ONCOSEM ONKOLOJİK SİSTEMLER SANAYİ VE TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
AS OF AND FOR THE NINE MONTHS
PERIODS ENDED 1 JANUARY – 30 SEPTEMBER 2023
TOGETHER WITH THE INDEPENDENT
AUDITOR’S REPORT

**ONCOSEM ONKOLOJİK SİSTEMLER
SANAYİ VE TİCARET
ANONİM ŞİRKETİ AND ITS SUBSIDIARIES**

CONTENTS

ONCOSEM ONKOLOJİK SİSTEMLER SANAYİ VE TİCARET A.Ş.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2023

(All amounts in Turkish Lira "TL" unless otherwise indicated)

ASSETS	Notes	Unaudited Current Period 30 September 2023 TL	Audited Prior Period 31 December 2022 TL
Current Assets			
Cash and cash equivalents	4	65.339.952	11.683.368
Trade receivables			
- Trade receivables from third parties	7	59.771.308	41.181.904
Other receivables			
- Trade receivables from third parties	8	13.516	--
Inventories	9	52.230.804	49.614.993
Prepaid expenses	10	2.748.415	4.139.865
Current income tax asset	25	1.069.031	6.426.481
Other current assets	18	246.346	3.860.613
Total Current Assets		**181.419.372**	**116.907.224**
Non Current Assets			
Other receivables			
- Other receivables	8	95.177	125.548
Financial investments	6	423.800	386.370
Right-of-use assets	13	164.519	1.114.946
Property, plant and equipment	11	44.814.246	41.643.114
Intangible assets	12	1.058.962	1.052.386
Prepaid expenses	10	4.504.755	1.899.350
Deferred tax assets	25	5.290.364	4.246.558
Total Non Current Assets		**56.351.823**	**50.468.272**
TOTAL ASSETS		**237.771.195**	**167.375.496**

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

ONCOSEM ONKOLOJİK SİSTEMLER SANAYİ VE TİCARET A.Ş.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2023

(All amounts in Turkish Lira "TL" unless otherwise indicated)

LIABILITIES	**Notes**	**Unaudited Current Period 30 September 2023 TL**	**Audited Prior Period 31 December 2022 TL**
Current Liabilities			
Financial liabilities	5	34.180.494	7.630.114
Current portions of non-current borrowings	5	2.233.762	3.045.773
Operational lease liabilities	13	761.446	1.211.270
Trade payables			
- Trade payables to third parties	7	13.024.536	15.783.948
Liabilities for employee benefits	16	5.583.062	3.148.557
Other payables			
- Due to related parties	27	65.000	9.325.576
- Other payables to third parties.	8	838.490	1.376.986
Deferred income	10	2.506.810	4.988.748
Current income tax liabilities	25	185.153	8.614.992
Current provisions			
- Provisions for employee benefits	16	1.035.189	462.038
- Other current provisions	17	2.384.461	2.614.657
Other current liabilities	18	1.089.037	217.434
Total Current Liabilities		**63.887.440**	**58.420.093**
Non Current Liabilities			
Financial liabilities	5	1.388.961	1.258.637
Operational lease liabilities	13	488.987	932.779
Long term provisions			
- Provisions for employee benefits	16	5.192.086	1.726.501
Deferred tax liabilities	25	1.012.814	1.078.269
Total Non Current Liabilities		**8.082.848**	**4.996.186**
EQUITY			
Equity Attributable to Owners of the Parent			
Share capital	19	23.850.000	19.900.000
Premiums/discounts on shares	19	62.076.500	--
Business combination merger subject to joint control	19	(20.810.112)	(20.810.112)
Other comprehensive income/expense not to be reclassified to profit			
- Actuarial gain / loss	19	(942.128)	866.608
Restricted reserves	19	80.777.017	72.278.187
Retained earnings	19	23.225.704	6.233.348
Net profit for the period		(2.376.074)	25.491.186
Non controlling interests		--	--
Total Equity		**165.800.907**	**103.959.217**
TOTAL LIABILITIES AND EQUITY		**237.771.195**	**167.375.496**

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

ONCOSEM ONKOLOJİK SİSTEMLER SANAYİ VE TİCARET A.Ş.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

AS OF AND FOR THE NINE MONTHS ENDED 1 JANUARY - 30 SEPTEMBER 2023

(All amounts in Turkish Lira "TL" unless otherwise indicated)

		Unaudited			
		Current Period 1 January - 30 September 2023	Prior Period 1 January - 30 September 2022	Prior Period 1 July - 30 September 2023	Prior Period 1 July - 30 September 2022
	Notes	TL	TL	TL	TL
Revenue	20	132.704.090	101.702.690	44.728.979	31.803.794
Cost of sales (-)	20	(97.429.266)	(57.417.961)	(31.880.265)	(9.246.906)
Gross profit		**35.274.824**	**44.284.729**	**12.848.714**	**22.556.888**
General administrative expenses (-)	21	(29.941.232)	(14.981.475)	(12.782.787)	(5.473.250)
Marketing, selling and distribution expenses (-)	21	(7.977.524)	(5.229.718)	(2.210.685)	(1.040.519)
Other operating income	22	5.058.706	6.333.728	2.464.903	1.708.474
Other operating expenses (-)	22	(8.903.919)	(4.709.275)	(975.799)	(1.070.711)
Operating profit		**(6.489.145)**	**25.697.989**	**(655.654)**	**16.680.882**
Income from investing activities	23	525.714	--	--	--
Operating profit / (loss) before financial income and (expenses)		**(5.963.431)**	**25.697.989**	**(655.654)**	**16.680.882**
Financial income	24	9.939.530	805.627	3.209.597	65.949
Financial expenses (-)	24	(7.614.500)	(1.388.092)	(5.286.540)	(130.783)
Profit before tax		**(3.638.401)**	**25.115.524**	**(2.732.597)**	**16.616.048**
Tax expense					
Tax for the period	25	(185.153)	(6.426.481)	1.066.510	(4.021.373)
Deferred tax income / (expense)	25	1.447.480	1.735.797	(870.802)	200.065
PROFIT FOR THE PERIOD		**(2.376.074)**	**20.424.840**	**(2.536.889)**	**12.794.740**
Non controlling interest		--	--	--	--
Equity holders of the parent		(2.376.074)	20.424.840	(2.536.889)	12.794.740
Earnings per share	26	**(5,36)**	**51,32**	**(5,72)**	**32,15**

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

ONCOSEM ONKOLOJİK SİSTEMLER SANAYİ VE TİCARET A.Ş.
CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME
AS OF AND FOR THE NINE MONTHS ENDED 1 JANUARY - 30 SEPTEMBER 2023
(Currency – Turkish Lira (TL) unless otherwise indicated)

	Unaudited			
	Current Period 1 January - 30 September 2023	Prior Period 1 January - 30 September 2022	Prior Period 1 July - 30 September 2023	Prior Period 1 July - 30 September 2022
	TL	TL	TL	TL
Profit for the Period	**(2.376.074)**	**20.424.840**	**(2.536.889)**	**12.794.740**
Other Comprehensive Income / (Loss):				
Items not to be reclassified to profit or loss	**1.470.517**	**301.185**	**268.583**	**49.584**
Actuarial gains / loss on defined benefit plans	1.808.736	376.482	330.357	61.981
Deferred tax effect of actuarial gains / loss on defined benefit plans	(338.219)	(75.297)	(61.774)	(12.397)
Other Comprehensive Income / (Loss)	**1.470.517**	**301.185**	**268.583**	**49.584**
Total Comprehensive Income / (loss)	**(905.557)**	**20.726.025**	**(2.268.306)**	**12.844.324**

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

ONCOSEM ONKOLOJİK SİSTEMLER SANAYİ VE TİCARET A.Ş.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE NINE MONTHS ENDED 1 JANUARY - 30 SEPTEMBER 2023

(All amounts in Turkish Lira "TL" unless otherwise indicated)

	Share capital	Actuarial gain / (loss)	Effect of business combination merger subject to joint control	Premiums/discounts related to share	Restricted reserves	Prior years' profit	Net profit/(loss) for the period	Equity attributable to equity holders of the parent	Total
Opening Balance at 1 January 2022	**19.900.000**	**1.195.957**	**(20.810.112)**	**--**	**564.530**	**6.214.078**	**71.732.927**	**78.797.380**	**78.797.380**
									-
Transfer to general reserves	--	--	--	--	--	71.732.927	(71.732.927)	--	--
Effect of changes in IAS 19 "Employee Termination Benefits" standard (Note 2)	--	(376.482)	--	--	--	--	--	(376.482)	(376.482)
Net loss for the period	--	--	--	--	--	--	20.424.840	20.424.840	20.424.840
									-
Closing Balance at 30 September 2022	**19.900.000**	**819.475**	**(20.810.112)**	**--**	**564.530**	**77.947.005**	**20.424.840**	**98.845.738**	**98.845.738**
Opening Balance at 1 January 2023	**19.900.000**	**866.608**	**(20.810.112)**	**--**	**72.278.187**	**6.233.348**	**25.491.186**	**103.959.217**	**103.959.217**
Capital increase									
- Cash	3.950.000	--	--	--	--	--	--	3.950.000	3.950.000
Transfer to general reserves	--	--	--	--	8.498.830	16.992.356	(25.491.186)	--	--
Effect of changes in IAS 19 "Employee Termination Benefits" standard (Note 2)	--	(1.808.736)	--	--	--	--	--	(1.808.736)	(1.808.736)
Premiums/discounts related to share	--	--	--	65.175.000	--	--	--	65.175.000	65.175.000
IPO dividend price	--	--	--	(3.098.500)	--	--	--	(3.098.500)	(3.098.500)
Net profit for the period	--	--	--	--	--	--	(2.376.074)	(2.376.074)	(2.376.074)
Closing Balance at 30 September 2023	**23.850.000**	**(942.128)**	**(20.810.112)**	**62.076.500**	**80.777.017**	**23.225.704**	**(2.376.074)**	**165.800.907**	**165.800.907**

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

ONCOSEM ONKOLOJİK SİSTEMLER SANAYİ VE TİCARET A.Ş.
CONSOLIDATED STATEMENTS OF CASH FLOW
AS OF AND FOR THE NINE MONTHS ENDED 1 JANUARY - 30 SEPTEMBER 2023
(All amounts in Turkish Lira "TL" unless otherwise indicated)

