

**Kordsa Teknik Tekstil Anonim Şirketi  
and Its Subsidiaries**

Convenience Translation into English  
of the Consolidated Financial Statements

As at and for the Year Ended  
31 December 2024

With Independent Auditor's Report

(Originally issued in Turkish)

## (CONVENIENCE TRANSLATION OF INDEPENDENT AUDITOR’S REPORT ORIGINALLY ISSUED IN TURKISH)

### INDEPENDENT AUDITOR’S REPORT

To the General Assembly of Kordsa Teknik Tekstil A.Ş.

#### A) Report on the Audit of the Consolidated Financial Statements

##### 1) Opinion

We have audited the accompanying consolidated financial statements of Kordsa Teknik Tekstil A.Ş. (“the Company”) and its subsidiaries (“the Group”) which comprise the consolidated statement of financial position as of 31 December 2024 and the consolidated statement of income, consolidated statement of changes in shareholders’ equity, and consolidated statement of cash flows for the period then ended and the notes to the consolidated financial statements including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of 31 December 2024, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Turkish Financial Reporting Standards (“TFRSs”).

##### 2) Basis for Opinion

We conducted our audit in accordance with the Standards on Independent Auditing (“SIA”) which is a part of Turkish Auditing Standards accepted by regulations of the Capital Markets Board and published by the Public Oversight Accounting and Auditing Standards Authority (“POA”). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics for Independent Auditors (“Code of Ethics”) published by the POA, together with the ethical requirements included in the regulations of the Capital Markets Board and other regulations that are relevant to our audit of the consolidated financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### 3) Key Audit Matters

Key audit matters are those that, in our professional judgment, are of the most importance in an independent audit of the current period's consolidated financial statements. Key audit matters have been addressed in the context of our audit of the consolidated financial statements as a whole and in forming our opinion on the consolidated financial statements, on which we do not express a separate opinion.

Key Audit Matter	How this matter was addressed in the audit
<p><b>Revenue Recognition</b></p> <p>The Group's principal revenue streams consist of sales to companies operating in the tire industry of industrial fabrics and fabrics that form the main skeleton of vehicle tires and advanced composite materials to the civil aviation industry. The Group recognizes revenue when it fulfills its performance obligation by transferring control of the products to its customers. The Group's total revenue for the year ended 31 December 2024 is amounting to TL 30.432.802.993.</p> <p>Since sales contracts can be complex, the recognition of revenue in the period to which it relates depends on an accurate assessment of the sales conditions specific to each situation. Therefore, there is a risk that revenue may not be recognized in the correct period or amount for the products that may be returned from the products whose production is completed and delivered, and for those for which invoices have been issued but control has not been transferred to the customer.</p> <p>"Revenue recognition" was identified as a key audit matter due to its importance as a performance measurement criteria for the Group and the risk that it may not be recognized in the correct period or amount, due to the nature of the item.</p> <p>The Group's accounting policies and amounts related to revenue are disclosed in Note 2.5 and Note 20.</p>	<ul style="list-style-type: none"> <li>-The procedures for revenue recognition in the consolidated financial statements were reviewed and the design and implementation of the internal controls established were assessed,</li> <li>-For the sales transactions selected through sampling, the transfer of control was examined through the sales documents obtained, and the compliance of revenue with the accounting policies and whether the revenue was recognized in the reporting period when control was transferred was assessed.,</li> <li>-The timing of revenue recognition in the consolidated financial statements for different shipment arrangements was evaluated by examining the terms of sale and shipment conditions in contracts with customers,</li> <li>-The external confirmation was obtained for the trade receivables selected by sampling and the compliance with the financial statements was checked,</li> <li>-The collections made for sales revenues recognized during the year were tested by comparing them with bank statements by sampling,</li> <li>-The supporting documents obtained for the transactions selected by sampling method from the returns realized after the reporting period were tested to ensure that the revenue was recognized in the correct reporting period.</li> <li>- The journal entries related to the revenue recognized by the Group during the year were analyzed,</li> <li>- The adequacy and compliance of the Group's disclosures related to revenue in the consolidated financial statements with TFRS 15 were assessed.</li> </ul>

### 3) Key Audit Matters (cont'd)

Key Audit Matter	How this matter was addressed in the audit
<p><b>Intangible Assets with Indefinite Life</b></p> <p>As of 31 December 2024, goodwill and trademarks amounting to TL 5.476.328.966 and TL 976.023.060, respectively, are recognized as intangible assets with indefinite life in the consolidated financial statements. In accordance with TFRS, these intangible assets with indefinite life are required to be tested for impairment annually.</p> <p>The recoverable amount of the cash generating units, calculated based on the higher of value in use or fair value less costs to sell, is derived from discounted cash flow models. These models use a number of key assumptions, including future earnings before interest tax depreciation and amortization (“EBITDA”) growth expectations, terminal value growth rates and weighted average cost of capital (“WACC”).</p> <p>Intangible assets with indefinite life are identified as a key audit matter as they are material to the consolidated financial statements and the determination of the assumptions used in the estimation of recoverable amounts requires significant judgment.</p>	<p>We have performed the following audit procedures in this area:</p> <ul style="list-style-type: none"> <li>-Evaluating the appropriateness of cash generating units determining by Group management,</li> <li>-Conducting interviews with the Group management to understand the future plans for the relevant cash generating units and evaluating the explanations made within the framework of macroeconomic data,</li> <li>-Evaluating the appropriateness of the cash flow projections prepared for each cash generating unit by comparing them with past financial performance results,</li> <li>-Assessing the appropriateness of the discount rates, EBITDA growth rates and long-term growth rates used, including comparison with WACC averages in the sectors in which each cash generating unit operates, with the assistance of our valuation experts,</li> <li>- Reviewing the structure and mathematical accuracy of the discounted cash flow calculation model,</li> <li>-Reviewing management's analysis of the sensitivity of the assumptions used to market conditions,</li> <li>-Evaluating the adequacy of financial statement disclosures about impairment, including disclosures about key assumptions, judgments and sensitivities.</li> </ul>

#### **4) Other Matters**

The consolidated financial statements of the Group for the year ended 31 December 2023 were audited by another independent audit firm and an unqualified opinion was given in the consolidated financial statements on 21 March 2024.

#### **5) Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements**

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

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

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

#### **6) Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Responsibilities of independent auditors in an independent audit are as follows:

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the standards on auditing issued by Capital Markets Board and the SIA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the standards on auditing issued by Capital Markets Board and the SIA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. (The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.)

## 6) Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (cont'd)

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## B) Report on the Other Legal and Regulatory Requirements

In accordance with paragraph four of the Article 398 of the Turkish Commercial Code No. 6102 (“TCC”), the auditor’s report on the system and the committee of early detection of risk has been submitted to the Board of Directors of the Group on 28 February 2025.

In accordance with paragraph four of the Article 402 of TCC, nothing has come to our attention that may cause us to believe that the Group’s set of accounts and consolidated financial statements prepared for the period 1 January – 31 December 2024 does not comply with TCC and the provisions of the Company’s articles of association in relation to financial reporting.

In accordance with paragraph four of the Article 402 of TCC, the Board of Directors provided us all the required information and documentation with respect to our audit.

The engagement partner on the audit resulting in this independent auditor’s report is Zere Gaye Şentürk.

DRT BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş.  
Member of **DELOITTE TOUCHE TOHMATSU LIMITED**



Zere Gaye Şentürk  
Partner

İstanbul, 28 March 2025

INDEX	PAGE
CONSOLIDATED STATEMENT OF FINANCIAL POSITION .....	1-2
CONSOLIDATED STATEMENT OF PROFIT OR LOSS .....	3
CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME.....	4
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY.....	5
CONSOLIDATED STATEMENT OF CASH FLOWS .....	6
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS .....	7-91
NOTE 1 ORGANISATION AND OPERATIONS OF THE GROUP .....	7-8
NOTE 2 BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS .....	9-39
NOTE 3 SEGMENT REPORTING.....	40-42
NOTE 4 CASH AND CASH EQUIVALENTS .....	42
NOTE 5 FINANCIAL INVESTMENTS.....	43
NOTE 6 BORROWINGS .....	43-45
NOTE 7 TRADE RECEIVABLES AND TRADE PAYABLES.....	45-46
NOTE 8 OTHER RECEIVABLES AND OTHER PAYABLES .....	46-47
NOTE 9 INVENTORIES .....	47
NOTE 10 PREPAID EXPENSES AND DEFERRED INCOME .....	48
NOTE 11 PROPERTY, PLANT, AND EQUIPMENT .....	49-50
NOTE 12 INTANGIBLE ASSETS .....	51-52
NOTE 13 RIGHT OF USE ASSETS .....	53
NOTE 14 INVESTMENT PROPERTY .....	54
NOTE 15 GOODWILL .....	54
NOTE 16 COLLATERAL, PLEDGE, MORTGAGE AND SECURITIES.....	55-56
NOTE 17 SHORT TERM PROVISIONS .....	57-59
NOTE 18 OTHER ASSETS AND LIABILITIES .....	59-60
NOTE 19 EQUITY .....	60-63
NOTE 20 REVENUE AND COST OF SALES .....	63
NOTE 21 EXPENSES BY NATURE .....	63-64
NOTE 22 OTHER OPERATING INCOME AND EXPENSES .....	64
NOTE 23 INCOME AND EXPENSES FROM INVESTING ACTIVITIES .....	65
NOTE 24 FINANCIAL INCOME AND EXPENSES .....	65
NOTE 25 TAXATION ON INCOME.....	65-70
NOTE 26 EARNINGS PER SHARE .....	71
NOTE 27 RELATED PARTY DISCLOSURES.....	72-73
NOTE 28 INTERESTS IN OTHER ENTITIES .....	74-75
NOTE 29 NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS.....	75-87
NOTE 30 FINANCIAL INSTRUMENTS .....	88-90
NOTE 31 NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS .....	91
NOTE 32 EVENTS AFTER THE REPORTING PERIOD.....	91



**KORDSA TEKNİK TEKSTİL A.Ş. AND ITS SUBSIDIARIES**  
**AUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2024**

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

Assets	Notes	31 December 2024 USD	31 December 2023 USD	Audited 31 December 2024	Audited 31 December 2023
<b>Current Assets</b>					
Cash and Cash Equivalents	4	120.671.648	58.171.638	4.257.331.933	1.712.468.307
Financial Investments	5	325.822	3.112.929	11.495.103	91.639.021
Trade Receivables	7	161.271.552	162.168.166	5.689.708.730	4.773.938.898
<i>Due from Related Parties</i>	27	9.519.476	10.789.059	335.849.965	317.610.477
<i>Due from Third Parties</i>		151.752.076	151.379.107	5.353.858.765	4.456.328.421
Other Receivables	8	5.721.606	15.262.003	201.859.979	449.285.901
<i>Due from Third Parties</i>		5.721.606	15.262.003	201.859.979	449.285.901
Derivatives	29	4.377.114	115.524	154.425.893	3.400.830
Inventories	9	211.855.880	232.349.787	7.474.338.998	6.839.959.506
Prepayments	10	5.806.892	14.727.546	204.868.887	433.552.431
<i>Prepayments To Third Parties</i>		5.806.892	14.727.546	204.868.887	433.552.431
Current Tax Assets	25	2.577.748	1.612.792	90.943.734	47.477.693
Other Current Assets	18	15.350.780	13.257.769	541.580.100	390.284.876
<i>Other Current Assets from Third Parties</i>		15.350.780	13.257.769	541.580.100	390.284.876
<b>Total Current Assets</b>		<b>527.959.042</b>	<b>500.778.154</b>	<b>18.626.553.357</b>	<b>14.742.007.463</b>
<b>Non-Current Assets</b>					
Financial Investments	5	63.089	66.894	2.225.796	1.969.244
Other Receivables	8	5.067.922	3.839.913	178.797.797	113.040.134
<i>Due from Third Parties</i>		5.067.922	3.839.913	178.797.797	113.040.134
Derivatives	29	-	639.341	-	18.821.056
Investment Properties	14	16.661.771	23.678.631	587.832.293	697.056.265
Property, Plant, and Equipment	11	322.879.774	322.103.844	11.391.295.305	9.482.157.379
Right of Use Assets	13	26.214.187	29.573.785	924.844.371	870.598.988
Intangible Assets		280.633.314	255.743.509	9.900.827.509	7.528.628.568
<i>Goodwill</i>	15	155.223.424	134.508.928	5.476.328.966	3.959.700.724
<i>Other Intangible Assets</i>	12	125.409.890	121.234.581	4.424.498.543	3.568.927.844
Prepayments	10	1.194.597	3.871.636	42.145.737	113.974.008
<i>Prepayments to Third Parties</i>		1.194.597	3.871.636	42.145.737	113.974.008
Deferred Tax Assets	25	48.398.451	34.844.705	1.707.511.868	1.025.765.381
Other Non-Current Assets	18	12.605.835	12.979.585	444.737.645	382.095.611
<b>Total Non-Current Assets</b>		<b>713.718.940</b>	<b>687.341.843</b>	<b>25.180.218.321</b>	<b>20.234.106.634</b>
<b>Total Assets</b>		<b>1.241.677.982</b>	<b>1.188.119.997</b>	<b>43.806.771.678</b>	<b>34.976.114.097</b>

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

**KORDSA TEKNİK TEKSTİL A.Ş. AND ITS SUBSIDIARIES**  
**AUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2024**

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

Liabilities	Notes	31 December 2024 USD	31 December 2023 USD	Audited 31 December 2024	Audited 31 December 2023
<b>Short Term Liabilities</b>					
Short Term Borrowings	6	247.153.670	235.821.724	8.735.349.887	6.954.689.210
Short Term Portion of Long-Term Borrowings	6	162.677.778	14.500.000	5.749.650.855	427.623.845
Short Term Lease Liabilities	6	4.201.237	3.832.393	148.487.674	113.022.245
Trade Payables	7	90.660.718	114.448.638	3.204.294.280	3.375.239.130
<i>Due to Related Parties</i>	27	2.479.812	2.597.325	87.645.988	76.598.491
<i>Due to Third Parties</i>		88.180.906	111.851.313	3.116.648.292	3.298.640.639
Payables Related to Employee Benefits	17	3.902.507	2.775.546	137.929.437	81.854.474
Other Payables	8	5.418.221	4.842.964	191.500.512	142.825.312
<i>Due to Third Parties</i>		5.418.221	4.842.964	191.500.512	142.825.312
Deferred Revenue		1.066.148	504.405	37.681.738	14.875.555
<i>Deferred Revenue from Third Parties</i>	10	1.066.148	504.405	37.681.738	14.875.555
Current Tax Liabilities	25	2.964.139	4.742.825	104.763.935	139.872.061
Short Term Provisions		10.006.840	8.132.545	353.680.483	239.839.144
<i>Short-Term Employee Benefits</i>	17	9.591.720	6.913.004	339.007.837	203.873.470
<i>Other Short Term Provisions</i>		415.120	1.219.541	14.672.646	35.965.674
Other Short-Term Liabilities	18	15.786.043	11.253.945	557.938.741	331.893.469
<i>Other Short-Term Liabilities to Third Parties</i>		15.786.043	11.253.945	557.938.741	331.893.469
Derivative Financial Instruments	29	1.073.532	256.022	37.942.697	7.550.407
<b>Subtotal</b>		<b>544.910.833</b>	<b>401.111.007</b>	<b>19.259.220.239</b>	<b>11.829.284.852</b>
Liability Directly Associated with the Assets Held For Sale	31	1.303.993	1.002.532	46.088.054	29.565.974
<b>Total Short-Term Liabilities</b>		<b>546.214.826</b>	<b>402.113.539</b>	<b>19.305.308.293</b>	<b>11.858.850.826</b>
<b>Long Term Liabilities</b>					
Long Term Borrowings	6	87.507.467	144.760.633	3.092.846.398	4.269.179.252
Long Term Lease Liabilities	6	25.983.674	28.881.825	918.361.769	851.762.569
Deferred Income		1.195.403	1.268.490	42.250.073	37.409.611
Long Term Provisions		14.111.441	14.846.639	498.751.940	437.846.681
<i>Long-Term Employee Benefits</i>	17	11.668.469	12.352.625	412.408.041	364.294.960
<i>Other Long-Term Provisions</i>		2.442.972	2.494.014	86.343.899	73.551.721
Deferred Tax Liabilities	25	42.933.909	20.193.111	1.517.447.490	595.521.083
Other Long-Term Liabilities	18	34.482.990	27.752.048	1.218.759.902	818.443.973
Derivative Financial Instruments	29	221.828	1.574.188	7.840.253	46.424.861
<b>Total Long-Term Liabilities</b>		<b>206.436.712</b>	<b>239.276.934</b>	<b>7.296.257.825</b>	<b>7.056.588.030</b>
<b>Total Liabilities</b>		<b>752.651.538</b>	<b>641.390.473</b>	<b>26.601.566.118</b>	<b>18.915.438.856</b>
<b>Shareholder's Equity</b>					
<b>Equity Attributable to Owners of The Company</b>		<b>384.152.646</b>	<b>437.684.769</b>	<b>13.498.264.771</b>	<b>12.844.248.184</b>
Share Capital	19	14.594.428	14.594.428	194.529.076	194.529.076
Share Premium		4.654.099	4.654.099	62.052.856	62.052.856
Put Option Valuation Fund on Non-Controlling Interest		(34.482.989)	(27.752.048)	(753.189.126)	(515.292.078)
Other Comprehensive Income or Expenses That Will Not Be Reclassified to Profit or Loss		(2.265.846)	(1.861.519)	1.901.410.501	1.787.801.476
<i>Revaluation And Remeasurement Gain /(Loss)</i>	19	(5.269.659)	(4.865.332)	(105.971.754)	(91.681.312)
<i>Defined Benefit Plans Remeasurement Fund</i>		(5.269.659)	(4.865.332)	(105.971.754)	(91.681.312)
<i>Revaluation and Reclassification Gain /(Loss)</i>	19	3.003.813	3.003.813	40.027.097	40.027.097
<i>Other Revaluation and Reclassification Gain /(Loss)</i>	19	3.003.813	3.003.813	40.027.097	40.027.097
<i>Currency Translation Difference</i>		-	-	1.967.355.158	1.839.455.691
Other Comprehensive Income or Expenses That Will Be Reclassified to Profit or Loss		216.533.845	229.073.568	9.890.185.075	8.015.748.482
<i>Currency Translation Difference</i>	19	286.101.374	300.519.796	10.780.943.130	8.967.964.364
<i>Gain/Loss on Hedge Reserve</i>	19	(69.550.416)	(71.425.960)	(890.487.904)	(951.945.731)
<i>Investment Hedging Losses Related to Foreign Operations</i>		(71.583.438)	(71.583.438)	(954.135.431)	(954.135.431)
<i>Cash Flow Hedge Gains/Loss</i>		2.033.022	157.478	63.647.527	2.189.700
<i>Revaluation and Reclassification Gain /(Loss)</i>		(20.268)	(20.268)	(270.151)	(270.151)
<i>Other Revaluation and Reclassification Gain/(Loss)</i>	19	(20.268)	(20.268)	(270.151)	(270.151)
Restricted Reserves	19	29.553.676	29.073.674	458.633.027	444.065.124
Retained Earnings		189.019.882	182.078.436	2.840.775.345	2.672.019.932
(Loss)/Profit for The Period		(33.451.293)	7.824.132	(1.096.131.983)	183.323.316
<b>Total Non-Controlling Interests</b>	<b>19</b>	<b>104.873.801</b>	<b>109.044.755</b>	<b>3.706.940.789</b>	<b>3.216.427.057</b>
<b>Total Equity</b>		<b>489.026.447</b>	<b>546.729.524</b>	<b>17.205.205.560</b>	<b>16.060.675.241</b>
<b>Total Equity and Liabilities</b>		<b>1.241.677.982</b>	<b>1.188.119.997</b>	<b>43.806.771.678</b>	<b>34.976.114.097</b>

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

**KORDSA TEKNİK TEKSTİL A.Ş. AND ITS SUBSIDIARIES**  
**AUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS**  
**FOR THE YEAR ENDED 31 DECEMBER 2024**

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

<b>Profit or Loss</b>	<b>Notes</b>	<b>1 January- 31 December 2024 USD</b>	<b>1 January- 31 December 2023 USD</b>	<b>Audited 1 January- 31 December 2024</b>	<b>Audited 1 January- 31 December 2023</b>
Revenue	20	928.735.443	1.003.097.703	30.432.802.993	23.503.080.721
Cost of Sales	20	(808.473.344)	(853.016.340)	(26.492.054.540)	(19.986.599.362)
<b>Gross Profit</b>		<b>120.262.099</b>	<b>150.081.363</b>	<b>3.940.748.453</b>	<b>3.516.481.359</b>
General and Administrative Expenses	21	(61.199.849)	(60.599.028)	(2.005.396.639)	(1.419.865.517)
Selling, Marketing and Distribution Expenses	21	(45.662.926)	(41.359.503)	(1.496.282.751)	(969.073.823)
Research and Development Expenses	21	(4.940.761)	(5.511.234)	(161.898.860)	(129.130.962)
Other Income from Operating Activities	22	23.730.262	23.404.240	777.593.240	573.120.563
Other Expenses from Operating Activities	22	(19.897.714)	(13.572.447)	(652.008.286)	(342.756.728)
<b>Operating Profit</b>		<b>12.291.111</b>	<b>52.443.391</b>	<b>402.755.157</b>	<b>1.228.774.892</b>
Income From Investing Activities	23	4.233.617	3.894.083	138.727.162	91.240.311
Expense From Investing Activities	23	(4.120.047)	(746.859)	(135.005.710)	(17.499.271)
<b>Operating Profit Before Finance Cost</b>		<b>12.404.681</b>	<b>55.590.615</b>	<b>406.476.609</b>	<b>1.302.515.932</b>
Finance Income	24	19.910.574	21.371.605	543.127.009	500.747.401
Finance Expense	24	(65.296.295)	(61.729.128)	(2.030.326.300)	(1.446.344.336)
<b>(Loss)/Profit Before Tax From Continuing Operations</b>		<b>(32.981.040)</b>	<b>15.233.092</b>	<b>(1.080.722.682)</b>	<b>356.918.997</b>
Tax (Expense)/Benefit from Continuing Operations		6.875.549	1.706.993	225.297.996	39.995.705
<i>Current Tax Expense</i>	25	(7.762.470)	(13.218.399)	(254.360.622)	(309.713.695)
<i>Deferred Tax Benefit/(Expense)</i>	25	14.638.019	14.925.392	479.658.618	349.709.400
<b>(Loss)/Profit For The Year From Continuing Operations</b>		<b>(26.105.491)</b>	<b>16.940.085</b>	<b>(855.424.686)</b>	<b>396.914.702</b>
<b>Net Profit/(Loss) For The Year From Discontinued Operations</b>	31	<b>(8.282)</b>	<b>(104.464)</b>	<b>(271.392)</b>	<b>(2.447.635)</b>
<b>(Loss)/Profit For The Year</b>		<b>(26.113.772)</b>	<b>16.835.623</b>	<b>(855.696.078)</b>	<b>394.467.067</b>
<b>(Loss) Profit Attributable to:</b>					
Non-Controlling Interests		7.337.522	9.011.491	240.435.905	211.143.751
Owners of the Company		(33.451.294)	7.824.132	(1.096.131.983)	183.323.316
<i>Earnings (Loss) per share; (thousand of shares TL)</i>	26				
<i>Earnings/(losses) per share from continuing operations</i>		(1,719)	0,41	(56,34)	9,49
<i>Earnings/(losses) per share from discontinuing operations</i>		(0,000)	(0,003)	(0,007)	(0,064)

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

**KORDSA TEKNİK TEKSTİL A.Ş. AND ITS SUBSIDIARIES**  
**AUDITED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 DECEMBER 2024**

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

	Notes	1 January- 31 December 2024 USD	1 January- 31 December 2023 USD	Audited 1 January- 31 December 2024	Audited 1 January- 31 December 2023
<b>(LOSS)/PROFIT FOR THE PERIOD</b>		<b>(26.113.772)</b>	<b>16.835.623</b>	<b>(855.696.078)</b>	<b>394.467.067</b>
<b>OTHER COMPREHENSIVE INCOME</b>					
<b>Items That Will Not Be Reclassified to Profit or Loss</b>		<b>(423.936)</b>	<b>(1.147.218)</b>	<b>112.915.968</b>	<b>1.312.284.192</b>
<i>Defined Benefit Plans Remeasurement Fund</i>	17	<i>(562.630)</i>	<i>(1.524.959)</i>	<i>(19.885.467)</i>	<i>(44.191.439)</i>
<i>Deferred Tax Benefit/(Expense)</i>	25	<i>138.694</i>	<i>377.741</i>	<i>4.901.968</i>	<i>10.946.475</i>
<i>Foreign Currency Translation Differences</i>		-	-	<i>127.899.467</i>	<i>1.345.529.156</i>
<b>Items That Are or May Be Reclassified Subsequently to Profit or Loss</b>		<b>(16.055.501)</b>	<b>2.801.904</b>	<b>2.410.719.230</b>	<b>4.609.543.798</b>
<i>Foreign Currency Translation Differences</i>		<i>(17.931.045)</i>	<i>2.794.974</i>	<i>2.349.261.403</i>	<i>4.609.381.440</i>
<i>Hedging gains/(losses) on investment risk related to foreign operation</i>	19	<i>2.500.725</i>	<i>9.239</i>	<i>81.943.769</i>	<i>216.477</i>
<i>Deferred Tax Benefit/(Expense)</i>	25	<i>(625.181)</i>	<i>(2.310)</i>	<i>(20.485.942)</i>	<i>(54.119)</i>
<b>Total Other Comprehensive Income</b>		<b>(16.479.437)</b>	<b>1.654.686</b>	<b>2.523.635.198</b>	<b>5.921.827.990</b>
<b>Total Comprehensive Income</b>		<b>(42.593.209)</b>	<b>18.490.309</b>	<b>1.667.939.120</b>	<b>6.316.295.057</b>
<b>Total comprehensive income attributable to:</b>					
Owners of the company		(46.801.181)	9.925.724	891.913.635	4.884.562.451
Non-controlling interests		4.207.973	8.564.585	776.025.485	1.431.732.606

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

**KORDSA TEKNİK TEKSTİL A.Ş. AND ITS SUBSIDIARIES**  
**AUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31 DECEMBER 2024**

(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				
	Share capital	Share premium	Put option valuation fund on non-controlling interest	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
				Currency translation differences	Defined benefit plans remeasurement fund	Other revaluation and reclassification gain/(loss)									
Balance on 1 January 2023	194.529.076	62.052.856	(527.789.084)	493.926.535	(58.880.941)	40.027.097	5.579.616.372	(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	-	-	-	1.345.529.156	(32.800.371)	-	3.388.347.992	162.358	-	-	-	183.323.316	4.884.562.451	1.431.732.606	6.316.295.057
Gains/(losses) due to other changes (**)	-	-	12.497.006	-	-	-	-	-	-	-	(13.670.198)	-	(1.173.192)	(2.360.683)	(3.533.875)
Dividend paid (*)	-	-	-	-	-	-	-	-	-	-	(57.000.000)	-	(57.000.000)	(221.401.345)	(278.401.345)
Balance on 31 December 2023	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
Balance on 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	-	-	-	-	-	-	-	-	-	14.567.903	168.755.413	(183.323.316)	-	-	-
Total comprehensive income	-	-	-	127.899.467	(14.290.442)	-	1.812.978.766	61.457.827	-	-	-	(1.096.131.983)	891.913.635	776.025.485	1.667.939.120
Increase / (decrease ) due to other changes (**)	-	-	(237.897.048)	-	-	-	-	-	-	-	-	-	(237.897.048)	-	(237.897.048)
Dividend paid	-	-	-	-	-	-	-	-	-	-	-	-	-	(285.511.753)	(285.511.753)
Balance on 31 December 2024	194.529.076	62.052.856	(753.189.126)	1.967.355.158	(105.971.754)	40.027.097	10.780.943.130	(890.487.904)	(270.151)	458.633.027	2.840.775.345	(1.096.131.983)	13.498.264.771	3.706.940.789	17.205.205.560

(\*) 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 (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 (Microtex).

