i>Other Revaluation And Reclassification Gain/(Loss)</i>		40.027.097	40.027.097
<i>Currency Translation Difference</i>		1.934.136.573	1.839.455.691
Other Comprehensive Income Or Expenses That Will Be Reclassified To Profit Or Loss		9.695.539.686	8.015.748.482
<i>Currency Translation Difference</i>		10.676.983.927	8.967.964.364
<i>Gain/Loss On Hedge Reserve</i>		(981.174.090)	(951.945.731)
<i>Investment Hedging Losses Related To Foreign Operations</i>		(954.135.431)	(954.135.431)
<i>Cash Flow Hedge Gains/Loss</i>		(27.038.659)	2.189.700
<i>Revaluation And Reclassification Gain /(Loss)</i>		(270.151)	(270.151)
<i>Other Revaluation And Reclassification Gain/(Loss)</i>		(270.151)	(270.151)
Restricted Reserves		458.633.031	444.065.124
Retained Earnings		2.840.775.341	2.672.019.932
Profit For The Period		(270.068.960)	183.323.316
Total Non-Controlling Interests		3.865.737.795	3.216.427.057
Total Equity		17.881.604.531	16.060.675.241
Total Equity And Liabilities		42.425.001.282	34.976.114.097

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

KORDSA TEKNİK TEKSTİL A.Ş. AND ITS SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2024 AND 2023

(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

	Notes	Not Reviewed 1 January- 30 September 2024	Not Reviewed 1 July- 30 September 2024	Not Reviewed 1 January- 30 September 2023	Not Reviewed 1 July- 30 September 2023
PROFIT OR LOSS					
Revenue	16	22.689.558.615	7.864.605.913	18.770.389.144	8.563.929.872
Cost of Sales	16,17	(19.322.990.432)	(6.777.089.237)	(15.979.757.166)	(7.265.376.754)
GROSS PROFIT		3.366.568.183	1.087.516.676	2.790.631.978	1.298.553.118
General and Administrative Expenses	17	(1.477.502.632)	(499.539.595)	(1.109.973.658)	(516.778.603)
Selling, Marketing and Distribution Expenses	17	(1.143.887.439)	(395.145.602)	(754.990.747)	(325.800.050)
Research and Development Expenses	17	(117.363.058)	(39.544.785)	(101.812.630)	(53.376.353)
Other Income from Operating Activities	18	609.192.689	212.041.788	429.840.927	203.837.110
Other Expense from Operating Activities	18	(371.337.550)	(79.250.914)	(286.484.356)	(116.543.128)
OPERATING PROFIT		865.670.193	286.077.568	967.211.514	489.892.094
Income from Investing Activities	19	52.747.154	24.334.269	49.627.534	24.102.803
Expense from Investing Activities	19	(375.630)	(168.760)	(13.519.643)	(3.087.545)
OPERATING PROFIT BEFORE FINANCE COSTS		918.041.717	310.243.077	1.003.319.405	510.907.352
Finance Income	20	344.453.021	56.396.207	399.427.622	165.261.728
Finance Expense (-)	20	(1.375.140.344)	(481.599.909)	(1.028.801.867)	(498.825.869)
PROFIT BEFORE TAX FROM CONTINUING OPERATIONS		(112.645.606)	(114.960.625)	373.945.160	177.343.211
Tax Expense from Continuing Operations		60.272.830	(57.850.038)	(213.889.926)	(67.510.492)
<i>Current Tax Expense</i>	21	(197.317.979)	(60.953.095)	(230.954.847)	(109.851.025)
<i>Deferred Tax Expense</i>	21	257.590.809	3.103.057	17.064.921	42.340.533
PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS		(52.372.776)	(172.810.663)	160.055.234	109.832.719
NET PROFIT/(LOSS) FOR THE YEAR FROM DISCONTINUED OPERATIONS	25	(206.938)	(206.938)	(2.594.796)	(2.496.714)
PROFIT FOR THE PERIOD		(52.579.714)	(173.017.601)	157.460.438	107.336.005
Profit/(Loss) Attributable to:					
Non-Controlling Interests		217.489.246	89.015.725	153.638.798	54.123.351
Owners of the Company		(270.068.960)	(262.033.326)	3.821.640	53.212.654
Earnings (loss) per shares					
<i>Earnings/(losses) per share from continuing operations</i>	22	(13,88)	(13,47)	0,26	2,80
<i>Earnings/ (losses) per share from discontinuing operations</i>	22	(0,005)	(0,005)	(0,068)	(0,065)
<i>Earnings / (losses) per diluted shares from operations</i>	22	(13,88)	(13,47)	0,20	2,74

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

KORDSA TEKNİK TEKSTİL A.Ş. AND ITS SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE NINE MONTH PERIOD 30 SEPTEMBER 2024 AND 2023

(Amounts expressed in Turkish Lira (“TL”) unless otherwise indicated.)

	Notes	Not Reviewed 1 January- 30 September 2024	Not Reviewed 1 July- 30 September 2024	Not Reviewed 1 January- 30 September 2023	Not Reviewed 1 July- 30 September 2023
PROFIT FOR THE PERIOD		(52.579.714)	(173.017.601)	157.460.438	107.336.005
OTHER COMPREHENSIVE INCOME					
Items That Will Not Be Reclassified To Profit Or Loss		79.639.146	(161.522.986)	1.328.881.146	398.187.460
<i>Defined Benefit Plans Remeasurement Fund</i>		(20.055.648)	(11.791.226)	(44.542.172)	9.653.051
<i>Deferred Tax Benefit/(Expense)</i>	21	5.013.912	2.947.810	8.908.434	(1.853.078)
<i>Foreign Currency Translation Differences</i>		94.680.882	(152.679.570)	1.364.514.884	390.387.487
Items That Are Or May Be Reclassified Subsequently To Profit Or Loss		2.234.419.725	986.118.967	3.277.036.150	337.167.122
<i>Foreign Currency Translation Differences</i>		2.263.648.084	1.040.552.262	3.261.191.148	323.935.758
<i>Hedging gains/losses on cash flow risk</i>		(38.971.145)	(72.577.726)	19.806.253	16.539.206
<i>Deferred Tax Benefit/(Expense)</i>	21	9.742.786	18.144.431	(3.961.251)	(3.307.842)
TOTAL OTHER COMPREHENSIVE INCOME		2.314.058.871	824.595.981	4.605.917.296	735.354.582
TOTAL COMPREHENSIVE INCOME		2.261.479.157	651.578.380	4.763.377.734	842.690.587
Total Comprehensive Income Attributable To:					
Non-Controlling Interests		772.117.767	342.243.704	1.079.736.991	175.330.118
Owners Of The Company		1.489.361.390	309.334.676	3.683.640.743	667.360.469

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

KORDSA TEKNİK TEKSTİL A.Ş. AND ITS SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENT OF
CHANGES IN EQUITY FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2024 AND 2023
(Amounts expressed in Turkish Lira (“TL”) unless otherwise indicated.)

				Other comprehensive income or expenses that will not be reclassified to profit or loss			Other comprehensive income or expenses that will be reclassified to profit or loss			Retained earnings					
				Revaluation and reclassification gain/(loss)			Currency translation differences	Gain/(loss) on hedge reserve	Revaluation and reclassification gain/(loss)	Restricted reserves	Retained earnings	Net profit for the year	Equity attributable to owners of the Company	Total non-controlling interests	Total equity
	Share capital	Share premium	Put option valuation fund on non-controlling interest	Currency translation differences	Defined benefit plans remeasurement fund	Other revaluation and reclassification gain/(loss)									
Balance at 1 January 2023	194.529.076	62.052.856	(527.789.084)	493.927.059	(58.880.941)	40.027.097	5.579.615.848	(952.108.089)	(270.151)	408.833.825	1.488.723.818	1.289.197.611	8.017.858.925	2.008.456.479	10.026.315.404
Transfer	-	-	-	-	-	-	-	-	-	35.231.299	1.253.966.312	(1.289.197.611)	-	-	-
Total comprehensive income	-	-	-	1.364.514.884	(37.843.599)	-	2.337.302.816	15.845.002	-	-	-	3.821.640	3.683.640.743	1.079.736.991	4.763.377.734
Increase/(decrease) due to other changes	-	-	(93.934.481)	-	-	-	-	-	-	-	-	-	(93.934.481)	-	(93.934.481)
Affiliate acquisition	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividend paid (*)	-	-	-	-	-	-	-	-	-	(57.000.000)	-	-	(57.000.000)	(123.976.066)	(180.976.066)
Balance at 30 September 2023	194.529.076	62.052.856	(621.723.565)	1.858.441.942	(96.724.540)	40.027.097	7.916.918.665	(936.263.087)	(270.151)	444.065.124	2.685.690.130	3.821.640	11.550.565.187	2.964.217.404	14.514.782.591
Balance at 1 January 2024	194.529.076	62.052.856	(515.292.078)	1.839.455.691	(91.681.312)	40.027.097	8.967.964.364	(951.945.731)	(270.151)	444.065.124	2.672.019.932	183.323.316	12.844.248.184	3.216.427.057	16.060.675.241
Transfer	-	-	-	-	-	-	-	-	-	14.567.907	168.755.409	(183.323.316)	-	-	-
Total comprehensive income	-	-	-	94.680.882	(15.041.736)	-	1.709.019.563	(29.228.359)	-	-	-	(270.068.960)	1.489.361.390	772.117.767	2.261.479.157
Increase/(decrease) due to other changes(**)	-	-	(317.742.838)	-	-	-	-	-	-	-	-	-	(317.742.838)	-	(317.742.838)
Dividend paid	-	-	-	-	-	-	-	-	-	-	-	-	-	(122.807.029)	(122.807.029)
Balance at 30 September 2024	194.529.076	62.052.856	(833.034.916)	1.934.136.573	(106.723.048)	40.027.097	10.676.983.927	(981.174.090)	(270.151)	458.633.031	2.840.775.341	(270.068.960)	14.015.866.736	3.865.737.795	17.881.604.531

(*)At the 2022 Ordinary General Assembly Meeting held on March 27, 2023, the shareholders representing a capital of TL 194,529,076 for 2022 will receive a gross of 29.30%, depending on their legal status; It has been decided to pay dividends at a net rate of 26.37%, totaling TL 57,000,000.00 (gross 0.2930 TL/Krş per share, net 0.2637 TL/Krş) and to distribute the dividends in cash as of March 29, 2023.

(**) The increase (decrease) due to other changes consists of the call/put option valuation fund on non-controlling interest of the Group’s subsidiary Microtex Composites S.r.l.

At the 2023 Ordinary General Assembly Meeting held on April 19, 2024, it was decided that the net distributable profit for the period amounting to TL 183,323,316 remaining after deducting legal obligations and non-controlling interests will not be subject to distribution and will be set aside as Extraordinary Reserves in order to further increase the financial flexibility of the company within the framework of the global economic conditions.

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

KORDSA TEKNİK TEKSTİL A.Ş. AND ITS SUBSIDIARIES
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR
THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2024

(Amounts expressed in Turkish Lira (“TL”) unless otherwise indicated.)