	Notes	Unaudited Current Period 1 January - 30 September 2023	Unaudited Prior Period 1 January - 30 September 2022
A. CASH FLOW FROM OPERATING ACTIVITIES			
Net profit for the period		(2.376.074)	20.424.840
Adjustments to reconcile net cash generated			
Depreciation and amortization charge	11,12,13	9.681.332	8.526.874
Provision for employee termination benefits	16	3.307.249	804.403
Provision for doubtful trade receivables	7	1.231.329	--
Provision for litigation	17	(230.196)	794.996
Adjustments for rediscount on interest income / (expense)	22	747.823	(657.753)
Adjustment for interest expenses	24	4.098.104	509.405
Deferred tax asset / (liability), net	25	(1.447.480)	(1.735.797)
Changes in net working capital			
Increases/decreases in inventories	9	(2.615.811)	(18.923.525)
Increases/decreases in trade receivables	7	(20.833.710)	(6.959.218)
Increases/decreases in other receivables	8	16.855	(36.386)
Increases / decreases in prepaid expenses	10	(1.213.955)	4.557.924
Increases / decreases in other current assets	18	3.614.267	1.599.043
Increases / decreases in trade payables	7	(2.494.258)	3.645.516
Increases / decreases in other payables	27,8	(6.492.964)	4.943.367
Increase / decreases related to other liabilities in relation with advances received	10	(2.481.938)	(1.674.590)
Current income tax paid	25	(3.072.389)	(4.588.145)
Other short term provisions	16	573.151	(63.466)
Net Cash Flows Generated From / (Used in) Operating Activities		**(19.988.665)**	**11.167.488**
Ödenen kıdem tazminatları	16	(1.312.181)	(430.459)
İşletme Faaliyetlerinden Sağlanan Nakit Akışları, net		(21.300.846)	10.737.029
B. CASH FLOWS FROM FINANCING ACTIVITIES			
Cash flows generated from/used in current financial liabilities	5	25.738.369	(3.828.680)
Cash flows generated from/used in non-current financial liabilities	5	130.324	(1.162.897)
Interest paid	24	(4.098.104)	(509.405)
Cash flows generated from/used in current operational lease liabilities	13	(449.824)	(69.200)
Cash flows generated from/used in non-current operational lease liabilities	13	(443.792)	(765.071)
Capital increase, cash		3.950.000	--
Net Cash Flows Generated From Financing Activities		24.826.973	(6.335.253)
C. CASH FLOWS FROM INVESTMENT ACTIVITIES			
IPO dividend price		(3.098.500)	--
Premiums/discounts related to share	19	65.175.000	--
Proceeds from acqusition of property, plant and equipment and intangible assets	11	(11.358.613)	(8.359.137)
Proceeds from sales of property, plant and equipment and intangible assets	12	(550.000)	--
Right-of-use assets	13	--	218.587
Financial investments	6	(37.430)	(386.370)
Net Cash Flows Used in Investment Activities		50.130.457	(8.526.920)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		**53.656.584**	**(4.125.144)**
D.CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		**11.683.368**	**5.770.301**
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		**65.339.952**	**1.645.157**

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

(Currency –Turkish Lira "TL" unless otherwise expressed)

1. ORGANIZATION AND NATURE OF ACTIVITIES OF THE COMPANY

Oncosem Group consists of Oncosem Onkolojik Sistemler Sanayi ve Ticaret Anonim Şirketi, which is the main company, and majority or effective management of its affiliated companies.

The Company was established in Turkey in 2008 as a limited company and changed its status to a joint-stock company in 2018. The main business activity of the Company is to buy, sell, lease, rent, and produce all kinds of mechanical, electrical, and electronic devices for medical and health services, all types of imaging and medical devices, and all necessary spare parts, consumables, and medical supplies for these devices.

The Group conducts its activities in three main categories: chemotherapy drug preparation services, device sales, and test kit sales.

The registered address of the Company is as follows;

Mutlukent 1988 Cad. No:12 Çankaya/Ankara, Türkiye

As of 30 September 2023 and 31 December 2022, the shareholding structure of the Company is as follows:

	30 September 2023 Share Percentage (%)	31 December 2022 Share Percentage (%)
Erol Çelik	67	90
EC Yatırımlar Holding A.Ş.	4	5
Bulls Girişim Sermayesi Yatırım Ort. A.Ş.	4	5
Publicly traded part	25	--

Consolidated Subsidiaries

As of 30 September 2023 and 31 December 2022 the direct and indirect ownership shares of the companies included in consolidation by the Group are provided below;

	30 September 2023		31 December 2022	
	Direct	**Indirect**	**Direct**	**Indirect**
Santek Sağlık Turz. Teks. San. A.Ş.	%100	--	%100	--

The operations of the consolidated entities in the accompanying consolidated financial statements are summarized below:

Santek Sağlık Turz. Teks. San. A.Ş. ("SantekSağlık"); The company was established in Ankara in 2006. The main business activity of the company revolves around health services, involving the procurement, sale, leasing, and rental of various mechanical, electrical, and electronic devices, all types of imaging and medical equipment, as well as acquiring, selling, and marketing all necessary spare parts and medical consumables for these devices. Additionally, the company engages in tenders for disinfection, sterilization, meal, and cleaning services for hospitals and various public and private enterprises, and it also deals with the procurement, sale, and marketing of their consumables.

On 21 December 2021, Santek Sağlık Turizm Tekstil Sanayi A.Ş. transferred the shares owned by Erol Çelik and Fatma Çelik to Oncosem Onkolojik Sistemler Sanayi ve Ticaret A.Ş. With this transfer, Oncosem became the sole owner of all shares of Santek Sağlık, holding a 100% stake.

The principles for accounting for business combinations are regulated by the "TFRS 3 Business Combinations" standard. However, as explained in Note 2.3, the situation at hand involves the merger of two companies subject to joint control, and the accounting for this situation is detailed in paragraphs 10 and 12 of the "TMS 8 Accounting Policies; Changes in Accounting Estimates and Errors" standard.

1. ORGANIZATION AND NATURE OF ACTIVITIES OF THE COMPANY (CONTINUED)

As of 30 September 2023 and 31 December 2022, the number of personnel employed by Group are as follows;

	30 September 2023	31 December 2022
Oncosem Onkolojik Sis. San. ve Tic. A.Ş.	211	187
Santek Sağlık Turz. Teks. San. A.Ş.	105	122
Total	**316**	**309**

2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

2.1 Basis of Presentation

The Group in Turkey keep and prepare their legal books and statutory financial statements in accordance with the accounting principles determined by the Turkish Commercial Code ("TCC") and tax legislation.

The accompanying consolidated financial statements of the Group are prepared in accordance with the Communiqué Serial II, No:14.1, "Communiqué on the Principles of Financial Reporting In Capital Markets" ("the Communiqué") announced by the Capital Markets Board of Turkey ("CMB") and published in the Official Gazette numbered 28676 on 13 June 2013. According to Article 5 of the Communiqué, financial statements are prepared in accordance with the Turkish Accounting Standards ("TAS") issued by Public Oversight Accounting and Auditing Standards Authority ("POA"). TAS contains Turkish Accounting Standards, Turkish Financial Reporting Standards ("TFRS") and its addendum and interpretations. TFRS's are updated in harmony with the changes and updates in International Financial and Accounting Standards ("IFRS") by the communiqués announced by the POA.

The accompanying financial statements are based on the Company's legal records and have been prepared by making the necessary adjustments and classifications in order to present the Company's financial position adequately and to make a correct presentation in accordance with TFRS.

The consolidated financial statements are presented in accordance with "Announcement regarding with TAS Taxonomy" which was published on 15 April 15 2019 by POA and the format and mandatory information recommended by CMB.

Public Oversight Authority made a statement on 20 January 2022, in order to eliminate the hesitations about whether the companies that apply Turkish Financial Reporting Standards (TFRS) will apply TAS 29 Financial Reporting in High Inflation Economies in the 2021 financial reporting period. Accordingly, it has been stated that businesses applying TFRS do not need to make any adjustments within the scope of TAS 29 Financial Reporting in High Inflation Economies ("TAS 29"), and no new explanation has been made by the POA about the application of TAS 29. As of the preparation date of these consolidated financial statements, no new disclosure has been made by POA within the scope of TAS 29, and no inflation adjustment has been made according to TAS 29 while preparing the solo financial statements dated 31 December 2022.

Functional and reporting presentation currency

The individual financial statements of each Group entity are prepared in the currency of the primary economic environment in which the entity operates ("functional currency"). For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in Turkish Lira ("TL"), which is the functional currency of the Group, and the presentation currency for the consolidated financial statements.

Going Concern

The company has prepared its financial statements in accordance with the going concern principle.

2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.2 Restatement and Errors in the Accounting Policies Estimates

Accounting policy changes resulting from the first application of a new standard, if any, are applied retrospectively or prospectively in accordance with the transitional provisions. Changes that do not include any transitional provisions, optional significant changes in accounting policy or accounting errors detected are applied retrospectively and prior period financial statements are restated. Changes in accounting estimates are applied in the current period if the change is made, if it relates to only one period, and both in the period when the change is made and prospectively if it is related to future.

2.3 Accounting of business combinations under common control

The basis of accounting of business combination is determined in the standard “IFRS 3 Business Combinations”. Business combination in IFRS 3; a transaction or another event with that an entity takes the control of an other entity or more than one entity. The transactions sometimes called “real combinations” or “combination of equals” are also described as “Business Combination” in this standard.

Besides, business combinations under common control described as all the entities subject to the combination are controlled by the same persons or entities before the combination or after the combination and this control is not temporary, and there is no clause for accounting of this combination in IFRS 3. In addition, it’s determined that business combinations under common control is not in the scope of IFRS in the 2nd paragraph of IFRS 3. There are paragraphs guide in this subject in IFRS 3, but that paragraphs do not determine the accounting in this subject. (IFRS 3, Paragraphs B1-B4). In the framework of the clauses above, there is no spesific clause related to the business combinations under common control in IFRS. The entities subject to the business combinations under common control should choose an accounting policy in the scope of the hierarchy in the 10th -12th paragraph of the standard “IAS 8 Accounting Policies, Changes in Accounting Estimations and Errors”.

2.4 Principles of Consolidation

The consolidated financial statements, parent company Oncosem Onkolojik Sistemler San. Ve Tic. A.Ş. and its subsidiaries, affiliates, joint ventures and financial investments accounts prepared according to the principles set forth in the following articles. During the preparation of the financial statements of the companies included in the consolidation, necessary adjustments and classifications were made in terms of compliance with the TAS/TFRS, which was put into effect by the POA in accordance with the provisions of the Communiqué Serial II, No. 14.1, and compliance with the accounting policies and presentation styles applied by the Group.

Subsidiaries

Subsidiaries refer to companies in which the Company is exposed to or has rights to variable returns from its involvement with the investee, and over which it has control because it has the ability to affect these returns through its power over the investee.

Subsidiaries are included in the scope of consolidation from the date on which control over their activities is transferred to the Group and are excluded from the scope of consolidation on the date that control ceases.

Consolidated financial statements include the financial statements of the companies controlled by the Company and its subsidiaries. Control is provided by the Company's fulfilment of the following conditions:

i.) has power over the investee/asset,
ii.) is open to or entitled to variable returns from the investee/asset, and
iii.) can use its power to have an impact on returns.

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

The financial position statements and profit or loss statements of the subsidiaries are consolidated using the full consolidation method, and the book values of the subsidiaries owned by the Company and their equity are mutually offset. Intra-group transactions and balances between the Company and its subsidiaries are deducted during consolidation. The book values of the shares owned by the Company and the dividends arising from them have been netted off from the related equity and profit or loss statement accounts.

2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.4 Principles of Consolidation (Continued)

Branches

The branch may not have a different main contract than the parent company; As a result, the branch can act as a parent company in the parent company's fields of activity. Each branch should use the name of the parent company by stating that it is a branch.