At the 2023 Ordinary General Assembly meeting held on April 19, 2024, it was decided that the distributable net 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 experienced.

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

**KORDSA TEKNİK TEKSTİL A.Ş. AND ITS SUBSIDIARIES**  
**AUDITED CONSOLIDATED STATEMENT OF CASH FLOW**  
**FOR THE YEAR ENDED 31 DECEMBER 2024**  
(Amounts expressed in Turkish Lira (“TL”) unless otherwise indicated.)

	Notes	1 January- 31 December 2024 USD	1 January- 31 December 2023 USD	Audited 1 January- 31 December 2024	Audited 1 January- 31 December 2023
<b>A. CASH FLOWS FROM (USED IN) / OPERATING ACTIVITIES</b>		<b>55.724.736</b>	<b>136.968.799</b>	<b>1.833.683.298</b>	<b>3.213.212.412</b>
(Loss) / Profit for the period		(26.113.772)	16.835.623	(855.696.078)	394.467.067
<i>Profit/(loss) for the period from continuing operations</i>		<i>(26.105.490)</i>	<i>17.044.550</i>	<i>(855.424.686)</i>	<i>396.914.702</i>
<i>Profit/(loss) from discontinuing operations</i>		<i>(8.282)</i>	<i>(208.927)</i>	<i>(271.392)</i>	<i>(2.447.635)</i>
<b>Adjustments to reconcile profit/(loss) for the period</b>		<b>71.799.825</b>	<b>89.335.334</b>	<b>2.373.538.380</b>	<b>2.125.341.714</b>
Adjustments related to depreciation and amortization	11, 12, 13, 21	42.905.568	40.687.998	1.405.929.652	953.340.137
Adjustments related to provisions for (reversal) of impairment		4.317.003	4.485.576	141.459.552	105.099.294
<i>Adjustments related to provision for (reversal) of doubtful receivables</i>	7	<i>627.772</i>	<i>(93.579)</i>	<i>20.570.819</i>	<i>(2.192.616)</i>
<i>Adjustments related to provision for (reversal) of inventory allowances</i>	9	<i>3.689.231</i>	<i>4.579.156</i>	<i>120.888.733</i>	<i>107.291.910</i>
Adjustments related to provisions		4.494.416	5.435.033	99.006.454	85.111.207
<i>Adjustments related to provision for employee benefit provision</i>		<i>4.753.841</i>	<i>4.258.562</i>	<i>107.507.304</i>	<i>57.545.903</i>
<i>Adjustments Related to Other Provision (Reversal)</i>		<i>(259.425)</i>	<i>1.176.471</i>	<i>(8.500.850)</i>	<i>27.565.304</i>
Adjustments related to interest (income)/expense		45.260.468	38.975.264	1.483.095.006	913.209.909
<i>Adjustments related to interest income</i>	23	<i>(3.808.727)</i>	<i>(2.471.006)</i>	<i>(124.804.381)</i>	<i>(57.896.905)</i>
<i>Adjustments related to interest expense</i>	24	<i>49.651.338</i>	<i>40.192.298</i>	<i>1.626.975.045</i>	<i>941.725.646</i>
<i>Adjustments related to unrealized finance expenses on credit purchases</i>	7	<i>(1.213.477)</i>	<i>(1.294.474)</i>	<i>(39.763.233)</i>	<i>(30.330.193)</i>
<i>Adjustments related to unrealized finance income on credit sales</i>	7	<i>631.335</i>	<i>2.548.446</i>	<i>20.687.575</i>	<i>59.711.361</i>
Adjustments related to unrealized currency translation difference		(17.739.903)	1.864.987	(409.837.321)	120.549.718
Foreign exchange (gain) or loss(net)	24	(9.560.091)	(5.302.747)	(313.265.047)	(124.246.013)
Other finance (income)/expense(net)	24	11.109.906	5.937.630	261.925.260	139.121.644
Adjustments related to fair value changes		(1.709.854)	(1.343.763)	(56.028.503)	(31.485.034)
<i>Adjustments related to fair value losses /(gains) of investment properties</i>	23	<i>988.997</i>	<i>(874.104)</i>	<i>32.407.464</i>	<i>(20.480.692)</i>
<i>Adjustments related to fair value losses /(gains) of derivatives</i>	24	<i>(2.698.852)</i>	<i>(469.659)</i>	<i>(88.435.967)</i>	<i>(11.004.342)</i>
Adjustments related to tax (benefit)/expense	25	(6.875.549)	(1.706.993)	(225.297.996)	(39.995.705)
Adjustments related to losses /(gains) on disposal of non-current assets		(252.330)	302.349	(8.539.748)	4.636.557
<i>Adjustments related to gains on disposal of tangible assets</i>	23	<i>(252.330)</i>	<i>302.349</i>	<i>(8.539.748)</i>	<i>4.636.557</i>
Other		(149.809)	-	(4.908.929)	-
<b>Changes in working capital</b>		<b>12.914.981</b>	<b>30.797.842</b>	<b>315.840.996</b>	<b>693.403.631</b>
(Increase)/decrease in trade receivables		(416.889)	41.916.575	(10.731.039)	978.175.036
(Increase)/decrease in other receivables		(4.022.085)	(15.395.528)	(140.296.532)	(333.159.605)
(Increase)/decrease in inventories		16.804.676	57.069.548	550.655.623	1.337.168.040
(Increase) in prepaid expenses		11.597.693	(4.745.443)	380.033.212	(111.188.104)
Increase/(decrease) in trade payables		(22.574.443)	(42.889.672)	(739.719.348)	(1.004.926.444)
Increase/(decrease) in retirement pay and employee benefit obligation		2.462.439	(5.816.688)	29.796.280	(204.878.857)
Increase/(decrease) in other payables		15.576.445	7.787.497	510.408.959	293.290.224
Increase/(decrease) in deferred income		484.675	(749.761)	15.881.823	(17.567.274)
Other increase/(decrease) in working capital		3.588.381	3.866.876	117.584.073	90.602.845
<i>Decrease/(increase) in other assets from operating activities</i>		<i>(1.719.261)</i>	<i>4.945.895</i>	<i>(56.336.736)</i>	<i>115.884.801</i>
<i>Increase/(decrease) in other liabilities from operating activities</i>		<i>5.307.642</i>	<i>(1.079.019)</i>	<i>173.920.809</i>	<i>(25.281.956)</i>
Payments related to the provision of employee benefits		(1.472.978)	(1.802.537)	(99.159.467)	(136.287.919)
Lawsuit Provisions		1.100.000	-	36.044.800	-
Income tax returns/(payments)		(10.506.112)	(8.599.550)	(344.264.278)	(201.491.760)
Other		293.179	156.525	9.606.890	3.667.449
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>		<b>(37.926.027)</b>	<b>(42.499.130)</b>	<b>(1.245.872.978)</b>	<b>(1.011.728.593)</b>
Proceeds from sales of property, plant and equipment and intangible assets		7.810.803	10.304.146	252.831.454	241.431.291
Acquisition of sales of property, plant and equipment and intangible assets	11,12	(49.219.748)	(54.680.117)	(1.612.832.704)	(1.295.025.908)
Securities Purchase		(325.809)	-	(10.676.109)	-
Acquisition of subsidiary and/or associates or cash outflow for capital increase of subsidiaries		-	(594.146)	-	(16.030.881)
Interest received	23	3.808.727	2.471.006	124.804.381	57.896.905
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>		<b>46.568.069</b>	<b>(73.345.283)</b>	<b>1.525.942.478</b>	<b>(1.706.528.863)</b>
Proceeds from borrowings	6	364.597.7385	483.396.390	11.568.557.081	11.069.362.435
Cash inflows /(outflows) from borrowing transactions	6	(255.362.245)	(508.770.753)	(8.076.042.960)	(11.728.679.534)
Cash outflows for financial lease liabilities		(4.390.481)	(2.362.071)	(46.001.714)	(45.111.805)
Dividend paid		-	(2.983.560)	-	(57.000.000)
Interest paid	6	(51.536.573)	(35.150.246)	(1.688.750.412)	(746.309.047)
Cash outflows from derivatives (net)		1.638.557	965.000	53.692.236	22.610.433
Cash outflow for dividends paid to non-controlling interest	28	(8.378.927)	(8.440.044)	(285.511.753)	(221.401.345)
<b>NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENT (A+B+C)</b>		<b>64.366.778</b>	<b>21.124.386</b>	<b>2.113.752.798</b>	<b>494.954.956</b>
<b>D. IMPACT OF THE CURRENCY TRANSLATION DIFFERENCE ON CASH AND CASH EQUIVALENT</b>		<b>(1.866.768)</b>	<b>(5.696.112)</b>	<b>431.110.828</b>	<b>418.285.105</b>
<b>E. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>		<b>58.171.638</b>	<b>42.743.364</b>	<b>1.712.468.307</b>	<b>799.228.246</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (A+B+C+D+E)</b>	<b>4</b>	<b>120.671.648</b>	<b>58.171.638</b>	<b>4.257.331.933</b>	<b>1.712.468.307</b>

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

**KORDSA TEKNİK TEKSTİL A.Ş. AND ITS SUBSIDIARIES**  
**NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS**  
**AS AT AND FOR THE YEAR ENDED 31 DECEMBER 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 (“BİST”) since 1986. As at 30 September 2024, 28,89% of the Group’s shares are listed on BİST. As of the same date, the shareholders owning the Group’s shares and the percentage of the shares are as follows:

Shareholder Structure	Shareholding %	
	31 December 2024	31 December 2023
Sabancı Holding A.Ş.	71,11	71,11
Other	28,89	28,89
	<b>100,00</b>	<b>100,00</b>

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

The number of employees within the Group is 4.613. (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 AUDITED CONSOLIDATED FINANCIAL STATEMENTS**  
**AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2024**

(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 31 December 2024 and 31 December 2023 in accordance with the operating country and segment reporting purpose are as follows:

**31 December 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
Kordsa Advanced Materials Inc.(***)	United States of America	North America	Advanced composite manufacture in the civil aviation sector	USD
Fabric Development Inc.	United States of America	North America	Advanced composite manufacture in the civil aviation sector	USD
Textile Products Inc.	United States of America	North America	Advanced composite manufacture in the civil aviation sector	USD
Axiom Materials Inc.	United States of America	North America	Advanced composite manufacture in the civil aviation sector	USD
Microtex Composites S.r.l	Italy	Europe	Carbon fiber weaving and prepreg production for the luxury automotive industry and motorsports	EUR
Kordsa Brasil 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 in the civil aviation sector	USD
Axiom Materials Inc.	United States of America	North America	Advanced composite manufacture in the civil aviation sector	USD
Fabric Development Inc.	United States of America	North America	Advanced composite manufacture in the civil aviation sector	USD
Textile Products Inc.	United States of America	North America	Advanced composite manufacture in the civil aviation sector	USD
Kordsa Brasil 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 Activities	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, the Company has to classify the financial statements of Nile Kordsa Company for Industrial Fabrics S.A.E., in which the Company has 51% shareholding, as 'Assets Held for Sale' in the consolidated statement of financial position as of 31 December 2015.

(\*\*\*)As of 2 January 2024, 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 the Company and the title was changed to "Kordsa Advanced Materials Inc".

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



## **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 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" announced by the Capital Markets Board ("CMB") on 13 June 2013 which is published in the Official Gazette numbered 28676. TFRSs consist of standards and interpretations which are published as Turkish Accounting Standards ("TAS"), Turkish Financial Reporting Standards, 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 July 2024.

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 28 February 2025, and have been signed by the Chief Finance Officer Şermin Mutlu ve 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.

#### Conversion to presentation currency

Each item in the financial statements of the companies within the group is accounted for using the currency that is functional in the primary economic environment in which the companies operate (the 'functional currency'). The functional currency of the Group is US Dollars. 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 35,2803 TL = 1 USD (2023: 29,4382) announced by the Central Bank of the Republic of Turkey and the liabilities are converted into TL using the foreign exchange selling rate of 35,3438 TL = 1 USD (2023: 29,4913). 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 are translated into TL using the monthly average exchange rates of 32,7680 TL = 1 USD (2023: 23,4305).

c. All the resulting exchange differences are presented as a separate component of equity under the name of translation differences.

**KORDSA TEKNİK TEKSTİL A.Ş. AND ITS SUBSIDIARIES**  
**NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS**  
**AS AT AND FOR THE YEAR ENDED 31 DECEMBER 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)**

**Statement of Compliance to Turkish Financial Reporting Standards ("TFRS"s) (continued)**

**Adjustment of Financial Statements in High Inflation Periods**

Public Oversight Authority (POA) made an announcement on 23 November 2023 related with "TAS 29 Financial Reporting in Hyperinflation Economies and BOBI FRS Chapter 25 Financial Reporting in Hyperinflation Economies". According to this announcement the financial statements of the entities applying TFRS for the reporting periods ending on or after 31 December 2023 should be presented adjusted for the effects of inflation in accordance with the relevant accounting principles in "Turkish Accounting Standard 29 Financial Reporting in Hyperinflationary Economies."

Pursuant to the decision of the Capital Markets Board ("CMB") dated 28 December 2023 and numbered 81/1820, it has been decided that issuers and capital market institutions subject to financial reporting regulations that apply Turkish Accounting/Financial Reporting Standards will apply inflation accounting by applying the provisions of TAS 29 starting from their annual financial reports for the periods ending on 31 December 2023. In accordance with the above explanations, since the functional currency of the Company is US Dollars as of the reporting date, there is no need to make any adjustments within the scope of TAS 29 in the financial statements to be prepared in accordance with TFRS. However as of 31 December 2024 financial statements which are- prepared according to Tax Procedure Law are considered to inflation adjustment.

**Basis of Consolidation**

The table below sets out all Subsidiaries and shows their shareholding rates as at 31 December 2024:

<b>Subsidiaries</b>	<b>Direct and indirect ownership interest by the Group and its subsidiaries (%)</b>	<b>Proportion of effective interest (%)</b>
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

(\*)As of 2 January 2024, 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 the company and the title was changed to "Kordsa Advanced Materials Inc".

**KORDSA TEKNİK TEKSTİL A.Ş. AND ITS SUBSIDIARIES**  
**NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS**  
**AS AT AND FOR THE YEAR ENDED 31 DECEMBER 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)

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

<b>Subsidiaries</b>	<b>Direct and indirect ownership interest by the Group and its subsidiaries (%)</b>	<b>Proportion of effective interest (%)</b>
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 is completed.

(\*\*\*) Our indirect subsidiary PT Indo Kordsa Polyester is acquired by our subsidiary PT Indo Kordsa Tbk and the progress is completed after getting legal approvals relating the merger.

(\*\*\*\*) 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.

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.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

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 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.

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

**2.1 Basis of Presentation (continued)**  
Basis of Consolidation (continued)

Profit or loss and each component of other comprehensive income is attributed to the owners of the Company and the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and 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 the owners of the Company.

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.

Elimination in Consolidation

Intercompany balances and unrealized income and expenses arising from intercompany transactions are eliminated during the preparation of 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 31 December 2024.

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

**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 and interpretations effective from 2024

TAS 1 (Amendments)	<i>Classification of Liabilities as Current or Non-Current</i>
TFRS 16 (Amendments)	<i>Lease Liability in Sale and Leaseback Transaction</i>
TAS 1 (Amendments)	<i>Long-term liabilities under the terms of loan agreements</i>
TAS 7 and TFRS 7 (Amendments)	<i>Supplier Financing Agreements</i>
TSRS 1	<i>General Requirements for Disclosure of Sustainability-Related Financial Information</i>
TSRS 2	<i>Climate Related Explanations</i>

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

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

**TFRS 16 (Amendments) *Lease Liability in Sale and Leaseback Transaction***

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

**TAS 1 (Amendments) *Long-term liabilities under the terms of loan agreements***

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

**TAS 7 ve TFRS 7 (Amendments) *Supplier Financing Agreements***

The amendments to TAS 7 and TFRS 7 add guidance that requires entities to provide qualitative and quantitative information about supplier financing arrangements and disclosure requirements to existing disclosure requirements.

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

**2.4 New and Revised Turkish Accounting Standards (Continued)**

a) Amendments and interpretations effective from 2024 (continued)

***TSRS 1 General Requirements for Disclosure of Sustainability-Related Financial Information***

TSRS 1 sets out general requirements for sustainability-related financial disclosures, requiring an entity to disclose information about sustainability-related risks and opportunities that is useful to primary users of general purpose financial reports in making decisions about funding the entity. The application of this standard is mandatory for annual reporting periods beginning on or after January 1, 2024 for the entities that meet the criteria specified in POA's announcement dated January 5, 2024 and numbered 2024-5 and the Board Decision dated December 16, 2024 amending this announcement.

***TSRS 2 Climate Related Explanations***

TSRS 2 sets out requirements for the identification, measurement and disclosure of climate-related risks and opportunities that are useful to primary users of general purpose financial reports in making decisions about funding the entity. The application of this standard is mandatory for annual reporting periods beginning on or after 1 January 2024 for entities that meet the criteria specified in POA's announcement dated 5 January 2024 and numbered 2024-5 and the Board Decision dated 16 December 2024 amending this announcement.

The Group continues to evaluate TSRS 1 and TSRS 2 standards.

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

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

TFRS 17	<i>Insurance Contracts</i>
TFRS 17 (Amendments)	<i>Insurance Contracts and First-time Adoption of TFRS 17 and TFRS 9 - Comparative Information</i>
TMS 21 (Amendments)	<i>Lack of Exchangeability</i>

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

### **2.4 New and Revised Turkish Accounting Standards (Continued)**

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

##### ***TFRS 17 Insurance Contracts***

IFRS 17 requires insurance liabilities to be measured at a current settlement value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve consistent, principle-based accounting for insurance contracts. TFRS 17 has been deferred for insurance, reinsurance and pension companies for 1 year and will replace TFRS 4 Insurance Contracts on January 1, 2026.

##### ***TFRS 17 (Amendments) Insurance Contracts and First-time Adoption of IFRS 17 and IFRS 9 - First-time Adoption of TFRS 17 and TFRS 9***

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

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

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

##### ***TAS 21 (Amendments) Lack of Exchangeability***

These amendments include guidance on determining when a currency is fungible and how to determine the exchange rate when it is not. The amendments are effective for annual periods beginning on or after January 1, 2025.

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

### **2.5 Summary of Significant Accounting Policies**

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

#### **a) Revenue**

##### **The general model for accounting of revenue**

In accordance with TFRS 15, a five-step model is followed in recognizing revenue for all contracts with customers.

##### ***Step 1: Identify the contract***

A contract is only recognised under TFRS 15 when all of the following criteria are met: the contract is legally enforceable and collectible, the rights and payment terms for goods and services are identifiable, the contract has commercial substance, the contract is approved by the parties and the parties are committed to fulfil their obligations.

Contracts entered into at or near the same time with the same customer (or a related party of the customer) are combined and treated as a single contract when certain criteria are met.

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

**2.5 Summary of Significant Accounting Policies (continued)**

**a) Revenue (continued)**

*Step 2: Identify the performance obligations*

The Group defines the “*performance obligations*” as a unit of account for revenue recognition. The company assesses the goods or services it has committed in a contract with the customer and determines each commitment to the customer as one of the performance obligations as a performance obligation:

- a) a good or service (or a bundle of goods or services) that is distinct; or
- b) a series of distinct goods or services that are substantially the same and that have the same pattern of transfer to the customer.

An entity may define a contract or a service separately from other contractual obligations and define it as a different commodity or service if the customer makes use of such goods or services alone or in combination with other resources available for use. A single contract may contain promises to deliver to the customer more than one good or service. At contract inception, an entity evaluates the promised goods or services to determine which goods or services (or bundle of goods or services) are distinct and therefore constitute performance obligations.

*Step 3: Determine the transaction price*

When determining the transaction price, an entity assumes that the goods or services will be transferred to the customer based on the terms of the existing contract. In determining the transaction price, an entity considers variable considerations and significant financing components.

Significant financing component

To estimate the transaction price in a contract, the Group adjusts the promised amount of consideration to reflect the time value of money if the contract contains a significant financing component. A significant financing component exists if the timing of payments agreed to by the parties to the contract (either explicitly or implicitly) provides the customer or the Group with a significant benefit of financing the transfer of goods or services to the customer.

*Step 4: Allocate the transaction price*

In case that different goods or services are delivered under a single contract, the contract price is allocated based on the relative stand-alone selling prices of the separate goods or services (different performance obligations). In case that directly observable stand-alone selling prices are not available, the total consideration in the contracts is allocated on the basis of the expected cost plus profit margin.

*Step 5: Recognize revenue*

Group recognizes revenue over time when one of the following criteria are met:

- Customer simultaneously receives and consumes the benefits as the entity performs, or
- Group’s performance creates or enhances an asset that the customer controls as the asset is created or enhanced, or
- Group’s performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date.

For each performance obligation that is satisfied over time, Group applies a single method of measuring progress toward complete satisfaction of the obligation. The objective is to depict the transfer of control of the goods or services to the customer. To do this, Group selects an appropriate output or input method. It then applies that method consistently to similar performance obligations and in similar circumstances.



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

**2.5 Summary of Significant Accounting Policies (continued)**

**a) Revenue (continued)**

*Step 5: Recognize revenue (continued)*

If a performance obligation is not fulfilled in time, then the Group recognizes revenue when the control of goods or services is transferred to the customer.