	Notes	Not Reviewed 1 January- 30 September 2024	Not Reviewed 1 January- 30 September 2023
A. CASH FLOWS FROM (USED IN) / OPERATING ACTIVITIES		514.779.472	3.194.155.201
CASH FLOWS FROM BY OPERATING ACTIVITIES			
Profit for the period		(52.579.714)	157.460.438
Profit/(loss) for the period from continuing operations		(52.372.776)	160.055.234
Profit/(loss) from discontinuing operations		(206.938)	(2.594.796)
Adjustment to Reconcile Profit / (Loss) For The Period		2.061.204.526	1.600.277.754
Adjustments related to depreciation and amortisation	9,10,11	1.023.039.628	739.525.635
Adjustment Related to Impairment		79.065.781	51.754.940
Adjustments related to provision for (reversal) of doubtful receivables	6	11.282.469	4.687.131
Adjustments related to provision for (reversal) of inventory allowances	8	67.783.312	47.067.809
Adjustments related to provisions		71.600.317	15.805.023
Adjustments related to provision for employee benefit provision		86.099.530	(8.666.710)
Adjustments Related to Other Provision (Reversal)		(14.499.213)	24.471.733
Adjustment Related to Interest Income / (Expense)		1.060.826.996	676.258.914
Adjustments related to interest income	19	(43.691.051)	(40.526.777)
Adjustments related to interest expense	20	1.104.663.200	688.479.036
Adjustments related to unrealized finance expenses on credit purchases	6	(36.270.623)	(20.908.817)
Adjustments related to unrealized finance income on credit sales	6	36.125.470	49.215.472
Adjustments related to unrealized currency translation difference		(38.471.432)	(42.270.781)
Currency translation (income)/expense (net)		(165.555.663)	(132.379.469)
Other financing (Income)/expense (net)		137.026.263	73.250.452
Adjustments related to fair value changes		(45.446.477)	24.228
Adjustments related to fair value losses /(gains) of derivatives		(45.446.477)	24.228
Adjustment Related to Tax Expense	21	(60.272.830)	213.889.926
Adjustment Related to (Gain) / Loss on Sale of Non-Current Assets		(468.467)	4.418.886
Adjustments related to losses /(gains) disposal of tangible assets	19	(468.467)	4.418.886
Other		(139.590)	-
Changes in Working Capital		(1.493.845.340)	1.436.417.009
(Increase)/decrease in trade receivables		(692.545.594)	1.023.584.862
(Increase)/decrease in other receivables		60.279.182	(77.934.797)
(Increase)/decrease in inventories		(881.916.865)	1.616.994.942
(Increase) in prepaid expenses		101.655.965	(161.663.009)
Increase/(decrease) in trade payables		573.110	(778.625.774)
Increase/(decrease) in retirement pay and employee benefit obligation		59.510.057	45.142.619
Increase/(decrease) in other payables		261.611.519	(60.332.163)
Change in deferred income		33.761.944	(14.162.454)
Other increase/(decrease) in working capital		(50.454.996)	142.895.274
Decrease/(increase) in other assets from operating activities		(255.845.418)	130.386.305
Increase/(decrease) in other liabilities from operating activities		205.390.422	12.508.969
Payments related to provision of employee benefits		(96.690.788)	(132.554.060)
Income tax returns/(payments)		(298.332.736)	(170.711.935)
Other		8.703.862	3.783.504
B. CASH FLOWS FROM INVESTING ACTIVITIES		(958.868.478)	(673.295.000)
Proceeds from sales of property, plant and equipment		142.465.827	115.674.655
Acquisition of sales of property, plant and equipment and intangible assets		(1.134.524.271)	(815.054.712)
Cash outflows due to subsidiaries and/or joint ventures share purchase or capital increase		-	(14.441.720)
Securities Purchase		(10.501.085)	-
Interest received		43.691.051	40.526.777
C. CASH FLOWS FROM FINANCING ACTIVITIES		645.109.764	(2.086.549.724)
Proceeds from borrowings	5	8.666.188.458	9.974.003.781
Cash inflows /(outflows) from borrowing transactions	5	(6.631.151.172)	(11.256.701.859)
Cash outflows for financial lease liabilities	5	(24.499.905)	(48.557.963)
Dividend paid		-	(57.000.000)
Interest paid	5	(1.213.580.637)	(597.773.583)
Cash inflows from derivatives (net)		(29.039.951)	23.455.966
Cash outflow for dividend paid to non-controlling interest and other financial instruments		(122.807.029)	(123.976.066)
NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS BEFORE THE CURRENCY TRANSLATION DIFFERENCE IMPACT (A+B+C)		201.020.758	434.310.477
D. IMPACT OF THE CURRENCY TRANSLATION DIFFERENCE ON CASH AND CASH EQUIVALENT		265.615.178	330.284.928
E. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		1.712.468.307	799.228.246
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (A+B+C+D+E)		2.179.104.243	1.563.823.651

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

KORDSA TEKNİK TEKSTİL A.Ş. AND ITS SUBSIDIARIES
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR
THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2024

(Amounts expressed in Turkish Lira (“TL”) unless otherwise indicated.)

NOTE 1 – ORGANISATION AND NATURE OF OPERATIONS OF THE GROUP

Kordsa Teknik Tekstil Anonim Şirketi (“Kordsa” or the “Company”) was established in 1973 as a subsidiary of Hacı Ömer Sabancı Holding A.Ş. (“Sabancı Holding”) in İzmit district of Kocaeli city and is registered in Turkey. The Company operates under the Turkish Commercial Code.

The Company is mainly engaged in production of carcass and industrial fabrics included in the structure of vehicle tires, manufacture of industrial fabrics included in the structure of rubber and plastic materials such as transmission belts, V belts, rubber hoses etc., production of heavy denier fibre and connection fabrics, conversion of any type of yarn into cord fabric, fabric for mechanical rubber goods and other rubber reinforcement materials and the marketing thereof, production of Nylon 6, Nylon 6.6 and PET (Polyethylene-terephthalate) HMLS (High Modulus Low Shrinkage) polyester, and rayon heavy decitex yarn for use in tires and mechanical rubber goods; participating in capitals and management of every domestic and foreign company that is founded for mainly marketing, sales, import and export along with commercial and industrial infrastructure services, transportation services, mining, tourism, construction, advanced composite manufacture to civil aviation sector, carbon fiber weaving and prepreg production for the luxury automotive industry and motorsports while providing these companies with the same management and behavioural principles to operate more efficiently, rationally and profitably, in accordance with and responding to the current conditions, creating competition conditions in favour of these companies.

Kordsa changed its name which was “Kordsa Endüstriyel İplik ve Kord Bezi Sanayi ve Ticaret Anonim Şirketi”, to “Kordsa Teknik Tekstil Anonim Şirketi” in accordance with the decision made at the General Assembly for the year 2016 dated 27 March 2017. The change of the title has been registered by the Registry of Commerce of Kocaeli on 10 April 2017.

Kordsa is registered with the Capital Markets Board of Turkey (“CMB”) and its shares have been traded in Borsa İstanbul (“BIST”) since 1986. As at 30 September 2024, 28,89% of the Group’s shares are listed on BIST. As of the same date, the shareholders owning the Group’s shares and the percentage of the shares are as follows:

Shareholder Structure	Shareholding (%)	
	30 September 2024	31 December 2023
Sabancı Holding A.Ş.	71,11	71,11
Other	28,89	28,89
	100,00	100,00

Group’s main shareholder and the ultimate controlling party is Sabancı Holding A.Ş.

Number of employees within the group is 4.635. (31 December 2023: 4.614).

The address of the registered office is as follows:

Kordsa Teknik Tekstil A.Ş.
Alikahya Fatih Mah.
Sanayici Cad. No:90
41310 İzmit
Kocaeli

KORDSA TEKNİK TEKSTİL A.Ş. AND ITS SUBSIDIARIES
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR
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(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

NOTE 1 – ORGANISATION AND NATURE OF OPERATIONS OF THE GROUP (continued)

Subsidiaries

Geographical divisions in which the subsidiaries that are consolidated in the consolidated financial statements as at 30 September 2024 and 31 December 2023 in accordance with the operating country and segment reporting purpose are as follows:

30 September 2024

Company name	Country	Geographical division	Area of activity	Functional Currency
Nile Kordsa Company SAE (**)	Egypt	Europe, Middle East and Africa	Cord fabric manufacture and trade	Egyptian Pound
Kordsa Inc.	United States of America	North America	Industrial yarn and cord fabric manufacture and trade	USD
Microtex Composites S.r.l	Italy	Europe	Carbon fiber weaving and prepreg production for the luxury automotive industry and motorsports	EUR
Kordsa Advanced Materials Inc.(***)	United States of America	North America	Advanced composite manufacture to civil aviation sector	USD
Axiom Materials Inc.	United States of America	North America	Advanced composite manufacture to civil aviation sector	USD
Fabric Development Inc.	United States of America	North America	Advanced composite manufacture to civil aviation sector	USD
Textile Products. Inc.	United States of America	North America	Advanced composite manufacture to civil aviation sector	USD
Kordsa Brezilya S.A.	Brazil	South America	Industrial yarn and cord fabric manufacture and trade	Brazilian Real
PT Indo Kordsa Tbk (*)	Indonesia	Asia	Industrial yarn and cord fabric manufacture and trade	USD
Thai Indo Kordsa Co., Ltd.	Thailand	Asia	Cord fabric manufacture and trade	Thai Baht
Kordsa Advanced Materials Gmbh	Germany	Europe	Research and Development Facility	EUR

31 December 2023

Company name	Country	Geographical division	Area of activity	Functional Currency
Nile Kordsa Company SAE (**)	Egypt	Europe, Middle East and Africa	Cord fabric manufacture and trade	Egyptian Pound
Kordsa Inc.	United States of America	North America	Industrial yarn and cord fabric manufacture and trade	USD
Microtex Composites S.r.l	Italy	Europe	Carbon fiber weaving and prepreg production for the luxury automotive industry and motorsports	EUR
Axiom Materials Acquisition LLC	United States of America	North America	Advanced composite manufacture to civil aviation sector	USD
Axiom Materials Inc.	United States of America	North America	Advanced composite manufacture to civil aviation sector	USD
Fabric Development Inc.	United States of America	North America	Advanced composite manufacture to civil aviation sector	USD
Textile Products. Inc.	United States of America	North America	Advanced composite manufacture to civil aviation sector	USD
Kordsa Brezilya S.A.	Brazil	South America	Industrial yarn and cord fabric manufacture and trade	Brazilian Real
PT Indo Kordsa Tbk (*)	Indonesia	Asia	Industrial yarn and cord fabric manufacture and trade	USD
Thai Indo Kordsa Co., Ltd.	Thailand	Asia	Cord fabric manufacture and trade	Thai Baht
Kordsa Advanced Materials Gmbh	Germany	Europe	Research and Development Facility	EUR

(*) The Company's shares are traded on the Indonesia Stock Exchange ("IDX").

(**) According to the Group's Board of Directors, decision numbered 2015/29 dated 31 December 2015, Group's shares amounting to %51, Nile Kordsa Company for Industrial Fabrics S.A.E. %51 of rates, has been classified as "Assets Held for sale" in the consolidated statement of financial position as of 31 December 2015

(***)All of the shares of Fabric Development Inc. and Textile Products Inc., which are 100% owned and directly controlled by Kordsa Inc. and operate in the field of composites, were transferred to Axiom Materials Acquisition LLC, which is also directly controlled by Kordsa Inc. and the title was changed to "Kordsa Advanced Materials Inc."

The Company and its subsidiaries will collectively be referred to as the "Group".

KORDSA TEKNİK TEKSTİL A.Ş. AND ITS SUBSIDIARIES
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR
THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2024

(Amounts expressed in Turkish Lira (“TL”) unless otherwise indicated.)

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

2.1 Basis of Presentation

Statement of Compliance to Turkish Financial Reporting Standards (“TFRS”s)

The Group prepared its condensed consolidated interim financial statements for the period ended September 30, 2024, in accordance with TAS 34 “Interim Reporting” standard.

In accordance with this Communiqué, the disclosures and footnotes required to be included in the annual financial statements prepared in accordance with Turkish Accounting Standards (TAS)/Turkish Financial Reporting Standards (TFRS) are summarised or omitted in accordance with TAS 34. Interim financial results alone are not necessarily indicative of the year-end results. The accompanying condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements as at 31 December 2023 and the accompanying notes

The accompanying consolidated financial statements are prepared in accordance with Turkish Financial Reporting Standards (“TFRS”) published by Public Oversight Accounting and Auditing Standards Authority (“POA”) as set out in the Communiqué numbered II-14.1 “Communiqué on Principles of Financial Reporting in Capital Markets” published in the Official Gazette numbered 28676 on 13 June 2013. TFRSs consist of standards and interpretations which are published as Turkish Accounting Standards (“TAS”), Turkish Financial Reporting Standards, interpretations of TAS, and interpretations of TFRS.

The consolidated financial statements are presented in accordance with the TFRS Taxonomy Announcement and Financial Statements Example and User Guide published by CMB on 4 October 2022.

The Company and its Turkish subsidiaries maintain their books of account and prepare their statutory financial statements in accordance with accounting principles in the Turkish Commercial Code (“TCC”) and tax legislation. Subsidiaries that are registered in foreign countries maintain their books of account and prepare their statutory statements in accordance with the prevailing accounting principles in their registered countries.

Approval of the Financial Statements:

These consolidated financial statements have been approved to be issued during the meeting of the Board of Directors held on 30 October 2024, and have been signed by the Chief Finance Officer Şermin Mutlu and Global Finance Group Manager Ceyda Özdemir Kolay on behalf of the Board of Directors. General Assembly and related regulatory authorities have the right to make changes to these consolidated financial statements.