Although a branch may act independently from the parent company in its commercial relations with third parties and companies, the rights and obligations arising from its transactions belong to the parent company. Legal cases that may arise as a result of the transactions of the branch can be heard in the relevant court in the headquarters of the parent company or in the relevant courts in the center where the branch is located. The financial statement items of the Branch were combined one by one and mutually lowered from each other.

Joint ventures

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

Investments

The Group's shares in associates valued using the equity method consist of shares in associates. Associates are assets over which the Group has significant influence, but not control or joint control, over its financial and operating policies.

Interests in associates are accounted for using the equity method. These are entities in which the Group generally has between 20% and 50% of the voting rights or in which the Group has significant influence, but not control, over the company's operations. It is initially recorded at cost, which includes transaction costs. After initial recording, the consolidated financial statements include the Group's profit or loss and other comprehensive income from equity method investments until the date when significant influence ceases.

Non-controlling interests

Non-controlling interests are measured in their proportional share of the acquirer's net assets at the acquisition date. Changes in the shares of subsidiaries without losing the Group's control power are accounted for as equity transactions. Accordingly, in additional share purchase transactions from non-controlling interests, the difference between the acquisition cost and the book value of the company's net assets in proportion to the purchased shares is accounted for under equity. In the sale of shares to non-controlling interests, losses or gains resulting from the difference between the sales price and the book value of the company's net assets in proportion to the sold share are also accounted for under equity.

Transactions eliminated on consolidation

Intra-group balances and transactions and unrealized income and expenses arising from intra-group transactions are eliminated. Unrealized gains from transactions with equity are eliminated in proportion to the Group's interest in the investee. In the absence of any impairment, unrealized losses are eliminated in the same way as unrealized gains.

2.5 Comparative Information and Adjustment of Financial Statements of Previous Period

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

2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.6. The New Standards, Amendments and interpretations

The accounting policies adopted in preparation of the consolidated financial statements as of September 30, 2023 are consistent with those of the previous financial year, except for the adoption of new and amended TFRS and TFRS interpretations effective as of January 1, 2023 and thereafter. The effects of these standards and interpretations on the Group's financial position and performance have been disclosed in the related paragraphs.

i) The new standards, amendments and interpretations which are effective as of January 1, 2023 are as follows:

Amendments to TAS 8 - Definition of Accounting Estimates

In August 2021, POA issued amendments to TAS 8, in which it introduces a new definition of "accounting estimates". The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, the amended standard clarifies that the effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period errors. The previous definition of a change in accounting estimate specified that changes in accounting estimates may result from new information or new developments. Therefore, such changes are not corrections of errors. This aspect of the definition was retained by the POA. The amendments apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of the effective date.

The amendments did not have a significant impact on the financial position or performance of the Group.

Amendments to TAS 1 - Disclosure of Accounting Policies

In August 2021, POA issued amendments to TAS 1, in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. In the absence of a definition of the term 'significant' in TFRS, the POA decided to replace it with 'material' in the context of disclosing accounting policy information. 'Material' is a defined term in TFRS and is widely understood by the users of financial statements, according to the POA. In assessing the materiality of accounting policy information, entities need to consider both the size of the transactions, other events or conditions and the nature of them. Examples of circumstances in which an entity is likely to consider accounting policy information to be material have been added.

The amendments did not have a significant impact on the financial position or performance of the Group.

The amendments did not have a significant impact on the financial position or performance of the Group.

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

In August 2021, POA issued amendments to TAS 12, which narrow the scope of the initial recognition exception under TAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences. The amendments clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognised in the financial statements (and interest expense) or to the related asset component (and interest expense). This judgement is important in determining whether any temporary differences exist on initial recognition of the asset and liability. The amendments apply to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period presented, a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for all deductible and taxable temporary differences associated with leases and decommissioning obligations should be recognized.

The amendments did not have a significant impact on the financial position or performance of the Group.

2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.6. The New Standards, Amendments and interpretations (Continued)

i) The new standards, amendments and interpretations which are effective as of January 1, 2023 are as follows(continued):

Amendments to TAS 12 - International Tax Reform – Pillar Two Model Rules

In September 2023, POA issued amendments to TAS 12, which introduce a mandatory exception in TAS 12 from recognizing and disclosing deferred tax assets and liabilities related to Pillar Two income taxes. The amendments clarify that TAS 12 applies to income taxes arising from tax laws enacted or substantively enacted to implement the Pillar Two Model Rules published by the Organization for Economic Cooperation and Development (OECD). The amendments also introduced targeted disclosure requirements for entities affected by the tax laws. The temporary exception from recognition and disclosure of information about deferred taxes and the requirement to disclose the application of the exception apply immediately and retrospectively upon issue of the amendments. However, certain disclosure requirements are not required to be applied for any interim period ending on or before 31 December 2023.

The amendments did not have a significant impact on the financial position or performance of the Group.

ii) Standards issued but not yet effective and not early adopted

Standards, interpretations and amendments to existing standards that are issued but not yet effective up to the date of issuance of the *consolidated* financial statements are as follows. *The Group* will make the necessary changes if not indicated otherwise, which will be affecting *the consolidated* financial statements and disclosures, when the new standards and interpretations become effective.

Amendments to TFRS 10 and TAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

In December 2017, POA postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting. Early application of the amendments is still permitted.

The Group will wait until the final amendment to assess the impacts of the changes.

TFRS 17 - The new Standard for insurance contracts

POA issued TFRS 17 in February 2019, a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. TFRS 17 model combines a current balance sheet measurement of insurance contract liabilities with the recognition of profit over the period that services are provided. Certain changes in the estimates of future cash flows and the risk adjustment are also recognised over the period that services are provided. Entities will have an option to present the effect of changes in discount rates either in profit and loss or in OCI. The standard includes specific guidance on measurement and presentation for insurance contracts with participation features. In accordance with amendments issued by POA in December 2021, entities have transition option for a "classification overlay" to avoid possible accounting mismatches between financial assets and insurance contract liabilities in the comparative information presented on initial application of TFRS 17.

The mandatory effective date of the Standard for the following entities has been postponed to accounting periods beginning on or after January 1, 2024 with the announcement made by the POA:

- Insurance, reinsurance and pension companies.
- Banks that have ownership/investments in insurance, reinsurance and pension companies and
- Other entities that have ownership/investments in insurance, reinsurance and pension companies.

The Group will wait until the final amendment to assess the impacts of the changes.

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

2.6. The New Standards, Amendments and interpretations (Continued)

ii) Standards issued but not yet effective and not early adopted (continued)

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

In January 2020 and January 2023, POA issued amendments to TAS 1 to specify the requirements for classifying liabilities as current or non-current. According to the amendments made in January 2023 if an entity's right to defer settlement of a liability is subject to the entity complying with the required covenants at a date subsequent to the reporting period ("future covenants"), the entity has a right to defer settlement of the liability even if it does not comply with those covenants at the end of the reporting period. In addition, January 2023 amendments require an entity to provide disclosure when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months. This disclosure must include information about the covenants and the related liabilities. The amendments clarified that the classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement of the liability for at least twelve months after the reporting period. The amendments are effective for periods beginning on or after 1 January 2024. The amendments must be applied retrospectively in accordance with TAS 8. Early application is permitted. However, an entity that applies the 2020 amendments early is also required to apply the 2023 amendments, and vice versa.

The Group will wait until the final amendment to assess the impacts of the changes.

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

In January 2023, POA issued amendments to TFRS 16. The amendments specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. In applying requirements of TFRS 16 under "Subsequent measurement of the lease liability" heading after the commencement date in a sale and leaseback transaction, the seller lessee determines 'lease payments' or 'revised lease payments' in such a way that the seller-lessee would not recognise any amount of the gain or loss that relates to the right of use retained by the seller-lessee. The amendments do not prescribe specific measurement requirements for lease liabilities arising from a leaseback.

The initial measurement of the lease liability arising from a leaseback may result in a seller-lessee determining 'lease payments' that are different from the general definition of lease payments in TFRS 16. The seller-lessee will need to develop and apply an accounting policy that results in information that is relevant and reliable in accordance with TAS 8. A seller-lessee applies the amendments to annual reporting periods beginning on or after 1 January 2024. Earlier application is permitted. A seller-lessee applies the amendments retrospectively in accordance with TAS 8 to sale and leaseback transactions entered into after the date of initial application of TFRS 16.

The Group will wait until the final amendment to assess the impacts of the changes.

Amendments to TAS 7 and TFRS 7 - Disclosures: Supplier Finance Arrangements

The amendments issued by POA in September 2023 specify disclosure requirements to enhance the current requirements, which are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. Supplier finance arrangements are characterized by one or more finance providers offering to pay amounts an entity owes its suppliers and the entity agreeing to pay according to the terms and conditions of the arrangements at the same date as, or a date later than, suppliers are paid. The amendments require an entity to provide information about terms and conditions of those arrangements, quantitative information on liabilities related to those arrangements as at the beginning and end of the reporting period and the type and effect of non-cash changes in the carrying amounts of those liabilities. In the context of quantitative liquidity risk disclosures required by TFRS 7, supplier finance arrangements are also included as an example of other factors that might be relevant to disclose. The amendments will be effective for annual reporting periods beginning on or after 1 January 2024. Early adoption is permitted but will need to be disclosed.

The Group will wait until the final amendment to assess the impacts of the changes.

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

2.6. The New Standards, Amendments and interpretations (Continued)

iii) The new amendments that are issued by the International Accounting Standards Board (IASB) but not issued by Public Oversight Authority (POA)

The following amendments to IAS 21 are issued by IASB but not yet adapted/issued by POA. Therefore, they do not constitute part of TFRS. *The Group* will make the necessary changes to its *consolidated* financial statements after the amendments are issued and become effective under TFRS.

Amendments to IAS 21 - Lack of exchangeability

In August 2023, IASB issued amendments to IAS 21. The amendments specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. When an entity estimates a spot exchange rate because a currency is not exchangeable into another currency, it discloses information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity’s financial performance, financial position and cash flows.

The Group will wait until the final amendment to assess the impacts of the changes.

2.7 Summary of Significant Accounting Policies

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts (Note 6). Bank deposits with original maturities of more than three months are classified under short-term financial investments.

Financial instruments

Financial assets and liabilities are recognized in the Group's statement of financial position when the Group becomes a party to the contractual provisions of the financial instrument. Financial assets and liabilities are initially measured at fair value. Transaction costs directly attributable to the acquisition or issuance of financial assets and liabilities (excluding financial assets and liabilities at fair value through profit or loss) are added to or subtracted from the fair value of those financial assets and liabilities at initial recognition, as appropriate. Transaction costs directly related to the acquisition or issuance of financial assets and liabilities are recognized directly in profit or loss.

Financial assets

Financial assets bought and sold in the normal way are recorded or removed at the transaction date.

The Group manages its financial assets (a) the business model used by the entity to manage financial assets, (b) the amortized cost at subsequent recognition based on the characteristics of the contractual cash flows of the financial asset, through fair value through other comprehensive income or at fair value through profit or loss. classifies as measured through loss. Only when an entity changes its business model for the management of financial assets, it reclassifies all affected financial assets. The reclassification of financial assets is applied prospectively from the date of reclassification. In such cases, no adjustments are made for gains, losses (including impairment gains or losses) or interest previously recognized.