The Group generates revenue by producing and selling products such as cord fabric, polyester and nylon yarn and composite materials. Revenue is recognized in accordance with delivery terms agreed with the customer when the control of the products is transferred to the customer.

In cases where the cost to be incurred by the Group exceeds the expected economic benefits to be incurred to fulfil the contractual obligations exceeds the expected economic benefit, the Group provides a provision in accordance with TAS 37 Provisions, Contingent Liabilities and Contingent Assets.

Contract modifications

The Group recognizes a contract modification as a separate contract if the modification results in a promise to deliver additional goods or services that are distinct and an increase in the price of the contract by an amount of consideration that reflects the entity’s stand-alone selling price of those goods or services adjusted to reflect the circumstances of the contract. If the goods or services are, the entity accounts for it on a combined basis with the original contract, as if the additional goods or services were part of the initial contract.

The group records revenue when it transfers control of the products to the customer in accordance with the contracts. Net sales are shown by deducting returns, discounts and sales-related taxes from the sales amounts of goods

**b) Inventories**

Inventories are valued based on the lower of acquisition cost or net realizable value. The cost of inventories includes all acquisition costs, conversion costs, and other costs incurred in bringing the inventories to their current state and location. The unit cost of inventories is determined on the moving weighted average basis (Note 9). The net realizable value represents the estimated selling price less all estimated costs of completion and costs necessary to make a sale. When the net realizable value of inventory is less than cost, the inventory is written down to the net realizable value and the expense is included in the statement of profit or loss in the period the write-down or loss occurred. When the circumstances that previously caused inventories to be written down below cost no longer exist or when there is clear evidence of an increase in net realizable value because of changed economic circumstances, the amount of the write-down is reversed. The reversal amount is limited to the amount of the original write-down. In line with the purpose of their use spare parts are reclassified under other non-current assets.

**c) Property, plant and equipment**

Property, plant and equipment are carried at cost less accumulated depreciation and impairment if any (Note 11). Depreciation is provided on a straight-line basis over the estimated useful lives of property, plant and equipment. The estimated useful lives of these assets are as follows:

**KORDSA TEKNİK TEKSTİL A.Ş. AND ITS SUBSIDIARIES**  
**NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS**  
**AS AT AND FOR THE YEAR ENDED 31 DECEMBER 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)**

**c) Property, plant and equipment (continued)**

	<b>Years</b>
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.

**d) 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 12). 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:

	<b>Useful Lives</b>
Customer relationship	14-30
Technology licences	7-8
Other intangible assets	5-20
Computer software and Capitalized development costs	5-10
Rights	5-7

**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,

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

**2.5 Summary of Significant Accounting Policies (continued)**

**d) Intangible assets (continued)**

- 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.

**e) Financial instruments**

*i) Recognition and measurement*

Trade receivables and debt securities are initially recognized when they originated. All other financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instrument.

Financial assets other than those at fair value through profit or loss (other than trade receivables that do not have a significant financing component) and financial liabilities are initially measured at fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. Trade receivables that do not have a significant financing component are measured at transaction value on initial recognition.

*ii) Classification and subsequent measurement*

According to TFRS 9, on initial recognition, a financial asset is classified as either measured at amortised cost; measured at fair value through other comprehensive income ("FVOCI") - investments in debt instruments; measured at FVTOCI - investments in equity instruments; or measured at fair value through profit or loss - investments in equity instruments.

Financial assets are not reclassified subsequently to their initial recognition unless the Group changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

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

**2.5 Summary of Significant Accounting Policies (continued)**

**e) Financial instruments**

*ii) Classification and subsequent measurement*

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt instrument is measured at FVTOCI when both of the following conditions are met and the debt instrument is not classified as FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows and sell assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of investments in equity instruments that are not held for trading, an irrevocable election may be made to present subsequent changes in fair value through other comprehensive income. The choice of this preference is for each investment that can be made on the basis of each investment.

All financial assets stated above that are not measured at amortised cost or at FVTOCI are measured at FVTPL. These also include all derivative financial assets. On initial recognition of financial assets, a financial asset may be irrevocably designated as measured at fair value through profit or loss, provided that this designation eliminates or significantly reduces an accounting mismatch that would arise from measuring financial assets in a different manner and recognising gains or losses related thereto on them differently.

*Financial assets- Business model assessment:*

The Group assesses of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of the assets;
- the purpose of the business model may be to manage daily liquidity needs, to maintain a given interest yield, or to align the maturity of financial assets with the maturity of the debt that funds those assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

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

**2.5 Summary of Significant Accounting Policies (continued)**

**e) Financial instruments**

*ii) Classification and subsequent measurement (continued)*

The transfer of financial assets to third parties in transactions that are not eligible for derecognition is not considered a sale for this purpose, consistent with the Group's continuous recognition of assets in its financial statements.

*Financial assets- Assessment of whether contractual cash flows are solely payments of principal and interest*

The principal is defined as the fair value of the financial asset on initial recognition. Interest is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are sole payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate (including variable rate features);
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).
- A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract.

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

**2.5 Summary of Significant Accounting Policies (continued)**

**e) Financial instruments (continued)**

*ii) Classification and subsequent measurement (continued)*

Additionally, for a financial asset acquired at a significant discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Since the principal is the present value of expected cash flows, trade receivables and other receivables meet the sole payments of principal and interest criteria. It is managed in accordance with the business model based on a collection of these receivables.

*Financial assets- Subsequent measurement and gains and losses*

The accounting policies below are applicable for the following measurement of financial assets.

<b>Financial assets at FVTPL</b>	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss. For derivatives defined as hedging instruments, see section (v) below.
<b>Financial assets at amortized cost</b>	These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses.  Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on de-recognition is recognized in profit or loss.
<b>Equity instruments at FVTPL</b>	These instruments are subsequently measured at fair value. Dividends are recognized in profit or loss unless recovery of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are not reclassified in profit or loss.

*Financial liabilities - Classification, subsequent measurement and gains and losses*

Financial liabilities are classified as measured at amortized cost and at FVTPL. If a financial liability meets the definition of held for trading, it is classified as FVTPL. A financial liability is classified as a financial liability held for trading if it is a derivative instrument or if it is defined in this way at the time of first registration. Financial liabilities, whose fair value is reflected in profit or loss, are measured at their fair value and net gains and losses, including interest income, are recognized in profit or loss. Following their initial recording, other financial liabilities are measured by deducting

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

**2.5 Summary of Significant Accounting Policies (continued)**

**e) Financial instruments (continued)**

*ii) Classification and subsequent measurement (continued)*

impairments over the amortized cost values of future principal and interest cash flows at effective interest rates. Interest expenses and exchange differences are recognized in profit or loss. Gains and losses arising from the derecognition of these liabilities are recognized in profit or loss. For derivatives defined as hedging instruments, see section (v) below.

*iii) Derecognition*

Derecognition

Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group continues to recognize the financial asset in the statement of financial position if it retains substantially all the risks and benefits arising from the ownership of a financial asset.

Financial liability

The Group derecognises a financial liability from the statement of financial position only and only when the liability for the related liability is eliminated or cancelled. In addition, the Group derecognises a financial liability from the statement of financial position in the event of a significant change in the conditions or cash flows of an existing financial liability. Instead, it requires recognition of a new financial liability at fair value based on the modified conditions.

In derecognising the financial liability from its records, the difference between the carrying amount and the amount paid (including any transferred non-cash assets or any liabilities assumed) is included in the financial statements as profit or loss.

*iv) Offsetting*

Financial assets and financial liabilities are offset and the net amount is presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

*v) Derivative financial instruments and hedge accounting*

The Group uses derivative financial instruments to hedge foreign currency. Embedded derivative instruments are separated from the main contract and recognized separately when the underlying contract is not a financial asset and meets certain criteria.

Derivatives are initially recognized at fair value. After the initial recognition of derivative instruments, changes in fair value are recognized in profit or loss or other comprehensive income.

The Group defines certain derivatives as hedging instruments to maintain the variability in the cash flows related to the high probability of realization arising from the changes in exchange rates.

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

**2.5 Summary of Significant Accounting Policies (continued)**

**e) Financial instruments (continued)**

*v) Derivative financial instruments and hedge accounting (continued)*

At the beginning of the hedge relationship, the Group makes documentation regarding the risk management purpose and strategy that causes the protection relationship and the operation of the enterprise.

The Group also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in the cash flows of the hedged item and the protection means are expected to offset each other.

*Hedge accounting- cash flow hedge*

If a derivative instrument is designed as a cash flow hedge hedging instrument, the effective portion of the change in the fair value of the derivative instrument is recognized in other comprehensive income and presented under equity in the hedging reserve. The ineffective portion of the change in the fair value of the derivative is recognized directly in profit or loss. The effective portion of the change in the fair value of the derivative instrument determined on the present value basis from the beginning of the hedging relationship recognized in other comprehensive income is limited to the cumulative effect of the change in the fair value of the hedging instrument.

In the cash flow hedge relationship, the Group defines only the change in the spot item of the forward contract as a means of the hedging instrument.

The change in the fair value of (forward value) forward foreign exchange contracts is recognized as a hedging reserve in equity as a hedging cost.

The amount accumulated in the hedge reserve and the cost of hedging are included directly in the initial cost of the non-financial asset or liability if a hedged transaction results in a non-financial asset or liability which is subsequently recognized in the financial statements.

For all other hedge transactions, the hedging reserve and the hedging cost are classified as profit or loss in the period or periods when the estimated future cash flows of the hedged item are affected by profit or loss.

The hedge accounting is discontinued in case the hedging relationship (or part of it) no longer meets the required criteria, the hedging instrument is expired or sold, terminated or used. In case of discontinuation of cash flow hedge accounting, the retained amount in the hedge reserve shall continue to be classified under equity until the hedged estimate of the non-financial item is recorded; hedging cost is classified as profit or loss in the period or periods in which the estimated future cash flows are affected by profit or loss.

If the expected future cash flows are no longer expected to materialize, the amount accumulated in the hedge fund and the cost of that fund are immediately classified as profit or loss.



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

**2.5 Summary of Significant Accounting Policies (continued)**

**f) Impairment of assets**

*i. Non-derivative financial assets*

*Financial instruments and contract assets*

The Group recognizes a loss allowance for expected credit losses for the following:

- financial assets measured at amortized cost

The Group measures loss allowances at an amount equal to lifetime ECL, except for the following, which are measured as 12-month ECL:

- Bank balances, the credit risk of which (i.e., the risk of default over the expected life of the financial instrument) has not increased significantly since initial recognition.

The Group applied lifetime ECL for the calculation of loss allowances for trade receivables.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group’s historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

*Measurement of ECL*

ECLs are a probability-weighted estimate of credit losses. In other words, it is the credit losses that are measured on the present value of all the cash deficits (for example, the difference between the cash inflows to the entity and the cash flows expected by the entity to be collected based on the contract).

The cash deficit is the difference between the cash flows to be incurred and the cash flows expected to be received by the entity. As the amount and timing of payments are considered in anticipated credit losses, a credit loss occurs even if the entity expects to receive the full payment in the contract with the maturity specified in the contract. ECLs are discounted over the effective interest rate of the financial asset.

*Credit-impaired financial assets*

At each reporting date, the Group assesses whether financial assets carried at amortized cost are credit-impaired. A financial asset is ‘credit-impaired’ when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- the significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial re-organization; or
- the disappearance of an active market for security because of financial difficulties.

*Presentation of impairment in the statement of financial position*

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

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

**2.5 Summary of Significant Accounting Policies (continued)**

**f) Impairment of assets (continued)**

*Write-off*

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities to comply with the Group's procedures for recovery of amounts due.

**g) Borrowing costs**

In the case of assets (qualifying assets) that take a substantial period of time to get ready for their intended use or sale, borrowing costs directly attributable to the acquisition, construction or production of the asset are included in the cost of the asset until the asset is ready for its intended use or sale. All other borrowing costs are classified on the income statement in the period. Since the Group has no borrowing costs related to qualifying assets, all borrowing costs are classified on the income statement in the period.

**h) Business combinations**

The acquisition of subsidiaries and businesses is accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date, except that:

- Deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with TAS 12 *Income Taxes* and TAS 19 *Employee Benefits respectively*;
- Liabilities or equity instruments related to *share-based payment arrangements of the acquiree* or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with TFRS 2 *Share-based Payment* at the acquisition date; and
- Assets (or disposal groups) that are classified as held for sale in accordance with TFRS 5 *Non-current Assets Held for Sale* and Discontinued Operations are measured in accordance with that Standard.

Goodwill is calculated as the excess of the aggregate of the consideration transferred for the acquisition, the fair value of any non-controlling interests, if any, in the acquiree and, in a business combination achieved in stages, the fair value of any equity interest in the acquiree previously held by the acquirer over the net amount of the acquiree's identifiable assets acquired and liabilities assumed at the acquisition date. If, after reassessment, the net amount of the acquiree's identifiable assets acquired and liabilities assumed at the acquisition date exceeds the aggregate of the fair value of the consideration transferred, any non-controlling interests in the acquiree and, if applicable, the fair value of the acquiree's interest in the acquiree before the acquisition, this amount is recognized directly in profit or loss as a bargain purchase gain.

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

**2.5 Summary of Significant Accounting Policies (continued)**

**h) Business combinations (continued)**

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another TFRS.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. The measurement period is the period after the acquisition date during which the acquirer can adjust the provisional amounts recognized in a business combination. This period cannot be more than 1 year from the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. If the contingent consideration that is classified as an asset or liability is a financial instrument and within the scope of TFRS 9 Financial Instruments Standard, the contingent consideration is measured at fair value, with the gain or loss arising from the modification recognized in profit or loss or other comprehensive income. Those not within the scope of IFRS 9 are accounted for in accordance with IAS 37 Provisions or other appropriate IFRSs.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree before the acquisition date that has previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of. If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

**i) Goodwill**

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses if any.

For impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that are expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is

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

**2.5 Summary of Significant Accounting Policies (continued)**

**(i) Goodwill (continued)**

recognised directly in profit/loss in the consolidated income statement. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

**j) Due date income / (charges)**

Due date income / (charges) represents the income / (charges) that are resulting from credit purchases or sales. These kinds of income / (charges) are accepted as financial income and expenses which result from credit purchases or sales come true during the accounting period and are included in the other operating income and expenses within the maturity period.

**k) Provisions, contingent assets and liabilities**

Provisions are recognised when the Group has a present legal constructive obligation as a result of past events, an outflow of resources will probably be required to settle the obligation, and a reliable estimate of the amount can be made. If these criteria are not met, the Group discloses these matters in the notes to the financial statements. Provisions are determined by discounting estimated future cash flows to their present value using a pre-tax discount rate that reflects the time value of money and the risks specific to the liability. The discount amount is recognized as finance expense. Contingent assets are not recognized unless they are realized and are disclosed only in the notes to the financial statements.

**l) Impairment of non-financial assets**

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets except for inventories, deferred tax assets and investment properties, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Group assets are allocated to cash-generating units when a reasonable and consistent basis of allocation can be determined. Where this is not possible, Group assets are allocated to the smallest cash-generating unit for the purpose of determining a reasonable and consistent basis of allocation.

Intangible assets with indefinite useful lives such as goodwill are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired. The recoverable amount is the higher fair value fewer costs to sell and value in use. Value in use is the present value of future cash flows expected to be derived from an asset or cash-generating unit. Value in use is calculated using a pre-tax discount rate that reflects the current market assessment of the value in use of money and the risks specific to the asset that are not taken into account in the estimation of future cash flows.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss unless the relevant asset is carried at a revalued amount. In this case, the impairment loss is treated as a revaluation decrease.

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

**2.5 Summary of Significant Accounting Policies (continued)**

**l) Impairment of non-financial assets (continued)**

When an impairment loss is reversed in a subsequent period, the carrying amount of the asset (or the related cash-generating unit) is increased by an amount equal to the revised estimate of the recoverable amount. The increased carrying amount should not exceed the carrying amount that the asset (or the related cash-generating unit) would have reached had no impairment loss been recognized for the asset in prior periods. Reversal of an impairment loss is recognized directly in profit or loss, unless the asset is carried at a revalued amount.

**m) Leases transactions**

***The Group – as a lessee***

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

- a) the contract involved the use of an identified asset – this may be specified explicitly or implicitly.
- b) the asset should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, the asset is not identified.
- c) the Group has the right to obtain substantially all of the economic benefits from the use of an asset throughout the period of use, and
- d) the Group has the right to direct use of the asset. The Group concludes to have the right of use when it is predetermined how and for what purpose the Group will use the asset. The Group has the right to direct use of asset if either:
  - i. the Group has the right to operate (or to have the right to direct others to operate) the asset over its useful life and the lessor does not have the rights to change the terms to operate or;
  - ii. the Group designed the asset (or the specific features) in a way that predetermines how and for what purpose it is used

The Group books a right of use and a lease obligation to the financial statements at the date that the lease is commenced.

***Right of use asset***

The right-of-use asset is initially recognized at cost comprising of:

- a) amount of the initial measurement of the lease liability;
- b) any lease payments made at or before the commencement date, less any lease incentives received;
- c) any initial direct costs incurred by the Group; and

To apply a cost model, the Group measure the right-of-use asset at a cost:

- a) less any accumulated depreciation and any accumulated impairment losses; and
- b) adjusted for any remeasurement of the lease liability.

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

**2.5 Summary of Significant Accounting Policies (continued)**

**m) Leases transactions (continued)**

The Group applies TAS 16 "Property, Plant and Equipment" to amortize the right of use asset and to assess for any impairment. If the supplier transfers the ownership of the underlying asset to the Group at the end of the lease term or if the cost of the right to use property indicates that the Group will use a purchase option, the Group depreciates the right to use the right to the end of the useful life of the underlying asset from the effective date of the lease. In other cases, the Group depreciates the right of use by the shorter than the useful life of the asset or the lease term, starting from the date on which the lease actually commences.

The Group apply TAS 36 Impairment of Assets to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

*Lease Liability*

At the commencement date, The Group measure the lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease if that rate can be readily determined. If that rate cannot be readily determined, the Group use the lessee's incremental borrowing rate.

At the commencement date, the lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that is not paid at the commencement date:

a) fixed payments, less any lease incentives receivable, variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;

b) the exercise price of a purchase option if the Group is reasonably certain to exercise that option; and

Payments of penalties for terminating the lease, if the lease term reflects the Group exercising an option to terminate the lease.

After the commencement date, the Group measure the lease liability by:

a) increasing the carrying amount to reflect interest on the lease liability;

b) reducing the carrying amount to reflect the lease payments made; and

c) remeasuring the carrying amount to reflect any reassessment or lease modifications, or to reflect revised in-substance fixed lease payments.

Interest on the lease liability in each period during the lease term is the amount that produces a constant periodic rate of interest on the remaining balance of the lease liability. The periodic interest rate, if readily determinable, is the interest rate implicit in the lease. If this rate is not readily determinable, the Group uses the Group's alternative borrowing rate. After the commencement date, The Group remeasure the lease liability to reflect changes to the lease payments. The Group recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

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

**2.5 Summary of Significant Accounting Policies (continued)**

**m) Leases transactions (continued)**

***The Group – as a lessee (continued)***

The Group shall remeasure the lease liability by discounting the revised lease payments using a revised discount rate, if either:

- a) There is a change in the lease term. The Group determine the revised lease payments on the basis of the revised lease term, or
- b) There is a change in the assessment of an option to purchase the underlying asset. The Group determine the revised lease payments to reflect the change in amounts payable under the purchase option.

The Group determine the revised discount rate as the interest rate implicit in the lease for the remainder of the lease term if that rate can be readily determined, or the lessee's incremental borrowing rate at the date of reassessment, if the interest rate implicit in the lease cannot be readily determined.

The Group remeasure the lease liability by discounting the revised lease payments, if either:

- a) There is a change in the amounts expected to be payable under a residual value guarantee. The Group determine the revised lease payments to reflect the change in amounts expected to be payable under the residual value guarantee.
- b) There is a change in future lease payments resulting from a change in an index or a rate used to determine those payments. The Group remeasure the lease liability to reflect those revised lease payments only when there is a change in the cash flows.

The Group determine the revised lease payments for the remainder of the lease term based on the revised contractual payments. In that case, the Group use an unchanged discount rate.

The Group account for a lease modification as a separate lease if both:

- a) The restructuring extends the scope of the leasing by including the right of use of one or more underlying assets, and
- b) The lease payment amount increases as much as the appropriate adjustments to the price mentioned individually so that the increase in scope reflects the individual price and the terms of the relevant agreement.

***Short-term leases and low-value leases***

The Group has elected not to recognize right-of-use assets and lease liabilities for short-term machinery leases with a lease term of 12 months or less and leases of low-value assets, including IT equipment. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

***The Group – as a lessor***

All the leasings of the Group as lessor are operational leasings. For operational leasings, leased assets are classified under investment properties in the consolidated statement of financial position and rental income is accounted for in the consolidated profit or loss in equal amounts for the leasing period. Rental income is accounted for in the consolidated profit or loss for the leasing period on a straight-line basis.

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

**2.5 Summary of Significant Accounting Policies (continued)**

**m) Leases transactions (continued)**

***The Group – as a lessee (continued)***

The Group distributes an amount that takes place in an agreement which includes an item that has or has not had one or more extra leasing qualities along with a leasing item through applying the TFRS 15 "Revenue arising from agreements made with customers" standard.

**n) Provision for post-employment benefits**

Provision for post-employment benefits is the present value of the defined benefit obligations arising from current and past services of the employees, net of the fair value of plan assets at the reporting date. Independent actuarial assumptions and the 'projected unit credit method' are used to determine the present value of defined benefit obligations and the related current service cost and, where applicable, past service cost.

In determining the present value of defined benefit obligations and the related current service cost and, where applicable, past service cost, the Group attributes benefit to periods of service under the plan's benefit formula. However, if an employee's service in later years will lead to a materially higher level of benefit than in earlier years, the Group attributes benefit on a straight-line basis from the date when service by the employee first leads to benefits under the plan until the date when further service by the employee will lead to no material amount of further benefits under the plan, other than from further salary increases (Note 17).

**o) Government grants**

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attached to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Government grants, as a financing instrument, should be recognized in the statement of financial position (balance sheet) as non-deferred income, rather than recognized in profit or loss to offset the expenditure item they finance, and should be recognized in profit or loss on a systematic basis over the economic life of the related assets. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

**p) Equity items**

Ordinary shares are classified as equity. Dividends payable are recognised in the financial statements as a result of profit distribution in the period in which they are declared.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Where any group company purchases the Group's equity share capital, the consideration paid, including any directly attributable incremental costs, net of income taxes, is deducted from equity attributable to the Group's equity holders until the shares are cancelled or reissued. Where such shares are subsequently reissued, any consideration received (net of any directly attributable incremental transaction costs) and the related income tax effects is included in equity attributable to the Group's equity holders.

In the restatement of shareholders' equity items, the addition of funds formed due to inflation such as the revaluation value increase fund in share capital is not considered as a contribution from shareholders. Additions of legal reserves and retained earnings to share capital are considered contributions by shareholders.



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

**2.5 Summary of Significant Accounting Policies (continued)**

**p) Equity items (continued)**

In the restatement of shareholders' equity items added to share capital, the capital increase registry dates or the payment dates are considered. In the restatement of share premiums, the payment dates are considered (Note 19).

**r) Taxes on income**

Taxes on income for the period comprise current tax and the change in deferred income taxes. Current year tax liability consists of the taxes calculated over the taxable portion of the current year's income by reference to corporate income tax rates enacted as of the reporting date and adjustments provided for the previous years' income tax liabilities.

Deferred income tax is provided, for all temporary differences arising between the tax base of assets and liabilities and their carrying values for financial reporting purposes. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from how the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences associated with investments in subsidiaries and associates and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that there will probably be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date. The carrying amount of deferred tax assets is reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

Deferred tax assets are recognized for unused tax losses and tax credits (research and development allowances) to the extent that it is probable that future taxable income will be available against which they can be utilized.

Group companies, while recording all deferred tax assets, make their assessment according to whether there is a sufficient amount of taxable profit in the future or not for 3 years taking into account business plans.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date. Deferred tax during the calculation of assets and liabilities, the Group's assets as of the balance sheet date the methods anticipated to recover the book value or fulfil its obligations tax consequences are taken into account.

Deferred tax assets and liabilities are net off when there is a legal right to set off current tax assets and current tax liabilities if such assets and liabilities are associated with income tax collected by the same tax authority, or if the Group intends to settle its current tax assets and liabilities on a net basis.