KORDSA TEKNİK TEKSTİL A.Ş. AND ITS SUBSIDIARIES
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR
THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2024

(Amounts expressed in Turkish Lira (“TL”) unless otherwise indicated.)

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS
(continued)

2.1 Basis of Presentation (continued)

Conversion to presentation currency

The presentation currency of the Group is TL. Financial statements prepared in USD within the scope of TAS 21 (“Effects of Currency Changes”) have been translated into TL using the following method:

- a. Assets in the balance sheet are translated into TL using the USD buy exchange rate of 34,1210 TL = 1 USD announced by the Central Bank of the Republic of Turkey and the liabilities are converted into TL using the foreign exchange selling rate of 34,1825 TL = 1 USD. The capital account of the company is shown over the nominal capital amount, all other equity items are kept at their historical TL values and all differences are accounted for in the foreign currency translation differences account.
- b. The profit or loss and other comprehensive income statement is translated into TL using the monthly average exchange rates of 32,2308 TL = 1 USD.
- c. All the resulting exchange differences are presented as a separate component of equity under the name of translation differences.

Adjustment of the Financial Statements during High Inflation Periods:

POA made a announcement on 23 November 2023 regarding the scope and application of TAS 29. It stated that the financial statements of the entities applying Turkish Financial Reporting Standards for the annual reporting period ending on or after 31 December 2023 should be presented in accordance with the related accounting principles in TAS 29, adjusted for the effects of inflation.

In accordance with the CMB's decision dated 28 December 2023 and numbered 81/1820, issuers and capital market institutions subject to financial reporting regulations applying Turkish Accounting/Financial Reporting Standards are required to apply inflation accounting by applying the provisions of TAS 29 to their annual financial statements for the accounting periods ending on 31 December 2023.

The financial statements and related figures for previous periods have been restated for changes in the general purchasing power of the functional currency and, consequently, the financial statements and related figures for previous periods are expressed in terms of the measuring unit current at the end of the reporting period in accordance with TAS 29 Financial Reporting in Hyperinflationary Economies.

As at the reporting date, entities operating in Turkey are required to apply TAS 29 "Financial Reporting in Hyperinflationary Economies" for the reporting periods ending on or after 31 December 2023, as the cumulative change in the general purchasing power of the last three years based on the Consumer Price Index (“CPI”) is more than 100%.

Although the Company operates in Turkey, since its functional currency is US Dollars, no adjustment has been made in accordance with TAS 29.

KORDSA TEKNİK TEKSTİL A.Ş. AND ITS SUBSIDIARIES
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR
THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2024

(Amounts expressed in Turkish Lira (“TL”) unless otherwise indicated.)

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS
(continued)

2.1 Basis of Presentation (continued)

Basis of Consolidation

The table below sets out all Subsidiaries and shows their shareholding rates at 30 September 2024:

Subsidiaries	Direct and indirect ownership interest by the Group and its subsidiaries (%)	Proportion of effective interest (%)
Nile Kordsa Company SAE	51,00	51,00
Kordsa Inc.	100,00	100,00
Microtex Composites S.r.l.	61,00	61,00
Kordsa Advanced Materials Inc.(*)	100,00	100,00
Axiom Materials Inc.	100,00	100,00
Fabric Development Inc.	100,00	100,00
Textile Products. Inc.	100,00	100,00
Kordsa Brasil S.A.	97,31	97,31
PT Indo Kordsa Tbk	61,59	61,59
Thai Indo Kordsa Co., Ltd.	64,19	39,53
Kordsa Advanced Materials Gmbh	100,00	100,00

(*) All of the shares of Fabric Development Inc. and Textile Products Inc., which are 100% owned and directly controlled by Kordsa Inc. and operate in the field of composites, were transferred to Axiom Materials Acquisition LLC, which is also directly controlled by Kordsa Inc. and the title was changed to “Kordsa Advanced Materials Inc.”

The table below sets out all Subsidiaries and shows their shareholding rates at 31 December 2023:

Subsidiaries	Direct and indirect ownership interest by the Group and its subsidiaries (%)	Proportion of effective interest (%)
Nile Kordsa Company SAE	51,00	51,00
Kordsa Inc.	100,00	100,00
Microtex Composites S.r.l.(*****)	61,00	61,00
Axiom Materials Acquisition LLC	100,00	100,00
Axiom Materials Inc. (**)	100,00	100,00
Fabric Development Inc.	100,00	100,00
Textile Products. Inc.	100,00	100,00
Kordsa Brasil S.A.	97,31	97,31
PT Indo Kordsa Tbk(***)	61,59	61,59
Thai Indo Kordsa Co., Ltd.	64,19	39,53
Kordsa Advanced Materials Gmbh(****)	100,00	100,00

(**) The merger process under the name of Axiom Materials Inc for Axiom Materials Inc and Advanced Honeycomb Technologies which are 100% subsidiaries of our subsidiary Kordsa Inc was completed on January 4, 2023.

(***) Our indirect subsidiary PT Indo Kordsa Polyester is acquired by our subsidiary PT Indo Kordsa Tbk and the progress was completed after getting legal approvals relating the merger on January 4, 2023.

(****) The incorporation of Kordsa Advanced Materials Gmbh based on Munich, Germany was completed on January 13, 2023

(*****) The purchase of 1% shares of our subsidiary Microtex Composites S.r.l was completed on September 21, 2023.

KORDSA TEKNİK TEKSTİL A.Ş. AND ITS SUBSIDIARIES
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR
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(Amounts expressed in Turkish Lira (“TL”) unless otherwise indicated.)

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS
(continued)

2.1 Basis of Presentation (continued)

Basis of Consolidation(continued)

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee ; and
- has the ability to use its power to affect the amount of the investor’s returns.

In the event that a situation or event arises that may cause any change in at least one of these criteria, the Group re-evaluates whether it has control over its investment.

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group’s voting rights in an investee are sufficient to the control power, including:

- The comparison of voting rights held by the Group to those held by the other shareholders;
- Potential voting rights held by the Group and other shareholders;
- Rights arising from other contractual arrangements; and
- Any additional facts and circumstances that indicate that whether the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders’ meetings facts and circumstances that indicate that whether the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders’ meetings.

The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group.

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Changes in the Group’s ownership interests in existing subsidiaries

Changes in the Group’s ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group’s interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to owners of the Company.

KORDSA TEKNİK TEKSTİL A.Ş. AND ITS SUBSIDIARIES
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR
THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2024

(Amounts expressed in Turkish Lira (“TL”) unless otherwise indicated.)

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS
(continued)

2.1 Basis of Presentation (continued)

Basis of Consolidation (continued)

Changes in the Group’s ownership interests in existing subsidiaries (continued)

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable TFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under TFRS 9 (“Financial Instruments”), when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

2.2 Changes in Accounting Policies, Comparative Information and Restatement of Prior Periods’ Financial Statements

Accounting policies have been consistently applied by the Group in all periods presented in the consolidated financial statements. Significant changes in accounting policies are applied retrospectively and previous period consolidated financial statements are rearranged.

There is no change in accounting policies while preparing the consolidated financial statements as of 30 September 2024.

2.3 Changes in Accounting Estimates and Errors

Changes in the accounting estimates should be accounted for in financial statements prospectively; if the change is related to only one period, it should be accounted at the current year that the change is performed, but if it is related to more than one period it should be accounted at both the current and future periods. There are no significant changes in the accounting estimates for the current period.

2.4 New and Revised Turkish Accounting Standards

a) Amendments that are mandatorily effective from 2024

Amendments to TAS 1	<i>Classification of Liabilities as Current or Non-Current</i>
Amendments to TFRS 16	<i>Lease Liability in a Sale and Leaseback</i>
Amendments to TAS 1	<i>Non-current Liabilities with Covenants</i>
Amendments to TAS 7 and TFRS 7	<i>Supplier Finance Arrangements</i>
TSRS 1	<i>General Requirements for Disclosure of Sustainability-related Financial Information</i>
TSRS 2	<i>Climate-related Disclosures</i>

KORDSA TEKNİK TEKSTİL A.Ş. AND ITS SUBSIDIARIES
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR
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(Amounts expressed in Turkish Lira (“TL”) unless otherwise indicated.)

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS
(continued)

2.4 New and Revised Turkish Accounting Standards (continued)

a) Amendments that are mandatorily effective from 2024 (continued)

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

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

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

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.

Amendments to TAS 7 and TFRS 7 Supplier Finance Arrangements

The amendments add disclosure requirements, and ‘signposts’ within existing disclosure requirements, that ask entities to provide qualitative and quantitative information about supplier finance arrangements. Amendments are effective from annual reporting periods beginning on or after 1 January 2024.

TSRS 1 General Requirements for Disclosure of Sustainability-related Financial Information

TSRS 1 sets out overall requirements for sustainability-related financial disclosures with the objective to require an entity to disclose information about its sustainability-related risks and opportunities that is useful to primary users of general purpose financial reports in making decisions relating to providing resources to the entity. The application of this standard is mandatory for annual reporting periods beginning on or after 1 January 2024 for the entities that meet the criteria specified in 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.

TSRS 2 Climate-related Disclosures

TSRS 2 sets out the requirements for identifying, measuring and disclosing information about climate-related risks and opportunities that is useful to primary users of general purpose financial reports in making decisions relating to providing resources to the entity. The application of this standard is mandatory for annual reporting periods beginning on or after 1 January 2024 for the entities that meet the criteria specified in 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 potential impact of the standards, amendments and improvements on the consolidated financial position and performance of the Group.

KORDSA TEKNİK TEKSTİL A.Ş. AND ITS SUBSIDIARIES
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR
THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2024

(Amounts expressed in Turkish Lira (“TL”) unless otherwise indicated.)

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS
(continued)

2.4 New and Revised Turkish Accounting Standards (continued)

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

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

TFRS 17	<i>Insurance Contracts</i>
Amendments to TFRS 17	<i>Initial Application of TFRS 17 and TFRS 9 — Comparative Information (Amendment to TFRS 17)</i>
Amendments to TAS 21	<i>Lack of Exchangeability</i>

TFRS 17 Insurance Contracts

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

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

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

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

Amendments to TAS 21 Lack of Exchangeability

The amendments contain guidance to specify when a currency is exchangeable and how to determine the exchange rate when it is not. Amendments are effective from annual reporting periods beginning on or after 1 January 2025.

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

KORDSA TEKNİK TEKSTİL A.Ş. AND ITS SUBSIDIARIES
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR
THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2024

(Amounts expressed in Turkish Lira (“TL”) unless otherwise indicated.)

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS
(continued)

2.5 Summary of Significant Accounting Policies

a) Property, plant and equipment

Property, plant and equipment are carried at cost less accumulated depreciation and impairment if any (Note 9). Depreciation is provided on property, plant and equipment on a straight-line basis. The depreciation periods for property, plant and equipment, which approximate the economically useful lives of such assets, are as follows:

	Years
Land improvements	15
Buildings	20-40
Machinery and equipment	2-30
Motor vehicles	3-5
Leasehold Improvements	15
Furniture and fixtures	3-7

Useful lives and residual values are reviewed at each reporting date and adjusted if necessary. Gains or losses on disposals of property, plant and equipment are determined by comparing proceeds with their carrying amounts and are included in the related income and expense accounts, as appropriate.

Expenses for the repair of property, plant and equipment are normally charged against income. They are, however, capitalised in exceptional cases if they result in an enlargement or substantial improvement of the respective assets. Spare part changes and labour costs included in the large comprehensive maintenance and repair expenses are capitalised and depreciated on average useful lives until the next-largest comprehensive maintenance period.

b) Intangible assets

Intangible assets include rights, software and other identifiable rights. Intangible assets are recognized at acquisition cost and amortisation is calculated using the straight-line method over a period (Note 10). The estimated useful life and amortisation method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

The fair value of intangible assets, which includes customer relationships and brand names acquired through business combinations, is determined on basis of the expected cash flow from the use or disposal of the related assets. Indefinite life has been determined for trademarks.

The estimated useful lives of these assets are as follows:

	Useful Lives
Customer relationship	14-30
Technology licences	7-10
Other intangible assets	5-20

KORDSA TEKNİK TEKSTİL A.Ş. AND ITS SUBSIDIARIES
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR
THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2024

(Amounts expressed in Turkish Lira (“TL”) unless otherwise indicated.)