2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.7 Summary of Significant Accounting Policies (Continued)

Financial instruments (continued)

Classification of financial assets

Financial assets that meet the following conditions are measured subsequently at amortized cost:

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

Financial assets that meet the following conditions are measured subsequently at fair value through other comprehensive income ("FVTOCI"):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are measured subsequently at fair value through profit or loss ("FVTPL").

Despite the foregoing, the Group may make the following irrevocable election/designation at initial recognition of a financial asset; the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met.

Amortized cost and effective interest method

Interest income on financial assets carried at amortized cost is calculated using the effective interest method. The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period.

This income is calculated by applying the effective interest rate to the gross carrying amount of the financial asset:

a) Credit-impaired financial assets when purchased or generated. For such financial assets, the Group applies the effective interest rate on the amortized cost of a financial asset based on the loan from the date of the recognition in the financial statements.
b) financial assets that are impaired at the time of acquisition or generation but subsequently become a financial asset that has been impaired. For such financial assets, the Group applies the effective interest rate to the amortized cost of the asset in the subsequent reporting periods.

Interest income is recognized using the effective interest method for debt instruments measured subsequently at amortized cost and at FVTOCI.

Interest income is recognized in consolidated profit or loss statement. Interest income is recognized as income from investments if it is based on deposits. Interest income from in-group borrowings are shown as finance income.

2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.7 Summary of Significant Accounting Policies (Continued)

Financial instruments (continued)

Financial assets at fair value through profit or loss

Financial assets that do not meet the criteria to be measured at amortized cost or at fair value through other comprehensive income are measured at fair value through profit or loss.

Financial assets at fair value through profit or loss are measured at fair value at the end of each period and all fair value changes are accounted for in profit or loss unless the related financial assets are part of the hedging transactions (see hedge accounting policy).

Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. Specifically,

- for financial assets measured at amortized cost that are not part of a designated hedging relationship, exchange differences are recognized in profit or loss in the ‘other gains and losses’ line item;

- for debt instruments measured at FVTOCI that are not part of a designated hedging relationship, exchange differences on the amortized cost of the debt instrument are recognized in profit or loss in the ‘other gains and losses’ line item. Other exchange differences are recognized in other comprehensive income in the investments revaluation reserve;

- for financial assets measured at FVTPL that are not part of a designated hedging relationship, exchange differences are recognized in profit or loss in the ‘other gains and losses’ line item; and

- for equity instruments measured at FVTOCI, exchange differences are recognized in other comprehensive income in the investments revaluation reserve.

Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses on investments in debt instruments that are measured at amortized cost or at FVTOCI, lease receivables, trade receivables and contract assets, as well as on loan commitments and financial guarantee contracts. No impairment loss is recognized for investments in equity instruments. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

Trade receivables

Trade receivables arising from the provision of products or services to the buyer are recognized over the amortized value of the receivables to be recorded in the following periods from the original invoice value, using the effective interest method. Short-term receivables with no determined interest rate are shown from the invoice amount if the effect of the original effective interest rate is not too great.

The "simplified approach" is applied for the impairment calculations of trade receivables that are accounted at amortized cost in the financial statements and do not contain a significant financing component (with a maturity of less than 1 year). With this approach, in cases where the trade receivables are not impaired for certain reasons (except for the realized impairment losses), the loss allowance for trade receivables is measured at an amount equal to "lifetime expected credit losses". Following the allocation of a provision for impairment, if all or a portion of the impaired receivable is collected, the collected amount is deducted from the provision for impairment and recorded in other operating income.

2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.7 Summary of Significant Accounting Policies (Continued)

Financial instruments (continued)

Impairment of financial assets (continued)

The Group utilizes a simplified approach for non-significant trade receivables, contract assets and lease receivables and calculates the allowance for impairment against the lifetime expected credit losses (“ECL”) of the related financial assets.

For all other financial instruments, the Group recognizes lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset measured at amortized cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss. In contrast, on derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

Financial liabilities

Financial liabilities are classified as at FVTPL on initial recognition. On initial recognition of liabilities other than those that are recognized at FVTPL, transaction costs directly attributable to the acquisition or issuance thereof are also recognized in the fair value.

A financial liability is subsequently classified at amortized cost except:

a) Financial liabilities at FVTPL: These liabilities including derivative instruments are subsequently measured at fair value.
b) Financial liabilities arising if the transfer of the financial asset does not meet the conditions of derecognition from the financial statements or if the ongoing relationship approach is applied: When the Group continues to present an asset based on the ongoing relationship approach, a liability in relation to this is also recognized in the financial statements. The transferred asset and the related liability are measured to reflect the rights and liabilities that the Company continues to hold. The transferred liability is measured in the same manner as the net book value of the transferred asset.

2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.7 Summary of Significant Accounting Policies (Continued)

Financial instruments (continued)

Financial liabilities (continued)

a) A contingent consideration recognized in the financial statements by the entity acquired in a business combination where TFRS 3 is applied: After initial recognition, the related contingent consideration is measured as at FVTPL.

Derecognition of financial liabilities

The Group derecognizes financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

Other financial liabilities

Other financial liabilities, including borrowings and trade and other payables, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortized cost using the effective interest method, with interest expense recognized on an effective yield basis.

Trade payables

Trade payables refer to the payments to be made for goods and services provided from suppliers in ordinary activities. Trade payables are first measured from their fair value and amortized cost calculated using the effective interest method in the following periods.

Derivative Instruments

Derivative instruments are first recorded at their acquisition cost reflecting their fair value at the contract date and are valued at fair value in the following periods. The derivative instruments of the Group consist of forward foreign exchange purchase and sale contracts. Although these derivatives provide effective protection against risks for the Group economically, if they do not meet the necessary conditions for risk accounting, they are accounted as trading derivatives in the consolidated financial statements and the fair value changes related to them are reflected in the statement of profit or loss.

Trade receivables

Trade receivables that are created by way of providing goods or services directly to a debtor are carried at amortized cost. Trade receivables, net of unearned financial income, are measured at amortized cost, using the effective interest rate method, less the unearned financial income. Short duration receivables with no stated interest rate are measured at the original invoice amount unless the effect of imputing interest is significant.

A doubtful receivable provision for trade receivables is established if there is objective evidence that the Group will not be able to collect all amounts due. The amount of provision is the difference between the carrying amount and the recoverable amount, being the present value of all cash flows, including amounts recoverable from guarantees and collateral, discounted based on the original effective interest rate of the originated receivables at inception.

If the amount of the impairment subsequently decreases due to an event occurring after the write-down, the release of the provision is credited to other operating income.

Inventories

Inventories are valued at the lower of cost or net realizable value. Cost elements included in inventories are materials, labor and an appropriate amount for factory overheads. The cost of borrowings is not included in the costs of inventories. The cost of inventories is determined on the weighted average basis for each purchase. Net realizable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses.

2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.7 Summary of Significant Accounting Policies (Continued)

Property, plant and equipment

Property, plant and equipment are presented at cost less accumulated depreciation and accumulated impairment losses. Land and lands are not subject to depreciation and are shown at cost less accumulated impairment losses.

In cases where the assets cannot be converted into money over the value they carry, it is checked whether there is any impairment in the assets. If there is such an indication and the value of the assets exceeds the estimated amount to be realized, the assets or cash generating units are brought to their realizable values.

The realizable amount is the higher of the asset's net selling price and net book value in use. To determine the amount of net book value in use, estimated future cash flows are discounted using the pre-tax discount rate, which measures the time value of money and the risk nature of the asset. The net book value in use of a non-independent cash-generating asset is determined for the cash-generating group to which the asset belongs. Provision for impairment expenses are recognized in the consolidated statement of profit or loss.

Except for land and investments in progress, the cost or valued amounts of tangible assets are depreciated using the straight-line method over their expected useful lives or production volumes. The expected useful life, residual value and depreciation method are reviewed each year for the possible effects of changes in estimates, and if there is a change in estimates, they are accounted for prospectively.

The rates used in the amortization of tangible fixed assets are as follows;

	Useful Life
Buildings	50 years
Machinery and equipment	4-20 years
Motor vehicles	4-5 years
Furniture, fixtures and office equipment	3-18 years
Leasehold improvements	5 years

Intangible assets and amortization

Intangible assets which are mainly software licenses and mining extraction rights are measured initially at cost. An intangible asset is recognized if it meets the identifiability criterion of intangibles, control exists over the asset; it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the costs can be measured reliably. Intangible assets are carried at cost less accumulated amortization and impairment. Amortization of intangible assets is allocated on a systematic pro-rata basis using the straight-line method over their estimated useful economic lives (3-5 years).

Evaluation of research expenses and development costs within the scope of Articles 52 to 67 of TAS 38 "Intangible Assets"

Planned activities to obtain new technological information or findings are defined as research and research expenses incurred at this stage are recorded as expense when incurred.

The application of research findings or other information to a plan prepared to produce new or significantly improved products, processes, systems or services is defined as development and is recognized as intangible assets resulting from development if all of the following conditions are met.

Internally generated intangible assets resulting from development activities (or the development phase of an internal project) are recognized only when all of the following conditions are met;

- It is technically possible to complete the intangible asset so that it is ready for use or ready for sale.
- Intention to complete, use or sell the intangible asset.
- Whether the intangible asset can be used or sold, and it is clear how the asset will generate possible future economic benefits.
- Availability of appropriate technical, financial and other resources to complete the development of the intangible asset, use or sell the asset.
- The development cost of the intangible asset can be measured reliably during the development process.

2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.7 Summary of Significant Accounting Policies (Continued)

Intangible assets and amortization (continued)

The amount of intangible assets created internally is the total amount of expenses incurred since the intangible asset meets the above-mentioned recognition conditions. When internally generated intangible assets cannot be recognized, development expenditures are recorded as expense in the period in which they are incurred. After initial recognition, internally generated intangible assets are reported at cost less accumulated depreciation and accumulated impairment losses, just like intangible assets purchased separately.

The Group acquires a portion of certain intangible assets under paragraphs 27 and 32 of IAS 38. In this context, it capitalizes the costs that are obtained separately from the outside and directly associated with the asset. In particular, the costs incurred within the framework of paragraph 28 of TAS 38 are capitalized.

Intangible assets acquired

Intangible assets acquired separately are reported at cost less accumulated amortization and accumulated impairment losses. Amortization is charged on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each annual reporting period, with the effect of any changes in accounting estimates for on a prospective basis.

The useful lives of the intangible assets are as follows:

	Useful life
Rights	2-6 years
Computer software	2-3 years
Development expenses	5 years
Other intangible assets	3 years

The carrying values of intangible assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

Expenditures made within the scope of research activities are recognized in profit or loss when they occur.

Intangible assets are carried at cost less accumulated amortization and impairment. Amortization of intangible assets is allocated on a systematic pro-rata basis using the straight-line method over their estimated useful economic lives.

Finance leases

The Group - as the lease

The Group evaluates whether a contract is a lease or contains lease terms at the inception of the contract. The Group recognizes the right-of-use asset and the related lease liability for all leases of which it is a lessee, except for short-term leases (leases with a lease term of 12 months or less) and leases of low value assets.