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

**2.5 Summary of Significant Accounting Policies (continued)**

**r) Taxes on income (continued)**

Current and deferred tax for the period

Current and deferred tax are recognized as an expense or income in profit or loss, except when they relate to items (in which case the deferred tax on the related items is also recognized directly in equity) credited or debited directly to equity, or where they arise from the initial accounting for a business combination. In business combinations, in the calculation of goodwill or in determining the portion exceeding the purchase cost of the share acquired by the purchaser in the fair value of the identifiable assets, liabilities and contingent liabilities of the purchased subsidiary, the tax effect is taken into consideration.

Deferred tax, provided that the tax legislation of the same country is subject and there is a legally enforceable right to offset current tax assets from current tax liabilities assets and deferred tax liabilities are mutually deducted from each other (Note 25).

Tax risk

While determining the amount of current and deferred tax expense, the Group takes into account the uncertain tax positions and whether there are any additional tax and interest obligations to be paid. Based on the tax law and past experiences, the Group believes that the tax provisions are sufficient for the periods not subjected to tax inspection. This assessment may contain many professional judgments about future events and is based on estimates and assumptions. In case new information arises that will change the professional opinion of the Group regarding the adequacy of the existing tax liability, this change in the tax liability will affect the tax expense for the period in which this situation is determined.

**s) Effect of changes in foreign exchange rates**

Foreign Currency Transactions and Balances

The effects of currency changes on the Group's consolidated financial statements are explained under the heading 2.1 Change in Functional Currency in Note 2, Basis of Presentation. In the conversion of the consolidated financial statements to TL for presentation purposes, the assets in the balance sheet are translated into TL using the USD buying rate and the liabilities are converted into TL using the FX selling rate. 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.

Exchange differences are recognized in profit or loss in the period in which they occur, except as follows:

- Exchange differences related to assets under construction for future use and included in the cost of such assets, treated as an adjustment to interest costs on foreign currency denominated liabilities,
- Exchange differences arising from transactions carried out to provide financial hedging against foreign currency risks (accounting policies for financial hedging are explained below),

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

**2.5 Summary of Significant Accounting Policies (continued)**

**s) Effect of changes in foreign exchange rates (continued)**

Foreign Currency Transactions and Balances (continued)

- Exchange differences arising from monetary debts and receivables from foreign operations that form part of the net investment in foreign operations, recognized in translation reserves and attributed to profit or loss on the sale of the net investment.

Financial Statements of Foreign Subsidiaries

To present consolidated financial statements, the assets and liabilities of the Group’s foreign operations are expressed in TL using exchange rates prevailing on the reporting date. Income and expense items are translated at the average exchange rates for the period unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are classified in other comprehensive income and transferred to the Group’s translation reserve.

**t) Related parties**

Related parties are individuals or entities that are related to the entity that is preparing its financial statements (“reporting entity”).

- a) An individual or a close family member is considered a related party of the reporting entity when the following criteria are met: If a certain individual,
  - (i) Has control or joint control over the reporting entity,
  - (ii) Has significant influence over the reporting entity,
  - (iii) Is a key management personnel of the reporting entity or a parent company of the reporting entity.
- b) An entity is considered a related party of the reporting entity when the following criteria are met:
  - (i) If the entity and the reporting entity are within the same group. (meaning every parent company, subsidiary and other subsidiaries are considered related parties of others).
  - (ii) If the reporting entity is a subsidiary or a joint venture of another entity (or of another entity that the entity is within the same group).
  - (iii) If both of the entities are a joint venture of a third party.
  - (iv) If one of the entities is a joint venture of a third party while the other entity is a subsidiary of this third party.
  - (iv) If an entity has plans of post-employment benefits for employees of reporting entity or a related party of a reporting entity. If the reporting entity has its plans, sponsor employers are also considered related parties.
  - (v) If the entity is controlled or jointly controlled by an individual defined in article (a).
  - (vi) If an individual defined in clause (i) of the article (a) has significant influence over the reporting entity or is a key management personnel of this certain entity (or a parent company of the entity).

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

**2.5 Summary of Significant Accounting Policies (continued)**

**t) Related parties (continued)**

Related party transactions are transfers of resources, services or liabilities between related parties and the reporting entity, regardless of whether or not against remuneration. For these consolidated financial statements, shareholders of Hacı Ömer Sabancı Holding A.Ş. Group Companies, key management personnel and board members, in each case together with their families and companies controlled by or affiliated with them and associated companies are considered and referred to as related parties. The Group determined its top management as the board of directors, the president (CEO) and vice presidents, and the general managers of the subsidiaries (Note 27).

**u) Earnings per share**

Earnings per share are determined by dividing net profit by the weighted average number of shares that have been outstanding during the period concerned. In Turkey, companies can increase their share capital by making a pro-rata distribution of shares (“Bonus Shares”) to existing shareholders from retained earnings. For earnings per share computations, such Bonus Share issuances are regarded as issued shares. Accordingly, the weighted average number of shares used in earnings per share computations is derived by giving retrospective effect to the issuances of the shares without consideration (Note 26).

**v) Statement of cash flows**

Consolidated statements of cash flows are reported by presenting cash flows from operating, investing and financing activities separately.

Cash flows from operating activities are the cash flows from Group’s principal revenue-producing activities.

Cash flows from investing activities represent the Group's cash flows used in and generated from investing activities (asset investments and financial investments).

Cash flows from financing activities are the cash flows from the Group’s changes in the size and composition of the contributed equity and borrowings.

**y) Share premium**

Share premium represents the difference arising on the sale of subsidiary or associate shares held by the Group at a price higher than their nominal value or the difference between the nominal value and the fair value of the shares issued by the Group in respect of the companies acquired (Note 19).

**z) Investment property**

Investment properties are properties held to earn rentals and/or for capital appreciation and are measured initially at cost, including transaction costs. After initial recognition, investment properties are stated at fair value. Gains or losses arising from changes in the fair values of investment properties are included in the profit or loss in the year in which they arise.

Investment properties are derecognized when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognized in profit or loss in the year of retirement or disposal.

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

**2.5 Summary of Significant Accounting Policies (continued)**

**z) Investment property (continued)**

Transfers are made when there is a change in the use of investment properties. When the use of a property change such that it is reclassified as property, plant and equipment, its fair value at the date of reclassification becomes its cost for subsequent accounting. If an owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under "Property, Plant and Equipment" up to the date of use change (Note 14).

If a land or building is changed to investment property while its owner is using it, that property is remeasured at fair value and classified as an investment property. Gains on fair value remeasurement are recognised in profit or loss up to a pre-existing impairment on a particular property; the remainder is recognized in other comprehensive income and presented as a revaluation reserve in equity. Losses are recognized directly in profit or loss.

**aa) Segment reporting**

The Group has four operating segments, which include the information used by the management to evaluate their performance and decide on resource allocation. These segments are managed separately, as they are affected by different economic situations and different geographic locations in terms of risk and return. Group management has determined the operating profit as the most appropriate method while evaluating the performance of the segments (Note 3).

**ab) Discontinued operations and liabilities directly associated with the assets held for sale**

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group.

The details of profit or loss before tax and profit or loss after tax of discontinued operations recognized in the consolidated financial statements on the disposal of assets or groups of assets that comprise discontinued operations are disclosed in the notes to the consolidated financial statements. In addition, net cash flows attributable to operating, investing and financing activities of discontinued operations are disclosed in the related note.

Non-current asset groups are classified as held for sale if they will be recovered through sale rather than through use. Liabilities directly associated with these assets are grouped in a similar way.

**ac) Events after reporting period**

The Group corrects the amounts received in the consolidated financial statements in accordance with this new situation in the case of events that need to be corrected after the reporting date. Those matters that do not require adjustment after the reporting date are disclosed in the notes to the financial statements in the event those matters affect the financial decisions of users of the financial statements.

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

**2.6 Critical accounting estimates and assumptions**

Preparation of the consolidated financial statements in accordance with Turkish Financial Reporting Standards necessitates the usage of estimations and assumptions that can affect amounts of reported assets and liabilities as of reporting date, the explanation for the contingent assets and liabilities and income and expenses reported during the accounting period. Although these estimations and assumptions are based on the best judgement of the Group management related to the current conditions and transactions, actual results may differ from these estimations. Estimations are revised regularly necessary adjustments and corrections are made; and they are included in the income statement when they accrue. Estimations and assumptions subject to the risk of leading to corrections in the registered value of the assets and liabilities in the next financial period are given below.

**a) Impairment test of goodwill**

The Group tests annually whether goodwill has been impaired, in accordance with the accounting policy stated in Note 2.5. The recoverable amount of cash-generating units have been determined based on value-in-use calculations. These value-in-use calculations include the discounted after-tax cash flow projections, and these projections are based on USD financial budgets approved by Kordsa Management covering 10 years.

To predict the future cash flows (infinite), a terminal growth rate of 3.0%, not exceeding the estimated average growth rate of the country's economy is used.

In order to calculate the recoverable amount of the unit, the weighted average cost of capital rate between 8.1% and 9.1% has been used as the after-tax discount rate. For the calculation of the terminal value, 9.1%-9.2% was used.

As at 31 December 2024, the Group did not determine any impairment in the amount of the goodwill as a result of the impairment test performed by using the aforementioned assumptions.

**b) Net realisable value**

Inventories are valued at the lower of cost or net realisable value as described in the accounting policy in Note 2.5. Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses.

**c) Useful lives of tangible and intangible assets**

In accordance with the accounting policy given in Note 2.5, tangible and intangible assets are stated at historical cost less depreciation and net of any impairment. Depreciation on tangible assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives. Useful lives depend on the best estimates of management, are reviewed in each financial period and necessary corrections are made.

**d) Provisions**

In accordance with the accounting policy given in Note 2.5, provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, an outflow of resources will probably be required to settle the obligation, and a reliable estimate of the amount can be made.

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

**2.6 Critical accounting estimates and assumptions (continued)**

**(d) Provisions**

**Provision for employment termination benefits**

The Group uses actuarial assumptions such as employee turnover, discount rates and salary increases in the calculation of provision for employment termination benefits. The details of the calculation are disclosed in the employee benefits note (Note 17).

**e) Deferred tax**

Deferred tax assets and liabilities are recorded using substantially enacted tax rates for the effect of temporary differences between financial statements which are prepared according to TFRS and tax bases of financial statements. Based on available evidence, both positive and negative, it is determined whether all or a portion of the deferred tax assets will probably be realized. The main factors which are considered include future earnings potential; cumulative losses in recent years; history of loss carry-forwards and other tax assets expiring; the carry-forward period associated with the deferred tax assets; future reversals of existing taxable temporary differences; tax-planning strategies that would, if necessary, be implemented, and the nature of the income that can be used to realize the deferred tax asset. If based on the weight of all available evidence, the Group believes that taxable profit will not be available sufficiently to utilize some portion of these deferred tax assets, then some portion of or all of the deferred tax assets are not recognized. The Group has recognized deferred tax assets on its unused tax losses in Turkey (no deferred tax asset has been recognized on tax losses for 2024) and in the United States and on its R&D operations. The Group has not recognized deferred tax assets for Kordsa Brazil's operating loss carry-forwards because it is not apparent that taxable profit will be available sufficiently to recognize deferred tax assets. According to Brazilian tax legislation, there is no time limit for carrying forward operating losses. However, the maximum deductible balance is limited to 30% of total taxable income for the related year. If future results of operations exceed the Group's current expectations, the existing unrecognized deferred tax assets may be recognized, resulting in future tax benefits. The deferred tax effect of the financial losses which are not calculated as deferred tax of Kordsa Brasil is TL 1.016.968.545.

**Recovery of internally generated intangible assets**

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.

In the current year, the Group management re-examined the probable economic benefits of the internally generated intangible assets. The Group management expects the projects to continue as expected and relying on the analysis performed, expects them to create similar economic benefits. The management is sure about being able to recover the book values of the assets even though their economic benefits decrease. The aforementioned situation is followed up closely by the Group management who will make the necessary adjustments if required by future market transactions.

**KORDSA TEKNİK TEKSTİL A.Ş. AND ITS SUBSIDIARIES**  
**NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS**  
**AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2024**

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

**NOTE 3 - SEGMENT REPORTING**

The reportable geographical segments for segment reporting are as follows:

**a) External revenue**

	<b>1 January- 31 December 2024</b>	<b>1 January- 31 December 2023</b>
Europe, Middle East and Africa	11.700.175.595	8.677.820.321
North America	9.500.837.427	7.269.303.551
South America	2.985.697.954	2.238.429.852
Asia	6.246.092.017	5.317.526.997
	<b>30.432.802.993</b>	<b>23.503.080.721</b>

**b) Segment assets**

	<b>31 December 2024</b>	<b>31 December 2023</b>
North America	17.556.086.490	16.092.046.575
Europe, Middle East and Africa	14.288.916.108	9.206.063.746
Asia	10.271.319.494	8.793.547.555
South America	2.166.293.319	2.238.374.588
<b>Segment assets (*)</b>	<b>44.282.615.411</b>	<b>36.330.032.464</b>
Unallocated assets	3.424.244.187	1.949.486.942
Less: Intersegment elimination	(3.900.087.920)	(3.303.405.309)
<b>Total assets per consolidated financial statements</b>	<b>43.806.771.678</b>	<b>34.976.114.097</b>

**c) Segment liabilities**

	<b>31 December 2024</b>	<b>31 December 2023</b>
Europe, Middle East and Africa	16.081.505.744	10.054.984.349
North America	8.305.385.103	7.523.398.698
South America	469.149.322	481.560.369
Asia	1.957.941.555	1.769.026.917
<b>Segment liabilities (**)</b>	<b>26.813.981.724</b>	<b>19.828.970.333</b>
Unallocated liabilities	2.735.148.922	1.729.743.932
Less: Intersegment elimination	(2.947.564.528)	(2.643.275.409)
<b>Total liabilities per consolidated financial statements</b>	<b>26.601.566.118</b>	<b>18.915.438.856</b>

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

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

**d) Segment analysis for the period 1 January – 31 December 2024**

	<b>Europe, Middle East and Africa(**)</b>	<b>North America</b>	<b>South America</b>	<b>Asia</b>	<b>Elimination (*)</b>	<b>Total</b>
External revenue	11.700.175.595	9.500.837.427	2.985.697.954	6.246.092.017	-	30.432.802.993
Intersegment revenue	708.605.134	389.698.644	19.834.682	1.139.377.437	(2.257.515.897)	-
Revenue	12.408.780.729	9.890.536.071	3.005.532.636	7.385.469.454	(2.257.515.897)	30.432.802.993
Segment operating expenses	(12.028.146.654)	(10.733.541.832)	(2.771.716.868)	(6.824.502.299)	2.327.859.817	(30.030.047.836)
Segment operating results	380.634.075	(843.005.761)	233.815.768	560.967.155	70.343.920	402.755.157
<b>Operating profit</b>	<b>380.634.075</b>	<b>(843.005.761)</b>	<b>233.815.768</b>	<b>560.967.155</b>	<b>70.343.920</b>	<b>402.755.157</b>



**KORDSA TEKNİK TEKSTİL A.Ş. AND ITS SUBSIDIARIES**  
**NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS**  
**AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2024**

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

**NOTE 3 - SEGMENT REPORTING (continued)**

**e) Segment analysis for the period 1 January – 31 December 2023**

	Europe, Middle East and Africa(**)	North America	South America	Asia	Elimination (*)	Total
External revenue	8.677.820.321	7.269.303.551	2.238.429.852	5.317.526.997	-	23.503.080.721
Intersegment revenue	628.613.568	432.359.888	14.290.486	477.670.040	(1.552.933.982)	-
Revenue	9.306.433.889	7.701.663.439	2.252.720.338	5.795.197.037	(1.552.933.982)	23.503.080.721
Segment operating expenses	(8.791.840.284)	(7.429.421.809)	(2.323.898.609)	(5.240.374.179)	1.511.229.052	(22.274.305.829)
Segment operating results	514.593.605	272.241.630	(71.178.271)	554.822.858	(41.704.930)	1.228.774.892
<b>Operating profit</b>	<b>514.593.605</b>	<b>272.241.630</b>	<b>(71.178.271)</b>	<b>554.822.858</b>	<b>(41.704.930)</b>	<b>1.228.774.892</b>

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

(\*\*) Kordsa Türkiye has been included in Europe, Middle East and Africa Segment.

<b>f) Capital expenditure</b>	<b>1 January – 31 December 2024</b>	<b>1 January – 31 December 2023</b>
Europe, Middle East and Africa	1.000.882.946	498.347.548
North America	341.061.648	424.785.020
South America	81.345.329	103.344.683
Asia	189.542.781	268.548.657
	<b>1.612.832.704</b>	<b>1.295.025.908</b>

<b>g) Depreciation and amortization expense</b>	<b>1 January – 31 December 2024</b>	<b>1 January – 31 December 2023</b>
Europe, Middle East and Africa	376.658.707	207.675.365
North America	570.956.661	434.615.441
Asia	391.923.283	266.341.812
South America	66.391.001	44.707.519
	<b>1.405.929.652</b>	<b>953.340.137</b>

<b>h) Provision/(reversal) for doubtful receivables</b>	<b>1 January – 31 December 2024</b>	<b>1 January – 31 December 2023</b>
South America	2.669.836	921.514
Europe, Middle East and Africa	(7.844.565)	4.218.172
North America	25.745.548	(7.332.302)
	<b>20.570.819</b>	<b>(2.192.616)</b>

<b>i) Provision/ (reversal) for inventory obsolescence</b>	<b>1 January – 31 December 2024</b>	<b>1 January – 31 December 2023</b>
Europe, Middle East and Africa	32.360.681	(4.671.772)
North America	114.505.170	20.940.459
South America	6.852.162	6.878.920
Asia	(32.829.280)	84.144.303
	<b>120.888.733</b>	<b>107.291.910</b>

**KORDSA TEKNİK TEKSTİL A.Ş. AND ITS SUBSIDIARIES**  
**NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS**  
**AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2024**

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

**NOTE 3 - SEGMENT REPORTING (continued)**

The segment reporting based on industry groups of reportable segments is as follows:

	<b>1 January - 31 December 2024</b>	<b>1 January - 31 December 2023</b>
<b>a) External revenue</b>		
Industrial Yarn and Cord Fabric	23.184.526.168	18.121.856.016
Advanced Composite Materials	6.219.623.561	4.702.613.025
Other	1.028.653.264	678.611.680
	<b>30.432.802.993</b>	<b>23.503.080.721</b>
<b>b) Capital expenditures</b>		
Industrial Yarn and Cord Fabric	641.259.454	925.148.733
Advanced Composite Materials	349.898.996	109.553.874
Other	621.674.254	260.323.301
	<b>1.612.832.704</b>	<b>1.295.025.908</b>

**NOTE 4 – CASH AND CASH EQUIVALENTS**

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

	<b>31 December 2024</b>	<b>31 December 2023</b>
Cash	186.846	19.890.239
Bank-demand deposits	1.846.855.101	1.306.452.816
Bank-time deposits	1.170.117.015	386.125.252
Other (*)	1.240.172.971	-
	<b>4.257.331.933</b>	<b>1.712.468.307</b>

Time deposits have less than 3 months of maturity. The average annual interest rate for time deposits is 2,00% for Euro (31 December 2023: 0,01%). The Average annual interest rate for time deposits is 3,25% for US Dollars (31 December 2023: 0,01%) and the annual interest rate of time deposits in TL is 35,00% (31 December 2023:25,00%).

The Group's related party balance related to cash and cash equivalents are disclosed in Note 27.

As of December 31, 2024, the Group has blocked deposits amounting to TL 32.684.728 (December 31, 2023: None).

Foreign currency, interest rate and sensitivity risks for the financial assets and liabilities of the Group are presented under Note 29.

(\*) Other cash and cash equivalents consist of short-term free liquid funds that the Company bought from Ak Portföy Yönetimi A.Ş. The interest rate of the related fund is 46.74%.

**KORDSA TEKNİK TEKSTİL A.Ş. AND ITS SUBSIDIARIES**  
**NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS**  
**AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2024**

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

**NOTE 5 – FINANCIAL INVESTMENTS**

	<b>31 December 2024</b>	<b>31 December 2023</b>
Common Stocks	2.225.796	1.969.244
	<b>2.225.796</b>	<b>1.969.244</b>

Detail of the common stocks are as follows:

	<b>31 December 2024</b>		<b>31 December 2023</b>	
	<b>Percentage of shareholding %</b>	<b>Amount</b>	<b>Percentage of shareholding %</b>	<b>Amount</b>
Investimentos Lei 8200	<0,01	-	<0,01	-
Desenbanco	<0,01	433.136	<0,01	470.305
Cetrel	<0,01	47.858	<0,01	43.039
Other	-	1.744.802	-	1.455.900
		<b>2.225.796</b>		<b>1.969.244</b>

	<b>31 December 2024</b>	<b>31 December 2023</b>
Financial Investments	11.495.103	91.639.021
	<b>11.495.103</b>	<b>91.639.021</b>

**NOTE 6 – BORROWINGS**

	<b>31 December 2024</b>	<b>31 December 2023</b>
Short-term borrowings	8.735.349.887	6.954.689.210
Short-term portion of long-term borrowings	5.749.650.855	427.623.845
<b>Total short-term financial borrowings</b>	<b>14.485.000.742</b>	<b>7.382.313.055</b>
Long-term borrowings	3.092.846.398	4.269.179.252
<b>Total long-term financial borrowings</b>	<b>3.092.846.398</b>	<b>4.269.179.252</b>
<b>Total borrowings</b>	<b>17.577.847.140</b>	<b>11.651.492.307</b>

	<b>31 December 2024</b>	<b>31 December 2023</b>
Short Term Lease Payables	148.487.674	113.022.245
Long Term Lease Payables	918.361.769	851.762.569
<b>Total Leases transactions</b>	<b>1.066.849.443</b>	<b>964.784.814</b>

The Group has long-term guarantees given by Kordsa Teknik Tekstil A.Ş for Kordsa Inc's USD loans (Note 16). The Group does not have any other guarantees given for its loans.

**KORDSA TEKNİK TEKSTİL A.Ş. AND ITS SUBSIDIARIES**  
**NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS**  
**AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2024**

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

**NOTE 6 – BORROWINGS (continued)**

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

	31 December 2024		31 December 2023	
	Weighted average effective interest rate %	TL	Weighted average effective interest rate %	TL
<b>Short-term borrowings</b>				
TL borrowings	26,93	3.144.411.843	34,79	1.646.920.444
USD borrowings	8,00	3.652.706.130	8,68	4.242.790.470
EUR borrowings	6,02	1.756.378.272	8,23	908.398.549
Other borrowings (*)	4,30	181.853.642	4,42	156.579.747
		<b>8.735.349.887</b>		<b>6.954.689.210</b>
<b>Short-term portion of long-term borrowings</b>				
USD borrowings	7,65	5.749.650.855	9,33	427.623.845
		<b>5.749.650.855</b>		<b>427.623.845</b>
<b>Total short-term borrowings</b>		<b>14.485.000.742</b>		<b>7.382.313.055</b>
<b>Long term borrowings</b>				
USD Borrowing	7,14	2.356.261.348	8,25	4.040.308.100
EUR Borrowing	6,06	736.585.050	3,59	228.871.152
<b>Total long-term borrowings</b>		<b>3.092.846.398</b>		<b>4.269.179.252</b>

(\*) Consists of Thai Baht (THB) currency loans.

As of 31 December 2024 and 31 December 2023, the redemption schedules of long term borrowings are summarized below:

	31 December 2024	31 December 2023
1 to 2 years	2.101.907.309	1.605.328.906
2 to 3 years	966.943.607	1.529.907.507
3 to 4 years	8.612.148	846.845.320
4 to 5 years	4.959.849	184.584.201
Over 5 years	10.423.485	102.513.318
	<b>3.092.846.398</b>	<b>4.269.179.252</b>

**KORDSA TEKNİK TEKSTİL A.Ş. AND ITS SUBSIDIARIES**  
**NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS**  
**AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2024**

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

**NOTE 6 – BORROWINGS (continued)**

As of 31 December 2024 and 31 December 2023, the redemption schedules of long-term lease liabilities are summarized below:

	<b>31 December 2024</b>	<b>31 December 2023</b>
1 to 2 years	212.999.600	198.554.207
2 to 3 years	100.074.846	85.360.126
3 to 4 years	71.540.433	84.400.032
4 to 5 years	61.283.471	78.960.952
Over 5 years	472.463.419	404.487.252
	<b>918.361.769</b>	<b>851.762.569</b>

There are financial commitments that could not be partially met in this period within the scope of the loan agreements in USD. Among the financial commitments that the Group is obliged to fulfill within the scope of USD denominated loan agreements, there are commitments that cannot be partially fulfilled in this period, and action has been taken to waive them by contacting the relevant financial institutions and loans amounting to USD 100.250.000 have been reclassified from long term to short term in accordance with TAS 1.