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS
(continued)

2.5 Summary of Significant Accounting Policies (continued)

b) Intangible assets (continued)

Internally generated intangible assets – research and development expenses

Expenditure on research activities is recognized as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognized if, and only if, all of the following have been demonstrated:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale,
- The intention to complete the intangible asset and use or sell it,
- The ability to use or sell the intangible asset,
- How the intangible asset will generate probable future economic benefits,
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- The ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognized for internally-generated intangible assets is the sum of expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognized, development expenditure is charged to profit or loss in the period in which it is incurred.

After initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets acquired separately.

Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from the derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

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NOTE 3- SEGMENT REPORTING

The reportable geographical segments for segment reporting are as follows:

a) Segment analysis for the period 1 January – 30 September 2024

	Europe, Middle East and Africa(**)	North America	South America	Asia	Intersegment elimination (*)	Total
External revenue	8.509.437.442	7.232.985.717	2.206.611.960	4.740.523.496	-	22.689.558.615
Intersegment revenue	540.254.646	325.666.609	3.821.020	933.232.369	(1.802.974.644)	-
Revenue	9.049.692.088	7.558.652.326	2.210.432.980	5.673.755.865	(1.802.974.644)	22.689.558.615
Segment operating expenses, net	(8.414.032.252)	(8.015.817.662)	(2.039.991.744)	(5.192.525.702)	1.838.478.938	(21.823.888.422)
Segment operating results	635.659.836	(457.165.336)	170.441.236	481.230.163	35.504.294	865.670.193
OPERATING PROFIT	635.659.836	(457.165.336)	170.441.236	481.230.163	35.504.294	865.670.193

b) Segment analysis for the period 1 July – 30 September 2024

	Europe, Middle East and Africa(**)	North America	South America	Asia	Intersegment elimination (*)	Total
External revenue	2.878.390.168	2.466.622.652	792.842.800	1.726.750.293	-	7.864.605.913
Intersegment revenue	218.715.445	60.011.878	3.821.020	249.347.784	(531.896.127)	-
Revenue	3.097.105.613	2.526.634.530	796.663.820	1.976.098.077	(531.896.127)	7.864.605.913
Segment operating expenses, net	(2.970.183.687)	(2.679.734.205)	(703.918.401)	(1.775.848.653)	551.156.601	(7.578.528.345)
Segment operating results	126.921.926	(153.099.675)	92.745.419	200.249.424	19.260.474	286.077.568
OPERATING PROFIT	126.921.926	(153.099.675)	92.745.419	200.249.424	19.260.474	286.077.568

(*) Unallocated consolidation adjustments are included in this line.

(**) Kordsa Teknik Tekstil A.Ş. has been included in Europe, Middle East and Africa Segment.

c) Segment analysis for the period 1 January – 30 September 2023

	Europe, Middle East and Africa(**)	North America	South America	Asia	Intersegment elimination (*)	Total
External revenue	6.862.108.834	5.810.785.715	1.811.713.388	4.285.781.207	-	18.770.389.144
Intersegment revenue	598.974.907	331.631.271	14.784.633	376.774.255	(1.322.165.066)	-
Revenue	7.461.083.741	6.142.416.986	1.826.498.021	4.662.555.462	(1.322.165.066)	18.770.389.144
Segment operating expenses, net	(7.029.899.212)	(5.985.858.164)	(1.860.731.707)	(4.195.301.616)	1.268.613.069	(17.803.177.630)
Segment operating results	431.184.529	156.558.822	(34.233.686)	467.253.846	(53.551.997)	967.211.514
OPERATING PROFIT	431.184.529	156.558.822	(34.233.686)	467.253.846	(53.551.997)	967.211.514

d) Segment analysis for the period 1 July – 30 September 2023

	Europe, Middle East and Africa(**)	North America	South America	Asia	Intersegment elimination (*)	Total
External revenue	3.072.887.587	2.674.081.485	823.351.993	1.993.608.807	-	8.563.929.872
Intersegment revenue	240.598.221	97.870.796	3.243.289	152.470.297	(494.182.603)	-
Revenue	3.313.485.808	2.771.952.281	826.595.282	2.146.079.104	(494.182.603)	8.563.929.872
Segment operating expenses, net	(3.041.972.768)	(2.679.659.423)	(864.388.189)	(1.970.719.412)	482.702.015	(8.074.037.778)
Segment operating results	271.513.040	92.292.858	(37.792.907)	175.359.692	(11.480.588)	489.892.094
OPERATING PROFIT	271.513.040	92.292.858	(37.792.907)	175.359.692	(11.480.588)	489.892.094

(*) Unallocated consolidation adjustments are included in this line.

(**) Kordsa Teknik Tekstil A.Ş. has been included in Europe, Middle East and Africa Segment.

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NOTE 3 - SEGMENT REPORTING (continued)

e) Segment assets	30 September 2024	31 December 2023
North America	17.080.767.032	16.092.046.575
Europe, Middle East and Africa	13.825.682.530	9.206.063.746
Asia	10.266.203.583	8.793.547.555
South America	2.433.560.523	2.238.374.588
Segment assets (*)	43.606.213.668	36.330.032.464
Unallocated assets	2.711.538.713	1.949.486.942
Less: Intersegment eliminations	(3.892.751.099)	(3.303.405.309)
Total assets per consolidated financial statements	42.425.001.282	34.976.114.097

(*) Segment assets mainly comprised assets regarding operations. Deferred tax assets, time deposits and financial investments have not been associated with segments.

f) Segment liabilities

	30 September 2024	31 December 2023
Europe, Middle East and Africa	14.962.387.907	10.054.984.349
North America	8.018.542.081	7.523.398.698
Asia	1.917.950.865	1.769.026.917
South America	566.076.436	481.560.369
Segment liabilities (**)	25.464.957.289	19.828.970.333
Unallocated assets	1.926.023.751	1.729.743.932
Less: Intersegment eliminations	(2.847.584.289)	(2.643.275.409)
Total assets per consolidated financial statements	24.543.396.751	18.915.438.856

(**) Segment liabilities mainly comprised liabilities regarding operations. Tax liabilities, and financial lease liabilities have not been associated with segments.

The segment reporting in the basis of industry groups of reportable segments is as follows:

g) External revenue

	1 January- 30 September 2024	1 July- 30 September 2024	1 January- 30 September 2023	1 July- 30 September 2023
Industrial Yarn and Cord Fabric	17.204.468.246	5.997.276.458	14.589.163.192	6.632.593.040
Advanced Composite Materials	4.793.175.069	1.604.205.631	3.757.866.099	1.740.892.759
Other	691.915.300	263.123.824	423.359.853	190.444.073
	22.689.558.615	7.864.605.913	18.770.389.144	8.563.929.872

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NOTE 4 – CASH AND CASH EQUIVALENTS

The details of cash and cash equivalents as at 30 September 2024 and 31 December 2023 are as follows:

	30 September 2024	31 December 2023
Cash	281.267	19.890.239
Bank-demand deposits	1.402.222.939	1.306.452.816
Bank-time deposits	776.600.037	386.125.252
	2.179.104.243	1.712.468.307

Time deposits have less than 3 months maturity. Average annual interest rate for time deposits are 0,01% for Euro (31 December 2023: 0,01%), Average annual interest rate for time deposits are 0,01% for US Dollars (31 December 2023: 0,01%) Average annual interest rate for time deposits are 37,00% for TL (31 December 2023: 25,00%).

There are no restricted cash and cash equivalents of Group as at 30 September 2024 and 31 December 2023.

NOTE 5 - BORROWINGS

	30 September 2024	31 December 2023
Short-term borrowings	7.709.361.258	6.954.689.210
Short-term portion of long term borrowings	1.076.748.750	427.623.845
Total short-term financial borrowings	8.786.110.008	7.382.313.055
Long-term borrowings	6.759.364.341	4.269.179.252
Total long-term financial borrowings	6.759.364.341	4.269.179.252
Total borrowings	15.545.474.349	11.651.492.307

	30 September 2024	31 December 2023
Short-term lease liabilities	131.078.060	113.022.245
Long-term lease liabilities	953.923.923	851.762.569
Total lease liabilities	1.085.001.983	964.784.814

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NOTE 5 – BORROWINGS (continued)

The details of long and short term borrowings as of 30 September 2024 and 31 December 2023 are as follows:

	30 September 2024		31 December 2023	
	Weighted average effective interest rate %	TL	Weighted average effective interest rate %	TL
Short-term borrowings				
TL borrowings	26,93	2.174.732.079	34,79	1.646.920.444
USD borrowings	7,87	4.571.963.054	8,68	4.242.790.470
EUR borrowings	6,90	831.526.735	8,23	908.398.549
Other borrowings (*)	4,69	131.139.390	4,42	156.579.747
		7.709.361.258		6.954.689.210
Short-term portion of long term borrowings				
USD borrowings	7,83	1.076.748.750	9,33	427.623.845
		1.076.748.750		427.623.845
Total short-term borrowings		8.786.110.008		7.382.313.055
Long-term borrowings				
USD borrowings	7,75	6.009.614.126	8,25	4.040.308.100
EUR borrowings	6,08	749.750.215	3,59	228.871.152
Total long-term financial borrowings		6.759.364.341		4.269.179.252

(*) Other borrowings comprise borrowings in Thailand Baht.

The fair value of the loans used by the Group is equal to their book value.

The redemption schedules of long term borrowings are summarized below:

	30 September 2024	31 December 2023
1 to 2 years	3.935.417.211	1.605.328.906
2 to 3 years	2.231.186.196	1.529.907.507
3 to 4 years	369.970.143	846.845.320
4 to 5 years	210.238.952	184.584.201
More than 5 years	12.551.839	102.513.318
	6.759.364.341	4.269.179.252

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NOTE 5 – BORROWINGS (continued)

The reconciliation of the Group’s obligations arising from its financial activities and lease liabilities are as follows:

	1 January- 30 September 2024	1 January- 30 September 2023
1 January financial liabilities	12.616.277.121	8.444.582.416
Current period additions	8.666.188.458	9.974.003.781
Repayment of borrowing	(6.631.151.172)	(11.256.701.859)
Interest expense recognized in the statement of profit or loss (Note 20)	1.104.663.200	688.479.036
Interest accrual	(1.213.580.637)	(597.773.583)
Additional lease contracts	52.103.602	35.025.076
Lease payments	(24.499.905)	(48.557.963)
Currency translation differences	2.060.475.665	3.613.772.012
30 September financial liabilities	16.630.476.332	10.852.828.916

NOTE 6 - TRADE RECEIVABLES

	30 September 2024	31 December 2023
Trade receivables		
Trade receivables	5.931.174.706	4.525.475.297
Cheques received	22.116.448	14.139.530
Due from related parties(Note 23)	315.097.513	317.610.477
	6.268.388.667	4.857.225.304
Less: Provision for doubtful receivables	(38.514.418)	(23.575.045)
Less: Unearned credit finance income	(36.125.470)	(59.711.361)
	6.193.748.779	4.773.938.898

As of 30 September 2024, annual interest rates for discount of TL, USD and Euro trade receivables and payables are 57,00%, 7,91% ve 6,54% respectively (2023: 52,73%, 9,47% ve 8,60%). The average maturities of the trade receivables as of 30 September 2024 is 66 days, average duration of trade payables is 57 days. (31 December 2023: 68 days, 56 days).