For these leases, the Group recognizes the lease payments as operating expense on a straight-line basis over the lease term, unless there is another systematic basis that better reflects the timing structure in which the economic benefits from the leased assets are used.

In the initial recognition, lease obligations are accounted for at the present value of the lease payments that were not paid at the contract inception date, discounted at the lease rate. If this rate is not specified beforehand, the Group uses the alternative borrowing rate to be determined by itself.

2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.7 Summary of Significant Accounting Policies (Continued)

Finance leases (continued)

The Group - as the lease (continued)

The lease payments included in the measurement of the lease liability consist of:

- fixed lease payments (substantially fixed payments) less any lease incentives;
- variable lease payments based on an index or rate, initially measured using an index or rate at the commencement date of the lease;
- The amount of debt expected to be paid by the lessee under residual value guarantees,
- The enforcement price of the payment options, where the lessee will reasonably implement the payment options; and
- penalty payment for the cancellation of the rental if there is a right to cancel the rental during the rental period.

The lease liability is presented as a separate item in the consolidated statements of financial position.

Lease liabilities are measured by increasing the net carrying amount (using the effective interest method) to reflect the interest on the subsequent lease liability and decreasing the carrying amount to reflect the lease payment made. The Group remeasures the lease liability (and makes appropriate changes to the related right-of-use asset) if:

- When the lease liability is remeasured by discounting the revised lease payments using the revised discount rate when a change occurs in the assessment of the lease term or exercise of a purchase option.
- When the lease payments change due to changes in the index, rate, or expected payment change in the promised residual value, the restated lease payments are discounted using the initial discount rate and the lease liability is remeasured (the revised discount rate is used if the change in lease payments is due to a change in the variable interest rate).
- When a lease is changed and the lease modification is not accounted for as a separate lease, the revised lease payments are discounted using the revised discount rate and the lease liability is restated.

The Group has not made such changes during the periods presented in the consolidated financial statements.

Right-of-use assets include the initial measurement of the corresponding lease liability, lease payments made on or before the lease commencement date, and other direct initial costs. These assets are measured at cost less accumulated depreciation and impairment losses.

A provision is recognized in accordance with IAS 36 when the group incurs costs to disassemble and dispose of a lease asset, restore the area on which the asset is located, or restore the main asset in accordance with the terms and conditions of the lease. These costs are included in the relevant right-of-use asset unless they are incurred to produce inventory.

Right-of-use assets are depreciated over the shorter of the lease term and useful life of the main asset. When ownership of the main asset is transferred in a lease or when the Group plans to exercise a purchase option based on the cost of the right-of-use asset, the associated right-of-use asset is depreciated over the useful life of the main asset. Depreciation begins on the date the lease actually begins.

Group - as a lessor

The Group, as a lessor, signs lease agreements for some of its investment properties.

Leases in which the Group is the lessor are classified as finance leases or operating leases. The contract is classified as a finance lease if, according to the terms of the lease, all the ownership risks and rewards are transferred to the lessee to a significant extent. All other leases are classified as operating leases.

If the Group is the lessor of the vehicle, it accounts for the main lease and the sublease as two separate contracts. A sublease is classified as a finance lease or an operating lease with respect to the right-of-use asset arising from the main lease.

Rental income from operating leases is accounted for using the straight-line method over the relevant lease period. The direct initial costs incurred in realizing and negotiating the operating lease are included in the cost of the leased asset and amortized on a straight-line basis over the lease term.

Finance lease receivables from lessees are accounted for as receivables for the Group's net investment in leases.

2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.7 Summary of Significant Accounting Policies (Continued)

Trade payables

Trade payables are payments to be made arising from the purchase of goods and services from suppliers within the ordinary course of business. Trade payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

Borrowing cost

Borrowings are recognized initially at the proceeds received; net of transaction costs incurred. Borrowings are subsequently stated at amortized cost using the effective yield method; any difference between proceeds, net of transaction costs, and the redemption value is recognized in the statement of income over the period of the borrowings.

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of that asset in the period in which the asset is prepared for its intended use or sale. All other borrowing costs are recognized in the profit or loss in the period in which they are incurred.

Foreign exchange differences relating to borrowings, to the extent that they are regarded as an adjustment to interest costs, are also capitalized. The gains and losses that are an adjustment to interest costs include the interest rate differential between borrowing costs that would be incurred if the entity borrowed funds in its functional currency, and borrowing costs actually incurred on foreign currency borrowings.

Impairment of assets

The carrying amounts of the Group's assets other than goodwill are reviewed at each balance sheet date to determine whether there is any indication of impairment. When an indication of impairment exists, the Group compares the carrying amount of the asset with its net realizable value which is the higher of value in use or fair value less costs to sell. Impairment exists if the carrying value of an asset or a cash generating unit is greater than its recoverable amount which is the higher of value in use or fair value less costs to sell. An impairment loss is recognized immediately in the comprehensive statement of income.

The increase in carrying value of the assets (or a cash generated unit) due to the reversal of recognized impairment loss shall not exceed the carrying amount of the asset (net of amortization amount) in case where the impairment loss was reflected in the consolidated financial statements in prior periods. Such a reversal is accounted for in the comprehensive statement of income.

Related parties

A related party is a person or entity that is related to the entity that is preparing its financial statements (referred to as the 'reporting entity').

a) A person or a close member of that person's family is related to a reporting entity if that person:

i.) has control or joint control over the reporting entity;
ii.) has significant influence over the reporting entity;
iii.) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

b) An entity is related to a reporting entity if any of the following conditions applies (continued):

i.) The entity and the reporting entity are members of the same Group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
ii.) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a Group of which the other entity is a member).
iii.) Both entities are joint ventures of the same third party.
iv.) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
v.) The entity is a post-employment defined benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.

2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.7 Summary of Significant Accounting Policies (Continued)

Related parties (continued)

i.) The entity is controlled or jointly controlled by a person identified in (a).
ii.) A person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Transaction with related party is a transfer of resources, services or liabilities between the reporting entity and the related party, disregarding it is with or without a value.

Revenue

Revenue is recognized in the consolidated financial statements within the scope of the five-step model described below.

a) Definition of contracts with customers,
b) Definition of liabilities in contracts,
c) The amount of revenue can be measured reliably;
d) It is probable that the economic benefits associated with the transaction will flow to the entity; and
e) The costs incurred or to be incurred in respect of the transaction can be measured reliably.

The Group evaluates the goods or services it undertakes in each contract with the customers and determines each commitment to transfer the said goods or services as a separate performance obligation. For each performance obligation, it is determined at the beginning of the contract that the performance obligation will be fulfilled over time or at a certain time. If the Group transfers the control of a good or service over time and thus fulfils the performance obligations related to the related sales over time, it measures the progress of the fulfilment of the performance obligations and recognizes the revenue in the financial statements.

Service revenues

Income from the service delivery contract is recognized according to the completion stage of the contract.

Earnings / (loss) per share

Earnings per share stated in the income statement are determined by dividing the net income per share of the parent group by the weighted average number of shares in the related year.

Companies in Turkey can increase their capital by distributing shares ("bonus shares") to existing shareholders from retained earnings and equity inflation adjustment differences. When earnings per share are calculated, these bonus shares are considered as issued shares. Therefore, the weighted average share weight used in calculating the earnings per share is obtained by retrospectively considering the bonus shares received.

Offsetting

In the existence of legal right or power of sanction for offsetting the financial assets and liabilities included in the consolidated financial statements and in the case of collection/payment or simultaneous finalization of aforementioned financial assets and liabilities, the net amounts are stated.

Foreign currency transactions

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

	30 September 2023	31 December 2022
USD	27,3767	18,6983
EURO	29,0305	19,9349

2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.7 Summary of Significant Accounting Policies (Continued)

Events after the reporting date

Events after the reporting date; It covers all events between the reporting date and the date the statement of financial position is authorized for issue, even if they occur after any announcement or other selected financial information that affects profit or loss has been made public.

In the event that events requiring adjustment occur after the reporting date, the Group adjusts the amounts recognized in the financial statements in accordance with this new situation. Matters arising after the reporting date that do not require adjustment are disclosed in the notes according to their materiality.

Provisions, contingent assets and liabilities

Provisions

Provisions are recognized when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date considering the risks and uncertainties surrounding the obligation.

Where the effect of the time value of money is material, the amount of provision shall be the present value of the expenditures expected to be required to settle the obligation. The discount rate reflects current market assessments of the time value of money and the risks specific to the liability. The discount rate shall be a pre-tax rate and shall not reflect risks for which future cash flow estimates have been adjusted.

Contingent Assets and Liabilities

Liabilities and assets that can be confirmed by the realization of one or more uncertain future events, arising from past events and the existence of which is not fully under the Group's control, are considered contingent liabilities and assets and are not included in the financial statements.

Onerous contracts

A contract is considered onerous when the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received by the Group. Present obligations arising under onerous contracts are measured and recognized as a provision.

Government grants and incentives

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

Government grants are recognized in profit or loss on a systematic basis over the periods in which the Group recognizes as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognized as deferred revenue in the statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives 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 recognized in profit or loss in the period in which they become receivable.

(Currency –Turkish Lira “TL” unless otherwise expressed)

2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.7 Summary of Significant Accounting Policies (Continued)

Employee benefits

In accordance with the current social legislation, the Group is obliged to pay accumulated compensation for each employee who completes one year of service with the Group and whose employment is terminated due to retirement or for reasons other than resignation and misconduct.

In accordance with Turkish laws and union agreements, lump-sum payments are made to employees who retire or leave the Group unintentionally. Such payments are considered to be a part of the defined retirement benefit plan in accordance with "Turkish Accounting Standard (revised) Employee Benefits ("TAS 19") No. 19.

The severance pay liability in the accompanying consolidated financial statements has been calculated in accordance with the recognition and valuation principles specified in TAS 19 “Employee Benefits”. Since the severance pay obligations are identical with the 'Specific Post-employment Benefit Plans' defined in this standard in terms of their characteristics, these liabilities have been calculated and included in the financial statements using some of the assumptions explained below. The main assumptions used as of 31 December 2022 and 2021 are as follows:

	30 September 2023	31 December 2022
Discount rate	%10,00	%21,44
Annual inflation rate	%9,90	%17,78

TAS 19 ("Employee Benefits") has been revised to be valid for accounting periods beginning after January 1, 2013. In accordance with the revised standard, actuarial gains/losses on employee benefits are recognized in the statement of comprehensive income.

EBITDA

This financial data is an indicator of the measured income of a business without taking into account financing, tax, depreciation and amortization expenses. This financial data is separately stated in the financial statements because it is used by some investors to measure the ability of the enterprise to repay its loans and/or to borrow additional money. EBITDA should not be taken into account independently of other financial data, it is derived from financial indicators such as net profit (loss), net cash flow from operating, investment and financing activities, financial data obtained from investment and financial activities or prepared in accordance with TFRS, or the operating performance of the business. It should not be considered as an alternative to other data obtained. This financial information should be evaluated together with other financial data in the cash flow statement.

Statement of cash flows

In the consolidated statement of cash flows, cash flows for the period are classified and reported on the basis of operating, investing and financing activities.

Cash flows from operating activities represent cash flows from the Group's ongoing construction activities, mining sates, financial institution income to name a few.