The reconciliation of the Group's obligations arising from its financial activities is as follows:

	<b>2024</b>	<b>2023</b>
<b>1 January</b>	<b>11.651.492.307</b>	<b>7.889.839.329</b>
Proceed from borrowings	11.568.557.081	11.069.362.435
Repayment of borrowings	(8.076.042.960)	(11.728.679.534)
Interest expense recognized in the statement of profit or loss (Note 24)	1.626.975.045	941.725.646
Interest payment	(1.688.750.412)	(746.309.047)
Currency translation differences	2.495.616.079	4.225.553.478
<b>31 December</b>	<b>17.577.847.140</b>	<b>11.651.492.307</b>

**NOTE 7 - TRADE RECEIVABLES AND TRADE PAYABLES**

	<b>31 December 2024</b>	<b>31 December 2023</b>
<b>Trade receivables</b>		
Trade receivables	5.400.197.293	4.525.475.297
Cheques received	22.949.448	14.139.530
Due from related parties (Note 27)	335.849.965	317.610.477
	<b>5.758.996.706</b>	<b>4.857.225.304</b>
Less: Provision for doubtful receivables	(48.600.401)	(23.575.045)
Less: Unearned credit finance income	(20.687.575)	(59.711.361)
	<b>5.689.708.730</b>	<b>4.773.938.898</b>

As of 31 December 2024, the annual interest rates used for the discount of trade receivables and payables are 55.55%, 7.84% and 6.27% for TL, USD and EUR, respectively (2023: 52.73%, 9.47%, and 8.60%). As of 31 December 2024, the average maturity of trade receivables is 67 days and the average maturity of trade payables is 53 days (31 December 2023: 68 days, 56 days respectively).

**KORDSA TEKNİK TEKSTİL A.Ş. AND ITS SUBSIDIARIES**  
**NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS**  
**AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2024**

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

**NOTE 7 - TRADE RECEIVABLES AND TRADE PAYABLES (continued)**

As of 31 December 2024, trade receivables amounting to TL 712.731.951 (31 December 2023: 543.697.365) were past due but not impaired. The aging of these receivables as of 31 December 2024 and 31 December 2023 are as follows:

	<b>31 December 2024</b>	<b>31 December 2023</b>
Up to 1 month	454.138.195	320.989.742
1 to 3 months	153.039.733	126.601.175
3 to 12 months	41.592.589	52.026.502
1 to 5 years	63.961.434	44.079.946
	<b>712.731.951</b>	<b>543.697.365</b>

As of 31 December 2024, trade receivables amounting to TL 48.600.401 (2023: TL 23.575.044) are overdue and the provisions have been booked for these doubtful receivables, as of 31 December 2024 and 31 December 2023, the aging schedule of the related receivables is as follows:

	<b>31 December 2024</b>	<b>31 December 2023</b>
Up to 1 month	4.205.516	1.572.399
1 to 3 months	4.752.525	961.998
3 to 12 months	26.185.183	9.800.653
1 to 5 years	13.457.177	11.239.994
	<b>48.600.401</b>	<b>23.575.044</b>

Movement schedules of provision for doubtful receivables for the years ended 31 December 2024 and 31 December 2023 are as follows:

	<b>1 January- 31 December 2024</b>	<b>1 January- 31 December 2023</b>
Balance on 1 January	<b>23.575.045</b>	<b>16.431.373</b>
Additions	28.704.299	6.222.227
Reversals	(8.133.480)	(8.414.843)
Currency translation differences	4.454.537	9.336.287
<b>Balance on 31 December</b>	<b>48.600.401</b>	<b>23.575.044</b>

<b>Trade payables</b>	<b>31 December 2024</b>	<b>31 December 2023</b>
Trade payables	3.156.411.525	3.328.970.832
Due to related parties (Note 27)	87.645.988	76.598.491
	<b>3.244.057.513</b>	<b>3.405.569.323</b>
Less: Unrealised credit finance expense on purchases	(39.763.233)	(30.330.193)
	<b>3.204.294.280</b>	<b>3.375.239.130</b>

**NOTE 8 – OTHER RECEIVABLES AND OTHER PAYABLES**

<b>Other short-term receivables</b>	<b>31 December 2024</b>	<b>31 December 2023</b>
Taxes and other duties (*)	103.008.510	304.496.833
Other	98.851.469	144.789.068
	<b>201.859.979</b>	<b>449.285.901</b>

<b>Other long-term receivables</b>	<b>31 December 2024</b>	<b>31 December 2023</b>
Litigation guarantee receivables (**)	178.645.104	108.197.159
Other	152.693	4.842.975
	<b>178.797.797</b>	<b>113.040.134</b>

(\*) Prepaid taxes and other withholding taxes mainly comprise VAT receivables of Kordsa Brasil arising from production incentives related to state regulations.

(\*\*) Litigation guarantee receivables comprise guarantees given to courts by Kordsa Brazil.

**KORDSA TEKNİK TEKSTİL A.Ş. AND ITS SUBSIDIARIES**  
**NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS**  
**AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2024**

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

**NOTE 8 – OTHER RECEIVABLES AND OTHER PAYABLES (continued)**

	<b>31 December 2024</b>	<b>31 December 2023</b>
<b>Other short-term payables</b>		
Taxes and duties payable	173.893.486	109.056.976
Other	17.607.026	33.768.336
	<b>191.500.512</b>	<b>142.825.312</b>

**NOTE 9 – INVENTORIES**

	<b>31 December 2024</b>	<b>31 December 2023</b>
Finished Goods	3.529.879.884	2.735.008.091
Raw materials and supplies	2.493.163.343	2.512.795.610
Semi-finished goods	347.767.060	530.719.908
Spare parts	458.442.440	400.160.356
Intermediate goods	850.413.608	735.863.664
Other inventories	251.808.995	195.826.698
	<b>7.931.475.330</b>	<b>7.110.374.327</b>
Less: Provision for obsolescence	(457.136.332)	(270.414.821)
	<b>7.474.338.998</b>	<b>6.839.959.506</b>

The allocation of the impairment of inventories for the years ended 31 December 2024 and 31 December 2023 are as follows:

	<b>31 December 2024</b>	<b>31 December 2023</b>
Finished goods	178.241.846	90.321.148
Spare parts	134.334.059	91.293.450
Semi-finished and intermediate goods	35.348.235	33.992.739
Other inventories	28.129.757	25.319.725
Raw materials and supplies	81.082.435	29.487.759
<b>Balance on 31 December</b>	<b>457.136.332</b>	<b>270.414.821</b>

Movement schedules for impairment of inventories for the years ended 31 December 2024 and 31 December 2023 are as follows:

	<b>1 January- 31 December 2024</b>	<b>1 January- 31 December 2023</b>
Balance on 1 January	<b>270.414.821</b>	<b>116.576.248</b>
Additions	199.079.012	116.763.021
Reversals	(78.190.279)	(9.471.111)
Currency translation differences	65.832.778	46.546.663
<b>Balance on 31 December</b>	<b>457.136.332</b>	<b>270.414.821</b>

The amount of provision for impairment of inventory charged to the cost of goods sold for the year 2024 is TL 120.888.733 (2023: TL 107.291.910).

**KORDSA TEKNİK TEKSTİL A.Ş. AND ITS SUBSIDIARIES**  
**NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS**  
**AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2024**

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

**NOTE 10 – PREPAYMENTS AND DEFERRED INCOME**

<b>Short-term prepaid expenses</b>	<b>31 December 2024</b>	<b>31 December 2023</b>
Prepaid expenses	138.908.253	334.131.186
Advances given	54.060.273	87.283.649
Other prepaid expenses	11.900.361	12.137.596
	<b>204.868.887</b>	<b>433.552.431</b>
<b>Long-term prepaid expenses</b>	<b>31 December 2024</b>	<b>31 December 2023</b>
Advances given	19.706.290	93.765.659
Other prepaid expenses	22.439.447	20.208.349
	<b>42.145.737</b>	<b>113.974.008</b>
<b>Deferred revenue</b>	<b>31 December 2024</b>	<b>31 December 2023</b>
Deferred revenue (*)	37.681.738	14.875.555
	<b>37.681.738</b>	<b>14.875.555</b>

(\*) Deferred revenue comprises advances received from customers.



**KORDSA TEKNİK TEKSTİL A.Ş. AND ITS SUBSIDIARIES**  
**NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS**  
**AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2024**

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

**NOTE 11 – PROPERTY, PLANT AND EQUIPMENT**

The movement of property, plant and equipment for the year ended 31 December 2024 is as follows:

	<b>1 January 2024</b>	<b>Additions</b>	<b>Disposals</b>	<b>Transfers (*)</b>	<b>Currency translation differences</b>	<b>31 December 2024</b>
<b>Cost:</b>						
Land and land improvements	411.662.574	-	(25.358.533)	2.376.692	80.020.190	468.700.923
Buildings	2.929.748.614	120.564.113	-	20.299.026	559.654.718	3.630.266.471
Machinery and equipment	15.562.483.304	222.294.774	(150.463.334)	1.146.426.105	2.808.973.477	19.589.714.326
Motor vehicles	14.204.400	-	-	-	2.280.203	16.484.603
Furniture and fixtures	609.934.632	34.691.360	(1.229.503)	90.338.227	81.726.057	815.460.773
Construction in progress	1.440.735.769	826.726.585	(18.685.309)	(1.345.077.998)	220.622.151	1.124.321.198
	<b>20.968.769.293</b>	<b>1.204.276.832</b>	<b>(195.736.679)</b>	<b>(85.637.948)</b>	<b>3.753.276.796</b>	<b>25.644.948.294</b>
<b>Accumulated depreciation:</b>						
Land improvements	88.392.002	3.903.452	-	-	17.366.598	109.662.052
Buildings	1.584.654.926	97.993.671	-	-	296.507.523	1.979.156.120
Machinery and equipment	9.390.708.808	763.518.409	(147.957.458)	-	1.626.603.010	11.632.872.769
Motor vehicles	9.199.194	1.115.740	-	-	1.372.451	11.687.385
Furniture and fixtures	413.656.984	50.601.722	(1.008.496)	-	57.024.453	520.274.663
	<b>11.486.611.914</b>	<b>917.132.994</b>	<b>(148.965.954)</b>	<b>-</b>	<b>1.998.874.035</b>	<b>14.253.652.989</b>
<b>Net book value</b>	<b>9.482.157.379</b>					<b>11.391.295.305</b>

(\*) For the twelve months period ended 31 December 2024, TL 85.637.948 (31 December 2023: TL 109.445.647 TL) was transferred to other intangible assets.

TL 1.035.287.953 (31 December 2023: TL 705.141.647) of depreciation and amortization expenses related to tangible fixed assets, intangible assets and right of use assets in the current period is to cost of goods sold, TL 26.571.965 (31 December 2023: TL 12.895.093) to research and development expenses, TL 336.339.239 (31 December 2023: TL 229.327.799) to general administrative expenses and TL 7.730.495 (31 December 2023: TL 5.975.598) to marketing, sales and distribution expenses.

**KORDSA TEKNİK TEKSTİL A.Ş. AND ITS SUBSIDIARIES**  
**NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS**  
**AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2024**

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

**NOTE 11 – PROPERTY, PLANT AND EQUIPMENT (continued)**

The movement of property, plant and equipment for the year ended 31 December 2023 is as follows:

	<b>1 January 2023</b>	<b>Additions</b>	<b>Disposals</b>	<b>Transfers</b>	<b>Currency translation differences</b>	<b>31 December 2023</b>
<b>Cost:</b>						
Land and land improvements	253.098.156	-	(15.097)	9.387.942	149.191.573	411.662.574
Buildings	1.771.419.385	29.551.498	-	72.186.844	1.056.590.887	2.929.748.614
Machinery and equipment	9.422.412.646	135.214.652	(214.260.365)	554.553.632	5.664.562.739	15.562.483.304
Motor vehicles	8.204.576	3.328.959	(854.113)	-	3.524.978	14.204.400
Furniture and fixtures	331.465.529	5.345.805	(4.925.172)	62.593.733	215.454.737	609.934.632
Construction in progress	853.049.916	1.063.481.018	(170.082.298)	(808.167.798)	502.454.931	1.440.735.769
	<b>12.639.650.208</b>	<b>1.236.921.932</b>	<b>(390.137.045)</b>	<b>(109.445.647)</b>	<b>7.591.779.845</b>	<b>20.968.769.293</b>
<b>Accumulated depreciation:</b>						
Land improvements	53.197.366	3.588.292	-	-	31.606.344	88.392.002
Buildings	934.089.818	76.013.923	-	-	574.551.185	1.584.654.926
Machinery and equipment	5.548.520.347	552.927.657	(138.671.119)	-	3.427.931.923	9.390.708.808
Motor vehicles	2.814.282	899.963	(854.113)	-	6.339.062	9.199.194
Furniture and fixtures	267.462.760	31.486.073	(4.543.965)	-	119.252.116	413.656.984
	<b>6.806.084.573</b>	<b>664.915.908</b>	<b>(144.069.197)</b>	<b>-</b>	<b>4.159.680.629</b>	<b>11.486.611.914</b>
				<b>-</b>		
<b>Net book value</b>	<b>5.833.565.634</b>					<b>9.482.157.379</b>

**KORDSA TEKNİK TEKSTİL A.Ş. AND ITS SUBSIDIARIES**  
**NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS**  
**AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2024**

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

**NOTE 12 – INTANGIBLE ASSETS**

The movement of intangible assets for the year ended 31 December 2024 is as follows:

	<b>1 January 2024</b>	<b>Additions</b>	<b>Disposals</b>	<b>Transfers</b>	<b>Currency translation differences</b>	<b>31 December 2024</b>
<b>Cost:</b>						
Rights	131.557.298	215.567.118	-	6.590.844	40.876.773	394.592.033
Technology licences	459.482.836	760	-	26.265.749	89.918.310	575.667.655
Capitalized development costs	445.242.207	158.341.692	-	-	100.499.614	704.083.513
Computer software	168.854.299	34.646.302	-	52.781.355	20.554.937	276.836.893
Customer relationships	2.649.081.651	-	-	-	525.718.281	3.174.799.932
Trademarks	821.141.717	-	-	-	162.958.062	984.099.779
Other intangible assets	130.318.755	-	-	-	25.862.152	156.180.907
	<b>4.805.678.763</b>	<b>408.555.872</b>	<b>-</b>	<b>85.637.948</b>	<b>966.388.129</b>	<b>6.266.260.712</b>
<b>Accumulated Depreciation</b>						
Rights	69.251.048	22.350.834	-	-	14.828.243	106.430.125
Technology licences	246.838.240	62.092.208	-	-	52.059.393	360.989.841
Capitalized development costs	201.553.712	90.367.514	-	-	46.927.360	338.848.586
Computer software	135.210.637	28.597.933	-	-	18.415.566	182.224.136
Customer relationships	522.494.873	138.611.784	-	-	114.317.961	775.424.618
Trademarks	1.468.083	5.867.438	-	-	741.198	8.076.719
Other intangible assets	59.934.326	2.978.906	-	-	6.854.912	69.768.144
	<b>1.236.750.919</b>	<b>350.866.617</b>	<b>-</b>	<b>-</b>	<b>254.144.633</b>	<b>1.841.762.169</b>
<b>Net book value</b>	<b>3.568.927.844</b>					<b>4.424.498.543</b>

**KORDSA TEKNİK TEKSTİL A.Ş. AND ITS SUBSIDIARIES**  
**NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS**  
**AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2024**

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

**NOTE 12 – INTANGIBLE ASSETS (continued)**

The movement of intangible assets for the year ended 31 December 2023 is as follows:

	<b>1 January 2023</b>	<b>Addition</b>	<b>Disposals</b>	<b>Transfers</b>	<b>Currency translation differences</b>	<b>31 December 2023</b>
<b>Cost:</b>						
Rights	74.597.405	4.100.974	-	4.191.076	48.667.843	131.557.298
Technology licences	291.275.314	-	-	-	168.207.522	459.482.836
Capitalized development costs	182.895.674	22.546.164	-	102.648.491	137.151.878	445.242.207
Computer software	76.883.714	31.456.838	-	2.606.080	57.907.667	168.854.299
Customer relationships	1.682.620.657	-	-	-	966.460.994	2.649.081.651
Trademarks	521.565.284	-	-	-	299.576.433	821.141.717
Other intangible assets	82.774.734	-	-	-	47.544.021	130.318.755
	<b>2.912.612.782</b>	<b>58.103.976</b>	<b>-</b>	<b>109.445.647</b>	<b>1.725.516.358</b>	<b>4.805.678.763</b>
<b>Accumulated Depreciation</b>						
Rights	34.410.568	9.596.952	-	-	25.243.528	69.251.048
Technology licences	123.268.391	41.477.179	-	-	82.092.670	246.838.240
Capitalized development costs	89.851.894	47.829.182	-	-	63.872.636	201.553.712
Computer software	76.271.179	9.618.256	-	-	49.321.202	135.210.637
Customer relationships	254.617.687	96.808.172	-	-	171.069.014	522.494.873
Trademarks	932.671	-	-	-	535.412	1.468.083
Other intangible assets	36.251.323	2.277.152	-	-	21.405.851	59.934.326
	<b>615.603.713</b>	<b>207.606.893</b>	<b>-</b>	<b>-</b>	<b>413.540.313</b>	<b>1.236.750.919</b>
<b>Net book value</b>	<b>2.297.009.069</b>					<b>3.568.927.844</b>

**KORDSA TEKNİK TEKSTİL A.Ş. AND ITS SUBSIDIARIES**  
**NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS**  
**AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2024**  
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

**NOTE 13 – RIGHT OF USE ASSETS**

	<b>1 January 2024</b>	<b>Addition</b>	<b>Disposals</b>	<b>Transfer</b>	<b>Currency translation differences</b>	<b>31 December 2024</b>
<b>Cost</b>						
Properties	951.957.561	6.129.460	(17.569.227)	-	179.259.725	1.119.777.519
Fixtures	2.151.334	-	(239.665)	-	289.492	2.201.161
Vehicles	101.729.633	26.202.152	(2.251.817)	-	22.137.721	147.817.689
Other	93.230.741	20.640.417	-	-	20.203.480	134.074.638
	<b>1.149.069.269</b>	<b>52.972.029</b>	<b>(20.060.709)</b>	<b>-</b>	<b>221.890.418</b>	<b>1.403.871.007</b>
<b>Accumulated depreciation</b>						
Properties	170.801.169	80.303.658	-	-	39.229.466	290.334.293
Fixtures	1.825.997	297.429	(239.665)	(2.379.058)	495.297	-
Vehicles	54.519.889	32.432.845	(2.251.817)	2.891.637	13.270.597	100.863.151
Other	51.323.226	24.896.109	-	(512.579)	12.122.436	87.829.192
	<b>278.470.281</b>	<b>137.930.041</b>	<b>(2.491.482)</b>	<b>-</b>	<b>65.117.796</b>	<b>479.026.636</b>
<b>Net book value</b>	<b>870.598.988</b>					<b>924.844.371</b>

  

	<b>1 January 2023</b>	<b>Addition</b>	<b>Disposals</b>	<b>Transfers</b>	<b>Currency translation differences</b>	<b>31 December 2023</b>
<b>Cost</b>						
Properties	543.335.686	93.439.694	-	2.463.257	312.718.924	951.957.561
Fixtures	736.759	-	-	-	1.414.575	2.151.334
Vehicles	58.391.069	15.242.052	(5.434.475)	(2.463.257)	35.994.244	101.729.633
Other	39.649.193	24.962.944	(1.719.714)	-	30.338.318	93.230.741
	<b>642.112.707</b>	<b>133.644.690</b>	<b>(7.154.189)</b>	<b>-</b>	<b>380.466.062</b>	<b>1.149.069.269</b>
<b>Accumulated depreciation</b>						
Properties	96.712.513	41.573.169	-	1.261.967	31.253.520	170.801.169
Fixtures	461.194	753.314	-	-	611.489	1.825.997
Vehicles	23.521.236	21.059.561	(5.127.232)	(1.261.967)	16.328.291	54.519.889
Other	20.004.528	17.431.292	(1.412.479)	-	15.299.885	51.323.226
	<b>140.699.471</b>	<b>80.817.336</b>	<b>(6.539.711)</b>	<b>-</b>	<b>63.493.185</b>	<b>278.470.281</b>
<b>Net book value</b>	<b>501.413.236</b>					<b>870.598.988</b>

**KORDSA TEKNİK TEKSTİL A.Ş. AND ITS SUBSIDIARIES**  
**NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS**  
**AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2024**  
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

**NOTE 14 – INVESTMENT PROPERTIES**

	<b>31 December 2024</b>	<b>31 December 2023</b>
<b>Balance on 1 January</b>	<b>697.056.265</b>	<b>426.405.882</b>
(Losses)/gains from fair value adjustments (Note23) (*)	(32.407.464)	20.480.692
Disposals	(197.520.981)	-
Currency translation differences	120.704.473	250.169.691
<b>Balance on 31 December</b>	<b>587.832.293</b>	<b>697.056.265</b>

(\*) As of December 31, 2024 and December 31, 2023, the fair value of investment properties of PT Indo Kordsa located in Asia Pacific Region has been determined by a valuation company independent of the Group. The independent appraisal company has sufficient experience and qualifications in fair value measurement of properties in the relevant regions. 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 2024, the fair value hierarchy level of investment properties measured by the revaluation method is 3.

**NOTE 15 – GOODWILL**

The goodwill by amount of USD 155.223.424 as of 31 December 2024 consisted of USD 3.193.789, which accrued in consequence of the merger with Dusa Endüstriyel İplik ve Sanayi ve Ticaret A.Ş on 30 September 1999, USD 226.961, which accrued in consequence of the acquisition of the PT Indo Kordsa Group on 22 December 2006, respectively USD 9.656.000 and USD 19.893.604 which accrued in consequence of the acquisition of the Fabric Development Inc. ("FDI") and Textile Products, Inc. ("TPI") on 13 July 2018, USD 1.268.000 accrued in consequence of the acquisition of the Advanced Honeycomb Technologies Corporation ("AHT") on 1 October 2018 and USD 105.814.156 which accrued in consequence of the acquisition of the Axiom Materials Acquisition LLC on 23 July 2019 and USD 15.170.916 consists of Microtex acquisition.

As of 31 December, the movements in goodwill were as follows;

	<b>31 December 2024</b>	<b>31 December 2023</b>
<b>Balance on 1 January</b>	<b>3.959.700.724</b>	<b>2.515.088.288</b>
Currency translation difference and other	1.516.628.242	1.444.612.436
<b>Balance on 31 December</b>	<b>5.476.328.966</b>	<b>3.959.700.724</b>

As disclosed in Note 2.6 in detail, there is no change in the book value of the goodwill after assessment for the impairment, which is TL 5.476.328.966 and TL 3.959.700.724 for the year ended as of 31 December 2024 and 31 December 2023 respectively.

**KORDSA TEKNİK TEKSTİL A.Ş. AND ITS SUBSIDIARIES**  
**NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS**  
**AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2024**

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

**NOTE 16 - COLLATERAL, PLEDGE, MORTGAGE AND SECURITIES**

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

<b>a) Guarantees given</b>	<b>31 December 2024</b>	<b>31 December 2023</b>
Pledges given to banks	813.930.268	619.450.052
Securities (*)	3.007.645.575	3.691.877.368
Letter of credits	676.875.725	796.049.692
Letter of guarantees	5.471.423.077	1.340.614.363
Commitments	1.905.094	1.551.295
	<b>9.971.779.739</b>	<b>6.449.542.770</b>

(\*) Kordsa Teknik Tekstil A.Ş. have been joint guarantor to borrowings used by Kordsa Inc. amounting to total USD 85.250.000 equivalents TL 3.007.645.575 (31 December 2023: USD 125.411.111, TL 3.691.877.368).

<b>b) Guarantees received</b>	<b>31 December 2024</b>	<b>31 December 2023</b>
Letter of guarantees	64.105.970	100.062.473
Cheques and notes received as collateral	331.350	331.350
	<b>64.437.320</b>	<b>100.393.823</b>

**KORDSA TEKNİK TEKSTİL A.Ş. AND ITS SUBSIDIARIES**  
**NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS**  
**AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2024**  
(Amounts expressed in Turkish Lira (“TL”) unless otherwise indicated.)