As of 30 September 2024, though, trade receivables amounting to TL 933.804.274 (31 December 2023: TL 543.697.365) were overdue they are not regarded as doubtful receivable as a result of the customers' ability to pay and the management's assessment of the future. The aging of these receivables as of 30 September 2024 and 31 December 2023 are as follows:

	30 September 2024	31 December 2023
Up to 1 month	654.496.596	320.989.742
1 to 3 months	110.395.869	126.601.175
3 to 12 months	108.359.741	52.026.502
1 to 5 years	60.552.068	44.079.946
	933.804.274	543.697.365

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NOTE 6 - TRADE RECEIVABLES AND PAYABLES (continued)

As of 30 September 2024, trade receivables amounting to TL 38.514.418 (31 December 2023: TL 23.575.044) are overdue and the provision for doubtful receivables has been set aside. As of 30 September 2024 and 31 December 2023, the aging schedule of the related receivables is as follows:

	30 September 2024	31 December 2023
Up to 1 month	152.129	1.572.399
1 to 3 months	15.719.131	961.998
3 to 12 months	4.945.008	9.800.653
1 to 5 years	17.698.150	11.239.994
	38.514.418	23.575.044

Movement schedules of provision for doubtful receivables for the nine month periods ended 30 September 2024 and 2023 are as follows:

	1 January- 30 September 2024	1 January- 30 September 2023
Balance at 1 January	23.575.045	16.431.373
Additions	19.323.427	6.380.482
Disposals	(8.040.958)	(1.693.351)
Currency translation differences	3.656.904	8.238.707
Balance at 30 September	38.514.418	29.357.211

	30 Eylül 2024	31 Aralık 2023
Trade Payables		
Trade Payables	3.814.299.277	3.328.970.832
Trade Payables to related parties (Note 23)	96.252.793	76.598.491
	3.910.552.070	3.405.569.323
Less: Unrealized Credit Finance Expense on Purchases	(36.270.623)	(30.330.193)
	3.874.281.447	3.375.239.130

NOTE 7 – OTHER RECEIVABLES AND PAYABLES AND PROVISIONS

Other Short-Term Receivables	30 September 2024	31 December 2023
Taxes and Other Duties (*)	267.051.330	304.496.833
Other	169.317.743	144.789.068
	436.369.073	449.285.901

Other Long-Term Receivables	30 September 2024	31 December 2023
Litigation Guarantee Receivables (**)	65.462.436	108.197.159
Other	12.827.695	4.842.975
	78.290.131	113.040.134

(*) Taxes and other duties mainly consist of Kordsa Brasil’s other tax receivables from in-state production incentive income and Kordsa Turkey’s provisional tax amount.

(**) This amount is related to the guarantees paid to Brazilian courts for the lawsuits against Kordsa Brasil.

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NOTE 7 – OTHER RECEIVABLES AND PAYABLES AND PROVISIONS (continued)

Other Short Term Payables	30 September 2024	31 December 2023
Taxes and Duties Payable	135.568.231	109.056.976
Other	35.101.854	33.768.336
	170.670.085	142.825.312
Other Long Term Provisions	30 September 2024	31 December 2023
Taxes and Duties Payable (***)	79.311.859	73.551.721
	79.311.859	73.551.721

(***) Taxes and duties payables mainly comprise of the employee and tax related law suits against Kordsa Brasil.

NOTE 8 – INVENTORIES

	30 September 2024	31 December 2023
Finished Goods	3.995.403.791	2.735.008.091
Raw materials and supplies	2.984.682.888	2.512.795.610
Semi-finished goods	336.282.937	530.719.908
Spare parts	488.775.151	400.160.356
Intermediate goods	1.041.179.282	735.863.664
Other inventories	335.094.922	195.826.698
	9.181.418.971	7.110.374.327
Less: Impairment in value Provision for obsolescence	(391.532.842)	(270.414.821)
	8.789.886.129	6.839.959.506

Movement schedules for provision for impairment in value for the nine month periods ended 30 September 2024 and 2023 are as follows:

	1 January- 30 September 2024	1 January- 30 September 2023
Balances at 1 January	270.414.821	116.576.248
Additions	87.295.924	56.151.048
Reversals	(19.512.612)	(9.083.239)
Currency translation differences	53.334.709	73.385.661
Balanced at 30 September	391.532.842	237.029.718

The amount of provision for inventory obsolescence is classified to cost of goods sold for the periods 30 September 2024 and 30 September 2023. The amount of provision for impairment of inventory charged to cost of goods sold for the nine month period ended 30 September 2024 is TL 67.783.312 (1 January – 30 September 2023: TL 47.067.809)

KORDSA TEKNİK TEKSTİL A.Ş. AND ITS SUBSIDIARIES**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2024**

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NOTE 9 – PROPERTY, PLANT AND EQUIPMENT

The movement of property, plant and equipment for the nine month periods ended 30 September 2024 is as follows:

	1 January 2024	Additions	Disposals	Transfers(*)	Currency Translation Differences	30 September 2024
Cost:						
Land and land improvements	411.662.574	-	(24.942.804)	2.337.728	71.953.910	461.011.408
Buildings	2.929.748.614	5.073.524	-	8.258.469	478.627.010	3.421.707.617
Machinery and equipment	15.562.483.304	108.699.668	(11.216.167)	535.938.324	2.445.642.100	18.641.547.229
Motor vehicles	14.204.400	-	-	-	1.993.554	16.197.954
Furniture and fixtures	609.934.632	12.359.722	(1.056.579)	71.576.687	80.591.224	773.405.686
Construction in progress	1.440.735.769	828.237.932	-	(704.520.197)	225.577.740	1.790.031.244
	20.968.769.293	954.370.846	(37.215.550)	(86.408.989)	3.304.385.538	25.103.901.138
Accumulated depreciation						
Land improvements	88.392.002	2.892.013	-	-	13.996.123	105.280.138
Buildings	1.584.654.926	70.776.925	-	-	266.712.750	1.922.144.601
Machinery and equipment	9.390.708.808	568.873.791	(5.927.518)	-	1.476.052.696	11.429.707.777
Motor vehicles	9.199.194	823.385	-	-	1.245.653	11.268.232
Furniture and fixtures	413.656.984	36.851.583	(841.495)	-	55.299.396	504.966.468
	11.486.611.914	680.217.697	(6.769.013)	-	1.813.306.618	13.973.367.216
Net book value	9.482.157.379					11.130.533.922

(*) For the nine months period ended 30 September 2024, 86.408.989 TL was transferred to other intangible assets

TL 750.094.227 (30 September 2023: TL 544.764.045) of depreciation and amortization expenses related to tangible fixed assets, intangible assets and asset usage rights in the current period is to cost of goods sold, TL 20.090.231 (30 September 2023: TL 8.234.721) research and development expenses, TL 247.083.923 (30 September 2023: TL 181.806.289) are included in general administrative expenses, TL 5.771.247 (30 September 2023: TL 4.720.580) in sales and marketing expenses.

KORDSA TEKNİK TEKSTİL A.Ş. AND ITS SUBSIDIARIES**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2024**

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NOTE 9 – PROPERTY, PLANT AND EQUIPMENT (continued)

The movement of property, plant and equipment for the nine month periods ended 30 September 2023 is as follows:

	1 January 2023	Additions	Disposals	Transfers(*)	Currency Translation Differences	30 September 2023
Cost:						
Land and land improvements	253.098.156	-	-	1.706.886	111.836.151	366.641.193
Buildings	1.771.419.385	13.266.321	-	45.161.056	815.652.681	2.645.499.443
Machinery and equipment	9.467.549.415	115.760.417	(206.463.297)	369.999.539	4.409.032.648	14.155.878.722
Motor vehicles	8.204.576	319.693	(111.830)	-	2.076.081	10.488.520
Furniture and fixtures	333.470.871	4.928.042	(4.976.499)	50.238.116	162.718.994	546.379.524
Construction in progress	853.049.916	659.084.622	(53.485.463)	(573.444.124)	387.232.421	1.272.437.372
	12.686.792.319	793.359.095	(265.037.089)	(106.338.527)	5.888.548.976	18.997.324.774
Accumulated depreciation						
Land improvements	53.197.366	2.712.498	-	-	25.098.648	81.008.512
Buildings	934.089.818	58.543.656	-	-	435.230.797	1.427.864.271
Machinery and equipment	5.593.657.116	430.716.296	(140.213.169)	-	2.639.269.814	8.523.430.057
Motor vehicles	2.814.283	706.355	(111.830)	-	5.698.795	9.107.603
Furniture and fixtures	269.468.102	23.075.531	(4.618.549)	-	83.421.210	371.346.294
	6.853.226.685	515.754.336	(144.943.548)	-	3.188.719.263	10.412.756.736
Net book value	5.833.565.634					8.584.568.038

(*) For the nine months period ended 30 September 2023, TL 106.338.527 was transferred to other intangible assets.

KORDSA TEKNİK TEKSTİL A.Ş. AND ITS SUBSIDIARIES**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2024**

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NOTE 10 – INTANGIBLE ASSETS

The movement of intangible assets for the nine month periods ended 30 September 2024 is as follows.

	1 January 2024	Additions	Disposals	Transfers	Currency translation differences	30 September 2024
Cost:						
Rights	131.557.298	12.803.475	-	6.482.793	23.576.337	174.419.903
Technology licences	459.482.836	769	-	25.835.148	72.986.084	558.304.837
Capitalized development costs	445.242.207	135.042.820	-	-	78.745.359	659.030.386
Computer software	168.854.299	32.306.361	-	54.091.048	31.774.412	287.026.120
Customer relationships	2.649.081.651	-	-	-	421.395.315	3.070.476.966
Trademarks	821.141.717	-	-	-	130.620.841	951.762.558
Other intangible assets	130.318.755	-	-	-	20.730.095	151.048.850
	4.805.678.763	180.153.425	-	86.408.989	779.828.443	5.852.069.620
Accumulated Depreciation:						
Rights	69.251.048	13.644.504	-	-	12.902.597	95.798.149
Technology licences	246.838.240	54.297.918	-	-	41.602.904	342.739.062
Capitalized development costs	201.553.712	64.567.690	-	-	35.848.219	301.969.621
Computer software	135.210.637	13.436.088	-	-	22.592.615	171.239.341
Customer relationships	522.494.873	103.043.718	-	-	89.157.500	714.696.091
Trademarks	1.468.083	4.328.435	-	-	487.376	6.283.894
Other intangible assets	59.934.326	2.197.560	-	-	5.578.663	67.710.549
	1.236.750.919	255.515.913	-	-	208.169.874	1.700.436.707
Net book value	3.568.927.844					4.151.632.913

KORDSA TEKNİK TEKSTİL A.Ş. AND ITS SUBSIDIARIES**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2024**

(Amounts expressed in Turkish Lira (“TL”) unless otherwise indicated.)

NOTE 10 – INTANGIBLE ASSETS (continued)

The movement of intangible assets for the nine month periods ended 30 September 2023 is as follows:

	1 January 2023	Additions	Disposals	Transfers	Currency translation differences	30 September 2023
Cost:						
Rights	79.009.853	2.067.464	-	7.613.320	33.946.312	122.636.949
Technology licences	291.275.314	-	-	-	135.643.273	426.918.587
Capitalized development costs	182.895.674	15.204.374	-	97.553.379	99.128.558	394.781.985
Computer software	76.883.714	9.926.733	-	1.171.828	35.092.158	123.074.433
Customer relationships	1.682.620.657	-	-	-	780.950.948	2.463.571.605
Trademarks	521.565.284	-	-	-	242.073.472	763.638.756
Other intangible assets	82.774.734	-	-	-	38.418.052	121.192.786
	2.917.025.230	27.198.571	-	106.338.527	1.365.252.773	4.415.815.101
Accumulated Depreciation:						
Rights	38.823.016	7.231.373	-	-	18.817.760	64.872.149
Technology licences	123.268.391	32.270.634	-	-	61.611.524	217.150.549
Capitalized development costs	89.851.894	35.333.309	-	-	46.165.447	171.350.650
Computer software	76.271.179	7.465.713	-	-	34.016.135	117.753.027
Customer relationships	254.617.687	75.321.286	-	-	127.688.411	457.627.384
Trademarks	932.671	3.264.268	-	-	844.892	5.041.831
Other intangible assets	36.251.322	1.771.788	-	-	17.049.015	55.072.125
	620.016.160	162.658.371	-	-	306.193.184	1.088.867.715
Net book value	2.297.009.070					3.326.947.386

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NOTE 11 – RIGHT OF USE ASSETS

The movement of right of lease assets for the nine month periods ended 30 September 2024 is as follows:

	1 January 2024	Addition	Disposal	Transfers	Currency Translation Differences	30 September 2024
Cost						
Property	951.957.561	6.028.973	-	-	139.715.958	1.097.702.492
Fixture	2.151.334	-	(235.736)	-	232.949	2.148.547
Vehicles	101.729.633	25.772.592	(2.214.901)	-	17.945.101	143.232.425
Other	93.230.741	20.302.037	-	-	16.116.493	129.649.271
	1.149.069.269	52.103.602	(2.450.637)	-	174.010.501	1.372.732.735
Accumulated Depreciation						
Property	170.801.169	44.410.844	-	-	29.774.230	244.986.243
Fixture	1.825.997	219.414	(235.736)	-	401.591	2.211.266
Vehicles	54.519.889	24.125.803	(2.214.901)	-	10.406.264	86.837.055
Other	51.323.226	18.549.954	-	-	9.252.018	79.125.198
	278.470.281	87.306.015	(2.450.637)	-	49.834.103	413.159.762
Net book value	870.598.988					959.572.973

The movement of right of lease assets for the nine month period ended 30 September 2023 is as follows.