Cash flows from investing activities represent the cash flows that the Group uses and receives from its investing activities (fixed and financial investments).

Cash flows from financing activities show the resources used by the Group in financing activities and the repayments of these resources.

Cash and cash equivalents are cash, demand deposits and other highly liquid short-term investments that have maturities of three months or less from the date of purchase, are immediately convertible into cash, and do not carry the risk of significant changes in value.

Differences arising from the translation of the cash flow statement from the functional currency to the presentation currency are shown as translation differences in the cash flow statement.

2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.7 Summary of Significant Accounting Policies (Continued)

Taxes calculated on corporate income and deferred tax

As Turkish Tax Legislation does not allow the parent company and its subsidiary to prepare consolidated tax returns, tax provisions have been calculated on a separate-entity basis, as reflected in the consolidated financial statements.

Income tax expense is the sum of current tax and deferred tax expense.

Current tax

Current year tax liability is calculated over the taxable portion of the profit for the period. Taxable profit differs from profit reported in the statement of profit or loss in that it excludes items that are taxable or deductible in other years and items that are not taxable or deductible. The Group's current tax liability has been calculated using the tax rate that has been enacted or substantially enacted as of the reporting period.

Deferred tax

Deferred tax liability or assets are determined by calculating the tax effects of the temporary differences between the amounts of assets and liabilities shown in the financial statements and the amounts taken into account in the calculation of the legal tax base, according to the balance sheet method, taking into account the enacted tax rates.

While deferred tax liabilities are calculated for all taxable temporary differences, deferred tax assets consisting of deductible temporary differences are calculated on the condition that it is highly probable to benefit from these differences by generating taxable profit in the future. The mentioned assets and liabilities are not recognized if they arise from the initial recognition of the temporary difference, goodwill or other assets and liabilities (other than business combinations) related to the transaction that does not affect the commercial or financial profit/loss.

Deferred tax liabilities are calculated for all taxable temporary differences associated with investments in subsidiaries and associates and interests in joint ventures, unless the Group is able to control the disappearance of temporary differences and it is unlikely that the difference will disappear in the near future. Deferred tax assets arising from taxable temporary differences associated with such investments and interests are calculated on the condition that it is highly probable that the said differences will be benefited from by earning sufficient taxable profit in the near future and it is probable that the related differences will disappear in the future.

Carrying amount of deferred tax asset is reviewed at each reporting period. The carrying amount of the deferred tax asset is reduced to the extent that it is not likely to generate a financial profit sufficient to allow some or all of the benefits to be obtained.

Deferred tax (continued)

Deferred tax assets and liabilities are calculated over tax rates (tax regulations) that are expected to be valid in the period when the assets will be realized or the liabilities will be fulfilled and which have been enacted or substantially enacted as of the reporting date.

During the calculation of deferred tax assets and liabilities, the tax results of the methods estimated by the Group to recover the book value of its assets or fulfil its liabilities as of the reporting period are taken into account.

Deferred tax assets and liabilities, when there is a legal right to set off current tax assets and current tax liabilities, or 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. is deducted.

Current and Deferred Income Tax

Current tax and deferred tax for the period are expense or income in the statement of profit or loss, excluding those associated with items receivable or payable directly in equity (in which case deferred tax is also recognized directly in equity) or arising from the initial recognition of business combinations. accounted for. In business combinations, tax effects are taken into account when calculating goodwill or determining the portion of the purchaser's share in the fair value of the identifiable assets, liabilities and contingent liabilities of the acquired subsidiary exceeding the acquisition cost.

2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2.8 Use of Estimates

In the preparation of the consolidated financial statements, the Group management is required to make assumptions and estimates that will affect the reported amounts of assets and liabilities, determine the probable liabilities and commitments as of the date of the consolidated financial statements, and the income and expense amounts as of the reporting period. Actual results may differ from estimates. Estimates are reviewed regularly; necessary corrections are made and reflected in the comprehensive income statement in the period they are realized. However, actual results may differ from these results.

The assumptions made by considering the interpretations that may have a material effect on the amounts reflected in the consolidated financial statements and the main sources of the existing or future estimates at the date of the financial statements are as follows:

a) Severance pay liability is determined using actuarial assumptions (discount rates, future salary increases and employee turnover rates).

b) Provisions for litigation are determined by the management in each period by taking the opinions of the Company's legal advisors on the possible consequences of ongoing lawsuits as of the date of preparation of the financial statement, which may lead to cash outflows.

c) The Group management has made important assumptions in the determination of the useful economic lives of the tangible assets in line with the experience of the technical team.

d) The Group reviews its assets in order to set aside a provision for impairment when it is revealed that the assets may not be sold at their book value, in line with the developing events or changing conditions. If there is such an indication and the carrying value of the assets exceeds the estimated recoverable value, the assets and cash-generating units are presented at their estimated recoverable value. The recoverable value of the assets is the higher of the net selling price or value in use.

e) The impairment loss in trade receivables and other receivables is based on the Company management's assessment of the volume of trade receivables, past experiences and general economic conditions.

3. Segment reporting

The Group operates in a single area related to chemotherapy drug preparation kits, device sales and test kit sales. Therefore, the Group does not have reporting according to industrial divisions.

(Currency –Turkish Lira "TL" unless otherwise expressed)

4. CASH AND CASH EQUIVALENTS

	30 September 2023	31 December 2022
Cash on hand	471.908	383.351
Cash at banks		
- *Demand deposit*	64.868.044	11.300.017
Total	**65.339.952**	**11.683.368**

As of 30 September 2023, there are no mortgages, pledges or blockages on the Group's cash and cash equivalents (31 December 2022: None).

The details of the Company's cash balances are as follows;

	30 September 2023	31 December 2022
Cash on hand		
- Turkish Lira	471.908	383.351
Total	**471.908**	**383.351**

	30 September 2023	31 December 2022
Cash at banks		
- Turkish Lira	64.830.149	11.101.298
- Foreign currency	37.895	198.719
Total	**64.868.044**	**11.300.017**

5 FINANCIAL LIABILITIES

As of 30 September 2023 and 31 December 2022 details of current and non-current financial liabilities are as follows:

Current financial liabilities	**30 September 2023**	**31 December 2022**
Current bank borrowings	33.860.881	7.466.069
Current portion of non-current borrowings and interest rates	1.430.173	3.045.773
Interest accruals	803.589	164.045
Credit card payables	319.613	--
Total current financial liabilities	**36.414.256**	**10.675.887**

Non-current financial liabilities	**30 September 2023**	**31 December 2022**
Non-current borrowings	1.388.961	1.258.637
Total non-current financial liabilities	**1.388.961**	**1.258.637**
Total financial liabilities	**37.803.217**	**11.934.524**

(Currency –Turkish Lira "TL" unless otherwise expressed)

5 FINANCIAL LIABILITIES (CONTINUED)

The repayment schedule of the financial liabilities are as follows;

Time of payment	30 September 2023	31 December 2022
Within 1 year	36.414.256	10.675.887
1 - 2 years	1.388.961	853.493
2 - 3 years	--	405.144
Total	**37.803.217**	**11.934.524**

	TL Equivalent 30 September 2023	TL Equivalent 31 December 2022
Current bank borrowings		
-TL	31.084.712	10.511.842
-ABD$	3.032.835	--
-EURO	1.173.507	--
Credit card payables	319.613	--
Interest accruals	803.589	164.045
	36.414.256	**10.675.887**
Non-current borrowings		
-TL	1.388.961	1.258.637
	1.388.961	**1.258.637**

The guarantees and obligations given by the Group in relation to the loans received are explained in Note 15.

6. FINANCIAL INVESTMENTS

	Percentage	30 September 2023	31 December 2022
Oncosem Gmbh (Germany)	100	397.273	386.370
Oncosem CA LLC	100	115.000	--
		512.273	**386.370**
Unpaid share capital		(88.473)	--
		423.800	**386.370**

Oncosem GmbH, in Germany, started its establishment operations on 29 November 2021 in order to carry out chemotherapy drug preparation service and Covid-19 kit sales activities in the healthcare sector. As of 28 July 2022, the establishment and registration procedures have been completed and product registrations have started to be made.

As of 30 September 2023, it has not been included in the consolidation due to the fact that it does not have active production activities.

(Currency –Turkish Lira “TL” unless otherwise expressed)

7. TRADE RECEIVABLES AND PAYABLES

(a) Trade receivables

Current trade receivables	**30 September 2023**	**31 December 2022**
Trade receivables from unrelated parties;		
- Currents accounts	61.398.828	42.604.340
- Post-dated check and notes receivables	2.706.586	1.835.417
Doubtful receivables	1.624.298	392.969
Current trade receivables (gross)	**65.729.712**	**44.832.726**
Less: Expected credit losses	(2.893.564)	(2.708.065)
Less: Deferred finance income	(1.440.542)	(549.788)
Less: Provision for doubtful receivables	(1.624.298)	(392.969)
Current trade receivables (net)	**59.771.308**	**41.181.904**

Trade receivables consist of receivables from the customer for products sold in the normal course of business. The average collection period of trade receivables is between 40-100 days and they are classified as current trade receivables. The Group holds trade receivables for the purpose of collecting cash flows arising from the contract.

As of 30 September 2023 and 2022 the movements details of the provisions for expected credit losses are as follows;

	1 January – 30 September 2023	**1 January – 30 September 2022**
Opening balance, 01 January	**2.708.065**	**1.391.481**
Provisions during the period (Note 22)	185.499	1.346.704
Closing balance, 30 September December	**2.893.564**	**2.738.185**

As of 30 September 2023 and 2022 the movements details of the provisions for doubtful trade receivables are as follows;

	1 January – 30 September 2023	**1 January – 30 September 2022**
Opening balance, 01 January	**392.969**	**316.220**
Provisions during the period (Note 22)	1.231.329	**--**
Closing balance, 30 September	**1.624.298**	**316.220**

(b) Trade payables

Current trade payables	**30 September 2023**	**31 December 2022**
Trade payables to unrelated parties;		
- Current accounts	7.562.825	9.011.440
- Notes payables	5.866.629	6.912.275
Current trade payables (gross)	**13.429.454**	**15.923.715**
Less: Deferred finance expense	(404.918)	(139.767)
Current trade payables (net)	**13.024.536**	**15.783.948**

(Currency –Turkish Lira "TL" unless otherwise expressed)

7. TRADE RECEIVABLES AND PAYABLES (CONTINUED)

(b) Trade payables (Continued)

The payables and maturities of commercial debts vary according to the contracts concluded with suppliers and the average maturity is between 40-120 days.

As of 30 September 2023 and 31 December 2022 the maturity details of notes payables are as follows;

	30 September 2023	31 December 2022
0-3 months	4.369.129	5.953.275
3-6 months	1.023.500	909.000
More than 6 months	474.000	50.000
	5.866.629	**6.912.275**

8. OTHER RECEIVABLES AND PAYABLES

(a) Other Receivables

Other current receivables	30 September 2023	31 December 2022
Deposits and guarantees given	13.516	--
Total	**13.516**	**--**

(b) Other Receivables

Other non-current receivables	30 September 2023	31 December 2022
Deposits and guarantees given	95.177	125.548
Total	**95.177**	**125.548**

(c) Other Payables

Other current payables	30 September 2023	31 December 2022
Current payables to related parties (Note 27)	65.000	9.325.576
Other (*)	838.490	1.376.986
Total	**903.490**	**10.702.562**

(*) In 2019, the company benefited from TL 4.435.000 interest-free cash support from the KOSGEB R&D projects Decrees and some of it was granted.