**NOTE 16 - COLLATERAL, PLEDGE, MORTGAGE AND SECURITIES (continued)**

<b>31 December 2024</b>	<b>TL Equivalent</b>	<b>TL</b>	<b>USD</b>	<b>EUR</b>	<b>Thai Baht</b>	<b>TL Equivalent</b>
A. Total amount of CPMSs given in the name of its legal entity	6.964.134.164	4.516.373.733	55.882.155	4.000.000	140.178.995	183.771.579
B. Total amount of CPMSs given on behalf of subsidiaries consolidated in full	3.007.645.575	-	85.250.000	-	-	-
C. Total amount of CPMSs given in order to ensure the debts of other third parties for the execution of ordinary commercial activities	-	-	-	-	-	-
	-	-	-	-	-	-
D. Total amount of other CPMS	-	-	-	-	-	-
i. Total amount of CPMS given on behalf of the majority shareholders	-	-	-	-	-	-
ii. Total amount of CPMS given to on behalf of other Group companies which are not in scope B and C	-	-	-	-	-	-
iii. Total amount of CPMS given to on behalf of third parties which are not in the scope of clause C	-	-	-	-	-	-
	<b>9.971.779.739</b>	<b>4.516.373.733</b>	<b>141.132.155</b>	<b>4.000.000</b>	<b>140.178.995</b>	<b>183.771.579</b>
<b>31 December 2023</b>	<b>TL Equivalent</b>	<b>TL</b>	<b>USD</b>	<b>EUR</b>	<b>Thai Baht</b>	<b>TL Equivalent</b>
A. Total amount of CPMSs given in the name of its own legal entity	2.757.665.402	950.635.909	42.710.536	8.810.393	140.147.143	142.166.483
B. Total amount of CPMSs given on behalf of subsidiaries consolidated in full	3.691.877.368	-	125.411.111	-	-	-
C. Total amount of CPMSs given in order to ensure the debts of other third parties for the execution of ordinary commercial activities	-	-	-	-	-	-
	-	-	-	-	-	-
D. Total amount of other CPMS	-	-	-	-	-	-
i. Total amount of CPMS given on behalf of the majority shareholders	-	-	-	-	-	-
ii. Total amount of CPMS given to on behalf of other Group companies which are not in scope B and C	-	-	-	-	-	-
iii. Total amount of CPMS given to on behalf of third parties which are not in scope of clause C	-	-	-	-	-	-
	<b>6.449.542.770</b>	<b>950.635.909</b>	<b>168.121.647</b>	<b>8.810.393</b>	<b>140.147.143</b>	<b>142.166.483</b>

Group equity ratio to other CPMS given by the Group is 0% as of December 31, 2024 (December 31, 2023: 0%).



**KORDSA TEKNİK TEKSTİL A.Ş. AND ITS SUBSIDIARIES**  
**NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS**  
**AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2024**  
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

**NOTE 17 – SHORT TERM PROVISIONS**

<b>Short-term provisions for employee benefits</b>	<b>31 December 2024</b>	<b>31 December 2023</b>
Provision for unused vacation	113.359.350	95.788.338
Provision for bonus accrual	186.243.847	75.269.921
Provision for capital contribution plan (*)	39.404.640	32.815.211
	<b>339.007.837</b>	<b>203.873.470</b>

(\*) The Group operates a profit sharing plan for its employees in the North America geographical area, called the "Capital Contribution Plan", which is a profit sharing plan with contribution to compensation (premium paid). Accordingly, the Group makes an annual contribution of 5% of the total contribution to employees' accounts and employees are entitled to receive this contribution after completing three years of service.

In addition to this benefit, another plan called 401(k) is applied to employees that work in North America. According to this plan, employees can contribute up to 5% of their salaries to the plan and the Group contributes the same amount as the employee's contribution.

Movements in the provision for unused vacation during the year are as follows:

	<b>1 January- 31 December 2024</b>	<b>1 January- 31 December 2023</b>
Balance on 1 January	<b>95.788.338</b>	<b>65.461.747</b>
Increase during the year	17.461.240	30.562.955
Decrease during the year	(15.338.072)	(42.234.333)
Currency translation differences	15.447.844	41.997.969
<b>Balance on 31 December</b>	<b>113.359.350</b>	<b>95.788.338</b>

<b>Long-term provisions for employee benefits</b>	<b>31 December 2024</b>	<b>31 December 2023</b>
Provision for employment termination benefits (*)	252.124.537	233.272.716
Accruals for employee retirement benefit plans (**)	160.283.504	131.022.244
	<b>412.408.041</b>	<b>364.294.960</b>

(\*) Provision for employment termination benefits

Under Turkish Labour Law, the Group is required to pay termination benefits to each employee who has completed one year of service and whose employment is terminated without due cause, is called up for military service, dies or retires after completing 25 years of service and achieves the retirement (age 60 for men 58 for women).

Also, the possibility of saving severance payment for employees whose insurance-entry dates went back earlier than 8 September 1999 and before, and who had completed their 15<sup>th</sup> year in the company has been calculated as 100% (0-5 years 95%, 5-10 years 98%, 10-15 years %98,5).

As at 31 December 2024 the amount payable consists of one month's salary limited to a maximum of TL 41.828,42 (31 December 2023: TL 23.489,83) for each year of service.

**KORDSA TEKNİK TEKSTİL A.Ş. AND ITS SUBSIDIARIES**  
**NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS**  
**AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2024**

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

**NOTE 17 – SHORT TERM PROVISIONS (continued)**

The liability is not funded, as there is no funding requirement. The provision has been calculated by estimating the present value of the future probable obligation of the Company arising from the retirement of the employees. TAS 19 "Employee Benefits" requires actuarial valuation methods to be developed to estimate the enterprise's obligation under defined benefit plans. Accordingly, the following actuarial assumptions were used in the calculation of the total liability:

	<u>2024</u>	<u>2023</u>
Discount rate (%)	3,0	3,0

The principal assumption is that maximum liability for each year of service will increase in line with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. As at December 31, 2024, provisions in the accompanying financial statements are calculated by estimating the present value of the future probable obligation arising from the retirement of the employees. The maximum amount of TL 46.656,61 effective from January 1, 2025 has been taken into consideration in the calculation of the Group's provision for employment termination benefits (January 1, 2024: TL 35.058,58).

Movements in the provision for employment termination benefits during the year are as follows:

	<b>1 January- 31 December 2024</b>	<b>1 January- 31 December 2023</b>
<b>Balance on 1 January</b>	<b>233.272.716</b>	<b>256.985.439</b>
Increase during the year	102.506.497	69.517.596
Payment during the year	(99.159.467)	(136.287.919)
Actuarial loss	17.512.270	41.458.986
Currency translation differences	(2.007.479)	1.598.614
<b>Balance on 31 December</b>	<b>252.124.537</b>	<b>233.272.716</b>

**(\*\*) Provision for employee retirement benefits plans:**

Provision for post-employment benefits is the present value of the defined benefit obligations of the Subsidiaries in Indonesia and Thailand, arising from current and past services of the employees, net of the fair value of plan assets at the reporting date. Independent actuarial assumptions and the 'projected unit credit method' are used to determine the present value of defined benefit obligations.

Provision for employee retirement benefit plans are to be calculated in accordance with the laws in the country the subsidiaries operate in and in proportion to the work hours of the employees. Work hours and salary provisions that should be paid are listed in the table below:

<b>Duration of Employment/Service</b>	<b>Payable salary provision</b>
Within 120 days - 1 year	30 days
Within 1 year - 3 years	90 days
Within 3 years - 6 years	180 days
Within 6 years - 10 years	240 days
Over 10 years	300 days

The provision of employee termination benefits is calculated by an independent firm by considering the variables such as employee age, working period, retirement age, turnover rate, salary increase rate and inflation rate. The calculation is renewed every year and the provision amount is adjusted in the consolidated profit or loss statement as income or expense with considering the expected working period of employees.

**KORDSA TEKNİK TEKSTİL A.Ş. AND ITS SUBSIDIARIES**  
**NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS**  
**AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2024**  
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

**NOTE 17 – SHORT TERM PROVISIONS (continued)**

The movement schedule of provision for employee retirement benefit plans is as follows:

	<b>1 January- 31 December 2024</b>	<b>1 January- 31 December 2023</b>
<b>Balance on 1 January</b>	<b>131.022.244</b>	<b>83.248.961</b>
Addition during the year	10.365.187	7.223.962
Payment during the year	(7.487.548)	(7.524.277)
Actuarial (gain)/loss	2.373.197	2.732.453
Currency translation differences	24.010.424	45.341.145
<b>Balance on 31 December</b>	<b>160.283.504</b>	<b>131.022.244</b>

  

	<b>31 December 2024</b>	<b>31 December 2023</b>
<b>Employee benefit obligations</b>		
Wage accruals	31.311.695	27.056.762
Due to personnel	106.617.742	54.797.712
	<b>137.929.437</b>	<b>81.854.474</b>

**NOTE 18 – OTHER ASSETS AND LIABILITIES**

	<b>31 December 2024</b>	<b>31 December 2023</b>
<b>Other current assets</b>		
Deferred VAT	333.528.972	143.085.812
Deductible VAT	115.334.028	115.748.729
Prepaid taxes and funds	35.727.539	66.586.201
Other	56.989.561	64.864.134
	<b>541.580.100</b>	<b>390.284.876</b>

  

	<b>31 December 2024</b>	<b>31 December 2023</b>
<b>Other non-current assets</b>		
Long-term spare parts	441.950.682	377.689.283
Long-term deposits	2.786.963	4.406.328
	<b>444.737.645</b>	<b>382.095.611</b>

  

	<b>31 December 2024</b>	<b>31 December 2023</b>
<b>Other current liabilities</b>		
Expense accruals	251.715.208	216.875.678
Sales discounts and commission accruals (*)	95.225.284	52.554.340
Other tax accruals (**)	25.102.044	19.434.913
Other	185.896.205	43.028.538
	<b>557.938.741</b>	<b>331.893.469</b>

(\*) Sales discount and commission accruals consist of the accrued intermediary commissions as of the reporting date.

(\*\*) Other tax accruals mainly comprise foreign Subsidiaries' export, environmental, security and other tax liabilities.

**KORDSA TEKNİK TEKSTİL A.Ş. AND ITS SUBSIDIARIES**  
**NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS**  
**AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2024**  
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

**NOTE 18 – OTHER ASSETS AND LIABILITIES (continued)**

<b>Other long-term liabilities</b>	<b>31 December 2024</b>	<b>31 December 2023</b>
Other (*)	1.218.759.902	818.443.973
	<b>1.218.759.902</b>	<b>818.443.973</b>

(\*) 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 (December 31, 2024: 753.189.126 TL) in the consolidated financial statements of the Group and is shown separately under equity attributable to owners of the Company.

**NOTE 19 - EQUITY**

**Paid-in share capital**

The Group's authorized and issued capital consists of 19.452.907.600 shares at 1 share of Kr nominal value (2023: 19.452.907.600 shares). All shares are paid and there is no preferred stock. The Group's shareholders and their shares on 31 December 2024 and 31 December 2023 are as follows:

	<b>2024</b>	<b>Ownership interest %</b>	<b>2023</b>	<b>Ownership interest %</b>
Sabancı Holding A.Ş.	138.327.614	71,11	138.327.614	71,11
Other	56.201.462	28,89	56.201.462	28,89
<b>Paid-in capital total</b>	<b>194.529.076</b>	<b>100,00</b>	<b>194.529.076</b>	<b>100,00</b>

Group has adopted the registered capital system in accordance with the provisions of the Capital Market Law No.6362 numbered 594 dated 21.09.1989 and has passed to this system with the permission of the Capital Market Board. The registered capital ceiling of the Company is TL 500.000.000 and consists of 50.000.000.000 shares each with a nominal value of Kr 1.

All company shareholders have the same equal rights and no privilege is granted to any one shareholder.

**Revaluation and edging reserves**

	<b>31 December 2024</b>	<b>31 December 2023</b>
Financial assets fair value reserve	(270.151)	(270.151)
Hedging reserve	(890.487.904)	(951.945.731)
	<b>(890.758.055)</b>	<b>(952.215.882)</b>

**Financial Assets Fair Value Reserve:**

Financial Asset Revaluation Reserve arises from the revaluation of financial assets at fair value through other comprehensive income. When a financial instrument measured at fair value is disposed of, the portion of the revaluation reserve that relates to the financial asset sold is recognized directly in profit or loss. If a revalued financial instrument is impaired, the portion of the revaluation surplus associated with the impaired financial asset is recognized in profit or loss.

**Hedging Reserve:**

The Hedging Reserve arises when changes in the fair value of derivative financial instruments that are designated and effective as hedges of future cash flows are recognized directly in equity. The cumulative gain or loss arising on changes in the fair value of the hedging instruments that are recognised and accumulated under the hedging reserve will be reclassified to profit or loss only when the hedged transaction affects the profit or loss.

**KORDSA TEKNİK TEKSTİL A.Ş. AND ITS SUBSIDIARIES**  
**NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS**  
**AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2024**  
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

**NOTE 19 - EQUITY (continued)**

*Movements of Hedging Reserve:*

	<b>1 January- 31 December 2024</b>	<b>1 January- 31 December 2023</b>
<b>Balance on 1 January</b>	<b>(951.945.731)</b>	<b>(952.108.089)</b>
Increases/decreases	81.943.769	216.477
Income tax related to gains /losses recognized in other comprehensive income	(20.485.942)	(54.119)
<b>Balance on 31 December</b>	<b>(890.487.904)</b>	<b>(951.945.731)</b>

*Share Premiums*

Share premiums presented in the consolidated financial statements represent the proceeds obtained by issuing shares above the nominal values in the amount of TL 102.684.000 and TL 4.551.000 during the capital increases in May 2006 and June 2006, respectively following the establishment of the Company.

After the decision of Kordsa Global and Kordsa Turkey's merger through the acquisition of Kordsa Global by Kordsa Turkey as a whole with its assets and liabilities as of 30 June 2006 in the Extraordinary General Assembly Meeting of Kordsa Turkey on 29 November 2006, the share premium of TL 57.856 was accounted as an addition to sharing premium.

As of 23 January 2007, founding partners' redeemed shares are acquired in return for TL 45.240.000 and this amount is accounted for as a deduction from additional paid-in capital.

**Restricted Reserves**

Reserves reserve for specific purposes other than profit from the previous period, due to law or contractual obligations or other profit distributions. These reserves are shown in the amounts in the statutory records of the Group and differences arising in preparing the consolidated financial statements in accordance with TFRS are associated with prior years' profit/loss.

As at December 31, 2024 restricted reserves comprised legal reserves amounting to TL 458.633.027 (December 31, 2023: TL 444.065.124).

The legal reserves consist of the first and the second reserves, appropriated in accordance with the Turkish Commercial Code ("TCC"). The TCC stipulates that the first legal reserve is appropriated out of statutory profits at the rate of 5% per annum until the total reserve reaches 20% of the company's paid-in share capital. The second legal reserve is appropriated at the rate of 10% per annum of all cash distributions over 5% of the paid-in share capital. Under the TCC, the legal reserves can only be used to offset losses and are not available for any other users unless they exceed 50% of paid-in share capital.

**Other comprehensive income that will not be reclassified to profit or loss**

*Revaluation gains on property, plant and equipment*

The amount for property, plant and equipment that is not recognized in profit or loss is recognized as other comprehensive income. As at 31 December 2024, the gains arising from the fair value changes arising from the parcels and lands transferred from the lands of PT Indo Kordsa in the Asia Pacific Region to the investment properties.

**KORDSA TEKNİK TEKSTİL A.Ş. AND ITS SUBSIDIARIES**  
**NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS**  
**AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2024**  
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

**NOTE 19 - EQUITY (continued)**

**Other comprehensive income that will not be reclassified to profit or loss (continued)**

*Revaluation gains on property, plant and equipment (continued)*

For the years ended 31 December, the movement of revaluation gains on tangible assets was as follows;

	2024	2023
Balance at the beginning of the period	40.027.097	40.027.097
<b>Balance on the closing of the period</b>	<b>40.027.097</b>	<b>40.027.097</b>

*Defined Benefit Plans Remeasurement Fund*

As at December 31, 2024, TL 105.971.754 (December 31, 2023: TL 91.681.312) consists of actuarial gain or loss of long-term employee benefits and retirement plan provision (Turkey, Indonesia and Thailand) recognized as other comprehensive income.

**Other accumulated comprehensive income or expenses that will be reclassified in profit or loss**

*Currency translation difference*

Currency translation difference consists of foreign currency difference arising from translating to reporting currency from the functional currency of financial statements of the Group's subsidiaries in the foreign country and exchange difference arising from net investment hedge. As of December 31, 2024, the Group has foreign currency translation differences amounting to TL 10.780.943.130 (December 31, 2023: 8.967.964.364) in the accompanying consolidated financial statements.

**Dividend Payments**

Public companies distribute profit in accordance with Profit Share Communiqué no II-19.1 issued by CMB effective from 1 February 2014. Ventures distribute their profit due to profit distribution policies set by the general assembly in accordance with the related legislation verdicts with a general assembly minute. Within the extent of the communiqué mentioned above a minimal distribution rate is not designated. Companies distribute their profits in accordance with their main agreements of profit distribution policies.

**Retained Earnings**

Accumulated gain and loss are shown in retaining earnings as net-off except for net income for the period. Extraordinary reserves that are accumulated as profit/loss by their nature are also recognized as retained earnings shown.

**Net Profit for the Period**

As of 31 December 2024, the Group has a net loss of TL 855.696.078 (2023: TL 394.467.067 profit).

**Non-controlling Interest**

The portion of the net assets of the subsidiaries that are not directly or indirectly controlled by the parent company is classified as a "non-controlling interest" in the Group's consolidated financial statements.

**KORDSA TEKNİK TEKSTİL A.Ş. AND ITS SUBSIDIARIES**  
**NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS**  
**AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2024**

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

**NOTE 19 - EQUITY (continued)**

**Non-controlling Interest (continued)**

For the year ended 31 December, the movements of non-controlling interests were as follows:

	<b>2024</b>	<b>2023</b>
<b>Balance at the beginning of the period</b>	<b>3.216.427.057</b>	<b>2.008.456.479</b>
The portion of total comprehensive income attributed to non-controlling interest	776.025.485	1.431.732.606
Dividend paid to non-controlling interest	(285.511.753)	(221.401.345)
Other(*)	-	(2.360.683)
<b>Closing at the beginning of the period</b>	<b>3.706.940.789</b>	<b>3.216.427.057</b>

(\*)Other changes comprises of the share purchase effect of Microtex Composites S.r.l (Microtex), a subsidiary of the Group.

**NOTE 20 - REVENUE AND COST OF SALES**

	<b>1 January- 31 December 2024</b>	<b>1 January- 31 December 2023</b>
Sales income (gross)	30.851.625.286	24.029.149.450
Sales returns (-)	(146.411.287)	(94.728.158)
Sales discounts (-)	(149.556.926)	(160.936.236)
Other sales discounts (-)	(122.854.080)	(270.404.335)
<b>Sales income (net)</b>	<b>30.432.802.993</b>	<b>23.503.080.721</b>
Cost of sales (-)	(26.492.054.540)	(19.986.599.362)
<b>Gross Profit</b>	<b>3.940.748.453</b>	<b>3.516.481.359</b>

**NOTE 21 - EXPENSES BY NATURE**

	<b>1 January- 31 December 2024</b>	<b>1 January- 31 December 2023</b>
Raw material and supply expenses	18.117.841.398	14.145.669.396
Personnel expenses	4.888.004.329	3.304.848.735
Energy expenses	1.990.140.363	1.649.282.200
Depreciation and amortization expenses	1.405.929.652	953.340.137
Distribution expenses	857.623.298	501.273.242
Packaging expenses	505.700.876	368.356.470
Consultancy expenses	200.242.889	327.588.334
Idle mill expenses	342.400.532	113.800.349
Maintenance expenses	50.887.426	60.158.254
Rent expenses	33.457.177	14.049.162
Other	1.763.404.850	1.066.303.385
	<b>30.155.632.790</b>	<b>22.504.669.664</b>

General administrative expenses amounting to TL 2.005.396.639 (31 December 2023: TL 1.419.865.517), marketing expenses amounting to TL 1.496.282.751 (31 December 2023: TL 969.073.823), research and development expenses amounting to TL 161.898.860 (31 December 2023: TL 129.130.962) are shown in expenses by nature.

**KORDSA TEKNİK TEKSTİL A.Ş. AND ITS SUBSIDIARIES**  
**NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS**  
**AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2024**  
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

**NOTE 21 - EXPENSES BY NATURE (continued)**

*Fees for Services Obtained from Independent Auditors/Independent Audit Firms*

Fees for the services rendered by the independent audit firms, which are prepared pursuant to the Board Decision of the POA published in the Official Gazette on 30 March 2024 and prepared in accordance with the letter of the POA dated 19 August 2024 are as follows;

	<b>2024(*)</b>	<b>2023(*)</b>
Independent audit fee for the reporting period	28.164.289	19.184.690
Fees for other assurance services	245.853	50.037
	<b>28.410.142</b>	<b>19.234.727</b>

(\*) The fees above have been determined by including the legal audit and other related service fees of all subsidiaries, and the foreign currency fees of foreign subsidiaries and affiliates have been converted into TL using the annual average rates of the relevant years.

**NOTE 22 - OTHER OPERATING INCOME AND EXPENSES**

	<b>1 January- 31 December 2024</b>	<b>1 January- 31 December 2023</b>
<b>Other operating income</b>		
Unearned finance income on credit sales	428.211.245	283.748.150
Domestic production incentive income (*)	210.083.990	163.697.575
Export incentive income	28.891.707	28.012.156
Foreign exchange gain/loss on trade receivables/payables (net)	-	24.747.507
Government incentive	-	17.297.265
Income from insurance claims	2.866.845	-
Other	107.539.453	55.617.910
	<b>777.593.240</b>	<b>573.120.563</b>

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

	<b>1 January- 31 December 2024</b>	<b>1 January- 31 December 2023</b>
<b>Other operating expenses</b>		
Unrealized finance expense on credit purchase	217.947.501	106.815.719
Donations	3.725.970	106.622.805
Taxes and Duties	49.674.179	68.987.426
Expenses of the customer damages	19.629.617	2.276.334
Foreign exchange gain/loss on trade receivables/payables (net)	222.130.467	-
Other	138.900.552	58.054.444
	<b>652.008.286</b>	<b>342.756.728</b>



**KORDSA TEKNİK TEKSTİL A.Ş. AND ITS SUBSIDIARIES**  
**NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS**  
**AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2024**  
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

**NOTE 23 - INCOME AND EXPENSES FROM INVESTING ACTIVITIES**

	<b>1 January- 31 December 2024</b>	<b>1 January- 31 December 2023</b>
<b>Income from investing activities</b>		
Interest income	124.804.381	57.896.905
Income from the fair value of investment properties (Note 14)	-	20.480.692
Gain on sale of property, plant and equipment	9.013.851	12.862.714
Other	4.908.930	-
	<b>138.727.162</b>	<b>91.240.311</b>
<b>Losses from investing activities</b>		
Loss on sale of property, plant and equipment	474.103	17.499.271
Impairment losses on investment properties (Note 14)	32.407.464	-
Other (*)	102.124.143	-
	<b>135.005.710</b>	<b>17.499.271</b>

(\*) Due to the high risk of non-collection of convertible bonds amounting to TL 102.004.031 in the Group's short-term financial investments, a provision amounting to the same amount has been recognized in the financial statements.

**NOTE 24 - FINANCIAL INCOME AND EXPENSES**

	<b>1 January 31 December 2024</b>	<b>1 January 31 December 2023</b>
<b>Finance income</b>		
Foreign exchange gain	441.088.653	479.660.163
Derivative financial instruments	100.406.667	18.100.141
Other	1.631.689	2.987.097
	<b>543.127.009</b>	<b>500.747.401</b>
<b>Finance expense</b>		
Interest expenses	1.626.975.045	941.725.646
Foreign exchange losses	127.823.606	355.414.150
Losses on derivative instruments	11.970.700	7.095.799
Other	263.556.949	142.108.741
	<b>2.030.326.300</b>	<b>1.446.344.336</b>

**NOTE 25 - TAXATION ON INCOME**

**Corporate Tax**

	<b>31 December 2024</b>	<b>31 December 2023</b>
Corporate tax payable	254.360.622	309.713.695
Less: Prepaid taxes	(240.540.421)	(217.319.327)
<b>Current tax (asset)/ liability, net</b>	<b>13.820.201</b>	<b>92.394.368</b>

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.

**KORDSA TEKNİK TEKSTİL A.Ş. AND ITS SUBSIDIARIES**  
**NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS**  
**AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2024**  
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

---

**NOTE 25 - TAXATION ON INCOME (continued)**

**Corporate Tax (continued)**

The Company and its subsidiaries located in Turkey are subject to the tax legislation and practices in force in Turkey. Corporate tax is paid in the fourth month following the end of the relevant accounting period. Corporations are required to calculate advance tax at the current rate on their quarterly financial profits, declare it until the seventeenth day of the second month following the period and pay it until the evening of the seventeenth day. Provisional taxes paid during the year are offset against the corporate tax calculated on the annual corporate tax return of that year. If the provisional tax amount remains despite the offset, this amount can be refunded in cash or offset against other financial debts.