	1 January 2023	Addition	Disposal	Transfers	Currency Translation Differences	30 September 2023
Cost						
Property	543.335.686	2.085.598	-	2.555.363	248.684.374	796.661.021
Fixture	736.759	-	-	-	1.305.938	2.042.697
Vehicles	58.391.069	13.116.616	(4.195.117)	(2.555.363)	28.447.230	93.204.435
Other	39.649.193	19.822.862	-	-	22.356.553	81.828.608
	642.112.707	35.025.076	(4.195.117)	-	300.794.095	973.736.761
Accumulated Depreciation						
Property	96.712.513	31.841.948	-	1.309.159	46.333.458	176.197.078
Fixture	461.194	725.716	-	-	486.322	1.673.232
Vehicles	23.521.236	16.659.951	(4.195.117)	(1.309.159)	11.470.145	46.147.056
Other	20.004.528	11.885.305	-	-	11.793.969	43.683.802
	140.699.471	61.112.920	(4.195.117)	-	70.083.894	267.701.168
Net book value	501.413.236				230.710.201	706.035.593

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NOTE 12 – INVESTMENT PROPERTY

	30 September 2024	30 September 2023
Balance as at 1 January – Opening	697.056.265	426.405.882
Disposals	(115.408.677)	-
Currency translation differences	104.114.061	197.906.805
Balance as at 30 September- Closing	685.761.649	624.312.687

(*) As of 31 December 2023, the fair value of the Group’s investment property in PT Indo Kordsa Company in the Asia Pacific Region has been revalued by independent experts who are not related to the Group and have appropriate qualifications and recent experience in the valuation of properties. The estimated fair values of lands owned have been determined by taking reference of the market transaction prices of similar properties. When determining the fair values of the lands the highest value in use has been considered. In the current period, no different valuation methodology is performed. As of 31 December 2023, the fair value hierarchy level of investment properties measured by the revaluation method is 2.

NOTE 13 – GOODWILL

As at 30 September 2024 the goodwill having net book value amounting 134.508.928 USD (31 December 2023: 134.508.928 USD) consist of 3.193.789 USD (31 December 2023: 3.193.789 USD) which accrued in consequence of the merger with Dusa Endüstriyel İplik ve Sanayi ve Ticaret A.Ş on 30 September 1999, 226.961 USD (31 December 2023: 226.961 USD) which accrued in consequence of the acquisition of the PT Indo Kordsa Group on 22 December 2006, respectively 9.656.000 USD (31 December 2023: 9.656.000 USD) and 19.893.604 USD (31 December 2023: 19.893.604 USD) which accrued in consequence of the acquisition of the Fabric Development Inc. (“FDI”) and Textile Products, Inc.(“TPI”) on 13 July 2018, 1.268.000 USD (31 December 2023: 1.268.000 USD) accrued in consequence of the acquisition of the Advanced Honeycomb Technologies Corporation (“AHT”) on 1 October 2018, and 88.764.556 USD (31 December 2023: 88.764.556 USD) which accrued in consequence of the acquisition of the Axiom Materials Acquisition LLC (“AXM”) on 23 July 2019 and 11.506.020 USD (31 December 2023:11.506.020 USD) consists of Microtex acquisition.

As at 30 September, the movements in goodwill is as follow;

	1 January - 30 September 2024	1 January - 30 September 2023
Balance at the beginning of the year	3.959.700.724	2.515.088.288
Currency translation difference	629.878.408	1.167.322.281
Balances at 30 September	4.589.579.132	3.682.410.569

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NOTE 14 - COLLATERAL, PLEDGE, MORTGAGE AND SECURITIES

Commitments and contingencies, from which the Group management does not anticipate any significant losses or liabilities are summarized below:

a) Guarantees given:	30 September 2024	31 December 2023
Pledges given to banks	794.481.126	619.450.052
Security (*)	1.410.097.500	3.691.877.368
Letter of credits	697.728.981	796.049.692
Letter of guarantees	4.454.236.474	1.340.614.363
Commitments	2.188.706	1.551.295
	7.358.732.787	6.449.542.770

(*) Kordsa Teknik Tekstil A.Ş. have been joint guarantor to borrowings used by Kordsa Inc. amounting to total USD 43.750.000 equivalents TL 1.410.097.500.

b) Guarantees Received:	30 September 2024	31 December 2023
Letter of guarantees	53.916.447	100.062.473
Cheques and notes received as collateral	331.350	331.350
	54.247.797	100.393.823

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NOTE 14 - COLLATERAL, PLEDGE, MORTGAGE AND SECURITIES (continued)

30 September 2024	TL Equivalent	TL	USD	EUR	Thai Baht	Other TL Equivalent
A.Total of CPMSs given on behalf of own legal personality	5.948.635.287	3.432.083.840	58.490.201	5.216.578	140.415.038	173.308.215
B. Total of CPMSs given on behalf of subsidiaries consolidated in full	1.410.097.500	-	43.750.000	-	-	-
C. CPMSs given for continuation of its economic activities on behalf of Third parties	-	-	-	-	-	-
D.Total amount of other CPMSs	-	-	-	-	-	-
i. Total amount of CPMSs given on behalf of the major shareholder	-	-	-	-	-	-
ii Total amount of CPMSs given on behalf of other Group companies which are not in scope of B and C	-	-	-	-	-	-
iii. Total amount of CPMSs given on behalf of third parties which are not in scope of clause C	-	-	-	-	-	-
	7.358.732.787	3.432.083.840	102.240.201	5.216.578	140.415.038	173.308.215
31 December 2023	TL Equivalent	TL	USD	EUR	Thai Baht	Other TL Equivalent
A.Total of CPMSs given on behalf of own legal personality	2.757.665.402	950.635.909	42.710.536	8.810.393	140.147.143	142.166.483
B. Total of CPMSs given on behalf of subsidiaries consolidated in full	3.691.877.368	-	125.411.111	-	-	-
C. CPMSs given for continuation of its economic activities on behalf of Third parties	-	-	-	-	-	-
D.Total amount of other CPMSs	-	-	-	-	-	-
i. Total amount of CPMSs given on behalf of the major shareholder	-	-	-	-	-	-
ii Total amount of CPMSs given on behalf of other Group companies which are not in scope of B and C	-	-	-	-	-	-
iii. Total amount of CPMSs given on behalf of third parties which are not in scope of clause C	-	-	-	-	-	-
	6.449.542.770	950.635.909	168.121.647	8.810.393	140.147.143	142.166.483

The ratio of the other CPMSs given by the Group to equity is 0% as at 30 September 2024 (As at 31 December 2023 0%)

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NOTE 15 – OTHER LIABILITIES

Other Long Term Liabilities	30 September 2024	31 December 2023
Other(*)	1.266.377.228	818.443.973
	1.266.377.228	818.443.973

(*) The Group has the option to buy/sell the remaining 39% of Microtex's shares from non-controlling shares, according to the shareholder agreement regarding the purchase of shares. The option to buy/sell shares will expire on August 05, 2027. The mentioned share buy/sell option is recorded under other long-term liabilities at EBITDA value (30 September 2024: TL 833.034.916) in the consolidated financial statements of the Group and is shown separately under equity attributable to owners of the Company.

NOTE 16 - SALES AND COST OF SALES

	1 January – 30 September 2024	1 July – 30 September 2024	1 January – 30 September 2023	1 July – 30 September 2023
Sales income (gross)	22.974.499.125	7.983.226.601	19.155.499.307	8.743.398.891
Sales returns (-)	(102.677.013)	(55.020.939)	(79.369.075)	(27.176.819)
Sales discounts (-)	(107.451.213)	(36.603.740)	(111.458.173)	(55.633.250)
Other sales discounts (-)	(74.812.284)	(26.996.009)	(194.282.915)	(96.658.950)
Sales Income (Net)	22.689.558.615	7.864.605.913	18.770.389.144	8.563.929.872
Cost of sales (-)	(19.322.990.432)	(6.777.089.237)	(15.979.757.166)	(7.265.376.754)
Gross Profit	3.366.568.183	1.087.516.676	2.790.631.978	1.298.553.118

NOTE 17 - EXPENSES BY NATURE

	1 January – 30 September 2024	1 July – 30 September 2024	1 January – 30 September 2023	1 July – 30 September 2023
Raw material and supply expenses	13.404.496.058	4.663.881.442	11.378.452.112	5.191.887.147
Personnel expenses	3.499.140.831	1.191.279.893	2.604.663.986	1.176.208.621
Energy expenses	1.439.133.261	505.947.813	1.344.454.358	606.271.626
Depreciation and amortization expenses	1.023.039.628	369.623.635	739.525.635	350.996.746
Distribution expenses	662.329.854	228.882.974	396.168.316	169.814.273
Packing expenses	354.553.755	128.140.197	295.806.991	135.247.609
Consultancy expenses	270.396.332	107.644.768	235.451.735	110.063.463
Idle period expenses	132.540.430	61.483.708	85.140.475	23.633.363
Service, maintenance expenses	59.025.747	20.870.607	47.661.112	19.431.512
Other	1.217.087.665	433.564.182	819.209.481	377.777.431
	22.061.743.561	7.711.319.219	17.946.534.201	8.161.331.786

General administrative expenses TL 1.477.502.632 (30 September 2023: TL 1.109.973.658), marketing expenses TL 1.143.887.439 (30 September 2023: TL 754.990.747), research and development expenses TL 117.363.058 (30 September 2023: TL 101.812.630) are shown in expenses by nature.

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NOTE 18 - OTHER OPERATING INCOME AND EXPENSES

	1 January- 30 September 2024	1 July- 30 September 2024	1 January- 30 September 2023	1 July- 30 September 2023
Other operating income				
Unearned finance income on credit sales	321.794.141	114.641.312	209.440.811	100.478.759
Domestic production incentive income (*)	162.265.644	57.881.352	136.434.429	58.717.601
Export incentive income	18.442.462	9.882.778	20.798.357	6.806.207
Government incentive income	-	-	17.944.109	11.896.317
Other	106.690.442	29.636.346	45.223.221	25.938.226
	609.192.689	212.041.788	429.840.927	203.837.110

(*) Domestic production incentive income refers to the Brazilian Subsidiary’s sales tax return income on finished goods produced and sold in its own country.

	1 January – 30 September 2024	1 July – 30 September 2024	1 January– 30 September 2023	1 July – 30 September 2023
Other operating expenses				
Donations	3.827.061	3.444.651	108.075.192	21.684.246
Unrealized finance expense on credit purchase	163.511.446	63.944.826	80.746.688	34.589.607
Foreign exchange gain/loss on trade receivables/payables - net	95.196.380	(3.368.906)	27.502.861	25.375.034
Taxes and duties	31.073.191	1.261.127	24.769.193	11.214.610
Expenses of the customer damages	1.216.662	988.437	1.811.320	1.190.064
Other	76.512.810	12.980.779	43.579.102	25.269.515
	371.337.550	79.250.914	286.484.356	116.543.128

NOTE 19 - INCOME AND EXPENSES FROM INVESTING ACTIVITIES

	1 January – 30 September 2024	1 July – 30 September 2024	1 January – 30 September 2023	1 July – 30 September 2023
Income from investing activities				
Interest income	43.691.051	15.844.309	40.526.777	21.728.622
Gain on sales of fixed assets	8.072.416	8.072.416	-	-
Gain on sale of property, plant, equipment	844.097	277.954	9.100.757	2.374.181
Other	139.590	139.590	-	-
	52.747.154	24.334.269	49.627.534	24.102.803

	1 January – 30 September 2024	1 July – 30 September 2024	1 January – 30 September 2023	1 July –30 September 2023
Expense from investing activities				
Loss on sale of property, plant, equipment	375.630	168.760	13.519.643	3.087.545
	375.630	168.760	13.519.643	3.087.545

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NOTE 20 - FINANCIAL INCOME/ EXPENSES

	1 January- 30 September 2024	1 July- 30 September 2024	1 January- 30 September 2023	1 July- 30 September 2023
Finance income				
Foreign exchange gain	258.824.445	54.343.073	382.863.369	162.242.580
Gain on derivative instruments	85.628.576	2.053.134	14.046.647	2.940.851
Other	-	-	2.517.606	78.297
	344.453.021	56.396.207	399.427.622	165.261.728
Finance expense				
Interest Expenses	1.104.663.200	394.107.609	688.479.036	344.105.136
Foreign Exchange losses	93.268.782	43.733.376	250.483.900	110.332.151
Losses on derivative instruments	40.182.099	-	14.070.875	6.803.821
Other	137.026.263	43.758.924	75.768.056	37.584.761
	1.375.140.344	481.599.909	1.028.801.867	498.825.869

NOTE 21 - TAXATION ON INCOME

Corporate Tax

	30 September 2024	31 December 2023
Corporate tax payable	197.317.979	309.713.695
Less: Prepaid taxes on income	(197.279.104)	(217.319.327)
Current tax (asset)/ liability, net	38.875	92.394.368

The Group and its subsidiaries located in Turkey are subject to the tax legislation and practices in force in Turkey. Corporate tax is declared until the evening of the twenty-fifth day of the fourth month following the end of the relevant accounting period and is paid in one installment until the end of the relevant month.