(Currency –Turkish Lira “TL” unless otherwise expressed)

9. INVENTORIES

As of the reporting period the details of the Group's inventories are as follows;

	30 September 2023	31 December 2022
Raw materials and supplies inventory	33.627.726	34.206.226
Finished Goods	12.433.504	14.779.624
Trade goods	5.339.996	389.996
Other inventories	829.578	239.147
Total	**52.230.804**	**49.614.993**

The Group's semi-finished products and finished products belong to chemotherapy kits, test kits and devices from which it receives sales revenue.

There are no guarantees or pledges on the Group's stocks.

10. PREPAID EXPENSES AND DEFERRED INCOME

a) Prepaid expenses in current assets

	30 September 2023	31 December 2022
Advances given for inventories	2.460.757	4.021.893
Prepaid expenses (*)	287.658	117.972
Total	**2.748.415**	**4.139.865**

(*) Prepaid expenses in current assets are comprised of insurance expenses.

b) Prepaid expenses in non-current assets

	30 September 2023	31 December 2022
Advances given for tangible and intangible assets	4.504.755	1.899.350
Total	**4.504.755**	**1.899.350**

c) Current deferred income

	30 September 2023	31 December 2022
Current advances received (*)	2.506.810	4.988.748
Total	**2.506.810**	**4.988.748**

(*) The current deferred income of the Group consist of received order advances and the company-by-company details are as follows;

	30 September 2023	31 December 2022
Pandora E-Ticaret	2.419.076	2.037.238
BT Biomass Technologies	63.678	2.335.664
Other	24.056	615.846
Total	**2.506.810**	**4.988.748**

(Currency –Turkish Lira "TL" unless otherwise expressed)

11. PROPERTY, PLANT AND EQUIPMENT

As of 30 September 2023 and 31 December 2022 the movements details of the tangible fixed assets are as follows;

	31.12.2021	Additions	31.12.2022	Additions	Disposals	30.09.2023
Cost						
Buildings	153.000	--	153.000	--	--	153.000
Machinery and equipment	42.117.971	13.513.950	55.631.921	9.232.024	--	64.863.945
Motor vehicles	2.883.150	--	2.883.150	1.840.000	(145.000)	4.578.150
Fixtures and fittings	1.943.006	427.494	2.370.500	371.172	--	2.741.672
Leasehold improvements	5.304.988	8.964	5.313.952	--	--	5.313.952
Other property, plant and equipment	1.200.000	--	1.200.000	--	--	1.200.000
	53.602.115	**13.950.408**	**67.552.523**	**11.443.196**	**(145.000)**	**78.850.719**
Accumulated depreciation (-)						
Buildings	28.560	3.060	31.620	2.295	--	33.915
Machinery and equipment	12.522.200	7.083.560	19.605.760	6.698.552	--	26.304.312
Motor vehicles	1.250.302	442.543	1.692.845	496.948	(60.417)	2.129.376
Fixtures and fittings	611.857	254.890	866.747	236.330	--	1.103.077
Leasehold improvements	1.613.472	990.407	2.603.879	743.366	--	3.347.245
Other property, plant and equipment	788.988	319.570	1.108.558	9.990	--	1.118.548
	16.815.379	**9.094.030**	**25.909.409**	**8.187.481**	**(60.417)**	**34.036.473**
Net Book Value	**36.786.736**		**41.643.114**			**44.814.246**

As of 30 September 2023, the total insurance cost on the Group's property, plant and equipment are TL 314.128.800. (31 December 2022: TL 167.254.500)

As of 30 September 2023, there are no mortgages or guarantees on the Group's tangible fixed assets (31 December 2022: None).

(Currency –Turkish Lira “TL” unless otherwise expressed)

11. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

The distribution details of depreciation expenses are as follows;

	1 January – 30 September 2023	1 January – 30 September 2022
Depreciation of property, plant and equipment	8.187.481	6.690.997
Depreciation of right-of-use assets (Note 13)	950.427	1.173.576
Amortization of intangible assets (Note 12)	543.424	662.301
Total	**9.681.332**	**8.526.874**

The distribution details of depreciation and amortization of property, plant and equipment and intangible assets and right-of-use assets is as follows;

	1 January – 30 September 2023	1 January – 30 September 2022
General administrative expenses (Note 21)	6.805.624	5.402.635
Cost of services sold (Note 20)	2.875.708	3.124.239
Total	**9.681.332**	**8.526.874**

12. INTANGIBLE ASSESTS

As of 30 September 2023 and 31 December 2022 for the periods ended, the movements of intangible assets are as follows;

	31.12.2021	Additions	31.12.2022	Additions	30.09.2023
Cost					
Development expenses (*)	863.616	--	863.616	--	863.616
Other intangible assets (**)	2.658.573	--	2.658.573	550.000	3.208.573
	3.522.189	**--**	**3.522.189**	**550.000**	**4.072.189**
Accumulated Amortization (-)					
Development expenses	863.616	--	863.616	--	863.616
Other intangible assets	782.764	823.423	1.606.187	543.424	2.149.611
	1.646.380	**823.423**	**2.469.803**	**543.424**	**3.013.227**
Net Book Value	**1.875.809**		**1.052.386**		**1.058.962**

(*) It consists of expenses for preparing chemotherapy and developing blood test devices. The Group has amortized the related development expenses and all of them have been amortized as of 2020.

(**) Other intangible assets of the Group consist of computer software programs.

As of 30 September 2023, there are no mortgages or guarantees on the intangible assets of the Group (31 December 2022: None).

(Currency –Turkish Lira "TL" unless otherwise expressed)

13. RIGHT OF USE ASSETS AND LIABILITIES FROM OPERATIONAL LEASING TRANSACTIONS

As of 30 September 2023 and 31 December 2022 for the periods ended, the movements of the right-of-use assets are as follows;

	31.12.2021	Additions	Disposals	31.12.2022	Additions	Disposals	30.09.2023
Cost							
Building	4.198.820	--		4.198.820	--	--	4.198.820
Motor vehicles	718.291	--	(718.291)	--	--	--	--
	4.917.111	**--**	**(718.291)**	**4.198.820**	**--**	**--**	**4.198.820**
Accumulated amortization (-)							
Building	1.892.358	1.191.516	--	3.083.874	950.427	--	4.034.301
Motor vehicles	499.704	--	(499.704)	--	--	--	--
	2.392.062	**1.191.516**	**(499.704)**	**3.083.874**	**950.427**	**--**	**4.034.301**
Net Book Value	**2.525.049**			**1.114.946**			**164.519**

The maturity separation for operational lease liabilities is as follows;

	30 September 2023	31 December 2022
Current lease liabilities	761.446	1.211.270
Non-current lease liabilities	488.987	932.779
	1.250.433	**2.144.049**

The maturity separation for operational lease liabilities are as follows;

	30 September 2023	31 December 2022
Within 1 year	761.446	1.211.270
Between 1-2 years	488.987	601.544
Between 2-3 years	--	331.235
	1.250.433	**2.144.049**

14. GOVERTMENT GRANTS

There are investment incentive certificate to which the Company has been entitled by the official authorities.

In 2019, the company benefited from TL 4.435.000 interest-free cash support from the KOSGEB R&D projects Decrees and some of it was granted.

(Currency –Turkish Lira "TL" unless otherwise expressed)

15. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

Collaterals, pledges and mortgages "CPM" given by the Group are as follows:

	30 September 2023	31 December 2022
A. CPM's given in the name of own legal personality	17.256.442	22.906.461
B. CPM's given on behalf of the fully consolidated companies	17.500.000	17.500.000
C. CPM's given on behalf of third parties for ordinary course of business	--	--
D. Total amount of other CPM's given		
i. Total amount of CPM's given on behalf of the majority shareholder	--	--
ii. Total amount of CPM's given on behalf of the group companies which are not in scope of B and C	--	--
iii. Total amount of CPM's given on behalf of third parties which are not in scope of C	--	--
Total	**34.756.442**	**40.406.461**

The details of the guarantees, pledges and mortgages (CPM) given by the Group on behalf of its own legal entity are as follows;

Deposits and guarantee given	30 September 2023	31 December 2022
Letters of guarantee	17.256.442	22.906.461
	17.256.442	**22.906.461**

Company partner Erol Çelik has personal guarantees related to the loans and other transactions used by the Group.

Santek Sağlık Turizm Tekstil San. A.Ş, which is a part of the Group, has a commercial enterprise pledge on Vakıfbank.

16. EMPLOYEE BENEFITS

a) Current liabilities for employee benefits

	30 September 2023	31 December 2022
Due to personnel	3.874.691	1.777.593
Social security premiums payable	1.708.371	1.370.964
Total	**5.583.062**	**3.148.557**

b) Current provisions for employee benefits

	30 September 2023	31 December 2022
Current provisions	1.035.189	462.038
Non-current provisions	5.192.086	1.726.501
Total	**6.227.275**	**2.188.539**

(Currency –Turkish Lira "TL" unless otherwise expressed)

16. EMPLOYEE BENEFITS (CONTINUED)

b) Current provisions for employee benefits (Continued)

b.1) Current provisions

	30 September 2023	31 December 2022
Provision for unused vacations	1.035.189	462.038
Total	**1.035.189**	**462.038**

As of 30 September 2023 and 2022 movements in the provision for unused vacations are as follows:

	1 January – 30 September 2023	1 January – 30 September 2022
Provision as of the beginning of the period, 1 January	**462.038**	**333.354**
Additional provisions during the period	573.151	10.704
Canceled provision during the period	--	(74.170)
Closing balance, 30 September	**1.035.189**	**269.888**

b.2) Non-Current provisions

	30 September 2023	31 December 2022
Provision for employee termination benefits	5.192.086	1.726.501
Total	**5.192.086**	**1.726.501**

Provision for employee termination benefits

Under Turkish Labour Law, the Company is required to pay termination benefits to each employee who has completed certain years of service and whose employment is terminated without due cause, who is called up for military service, dies or retires after completing 25 years of service achieves and reaches the retirement.

Severance pay liability is not subject to any funding as it is not compulsory. Severance pay liability is calculated by estimating the present value of the probable future obligation arising from the retirement of the employees of the company. TAS 19 "Employee Benefits" stipulates that the liabilities of the enterprise are calculated using actuarial valuation methods within the scope of defined benefit plans. The actuarial assumptions used in the calculation of total liabilities are given below. Actuarial loss/(gain) is accounted for in "Other Accumulated Comprehensive Income or Expenses Not to be Reclassified to Profit or Loss" in the statement of comprehensive income.

The main assumption is that the maximum liability amount for each year of service will increase in line with inflation. Therefore, the discount rate applied represents the expected real rate after adjusting for the effects of future inflation. Therefore, provisions in the accompanying financial statements as of 31 December are calculated by estimating the present value of the future probable obligation arising from the retirement of the employees.