As of December 31, 2023, the general corporate tax rate applied to the statutory tax base, which is calculated by adding non-deductible expenses and deducting exemptions in accordance with tax laws to the commercial income of corporations in Turkey, was 20%. However, pursuant to Article 21 of the Law on the Amendment of Certain Laws and the Decree Law No. 375 with the Additional Motor Vehicles Tax for the Compensation of Economic Losses Caused by the Earthquakes Occurring on 6/2/2024, published in the Official Gazette dated July 15, 2024 and numbered 32249, With the amendments made to Article 32 of the Corporate Tax Law No. 5520 regulating the corporate tax rate, the general corporate tax rate was increased from 20% to 25% starting from the declarations to be submitted as of October 1, 2024. Therefore, the Company has used the tax rate of 25% in the calculation of period tax for 2024.

Within the scope of the said amendment, the tax rate used in deferred tax calculation as of December 31, 2024, is 25%. (31 December 2023: 25%).

The conditions required for the inflation adjustment of the financial statements as of December 31, 2021, have been met in accordance with Article 298 of the Tax Procedure Law. However, in accordance with the provisional article 33 of the Tax Procedure Law numbered 213 with the Law numbered 7352 "Law on Amendments to the Tax Procedure Law and Corporate Tax Law" published in the Official Gazette dated January 29, 2023, and numbered 31734:

- Repeated financial statements will not be subject to inflation adjustment for the 2021 and 2023 accounting periods and the temporary tax periods of the 2024 accounting period, regardless of whether the conditions for inflation adjustment under Article 298 are met, including the temporary tax periods,
- 31 December 2024 dated financial statements will be subject to inflation adjustment in a way that will have no effect on the corporate tax base.

Pursuant to the "General Communiqué on Tax Procedure Law No. 555" published in the 2<sup>nd</sup> Official Gazette dated December 30, 2024 and numbered 32415 and the repeated article 298 of the Tax Procedure Law No. 213, it is essential that the financial statements of the enterprises operating in Turkey for the 2024 accounting period are subject to inflation adjustment. The aforementioned inflation adjusted financial statements will constitute an opening balance sheet base in the tax returns to be prepared as of January 1, 2024, and inflation effects will not be taken into consideration in the calculation of the period tax for 2024.

In accordance with the provisional Article 33 of the Tax Procedure Law, the tax effects arising from the inflation adjustment of the financial statements as of December 31, 2024, are included in the deferred tax calculation as of December 31, 2024.

**KORDSA TEKNİK TEKSTİL A.Ş. AND ITS SUBSIDIARIES**  
**NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS**  
**AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2024**

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

**NOTE 25 - TAXATION ON INCOME (continued)**

**Corporate Tax (continued)**

As of 31 December 2024, tax rates (%) which are used in deferred tax calculations and considering the tax legislation in each country are mentioned below:

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

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 return 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 from joint stock companies residing in Turkey to joint stock companies residing in Turkey are not subject to income tax. In addition, if the profit is not distributed or added to the capital, income tax is not calculated.

Dividend earnings of corporations from participation in the capital of another corporation subject to full liability are exempt from corporation tax. In addition, 75% of the profits arising from the sale of the participation shares in the assets of the corporations for at least two full years and the founding certificates of the real estates (immovables) owned for the same period of time, the usufruct shares and the preference rights, are exempt from corporate tax. However, with the amendment made with the Law No. 7061, this rate has been reduced from 75% to 50% in terms of immovables and this rate is used as 50% in tax returns to be prepared as of 2018. In addition, as of July 15, 2024, with the amendment made, the 50% tax exemption stipulated in Law No. 5520 for the gains on the sale of immovable property has been abolished. However, this exemption will be applied as 25% for the sales of immovable properties included in the assets of the enterprises before July 15, 2024.

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

In Turkey, there is no practice of reaching an agreement with the tax administration regarding the taxes to be paid. Corporate tax returns are submitted within four months following the end of the accounting period. The tax inspection authorities may examine the tax returns and the accounting records underlying them during the five years following the accounting period and make a reassessment as a result of their findings.

There is a withholding tax liability on dividend distributions, and this withholding liability is accrued in the period when the dividend payment is made. Tax is withheld on dividend payments made to companies resident in Turkey, except for those who are not liable for corporate and income tax and those who are exempt from corporate and income tax, and on dividend payments made to real persons resident and non-resident individuals and non-resident legal entities in Turkey. The withholding tax rate is 15%.

**KORDSA TEKNİK TEKSTİL A.Ş. AND ITS SUBSIDIARIES**  
**NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS**  
**AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2024**  
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

---

**NOTE 25 - TAXATION ON INCOME (continued)**

**Corporate Tax (continued)**

In the application of withholding tax rates for profit distributions to non-resident companies and natural persons, the withholding tax rates in the relevant Double Taxation Agreements are also taken into account. Adding retained earnings to the capital is not considered a dividend distribution, so it is not subject to withholding tax.

**Transfer pricing regulations**

In Turkey, transfer pricing regulations are specified in Article 13 of the Corporate Tax Law, titled "Disguised profit distribution through transfer pricing". The communiqué dated 18 November 2007 on disguised profit distribution through transfer pricing regulates the details of the implementation.

If the taxpayer buys or sells goods or services with related parties at the price or price they have determined in violation of the arm's length principle, the profit is deemed to have been distributed implicitly through transfer pricing, in whole or in part. Disguised profit distribution through such transfer pricing is considered as a non-deductible expense for corporate tax.

The taxes on income reflected in consolidated income statements for the years ended 31 December 2024 and 31 December 2023 are summarized as follows:

	<b>1 January- 31 December 2024</b>	<b>1 January- 31 December 2023</b>
Current period corporate tax expense	(254.360.622)	(309.713.695)
Deferred tax income	479.658.618	349.709.400
	<b>225.297.996</b>	<b>39.995.705</b>

**KORDSA TEKNİK TEKSTİL A.Ş. AND ITS SUBSIDIARIES**  
**NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS**  
**AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2024**

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

**NOTE 25 - TAXATION ON INCOME (continued)**

**Corporate Tax (continued)**

The reconciliation of tax on the consolidated statement of profit or loss for the years ended 31 December 2024 and 31 December 2023 is as follows:

	<b>1 January- 31 December 2024</b>	<b>1 January- 31 December 2023</b>
Profit/ (loss) before tax in the consolidated financial statements	(1.080.722.682)	356.918.997
Tax charge according to the parent company's tax rate	270.180.671	(89.229.749)
Tax rate differences of subsidiaries	(138.368.245)	(50.207.233)
<b>Expected tax charge of the Group</b>	<b>131.812.426</b>	<b>(139.436.982)</b>
Disallowable expenses	(22.789.444)	(127.086.625)
Lump-sum expense provision	-	7.196.201
Research and development incentive allowance	117.766.285	97.758.283
Effects of current period loss that no deferred tax calculated	(407.576.944)	(23.831.708)
Effect of legal tax rate change on deferred tax amount	-	133.336.720
Non-taxable income	94.270.385	23.237.215
Foreign currency translation differences and other(***)	(111.681.456)	68.822.602
<b>Current period tax expense</b>	<b>225.297.996</b>	<b>39.995.705</b>

(\*\*\*)The Group calculates deferred income tax assets and liabilities by taking into account the effects of temporary differences arising as a result of different evaluations between the financial statements prepared in accordance with TFRS and the tax financial statements in the balance sheet items. The main reason for temporary differences is that the functional currency TFRS based financials is the US Dollar, while the functional currency in the tax-based financial statements is TL. Exchange rate fluctuations are one of the main causes of temporary differences. Another difference consists of the deferred tax effect of temporary differences created by the corrections made regarding inflation accounting, together with the tax procedural law's communiqué dated 30 December 2024 and numbered 32415 (2nd Duplicate). The net effect from these differences is included in the other item.

On August 2, 2024, the Government of Turkey, where the parent company is incorporated, enacted the Pillar Two income tax legislation effective from January 1, 2024. Under the legislation, the parent company shall be required to pay additional tax on the profits of its subsidiaries that are taxed in Turkey at an effective tax rate below 15%.

Law No. 7524 published in the Official Gazette dated August 2, 2024, the Domestic Minimum Corporate Tax, has entered into force effective from January 1, 2025. It has no effect on current tax expense and deferred tax income/expense.

**Deferred Tax**

Deferred tax is calculated over the temporary differences between the recorded values of assets and liabilities in the financial statements and the values used in the tax base, excluding the goodwill that is not subject to a tax deduction and the first recorded asset and liability differences that are not subject to accounting and taxation.

**KORDSA TEKNİK TEKSTİL A.Ş. AND ITS SUBSIDIARIES**  
**NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS**  
**AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2024**

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

**NOTE 25 – TAXATION ON INCOME (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 31 December 2024 and 31 December 2023 using the enacted tax rates are as follows:

	<b>Deferred tax assets/(liabilities)</b>	
	<b>31 December 2024</b>	<b>31 December 2023</b>
Derivative financial instruments	(23.293.056)	7.938.346
Tangible and intangible assets	(1.227.370.979)	(351.245.352)
Research and development	416.698.524	106.567.856
Inventories	(48.431.579)	40.642.182
Provision for employment termination benefits	97.274.187	86.214.157
Prepaid expenses	46.206.260	51.855.217
Unused previous year losses	547.504.882	425.285.367
Finance income	99.450.893	14.247.680
Other, net	282.025.246	48.738.845
<b>Net deferred tax assets</b>	<b>190.064.378</b>	<b>430.244.298</b>

According to the Tax Procedure Law, financial losses from previous year are taken into account at their relative values and can be carried forward for a maximum of five years. The Group management has evaluated that it is probable that there will be sufficient taxable profit in the future depending on the expected operational performance improvement in the following years, and accordingly, deferred tax asset amounting to TL 422.045.698 (31 December 2023: TL 425.285.367) is reflected. TL 291.993.168 of the deferred tax assets can be utilized in 2027 and TL 130.052.530 in 2028 at the latest. For Kordsa Inc., deferred tax asset arising from unused financial losses amounting to TL 125.459.184 is reflected in the consolidated financial statements and its utilization period is unlimited.

	<b>1 January- 31 December 2024</b>	<b>1 January- 31 December 2023</b>
<b>Balance on 1 January</b>	<b>430.244.298</b>	<b>(4.381.392)</b>
Current year deferred tax income/(expense) – net	479.658.618	349.709.400
Charges to equity	(15.583.974)	10.892.356
Currency translation differences and other	(704.254.564)	74.023.934
<b>Balance on 31 December</b>	<b>190.064.378</b>	<b>430.244.298</b>

**KORDSA TEKNİK TEKSTİL A.Ş. AND ITS SUBSIDIARIES**  
**NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS**  
**AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2024**  
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

---

**NOTE 26 – EARNINGS PER SHARE**

Earnings per share for each class of share disclosed in the consolidated income statements 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.

	<b>1 January- 31 December 2024</b>	<b>1 January- 31 December 2023</b>
Net (loss)/income attributable to equity holders of the parent	(1.096.131.983)	183.323.316
Weighted average number of ordinary shares	19.452.907.600	19.452.907.600
Per 1.000 units of common stocks	(56,35)	9,42
 Earning per share from continuing operations		
Net (loss)/income attributable to equity holders of the parent	(1.095.993.573)	184.571.610
Weighted average number of ordinary shares	19.452.907.600	19.452.907.600
Per 1.000 units of common stocks	(56,34)	9,49
 Earning per share from discontinued operations		
Net (loss) attributable to equity holders of the parent	(138.410)	(1.248.294)
Weighted average number of ordinary shares	19.452.907.600	19.452.907.600
Per 1.000 units of common stocks	(0,01)	(0,06)

Nominal values of ordinary shares for the years ended 31 December 2024 and 31 December 2023 are assumed to be Kr 1 each.

**KORDSA TEKNİK TEKSTİL A.Ş. AND ITS SUBSIDIARIES**  
**NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS**  
**AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2024**  
(Amounts expressed in Turkish Lira (“TL”) unless otherwise indicated.)

**NOTE 27 – RELATED PARTY DISCLOSURES**

<b>Bank balances:</b>	<b>31 December 2024</b>	<b>31 December 2023</b>
Akbank T.A.Ş. – time deposit	4.081.615	386.100.745
Akbank T.A.Ş. – demand deposit	246.964.040	36.791.480
	<b>251.045.655</b>	<b>422.892.225</b>
	<b>31 December 2024</b>	<b>31 December 2023</b>
Akbank T.A.Ş. – bank borrowings	3.372.011.094	117.752.800
	<b>3.372.011.094</b>	<b>117.752.800</b>
<b>Other Cash and Cash Equivalents:</b>	<b>31 December 2024</b>	<b>31 December 2023</b>
Ak Portföy Yönetimi A.Ş.	1.240.172.971	-
	<b>1.240.172.971</b>	<b>-</b>
<b>Due from related party:</b>	<b>31 December 2024</b>	<b>31 December 2023</b>
Brisa Bridgestone Sabancı Lastik		
Sanayi ve Tic. A.Ş. (“Brisa”)	328.892.087	317.359.840
Sabancı Dijital Teknoloji Hizm. A.Ş. (“SabancıDx”)	248.558	-
Aksigorta A.Ş. (“Aksigorta”)	77.389	-
Akçansa	4.608.932	-
Enerjisa Enerji Üretim A.Ş. (“Enerjisa”)	152.340	-
Çimsa	1.813.002	204.831
Other	57.657	45.806
	<b>335.849.965</b>	<b>317.610.477</b>
<b>Due to related party:</b>	<b>31 December 2024</b>	<b>31 December 2023</b>
Enerjisa	56.144.149	58.935.945
Sabancı Dx	17.636.784	9.931.431
Akbank T.A.Ş.	6.401.341	-
Aksigorta	4.029.329	6.634.392
Sabancı Holding	2.283.516	1.003.382
Other	1.150.869	93.341
	<b>87.645.988</b>	<b>76.598.491</b>
<b>Product sales:</b>	<b>1 January- 31 December 2024</b>	<b>1 January- 31 December 2023</b>
Brisa	831.803.396	759.260.760
Other	24.724.742	2.486.726
	<b>856.528.138</b>	<b>761.747.486</b>
<b>Service received:</b>	<b>1 January- 31 December 2024</b>	<b>1 January- 31 December 2023</b>
Enerjisa	588.386.609	544.532.599
SabancıDX	120.811.189	79.852.292
Aksigorta	218.933.448	92.016.424
Other	15.538.061	8.727.745
	<b>943.669.307</b>	<b>725.129.060</b>



**KORDSA TEKNİK TEKSTİL A.Ş. AND ITS SUBSIDIARIES**  
**NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS**  
**AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2024**  
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

**NOTE 27 – RELATED PARTY DISCLOSURES (continued)**

	<b>1 January- 31 December 2024</b>	<b>1 January- 31 December 2023</b>
<b>Property, plant and equipment purchases:</b>		
Teknosa	2.395.671	1.854.735
<b>Interest expense:</b>		
Akbank T.A.Ş.	77.676.548	20.837.681
<b>Foreign exchange gain /(losses), net</b>		
Akbank T.A.Ş.	(40.079.131)	101.301.215
<b>Other income</b>		
SabancıDX	3.196.224	254.268
Enerjisa	640.300	462.753
Akbank T.A.Ş.	697.031	690.479
	<b>4.533.555</b>	<b>1.407.500</b>

**Transactions with key management personnel:**

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

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

	<b>1 January- 31 December 2024</b>	<b>1 January- 31 December 2023</b>
Short-Term Employee Benefits	118.776.228	71.123.474
Benefits Due to Dismissal	6.724.681	-
Post-Employment Benefits	865.630	815.892
Other Long-Term Benefits	230.743	154.211
	<b>126.597.282</b>	<b>72.093.577</b>

**KORDSA TEKNİK TEKSTİL A.Ş. AND ITS SUBSIDIARIES**  
**NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS**  
**AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2024**

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

**NOTE 28 - INTERESTS IN OTHER ENTITIES**

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

<b>31 December 2024</b>				
	Noncontrolling interest %	Net profit/loss attributable to noncontrolling interest	Accumulated profit/(loss) allocated to noncontrolling interests	Dividends distributed to noncontrolling interests
Subsidiaries				
PT Indo Kordsa Tbk (*)	38,41%	201.145.513	3.533.525.008	(285.511.753)
Other		39.290.392	173.415.781	
<b>Total</b>		<b>240.435.905</b>	<b>3.706.940.789</b>	

  

<b>31 December 2023</b>				
	Noncontrolling interest %	Net profit/loss attributable to noncontrolling interest	Accumulated profit/(loss) allocated to noncontrolling interests	Dividends distributed to noncontrolling interests
Subsidiaries				
PT Indo Kordsa Tbk (*)	38,41%	183.912.275	2.995.903.962	(221.401.345)
Other		27.231.476	222.506.098	
<b>Total</b>		<b>211.143.751</b>	<b>3.216.427.057</b>	

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

The summarized financial information regarding the aforementioned subsidiaries after consolidation adjustments and before elimination is as follows:

**Summary statement of financial position:**

	<b>PT Indo Kordsa Tbk</b>	
	<b>31 December 2024</b>	<b>31 December 2023</b>
Cash and cash equivalents	1.177.292.783	968.835.796
Other current assets	2.620.258.667	2.357.743.053
Non-current assets	6.754.617.762	5.724.887.878
<b>Total assets</b>	<b>10.552.169.212</b>	<b>9.051.466.727</b>
Short-term borrowings	181.526.917	156.579.743
Other short-term liabilities	1.657.156.958	1.552.530.493
Other long-term liabilities	711.423.508	601.872.979
<b>Total liabilities</b>	<b>2.550.107.383</b>	<b>2.310.983.215</b>
<b>Total equity</b>	<b>8.002.061.829</b>	<b>6.740.483.512</b>
<b>Total equity attributable to owners of the Company</b>	<b>7.255.296.023</b>	<b>6.079.849.896</b>
<b>Non-controlling interest (*)</b>	<b>746.765.806</b>	<b>660.633.617</b>

**KORDSA TEKNİK TEKSTİL A.Ş. AND ITS SUBSIDIARIES**  
**NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS**  
**AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2024**

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

**NOTE 28 - INTERESTS IN OTHER ENTITIES (continued)**

**Summary statement of profit and loss:**

	<b>PT Indo Kordsa Tbk</b>	
	<b>1 January – 31 December 2024</b>	<b>1 January – 31 December 2023</b>
Revenue	7.385.469.454	5.795.197.036
Cost of sales	(5.925.058.490)	(4.701.391.288)
Depreciation and amortization expense	(391.923.301)	(266.341.825)
Operating income	579.288.230	554.822.856
Finance income /(expense), net	-	20.596.415
Profit before tax	579.288.230	575.419.271
Tax expenses	(173.982.585)	(174.584.843)
Non-controlling interests (*)	(73.823.047)	(48.630.900)
Profit for the year	331.482.598	352.203.528

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

**NOTE 29 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS**

**Financial risk management**

***Financial risk factors***

The Group's activities expose it to a variety of financial risks. These risks are liquidity risk, market risk (currency risk, interest rate risk) and credit risk.

The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments to hedge certain risk exposures.

Financial risk management is carried out by the Finance department of Kordsa under policies approved by the board of directors. The finance department identifies, evaluates and hedges financial risks in close cooperation with the Group's operating units.

**(a) *Liquidity risk***

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying business, the Group aims at maintaining flexibility in funding by keeping committed credit lines available.

The table below depicts the cash outflows the Group will pay for the financial liabilities in the balance sheet in accordance with the remaining maturities. The amounts in the table are contractual non-discounted cash flow amounts and the Group performs its liquidity management by considering the expected non-discounted cash flows.

**KORDSA TEKNİK TEKSTİL A.Ş. AND ITS SUBSIDIARIES**  
**NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS**  
**AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2024**  
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

**NOTE 29 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (continued)**

**Financial risk management (continued)**

The analysis of the Group's financial liabilities to their maturities as of 31 December 2024 and 31 December 2023 is as follows:

***Derivative and Non-derivative financial liabilities*** <sup>(1)(2)</sup>:

<b>31 December 2024</b>	<b>Carrying value</b>	<b>Contractual cash flow</b>	<b>Less than 3 months</b>	<b>3-12 months</b>	<b>1-5 years</b>	<b>Over 5 years</b>
Borrowings	17.577.847.140	17.581.381.478	4.895.428.069	4.878.954.798	7.796.575.126	10.423.485
Lease liabilities	1.066.849.443	1.066.849.428	263.844.353	50.223.213	209.910.810	542.871.052
Trade payables	3.204.294.280	3.262.586.546	2.549.389.404	713.197.142	-	-
Other payables	211.959.339	214.326.395	193.552.985	314.581	4.626.990	15.831.839
	<b>22.060.950.202</b>	<b>22.125.143.847</b>	<b>7.902.214.811</b>	<b>5.642.689.734</b>	<b>8.011.112.926</b>	<b>569.126.376</b>

**Derivative financial liabilities**

<i>Unrealized purchase/sale contracts (net)</i>	108.642.943	108.642.943	116.483.196	-	(7.840.253)	-
	<b>108.642.943</b>	<b>108.642.943</b>	<b>116.483.196</b>	<b>-</b>	<b>(7.840.253)</b>	

<b>31 December 2023</b>	<b>Carrying value</b>	<b>Contractual cash flow</b>	<b>Less than 3 months</b>	<b>3-12 months</b>	<b>1-5 years</b>	<b>Over 5 years</b>
Borrowings	11.651.492.307	11.851.896.348	3.755.975.236	3.826.741.860	4.255.139.834	14.039.418
Lease liabilities	964.784.814	964.784.814	58.094.841	54.927.417	398.785.783	452.976.773
Trade payables	3.375.239.130	3.402.468.004	2.852.115.126	550.352.878	-	-
Other payables	159.778.974	159.778.974	142.096.086	729.226	3.834.258	13.119.404
	<b>16.151.295.225</b>	<b>16.378.928.346</b>	<b>6.808.281.495</b>	<b>4.432.751.381</b>	<b>4.657.759.875</b>	<b>480.135.595</b>

**Derivative financial liabilities**

<i>Unrealized purchase/sale contracts (net)</i>	(31.753.382)	(31.753.382)	(4.149.577)	-	(27.603.805)	-
	<b>(31.753.382)</b>	<b>(31.753.382)</b>	<b>(4.149.577)</b>	<b>-</b>	<b>(27.603.805)</b>	

- (1) Maturity analyses have been applied solely to financial instruments and exclude legal liabilities.
- (2) The aforementioned cash flows are contractual and non-discounted amounts. Since the discount amounts for the balances with a maturity of fewer than 3 months are immaterial, the discounted amounts are equal to the carrying value.

**(b) Market risk**

***Interest rate risk***

The Group is exposed to interest rate risk through the impact of rate changes on interest-bearing liabilities and assets. These exposures are managed by using natural hedges that arise from offsetting interest rate-sensitive assets and liabilities. The Group utilises its cash by making time deposits and by purchasing company bonds. To keep these exposures at a minimum level, the Group tries to borrow at the most suitable rates.

**KORDSA TEKNİK TEKSTİL A.Ş. AND ITS SUBSIDIARIES**  
**NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS**  
**AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2024**  
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

**NOTE 29 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (continued)**

**Financial risk management (continued)**

**(b) Market risk (continued)**

**Interest rate risk (continued)**

As at 31 December 2024 and 31 December 2023, the interest rate profile of the Group interest-bearing financial instruments is as follows:

**Fixed interest rate financial instruments**

	<b>31 December 2024</b>	<b>31 December 2023</b>
Financial Liabilities	13.206.764.530	6.146.955.618
Time Deposits	1.137.432.287	386.821.747

**Variable interest rate financial instruments**

	<b>31 December 2024</b>	<b>31 December 2023</b>
Financial liabilities	4.371.082.610	5.357.762.904

Various scenarios are simulated by the Group for floating rate borrowings taking into consideration refinancing, renewal of existing positions, alternative financing and hedging. According to these scenarios:

On 31 December 2024, if the annual interest rate on US Dollar denominated floating rate borrowings had been 10% higher/lower with all other variables held constant, profit before tax for the current year would have been approximately lower/higher by TL 24.667.891 (2023: TL 62.887.921) as a result of higher interest expense on floating rate borrowings.

On 31 December 2024, if the annual interest rate on EUR denominated floating rate borrowings had been 10% higher/lower with all other variables held constant, profit before tax for the current year would have been approximately lower/higher by TL 582.719 as a result of higher interest expense on floating rate borrowings (2023: TL -).