In Turkey, the corporate tax rate is 25% as of 30 September 2024 (31 December 2023: %25). Tax legislation in Turkey does not allow the Company and its subsidiaries to file consolidated tax returns. Therefore, the tax provision reflected in the financial statements has been calculated on a company-by-company basis.

According to the Corporate Tax Law, financial losses shown on the declaration can be deducted from the corporate tax base of the period, provided that they do not exceed 5 years. Declarations and related accounting records can be examined by the tax office within five years and tax accounts can be revised. Dividend payments made to resident joint-stock companies in Turkey, to those who are not liable and exempt from corporate tax and income tax, and to real persons and non-resident legal entities in Turkey are subject to 15% income tax.

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NOTE 21 - TAXATION ON INCOME (continued)

Corporate Tax (continued)

Income tax withholding (continued)

The corporate tax rate is applied to the net corporate income to be found as a result of adding the expenses that are not accepted as deductible in accordance with the tax laws to the commercial income of the corporations, and deducting the exceptions and deductions in the tax laws.

The taxes on income presented in the condensed consolidated statement of profit or loss for the periods ended 30 September 2024 and 2023 are summarized as follows:

	1 January- 30 September 2024	1 July- 30 September 2024	1 January- 30 September 2023	1 July- 30 September 2023
Current period corporate tax expense	(197.317.979)	(60.953.095)	(230.954.847)	(109.851.025)
Deferred tax income/ (expense)	257.590.809	3.103.057	17.064.921	42.340.533
	60.272.830	(57.850.038)	(213.889.926)	(67.510.492)

Tax rates used for deferred tax assets and liabilities calculated on temporary differences that are expected to be realised or settled based on the taxable income under the liability method are mentioned below:

Country	30 September 2024	31 December 2023
Turkey	%25	%25
Egypt	%30	%30
United States of America	%25	%25
Brazil	%34	%34
Indonesia	%22	%22
Thailand	%20	%20
Italy	%24	%24

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NOTE 21 - TAXATION ON INCOME (continued)

Corporate Tax (continued)

The composition of cumulative temporary differences and the related deferred income tax assets and liabilities in respect of items for which deferred income tax has been provided on 30 September 2024 and 31 December 2023 using the enacted tax rates are as follows:

	Deferred tax assets/liabilities	
	30 September	31 December
	2024	2023
Derivative Financial Instruments	(534.591)	7.938.346
Property, Plant and Equipment and Intangibles	(229.986.554)	(351.245.352)
Research and Development Incentive	213.615.902	106.567.856
Inventory	(62.918.891)	40.642.182
Provision for Employment Termination Benefits	66.710.409	86.214.157
Prepaid Expenses	79.362.851	51.855.217
Deductible Financial Losses (*)	422.045.698	425.285.367
Finance Income	24.153.263	14.247.680
Other, Net	73.921.145	48.738.845
Net deferred tax assets	586.369.232	430.244.298

(*)The Group’s deductible financial losses due to 2028.

Movements of deferred tax balances for the nine months period ended 30 September 2024 and 30 September 2023 are as follows:

	1 January-	1 January-
	30 September 2024	30 September 2023
Balance at 1 January	430.244.298	(4.381.392)
Current year deferred income / (expense)-net	257.590.809	17.064.921
Charges to Equity	14.756.698	4.947.183
Currency translation differences	(116.222.573)	(6.719.191)
Balances as at 30 September	586.369.232	10.911.521

NOTE 22 – EARNING PER SHARE

Earnings per share for each class of share disclosed in the condensed consolidated statement of profit or loss is determined by dividing the net income attributable to that class of share by the weighted average number of shares of that class outstanding during the year.

	1 January-	1 January-
	30 September	30 September
	2024	2023
Net income attributable to equity holders of the parent	(270.068.960)	3.821.640
Weighted average number of ordinary shares	19.452.907.600	19.452.907.600
Per 1.000 units of common stocks	(13,88)	0,20
Earnings per share from continuing operations		
Net income attributable to equity holder of the parent	(269.963.422)	5.144.986
Weighted average number of ordinary shares	19.452.907.600	19.452.907.600
Per 1.000 units of common stocks	(13,88)	0,26
Earning per share from discontinued operations		
Net income/(loss) attributable to equity holders of the parent	(105.538)	(1.323.346)
Weighted average number of ordinary shares	19.452.907.600	19.452.907.600
Per 1.000 units of common stocks	(0,01)	(0,07)

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NOTE 23 – RELATED PARTY DISCLOSURES

Bank Balances:	30 September 2024	31 December 2023
Akbank T.A.Ş. – time deposits	4.650.189	386.100.745
Akbank T.A.Ş. – demand deposits	206.668.162	36.791.480
	211.318.351	422.892.225

	30 September 2024	31 December 2023
Akbank T.A.Ş. - bank borrowings	2.138.086.600	117.752.800
	2.138.086.600	117.752.800

Due from related parties:	30 September 2024	31 December 2023
Brisa Bridgestone Sabancı Lastik Sanayi ve Tic. A.Ş. (“Brisa”)	310.826.758	317.359.840
Akçansa Çimento Sanayi ve Ticaret A.Ş. (“Akçansa”)	3.217.988	-
Çimsa Çimento Sanayi ve Ticaret A.Ş.	679.852	204.831
Other	372.915	45.806
	315.097.513	317.610.477

Due to related parties:	30 September 2024	31 December 2023
Enerjisa Enerji Üretim A.Ş. (“Enerjisa”)	60.030.658	58.935.945
Sabancı Dijital Teknoloji Hizm. A.Ş. (“SabancıDx”)	8.243.800	9.931.431
Aksigorta A.Ş. (“Aksigorta”)	22.989.969	6.634.392
Agesa	18.166	-
Sabancı Holding	258.000	1.003.382
Other	4.712.200	93.341
	96.252.793	76.598.491

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NOTE 23– RELATED PARTY DISCLOSURES (continued)

	1 January- 30 September 2024	1 July- 30 September 2024	1 January- 30 September 2023	1 July- 30 September 2023
Product Sales				
Brisa	630.935.106	195.754.725	550.444.085	226.044.081
Other	6.159.021	3.275.549	1.963.124	(2.880)
	637.094.127	199.030.274	552.407.209	226.041.201
Service received				
Enerjisa	453.086.886	158.508.934	414.456.079	136.716.188
Sabancı Holding	2.177.298	343.388	1.351.535	742.504
Aksigorta	214.952.620	30.793.751	68.228.913	14.827.906
SabancıDx	92.175.883	24.266.169	63.763.233	16.870.112
Other	4.628.187	(4.432.383)	5.764.703	1.076.314
	767.020.874	209.479.859	553.564.463	170.233.024
Property, plant and equipment purchases				
Teknosa	1.002.900	462.274	1.856.167	282.620
	1.002.900	462.274	1.856.167	282.620
Interest Income				
Akbank T.A.Ş.	6.638.248	2.298.767	5.308.130	4.599.913
Interest expense				
Akbank T.A.Ş.	22.526.827	13.475.451	18.529.663	7.172.045
Foreign exchange gains / (losses) -net:				
Akbank T.A.Ş.	(7.735.141)	(3.625.199)	88.934.413	28.583.556

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NOTE 23 – RELATED PARTY DISCLOSURES (continued)

	1 January- 30 September 2024	1 July- 30 September 2024	1 January- 30 September 2023	1 July- 30 September 2023
Other income				
SabancıDx	1.957.854	259.307	192.808	64.270
Akbank T.A.Ş.	525.925	198.203	507.326	188.116
Enerjisa	437.242	89.741	303.397	118.613
	2.921.021	547.251	1.003.531	370.999

Transactions with key management personnel:

The Group defined its top management as board of directors, the president (CEO) and vice presidents, and the general managers of the subsidiaries.

Details of the remunerations provided which is consisted of per diem payment, salary and other additional remunerations by the Group for 2024 and 2023 are as follows:

	1 January- 30 September 2024	1 July- 30 September 2024	1 January- 30 September 2023	1 July- 30 September 2023
Short-term employee benefits	91.754.025	25.221.759	53.657.696	22.589.513
Post-employment benefits	6.773.893	561.211	736.682	80.080
Other long term benefits	343.543	95.301	109.939	(29.785)
	98.871.461	25.878.271	54.504.317	22.639.808

Security and guarantee letters given

The Group does not have any guarantees and letters of guarantee given as of 30 September 2024 and 31 December 2023

NOTE 24 – NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS

Foreign currency position

Group's assets and liabilities denominated in foreign currencies at 30 September 2024 and 31 December 2023 are as follows:

	30 September 2024	31 December 2023
Assets	3.416.488.874	2.166.638.611
Liabilities	(4.488.660.352)	(3.158.224.240)
Net foreign currency position	(1.072.171.478)	(991.585.629)

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NOTE 24 – NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (continued)

30 September 2024	Total TL Equivalents	TL (*)	EUR (*)	Indonesian Rupiah ('000) (*)	Other TL equivalent(**)
Assets:					
Trade receivables	2.237.105.314	240.499.405	39.866.311	147.754.300.205	140.097.950
Cash and cash equivalents	646.254.508	199.879.253	9.724.314	32.014.407.754	2.652.140
Other monetary receivables and assets	511.988.168	339.915.845	2.698.312	30.487.783.697	-
Current assets	3.395.347.990	780.294.503	52.288.937	210.256.491.656	142.750.089
Financial assets available for sale	-	-	-	-	-
Other monetary receivables and assets	21.140.884	2.786.964	-	8.101.016.562	-
Non-current assets	21.140.884	2.786.964	-	8.101.016.562	-
Total assets (a)	3.416.488.874	783.081.466	52.288.937	218.357.508.218	142.750.089
Liabilities:					
Trade Payables	1.075.115.032	365.218.743	12.152.424	92.081.697.527	35.503.565
Borrowings	2.648.194.844	1.880.000.000	20.000.000	-	-
Other monetary payables and liabilities	129.390.738	37.889.862	-	40.283.655.256	-
Total short term liabilities	3.852.700.613	2.283.108.605	32.152.424	132.365.352.783	35.503.565
Borrowings	535.362.828	-	14.000.000	-	-
Other monetary payables and liabilities	100.596.911	99.176.589	-	546.959.922	-
Total long term liabilities	635.959.739	99.176.589	14.000.000	546.959.922	-
Total liabilities (b)	4.488.660.352	2.382.285.194	46.152.424	132.912.312.706	35.503.565
Off-balance sheet derivative assets (c)	-	-	-	-	-
Off-balance sheet derivative liabilities (d)	-	-	-	-	-
Net foreign currency asset/(liability) position (a-b+c-d)	(1.072.171.478)	(1.599.203.727)	6.136.513	85.445.195.512	107.246.524
Fair value of financial instruments used for foreign currency hedge	3.719.577	-	-	-	-
Hedged portion of foreign currency Assets in derivative products	-	-	-	-	-
Hedged portion of foreign currency assets	-	-	-	-	-
Hedge portion of foreign currency liabilities	-	-	-	-	-

(*) The amounts are denominated in the related currency.

(**) The amounts are in British Pound (GBP), Japanese Yen (JPY), Swiss Franc (CHF) and Thailand Baht (THB).