**Derivative financial instruments**

The Group's derivative financial instruments consist of forward foreign exchange transactions.

As of 31 December 2024, Kordsa Teknik Tekstil has IRS as a derivative instrument for the repayment of the loan agreement amounting to USD 110.000.000, to manage the variable interest risk of USD 74.750.000. The fair value of the derivative instrument as of 31 December 2024 is TL 7.902.791 of loss (2023: TL 16.232.606 loss).

**KORDSA TEKNİK TEKSTİL A.Ş. AND ITS SUBSIDIARIES**  
**NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS**  
**AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2024**  
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

**NOTE 29 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (continued)**

**Financial risk management (continued)**

**(b) Market risk (continued)**

**Derivative financial instruments (continued):**

As of 31 December 2024, the net book values of derivative forward option and clearing instruments are as follows:

EUR sell USD buy	Average Rate	Foreign Currency (EUR)	Contract Value (USD)	Fair Value (TL)
Between 0-3 months	1,0918	18.000.000	19.653.000	32.171.196
Between 3-6 months	1,0943	18.000.000	19.698.000	28.191.746
Between 6-9 months	1,0968	18.000.000	19.743.000	23.256.494
Between 9-12 months	1,0993	18.000.000	19.788.000	18.227.329
<b>Total</b>				<b>101.846.765</b>

BRL sell USD buy	Average Rate	Foreign Currency (USD)	Contract Value (BRL)	Fair Value (TL)
Between 6-9 months	5,5443	4.881.072	27.062.126	14.698.969
<b>Total</b>				<b>14.698.969</b>

As of 31 December 2023, the net book values of derivative forward and clearing instruments are as follows:

EUR sell USD buy	Average Rate	Foreign Currency (EUR)	Contract Value (USD)	Fair Value (TL)
Between 0-3 months	1,1082	15.000.000	16.623.100	2.613.894
Between 3-6 months	1,1099	15.000.000	16.648.100	1.730.272
Between 6-9 months	1,1114	15.000.000	16.671.500	1.075.045
Between 9-12 months	1,1131	15.000.000	16.696.300	453.824
<b>Total</b>				<b>5.873.035</b>

BRL sell USD buy	Average Rate	Foreign Currency (USD)	Contract Value (BRL)	Fair Value (TL)
Between 6-9 months	5,0300	9.443.637	47.501.495	(4.149.603)
<b>Total</b>				<b>(4.149.603)</b>

USD sell JPY buy	Average Rate	Foreign Currency (JPY)	Contract Value (TL)	Fair Value (TL)
Between 3-6 months	1,1965	500.000.000	103.733.500	(17.244.208)
<b>Total</b>				<b>(17.244.208)</b>
<b>Forward/Swap Net</b>				<b>(15.520.776)</b>

**KORDSA TEKNİK TEKSTİL A.Ş. AND ITS SUBSIDIARIES**  
**NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS**  
**AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2024**  
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

---

**NOTE 29 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (continued)**

**Financial risk management (continued)**

Foreign currency position

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

	<b>31 December 2024</b>	<b>31 December 2023</b>
Assets	3.519.832.421	2.166.638.611
Liabilities	(6.790.095.890)	(3.158.224.240)
<b>Net foreign currency position</b>	<b>(3.270.263.469)</b>	<b>(991.585.629)</b>

**KORDSA TEKNİK TEKSTİL A.Ş. AND ITS SUBSIDIARIES**  
**NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS**  
**AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2024**

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

**NOTE 29 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (continued)**

31 December 2024	Total TL equivalent	TL (*)	Euro (*)	Indonesian Rupiah (‘000) (*)	Other TL equivalent(**)
<b>Assets:</b>					
Trade receivables	1.636.364.679	143.275.716	30.434.277	118.596.364.260	114.795.786
Cash and cash equivalent	1.383.135.117	1.261.595.687	1.042.969	31.018.940.493	15.155.569
Other monetary receivables and assets	479.354.319	329.369.572	1.737.151	39.183.820.187	181.934
Other non-monetary receivables and assets	-	-	-	-	-
<b>Current assets</b>	<b>3.498.854.115</b>	<b>1.734.240.975</b>	<b>33.214.397</b>	<b>188.799.124.940</b>	<b>130.133.289</b>
Other monetary receivables and assets	20.978.306	2.786.964	-	8.289.753.420	-
<b>Non-current assets</b>	<b>20.978.306</b>	<b>2.786.964</b>	<b>-</b>	<b>8.289.753.420</b>	<b>-</b>
<b>Total assets (a)</b>	<b>3.519.832.421</b>	<b>1.737.027.939</b>	<b>33.214.397</b>	<b>197.088.878.360</b>	<b>130.133.289</b>
<b>Liabilities:</b>					
Trade payables	1.024.255.018	394.741.094	10.177.847	99.140.611.634	36.273.990
Financial liabilities	5.042.184.450	3.380.000.000	45.000.000	-	-
Other monetary payable and liabilities	207.170.369	167.725.803	-	17.805.284.998	-
<b>Current liabilities</b>	<b>6.273.609.837</b>	<b>3.942.466.897</b>	<b>55.177.847</b>	<b>116.945.896.632</b>	<b>36.273.990</b>
Financial liabilities	515.232.508	-	14.000.000	-	-
Other monetary receivables and assets	1.253.545	-	-	570.211.820	-
<b>Non-current liabilities</b>	<b>516.486.053</b>	<b>-</b>	<b>14.000.000</b>	<b>570.211.820</b>	<b>-</b>
<b>Total liabilities (b)</b>	<b>6.790.095.890</b>	<b>3.942.466.897</b>	<b>69.177.847</b>	<b>117.516.108.452</b>	<b>36.273.990</b>
Off-balance sheet derivative assets (c)	-	-	-	-	-
Off-balance sheet derivative liabilities (d)	-	-	-	-	-
<b>Net foreign currency asset /(liability) position (a-b+c-d)</b>	<b>(3.270.263.469)</b>	<b>(2.205.438.958)</b>	<b>(35.963.450)</b>	<b>79.572.769.908</b>	<b>93.859.299</b>
<b>Fair value of financial instruments used for foreign exchange hedge</b>	<b>14.698.969</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Hedges amount of foreign currency amount	-	-	-	-	-

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

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



**KORDSA TEKNİK TEKSTİL A.Ş. AND ITS SUBSIDIARIES**  
**NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS**  
**AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2024**

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

**NOTE 29 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (continued)**

31 December 2023	Total TL equivalent	TL (*)	Euro (*)	Indonesian Rupiah (‘000) (*)	Other TL equivalent
<b>Assets:</b>					
Trade receivables	1.806.458.558	202.447.424	37.643.275	131.444.709.561	126.693.957
Cash and cash equivalent	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	-	-	-	-	-
<b>Current assets</b>	<b>2.131.853.354</b>	<b>255.289.550</b>	<b>40.656.427</b>	<b>211.538.142.028</b>	<b>148.075.095</b>
Non-current assets held for sale	-	-	-	-	-
Other monetary receivables and assets	34.785.257	18.944.507	-	8.291.253.454	-
<b>Non-current assets</b>	<b>34.785.257</b>	<b>18.944.507</b>	<b>-</b>	<b>8.291.253.454</b>	<b>-</b>
<b>Total assets (a)</b>	<b>2.166.638.611</b>	<b>274.234.057</b>	<b>40.656.427</b>	<b>219.829.395.482</b>	<b>148.075.095</b>
<b>Liabilities:</b>					
Trade payables	651.599.332	281.489.793	7.971.781	33.306.110.531	45.631.374
Financial liabilities	2.426.549.907	1.646.920.444	23.800.000	-	-f
Other monetary payable and liabilities	79.450.273	0	110.181	39.631.467.118	729
<b>Current liabilities</b>	<b>3.157.599.512</b>	<b>1.928.410.237</b>	<b>31.881.962</b>	<b>72.937.577.649</b>	<b>45.632.103</b>
Financial liabilities	-	-	-	-	-
Other monetary receivables and assets	624.728	-	-	326.400.308	-
<b>Non-current liabilities</b>	<b>624.728</b>	<b>-</b>	<b>-</b>	<b>326.400.308</b>	<b>-</b>
<b>Total liabilities (b)</b>	<b>3.158.224.240</b>	<b>1.928.410.237</b>	<b>31.881.962</b>	<b>73.263.977.958</b>	<b>45.632.103</b>
Off-balance sheet derivative assets (c)	-	-	-	-	-
Off-balance sheet derivative liabilities (d)	-	-	-	-	-
<b>Net foreign currency asset /(liability) position (a-b+c-d)</b>	<b>(991.585.629)</b>	<b>(1.654.176.180)</b>	<b>8.774.465</b>	<b>146.565.417.524</b>	<b>102.442.992</b>
<b>Fair value of financial instruments used for foreign exchange hedge</b>	<b>(4.149.603)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Hedges amount of foreign currency liabilities	-	-	-	-	-

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

**KORDSA TEKNİK TEKSTİL A.Ş. AND ITS SUBSIDIARIES**  
**NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS**  
**AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2024**  
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

**NOTE 29 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (continued)**

Foreign currency position (continued)

TL conversion rates of the foreign currencies where the Group operates are as follows:

<b>Closing rates</b>	<b>31 December 2024</b>	<b>31 December 2023</b>
US Dollars (Buy/Sell)	35,2803/35,3438	29,4382/29,4913
Euro	36,7362	32,5739
Indonesian Rupiah (1000 units)	2,1944	1,9096
Brazilian Real	5,6975	6,0806
Thai Baht	1,0380	0,8602
Egyptian Pound	0,6942	0,9527

  

<b>Average rates</b>	<b>31 December 2024</b>	<b>31 December 2023</b>
US Dollars	32,7680	23,4305
Euro	35,4642	25,3362
Indonesian Rupiah (1000 units)	2,0775	1,5377
Brazilian Real	6,0800	4,6906
Thai Baht	0,9284	0,6732
Egyptian Pound	0,8021	0,7614

The table below summarizes the impact of 10% changes in foreign exchange rates on the Group's net foreign currency position in the balance sheet for the years ended 31 December 2024 and 31 December 2023.

<b>31 December 2024</b>	<b>Profit / (Loss)</b>		<b>Equity</b>	
	<b>Appreciation of foreign currency</b>	<b>Depreciation of foreign currency</b>	<b>Appreciation of foreign currency</b>	<b>Depreciation of foreign currency</b>
Increase/(decrease) 10% of TL parity				
TL net asset/liability	(220.543.882)	220.543.882	-	-
Hedged portion of TL amounts (-)	-	-	-	-
<b>Net effect of TL</b>	<b>(220.543.882)</b>	<b>220.543.882</b>	<b>-</b>	<b>-</b>
Increase/(decrease) 10% of EUR parity				
EUR net asset/liability	(132.116.185)	(132.116.185)	-	-
Hedged portion of EUR amounts (-)	-	-	-	-
<b>Net effect of EUR</b>	<b>(132.116.185)</b>	<b>(132.116.185)</b>	<b>-</b>	<b>-</b>
Increase/(decrease) 10% of other parities				
Other foreign currency net asset/liability	25.633.720	(25.633.720)	-	-
Hedged portion of other foreign currency amounts (-)	-	-	-	-
<b>Net effect of other foreign currencies</b>	<b>25.633.720</b>	<b>(25.633.720)</b>	<b>-</b>	<b>-</b>
	<b>(327.026.347)</b>	<b>327.026.347</b>	<b>-</b>	<b>-</b>

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

**31 December 2023**

The import and export balances of Turkey for the years ended 31 December 2024 and 31 December 2023 are presented in the tables below:

(c) *Credit risk*

Credit risk arises from deposits with banks, as well as credit exposures to customers, including outstanding receivables.

Ownership of financial assets involves the risk that counterparties may be unable to meet the terms of their agreements. Group management covers these risks by limiting the aggregate risk from any individual counterparty and if necessary by obtaining a guarantee.

**NOTE 29 – NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (continued)**

**(c) Credit risk (continued)**

The Group uses an internal credit control procedure, credit rating system and internal control policy for the credit risk management of receivables from customers. According to these procedures, the Group approves, increases or decreases individual customer credit limits for customers with large balances. The credit limits are set by taking into account the financial position, past payment performance, the position of trade relations, growth potential and management style of the customers. These limits are annually revised and letters of guarantees, mortgages and other guarantees are received for high-risk customers.

Disclosures on the credit quality of financial assets

As at 31 December 2024 and 31 December 2023, banks, where the cash and cash equivalents within the financial assets that are neither past due nor impaired are kept; mainly have high credit and parties in the trade receivables comprise the customers/ related parties that are worked with for a long time and without significant collection problems.

**KORDSA TEKNİK TEKSTİL A.Ş. AND ITS SUBSIDIARIES**  
**NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS**  
**AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2024**

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

**NOTE 29 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (continued)**

As of 31 December 2024, the credit risks that the Group is exposed to by types of financial instruments are as follows:

31 December 2024	Trade Receivables		Other Receivables (*)		Derivatives	Bank Deposits	
	Related Party	Third Party	Related Party	Other		Related Party	Other
<b>As of reporting date, credit risk exposure (**)</b>	<b>335.849.965</b>	<b>5.353.858.765</b>	<b>-</b>	<b>154.425.893</b>		<b>1.491.218.626</b>	<b>2.765.926.461</b>
- <i>The part of maximum risk under guarantee with collateral</i>	-	64.437.320	-	-		-	-
Net book value of financial assets that are neither past due nor impaired	335.849.965	4.641.126.814				1.491.218.626	2.766.113.307
Net book value of financial assets that are renegotiated, if not that will be accepted as past due or impaired	-	712.731.951	-	-		-	-
- <i>The part under guarantee with collateral</i>	-	-	-	-		-	-
Net book value of impaired assets	-	-	-	-		-	-
- <i>Past due (gross carrying amount)</i>	-	48.600.401	-	-		-	-
- <i>Impairment (-)</i>	-	(48.600.401)	-	-		-	-
- <i>The part under guarantee with collateral</i>	-	-	-	-		-	-

(\*) Excludes taxes and other similar receivables.

(\*\*) Amounts are determined by excluding received guarantees during the assessment of credibility.

**KORDSA TEKNİK TEKSTİL A.Ş. AND ITS SUBSIDIARIES**  
**NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS**  
**AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2024**

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

**NOTE 29 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (continued)**

As of 31 December 2023, the credit risks that the Group is exposed to by types of financial instruments are as follows:

31 December 2023	Trade Receivables		Other Receivables (*)		Derivatives	Bank Deposits	
	Related Party	Third Party	Related Party			Related Party	Other
<b>As of reporting date, credit risk exposure (**)</b>	<b>317.610.477</b>	<b>4.456.328.421</b>	<b>-</b>		<b>3.400.830</b>	<b>422.892.225</b>	<b>1.269.685.843</b>
- <i>The part of maximum risk under guarantee with collateral</i>	-	<b>100.393.823</b>	-		-	-	-
Net book value of financial assets that are neither past due nor impaired	317.610.477	3.912.631.056				422.892.225	1.269.685.843
Net book value of financial assets that are renegotiated, if not that will be accepted as past due or impaired	-	543.697.365	-		-	-	-
- <i>The part under guarantee with collateral</i>	-	-	-		-	-	-
Net book value of impaired assets	-	-	-		-	-	-
- <i>Past due (gross carrying amount)</i>	-	23.575.044	-		-	-	-
- <i>Impairment (-)</i>	-	(23.575.044)	-		-	-	-
- <i>The part under guarantee with collateral</i>	-	-	-		-	-	-

(\*) Excludes taxes and other similar receivables.

(\*\*) Amounts are determined by excluding received guarantees during the assessment of credibility.

**KORDSA TEKNİK TEKSTİL A.Ş. AND ITS SUBSIDIARIES**  
**NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS**  
**AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2024**  
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

**NOTE 29 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (continued)**

**(c) Credit risk (continued)**

The Group assumes that its receivables from the related parties including the ones which are overdue bear no risk of the collection since it takes into account that such receivables are to be collected from the Group companies and that all of such receivables had been collected in the previous periods.

The Group did not make any provisions for doubtful receivables since the overdue receivables are to be collected from the corporate customers who did not delay any collections in the previous periods, and even if they delayed, eventually managed to pay their debts. In addition, when the maturity composition of the receivables which are not impaired is analyzed, it is seen that a little time longer than three months has passed since the maturity date of most of them.

The aging table of the Group's overdue but not impaired trade receivables including the due from related parties which takes into account the overdue terms are as follows:

	<b>31 December 2024</b>	<b>31 December 2023</b>
Less than 1 month	454.138.195	320.989.742
Between 1-3 months	153.039.733	126.601.175
Between 3-12 months	41.592.589	52.026.502
Up to 5 years	63.961.434	44.079.946
	<b>712.731.951</b>	<b>543.697.365</b>

**(d) Capital risk management**

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

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

Consistent with others in the industry, the Group monitors capital based on the debt/(equity+net debt+non-controlling interest) ratio. Net debt is calculated as total borrowings (including borrowings as shown in the balance sheet) less cash and cash equivalents.

As at 31 December 2024 and 31 December 2023 net debt/(equity+net debt+non-controlling interest) ratio is:

	<b>31 December 2024</b>	<b>31 December 2023</b>
Total financial liabilities	17.577.847.140	11.651.492.307
Cash and cash equivalents	(4.257.331.933)	(1.712.468.307)
<b>Net debt</b>	<b>13.320.515.207</b>	<b>9.939.024.000</b>
Equity	13.498.264.771	12.844.248.184
Non-controlling interest	3.706.940.789	3.218.410.060
<b>Equity+net debt+non-controlling interest</b>	<b>30.525.720.767</b>	<b>26.001.682.244</b>
Net debt/(Equity+net debt +non-controlling interest) ratio	44%	38%

**KORDSA TEKNİK TEKSTİL A.Ş. AND ITS SUBSIDIARIES**  
**NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS**  
**AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2024**  
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

**NOTE 30 - FINANCIAL INSTRUMENTS**

***Fair value of financial instruments***

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

The methodology and assumptions used for determining the fair value of the financial instruments are as follows:

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

<b>31 December 2024</b>	<b>Financial assets at amortised cost</b>	<b>FVOCI</b>	<b>Financial liabilities at amortized cost</b>	<b>Derivative financial assets and liabilities</b>	<b>Carrying value (*)</b>	<b>Note</b>
<b>Financial assets</b>						
Cash and cash equivalents	4.257.331.933	-	-	-	4.257.331.933	4
Trade receivables	5.689.708.730	-	-	-	5.689.708.730	7
Receivables from related parties	335.849.965	-	-	-	335.849.965	27
Financial investments	-	13.720.899	-	-	13.720.899	5
Derivative financial instruments	-	-	-	154.425.893	154.425.893	30
<b>Financial liabilities</b>						
Borrowings	-	-	17.577.847.140	-	17.577.847.140	6
Lease Liabilities	-	-	1.066.849.442	-	1.066.849.442	6
Trade payables	-	-	3.204.294.280	-	3.204.294.280	7
Payables to related parties	-	-	87.645.988	-	87.645.988	27
Other financial liabilities (**)	-	-	191.500.512	-	191.500.512	8
Derivative financial instruments	-	-	-	45.782.950	45.782.950	30
<b>31 December 2023</b>	<b>Financial assets at amortised cost</b>	<b>FVOCI</b>	<b>Financial liabilities at amortized cost</b>	<b>Derivative financial assets and liabilities</b>	<b>Carrying value (*)</b>	<b>Note</b>
<b>Financial assets</b>						
Cash and cash equivalents	1.712.468.307	-	-	-	1.712.468.307	4
Trade receivables	4.773.938.898	-	-	-	4.773.938.898	7
Receivables from related parties	317.610.477	-	-	-	317.610.477	27
Financial investments	-	93.608.265	-	-	93.608.265	5
Derivative financial instruments	-	-	-	22.221.886	22.221.886	30
<b>Financial liabilities</b>						
Borrowings	-	-	11.651.492.307	-	11.651.492.307	6
Lease Liabilities	-	-	964.784.814	-	964.784.814	6
Trade payables	-	-	3.375.239.130	-	3.375.239.130	7
Payables to related parties	-	-	76.598.491	-	76.598.491	27
Other financial liabilities (**)	-	-	142.825.312	-	142.825.312	8
Derivative financial instruments	-	-	-	53.975.268	53.975.268	30

(\*) The Group believes that the carrying values of the financial instruments approximate their fair values.

(\*\*) Excludes tax and other legal receivables and payables.



**NOTE 30 - FINANCIAL INSTRUMENTS (continued)**

***Monetary assets***

The balances denominated in foreign currencies are translated into Turkish Lira using the exchange rates prevailing at the period end. These balances are considered to approximate the carrying values.

The fair values of certain financial assets carried at cost, including cash and amounts due from banks, are considered to approximate their respective carrying values due to their short-term nature.

The carrying values of trade receivables along with the related allowances for uncollectibility are estimated to be their fair values.

***Monetary liabilities***

The fair values of bank borrowings and other monetary liabilities are considered to approximate their respective carrying values due to their short-term nature.

Since long-term foreign currency loans generally have a floating rate, fair value is close to their book value. The fair value of long-term bank loans is discounted amounts of contractual cash flows with the market interest rate (Note 6).

***Fair value estimation***

The fair values of financial assets and financial liabilities are determined and grouped as follows:

- First level: The fair value of financial assets and financial liabilities with quoted market prices.
- Second level: The fair value of financial assets and financial liabilities are determined with direct or indirect observable inputs for the assets or liabilities other than quoted prices in the market.
- Third level: The fair value of financial assets and financial liabilities are determined with inputs for the assets and liabilities where observable market data cannot be determined.

**KORDSA TEKNİK TEKSTİL A.Ş. AND ITS SUBSIDIARIES**  
**NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS**  
**AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2024**  
(Amounts expressed in Turkish Lira ("TL") unless otherwise indicated.)

**NOTE 30 - FINANCIAL INSTRUMENTS (continued)**

***Fair value estimation (continued)***

Fair value hierarchy of financial assets and liabilities:

Certain financial assets and liabilities of the Group are accounted for their fair values on each balance sheet date in the financial statements. The table below the detail how the fair value of the financial assets and liabilities aforementioned are determined:

Financial assets / Financial liabilities	Fair Value		Fair value hierarchy	Valuation technique
	31 December 2024	31 December 2023		
Foreign currency forward/swap contracts	108.642.943	(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.

**KORDSA TEKNİK TEKSTİL A.Ş. AND ITS SUBSIDIARIES**  
**NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS**  
**AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2024**

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

**NOTE 31 – NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS**

According to The Group's Board of Management, decision numbered 2015/29 dated 31 December 2016, shares belonging to company partners, Nile Kordsa Company for Industrial Fabrics S.A.E. 51% of rates, would be classified as "Assets Held for Sale" in the balance sheet as of 31 December 2016. Hence, in the preparation of the consolidated financial statements as of 31 December 2024 and 31 December 2023, Nile Kordsa Company for Industrial Fabrics S.A.E. financials, non-current assets classified as held for sale in the statement of financial position (31 December 2024: None, 31 December 2023: None, TL) and liabilities related to asset groups classified as held for sale (31 December 2024: 46.088.054 TL, 31 December 2023: 29.565.974 TL ).

Between the dates of 1 January- 31 December 2024 and 1 January- 31 December 2023, the operating results of Nile Kordsa are given below:

<b><u>NILE KORDSA</u></b>	<b>1 January- 31 December 2024</b>	<b>1 January- 31 December 2023</b>
<b>GROSS PROFIT</b>		
Revenue	-	-
Cost of sales (-)	-	-
<b>OPERATING PROFIT</b>	-	-
General and administrative expenses (-)	-	-
Selling, marketing and distribution expenses (-)	-	-
Research and development expenses (-)	-	-
Other income from operating activities	-	-
Other expenses from operating activities (-) (*)	(271.392)	(2.447.635)
<b>OPERATING PROFIT BEFORE FINANCE COSTS</b>	<b>(271.392)</b>	<b>(2.447.635)</b>
Gain from investing activities	-	-
Loss from investing activities (-)	-	-
<b>PROFIT BEFORE TAX FROM CONTINUING OPERATIONS</b>	<b>(271.392)</b>	<b>(2.447.635)</b>
Finance income	-	-
Finance costs (-)	-	-
<b>TAX EXPENSE/INCOME FROM CONTINUING OPERATIONS</b>	<b>(271.392)</b>	<b>(2.447.635)</b>
Current tax expense	-	-
Deferred tax benefit	-	-
<b>PROFIT/ (LOSS) FOR THE PERIOD</b>	<b>(271.392)</b>	<b>(2.447.635)</b>

(\*) Refers to provision expenses which are related to the impairment of net assets of Nile Kordsa.

**NOTE 32 – EVENTS AFTER THE REPORTING PERIOD**

None.