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NOTE 24 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (continued)

31 December 2023	Total TL equivalent	TL (*)	EUR (*)	Indonesian Rupiah (*000) (*)	Other TL Equivalent
Assets:					
Trade receivables	1.806.458.558	202.447.424	37.643.275	131.444.709.561	126.693.957
Cash and cash equivalents	176.147.868	47.921.795	2.306.662	20.516.086.749	13.892.395
Other monetary receivables and assets	149.246.928	4.920.331	706.490	59.577.345.718	7.488.744
Other non-monetary receivables and assets	-	-	-	-	-
Current assets	2.131.853.354	255.289.550	40.656.427	211.538.142.028	148.075.095
Financial assets available for sale	-	-	-	-	-
Other monetary receivables and assets	34.785.257	18.944.507	-	8.291.253.454	-
Non-current assets	34.785.257	18.944.507	-	8.291.253.454	-
Total Assets (a)	2.035.261.412	591.802.550	51.264.694	243.604.686.141	131.804.708
Liabilities:					
Trade Payables	651.599.332	281.489.793	7.971.781	33.306.110.531	45.631.374
Borrowings	2.426.549.907	1.646.920.444	23.800.000	-	-
Other monetary payables and liabilities	79.450.273	-	110.181	39.631.467.118	729
Total short term liabilities	3.157.599.512	1.928.410.237	31.881.962	72.937.577.649	45.632.103
Borrowings	-	-	-	-	-
Other monetary payables and liabilities	624.728	-	-	326.400.308	-
Total long term liabilities	624.728	-	-	326.400.308	-
Total liabilities (b)	3.158.224.240	1.928.410.237	31.881.962	73.263.977.958	45.632.103
Off-balance sheet derivative assets (c)	-	-	-	-	-
Off-balance sheet derivative liabilities (d)	-	-	-	-	-
Net foreign currency asset/(liability) position (a-b+c-d)	(991.585.629)	(1.654.176.180)	8.774.465	146.565.417.524	102.442.992
Fair value of financial instruments used for foreign currency hedge	(4.149.603)	-	-	-	-
Hedge portion of foreign currency liabilities	-	-	-	-	-

(*) The amounts are denominated in the related currency.

(**) The amounts are in British Pound (GBP), Japanese Yen (JPY), Swiss Franc (CHF).

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NOTE 24 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (continued)

TL equivalents of the foreign currencies where the group operates are as follows:

Closing rates	30 September 2024	31 December 2023
USD(Buy/Sell)	34,1210/34,1825	29,4382/29,4913
EUR	38,1714	32,5739
Indonesian Rupiah (1000 Units)	2,2654	1,9096
Brazilian Real	6,2629	6,0806
Thai Baht	1,0567	0,8602
Egyptian Pound	0,7061	0,9527

Average rates	30 September 2024	30 September 2023
USD	32,2308	24,3067
EUR	35,0608	26,3482
Indonesian Rupiah (1000 Units)	2,0404	1,4688
Brazilian Real	6,1527	4,4149
Thai Baht	0,9022	0,6467
Egyptian Pound	0,8138	0,7211

The table below summarizes the situations in which the net foreign currency position in the Group's balance sheet will be reached with 10% changes in foreign exchange rates for the years ended 30 September 2024 and 31 December 2023.

30 September 2024	Profit/(Loss)		Equity	
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
Increase/(decrease) 10% of TL parity				
TL net asset / liability	(159.920.362)	159.920.362	-	-
Hedged portion of TL amounts (-)	-	-	-	-
Net effect of TL	(159.920.362)	159.920.362	-	-
Increase/(decrease) 10% of EUR parity				
EUR net asset / liability	23.423.902	(23.423.902)	-	-
Hedged portion of EUR amounts (-)	-	-	-	-
Net effect of EUR	23.423.902	(23.423.902)	-	-
Increase/(decrease) 10% of other parities				
Other foreign currency net asset / liability	29.279.312	(29.279.312)	-	-
Hedged portion of other foreign currency amounts(-)	-	-	-	-
Net effect of other foreign currencies	29.279.312	(29.279.312)	-	-
	(107.217.148)	107.217.148	-	-

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NOTE 24 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (continued)

31 December 2023	<u>Profit/(Loss)</u>		<u>Equity</u>	
	<u>Appreciation of foreign currency</u>	<u>F Depreciation of foreign currency</u>	<u>Appreciation of Foreign currency</u>	<u>Depreciation of foreign currency</u>
Increase/(decrease) 10% of TL parity				
TL net asset / liability	(165.417.625)	165.417.625		
Hedged portion of TL amounts(-)	-	-		
Net effect of TL	(165.417.625)	165.417.625		
Increase/(decrease) 10% of EUR parity				
EUR net asset / liability	28.581.816	(28.581.816)		
Hedged portion of EUR amounts(-)	-	-		
Net effect of EUR	28.581.816	(28.581.816)		
Increase/(decrease) 10% of other parities				
Other foreign currency net asset / liability	37.677.246	(37.677.246)		
Hedged portion of other foreign currency amounts(-)	-	-		
Net effect of other foreign currencies	37.677.246	(37.677.246)		
	(99.158.563)	99.158.563		

Export and import balances from Turkey as at 30 September 2024 and 2023 is as follows:

	<u>30 September 2024</u>		<u>30 September 2023</u>	
	<u>Original Balance</u>	<u>TL</u>	<u>Original Balance</u>	<u>TL</u>
EUR	120.510.457	4.225.193.001	135.027.234	3.557.724.567
USD	56.808.731	1.830.990.847	61.978.158	1.506.484.493
Total export	6.056.183.848		5.064.209.060	
			1 January-30 September 2024	1 January-30 September 2023
Total import			5.065.889.316	2.732.887.938

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NOTE 24 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (continued)

Forward foreign exchange purchase/sale contracts:

Derivative financial instruments of the Group consist of forward foreign currency transactions. The Group has entered into foreign currency transaction contracts to manage its risks arising from expected sales transactions on a monthly basis for the 12 months following the reporting date. When the expected sales transactions are realized, the book values of the items hedged against non-financial risk will be adjusted. The Group also realized foreign exchange transactions in order to protect its trade receivables and payables from the effects of exchange rate changes.

The Group also applies fair value hedge accounting in order to protect its derivative portfolio and trade receivables and payables from the effects of currency fluctuations in the markets. Accordingly, the Group shows the exchange rate changes in the condensed consolidated statement of financial position and the changes in the derivative portfolio by netting in the profit or loss statement and measures the effectiveness of hedge accounting in each reporting period.

As of 30 September 2024, Kordsa Inc. has IRS as a derivative instrument to manage the variable interest risk of USD 74.750.000 for the repayment of the loan agreement amounting to USD 110.000.000. The fair value of the derivative instrument as of 30 September 2024 is TL 20.568.819 loss.

As of 30 September 2024, the net book values of derivative forward and swap instruments are as follows:

	Average Rates	Foreign Currency (USD)	Contract Value (TL)	Fair Value (TL)
USD sell TL buy				
0-3 months	41,1769	7.285.641	300.000.000	26.791.698
Total				26.791.698
BRL sell USD buy				
6-9 months	5,6020	8.046.000	45.073.692	3.719.577
Total				3.719.577
EUR sell USD buy				
0-3 months	1,1131	15.000.000	16.696.300	(4.130.582)
Total				(4.130.582)
Forward/Swap Net				26.380.692

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NOTE 24 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (continued)

Fair value estimation

The fair value of the financial assets and liabilities is determined as follows:

- Level 1: Financial assets and liabilities are measured at quoted market prices in active market for identical assets and liabilities.
- Level 2: Financial assets and liabilities are measured using inputs that are used to determine the price of the asset or liability that is observable either directly or indirectly in the market, other than quoted included within Level 1.
- Level 3: Financial assets and liabilities are measured using inputs that are based on unobservable basis in market for the fair value of an asset or liability.

Financial assets / Financial liabilities	Fair value		Fair value Hierarchy	Valuation technique
	30 September 2024	31 December 2023		
Foreign currency forward/swap contracts	5.811.873	(31.753.382)	Level 2	Discounted cash flow method: The future cash flows, predicted by forward foreign currency rate (observable forward foreign currency rates at reporting date) and the contracted rates, are discounted by a discount rate which indicates other parties' credit risk.

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NOTE 24 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (continued)

Fair value estimation (continued)

Hedges of Net Investment in a Foreign Operation:

When there are derivative instruments or non-derivative financial liabilities arising from net investments abroad in order to hedge financial risks;

The gain or loss arising from the fair value hedge of the hedging instrument is recognized in other comprehensive income as translation reserves. The ineffective portion of the difference arising from the fair value of the hedging instrument is recognized directly in profit or loss. Gains or losses recognized in other comprehensive income related to the effective portion of the hedging instrument are reclassified to profit or loss as a result of other comprehensive income as a reclassification adjustment in the hedging of the hedged item or net investment in foreign operations.

Hedging Gains (Losses) movements for the interim accounting periods ending on 30 September 2024 and 30 September 2023 are as follows:

	1 January- 30 September 2024	1 January- 30 September 2023
Balance at 1 January	(951.945.731)	(952.108.089)
Increases/decreases	(38.971.145)	19.806.253
Income tax related to gains/losses recognised in other comprehensive income	9.742.786	(3.961.251)
Balance at 30 September	(981.174.090)	(936.263.087)

NOTE 25 – NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

Net loss amounting to TL (206.938) loss for the nine month period ended 30 September 2024 presented in the condensed consolidated profit or loss comprises the loss from Nile Kordsa (1 January – 30 September 2023: TL 2.594.796 loss).

NOTE 26 - INTEREST IN OTHER ENTITIES

Financial information in respect of each of the Group’s subsidiaries that has material non-controlling interests is set out below:

	30 September 2024			
	Non-controlling interests %	Profit / (loss) allocated to non-controlling interests	Net profit / loss attributable to non-controlling interests	Dividend distributed to non-controlling interests
Subsidiary				
PT Indo Kordsa Tbk (*)	38,41%	188.090.823	3.605.886.599	(122.807.029)
Other		29.398.423	259.851.196	
Total		217.489.246	3.865.737.795	

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NOTE 26 - INTEREST IN OTHER ENTITIES (continued)

	30 September 2023			
	Non-controlling interests %	Profit / (loss) allocated to non- controlling interests	Net profit / loss attributable to non- controlling interests	Dividend distributed to non-controlling interests
Subsidiary				
PT Indo Kordsa Tbk (*)	38,41%	137.799.147	2.766.422.662	(123.976.066)
Other		15.839.651	197.794.742	
Total		153.638.798	2.964.217.404	

(*) Consists of consolidated financial statements of PT Indo Kordsa Tbk and Thai Indo Kordsa Co., Ltd.

After the consolidation adjustments for the mentioned subsidiaries, the summary financial information before elimination transactions is as follows:

Summary balance sheet information:

	PT Indo Kordsa Tbk	
	30 September 2024	31 December 2023
Cash and cash equivalents	866.286.774	968.835.796
Other current assets	3.012.982.958	2.357.743.053
Non-current assets	6.693.611.333	5.724.887.878
Total assets	10.572.881.065	9.051.466.727
Short term borrowings	130.903.449	156.579.743
Other short term borrowings	1.675.130.962	1.552.530.493
Other long term liabilities	704.568.973	601.872.979
Total liabilities	2.510.603.383	2.310.983.215
Total equity	8.062.277.682	6.740.483.512
Equity attributable to owners of the parents	7.235.575.715	6.079.849.896
Non-controlling interests (*)	826.701.967	660.633.617

Summary Profit&Loss:

	PT Indo Kordsa Tbk	
	1 January – 30 September 2024	1 January – 30 September 2023
Sales	5.673.755.865	4.662.555.462
Cost of sales	(4.528.298.341)	(3.800.094.871)
Depreciation and amortization	(288.814.576)	(205.846.708)
Operating profit / (loss)	481.230.164	467.253.846
Net financial income / (expense)	37.855.207	(5.188.721)
Profit / (loss) before tax	519.085.371	462.065.125
Tax (-)	(127.478.973)	(151.691.764)
Non-controlling interests (*)	(61.170.329)	(30.129.429)
Profit for the period	330.436.069	280.243.931

(*) It results from the consolidation of Thai Indo Kordsa Co., Ltd. under PT Indo Kordsa Tbk.

NOTE 27 – EVENTS AFTER THE REPORTING PERIOD

None.