As of 30 September 2023, the severance pay ceiling to be paid is subject to the monthly ceiling of TL 23.489,83 (31 December 2022: TL 19.982,83) for each year of service. As of 1 January 2023, the severance pay ceiling to be applied has been increased to TL 19.982,83 per month.

(Currency –Turkish Lira "TL" unless otherwise expressed)

16. EMPLOYEE BENEFITS (CONTINUED)

The principal actuarial assumptions used to calculate the liability at the balance sheet date are as follows;

	30 September 2023	**31 December 2022**
Discount rate	%10,00	%21,44
Inflation rate	%9,90	%17,78

As of 30 September 2023 and 2022 movements in the provision for employment termination benefits are as follows:

	1 January – 30 September 2023	**1 January – 30 September 2022**
Beginning of the period. 1 January	**1.726.501**	**540.006**
Increase during the period (Note 21)	3.029.628	752.562
Actuarial gain / (loss)	1.470.517	301.185
Interest expense (Note 22)	277.621	51.841
Payments during the period (-)	(1.312.181)	(430.459)
Closing balance, 30 September	**5.192.086**	**1.215.135**

17. OTHER CURRENT AND NON-CURRENT PROVISIONS

a) Current provisions

	30 September 2023	**31 December 2022**
Provision for litigations	2.384.461	2.614.657
Total	**2.384.461**	**2.614.657**

As of 30 September 2023 and 2022, movements details of the provisions for litigations are as follows;

	1 January – 30 September 2023	**1 January – 30 September 2022**
Provision as of the beginning of the period, 1 January	**2.614.657**	**902.578**
Additional provisions during the period (Note 22)	1.841.911	794.996
Litigation amounts of paid (-)	(2.072.107)	
Closing balance, 30 September	**2.384.461**	**1.697.574**

b) Non-Current provisions

The Group does not have any other non-current provision.

(Currency –Turkish Lira “TL” unless otherwise expressed)

18. OTHER ASSETS AND LIABILITIES

a) Other current assets

	30 September 2023	31 December 2022
VAT carried out	12.364	3.809.168
VAT receivables	171.675	51.445
Other	62.307	--
Total	**246.346**	**3.860.613**

b) Other non-current assets

The Group has no other non-current assets.

c) Other current liabilities

	30 September 2023	31 December 2022
Taxes and funds payable	1.089.037	217.434
Total	**1.089.037**	**217.434**

d) Other non-current liabilities

The Group has no other non-current liabilities.

19. EQUITY

a) Capital

As of 30 September 2023 and 31 December 2022 capital structure of the Group are as follows;

	30 September 2023		31 December 2022	
	TL	Amount (%)	TL	Amount (%)
Erol Çelik	15.910.000	66,71	17.910.000	90,00
EC Yatırımlar Holding A.Ş.	995.000	4,17	995.000	5,00
Bulls Girişim Sermayesi Yatırım Ortaklığı A.Ş.	995.000	4,17	995.000	5,00
Publicly traded part	5.950.000	24,95	--	--
Total	**23.850.000**	**100**	**19.900.000**	**100**

Oncosem Onkolojik Sitemler Sanayi ve Ticaret A.Ş..of, the Capital Markets Board and Borsa Istanbul A.Ş. following the approvals of; Shares representing a nominal capital amount of TL 3.950.000, increased due to the increase of the issued capital of TL TL 19.900.000 within the registered capital ceiling of TL 99.000.000 to TL 23.850.000 by completely restricting the priority rights of existing partners, and shares with a nominal value of TL 5.950.000 in total, including shares with a nominal value of TL 2.000.000 as part of the joint sale, including shares with a nominal value of TL 2.950.000, on December 28 – 29 it was offered to the public at a price of TL 17,50 on the dates of 2022 and the company's shares have started trading on the Borsa Istanbul Main Market since 04.01.2023 with the ONCSM code.

The issued capital of the Company has increased to TL 23.850.000 in this direction.

(Currency –Turkish Lira "TL" unless otherwise expressed)

19. EQUITY (CONTINUED)

b) Other equity items

Other Comprehensive Income not to be Reclassified to Profit or Loss

	30 September 2023	31 December 2022
Restricted Reserves (**)	80.777.017	72.278.187
Retained earnings	23.225.704	6.233.348
Actuarial gain / (loss) funds	(942.128)	866.608
Effect of business combination merger subject to joint control (*)	(20.810.112)	(20.810.112)
Total	**82.250.481**	**58.568.031**

(*) The merger of enterprises subject to joint control (Santek Sağlık Turizm Tekstil Sanayi A.Ş. on 21 December 2021.all of the shares belonging to 99% Erol Çelik and 1% Fatma Çelik were purchased by Oncosem and Oncosem with the transfer of the shares in question, The goodwill amounts of TL 20.810.112 arising from the acquisition of enterprises subject to joint control are shown in the "Impact of Mergers Involving Enterprises or Enterprises Subject to Joint Control" account as an equity equalizing account, since goodwill cannot be included in the financial statements due to the accounting of rights by the merger method.

(**) Legal reserves are set aside as first-order legal reserves until 5% of the "profit" reaches 20% of the paid/issued capital, pursuant to the first paragraph of Article 519 of the New TCC No. 6102. After deducting the amount set aside as the first-order reserve fund from the "profit", the first dividend is set aside for the shareholders from the remaining amount. The General Assembly is authorized to decide whether to allocate or distribute the remaining balance after the first legal reserve fund and the first dividend, taking into account the profit distribution policy of the Company. II. the legal reserve fund, pursuant to the 3rd subparagraph of the 2nd paragraph of the 519th article of the New TCC; One tenth of the amount found after deducting 5% of the issued/paid-up capital from the portion that has been decided to be distributed is set aside. In case it is decided to distribute bonus shares by adding the profit to the capital, II. legal reserves are not set aside.

c) Profit distribution

In accordance with the Turkish Commercial Code, unless the required reserves and the dividend for shareholders as determined in the article of association or in the dividend distribution policy of the company are set aside, no decision may be made to set aside other reserves, to transfer profits to the subsequent year or to distribute dividends to the holders of usufruct right certificates, to the members of the board of directors or to the employees; and no dividend can be distributed to these persons unless the determined dividend for shareholders is paid in cash.

Partnerships distribute their profits within the framework of profit distribution policies to be determined by their general assemblies and in accordance with the provisions of the relevant legislation, by the decision of the general assembly. Companies pay dividends as specified in their articles of association or profit distribution policies.

d) Share premiums/ (discounts)

Share premiums represent cash inflows from the sale of stocks at market prices. These premiums are shown under equity and cannot be distributed. However, it can be used for future capital increases.

As of 30 September 2023 and 31 December 2022 the details of the premiums (discounts) account for the shares are as follows;

	30 September 2023	31 December 2022
Share premiums/ (discounts)	62.076.500	--
Total	**62.076.500**	**--**

(Currency –Turkish Lira “TL” unless otherwise expressed)

20. REVENUE AND COST OF SALES

For the accounting periods ending on 30 September 2023 and 2022, the details of revenue are as follows;

	1 January – 30 September 2023	1 January – 30 September 2022	1 July– 30 September 2023	1 July– 30 September 2022
Domestic sales	123.065.021	88.271.446	43.935.490	30.563.365
Export sales	7.157.552	10.361.909	--	583.850
Other incomes	2.481.517	3.069.335	793.489	656.579
Revenue	**132.704.090**	**101.702.690**	**44.728.979**	**31.803.794**
Cost of goods sold	(33.516.319)	(45.515.274)	(6.743.224)	(1.555.122)
Cost of trade goods sold	(170.000)	(1.333.003)	--	(852.172)
Cost of services sold	(63.742.947)	(10.569.684)	(25.137.041)	(6.839.612)
Cost of sales (-)	**(97.429.266)**	**(57.417.961)**	**(31.880.265)**	**(9.246.906)**
Gross profit	**35.274.824**	**44.284.729**	**12.848.714**	**22.556.888**

For the accounting periods ending on 30 September 2023 and 2022, the detailed distribution of the costs of sales is as follows;

	1 January – 30 September 2023	1 January – 30 September 2022	1 July– 30 September 2023	1 July– 30 September 2022
Direct raw materials and supplies expenses	16.679.262	41.441.470	4.128.266	6.401.923
Direct labour cost	10.522.032	8.377.--973	4.097.369	2.670.318
Other production expenses	2.514.814	4.253.532	(2.403.721)	2.012.855
Total production cost	**29.716.108**	**54.072.975**	**5.821.914**	**11.085.096**
Change in stocks of semi-finished goods	2.346.120	(8.944.071)	(532.781)	(8.437.320)
I. Cost of goods sold	**32.062.228**	**45.128.904**	**5.289.133**	**2.647.776**
II. Cost of trade goods	170.000	1.333.003	--	852.172
III. Cost of services provided	62.321.330	7.831.815	26.292.120	4.630.525
Depreciation and amortization expenses (Note 11)	2.875.708	3.124.239	299.012	1.116.433
Cost of sales (-)	**97.429.266**	**57.417.961**	**31.880.265**	**9.246.906**

21. GENERAL ADMINISTRATIVE EXPENSES, MARKETING, SELLING AND DISTRIBUTION EXPENSES

	1 January – 30 September 2023	1 January – 30 September 2022	1 July– 30 September 2023	1 July– 30 September 2022
General administrative expenses	29.941.232	14.981.475	12.782.787	5.473.250
Marketing, selling and distribution	7.977.524	5.229.718	2.210.685	1.040.519
Total	**37.918.756**	**20.211.193**	**14.993.472**	**6.513.769**

(Currency –Turkish Lira "TL" unless otherwise expressed)

21. GENERAL ADMINISTRATIVE EXPENSES, MARKETING, SELLING AND DISTRIBUTION EXPENSES (CONTINUED)

For the accounting periods ending on 30 September 2023 and 2022, the detail of the general administrative expenses are as follows;

	1 January – 30 September 2023	1 January – 30 September 2022	1 July– 30 September 2023	1 July– 30 September 2022
Personnel expenses	8.332.999	4.289.969	2.236.895	1.715.643
Depreciation and amortization expenses (Note 11)	6.805.624	5.402.635	3.111.460	1.661.735
Retirement pay provision expenses (Note 16)	3.029.628	752.562	1.536.410	369.576
Donations and grants	2.735.023	--	620.656	--
Consultancy expenses	1.415.979	573.448	599.411	246.595
Kitchen and meal expenses	1.245.421	714.513	841.590	268.034
Rent expenses	1.125.000	--	1.125.000	--
Representation and entertainment expenses	1.076.280	55.690	971.313	28.165
Accommodation, travel expenses	987.424	546.996	461.035	214.446
Insurance expenses	795.704	299.791	315.448	28.324
Electricity, water, heating and dues expenses	676.596	820.520	215.274	285.453
Taxes and dues	442.178	218.974	161.630	88.505
Shipping and cargo expenses	413.720	145.906	162.594	72.353
Fuel expenses	325.660	413.890	325.660	413.890
Membership, dues expense	120.084	20.621	68.998	--
Other	413.912	725.960	29.413	80.531
Total	**29.941.232**	**14.981.475**	**12.782.787**	**5.473.250**

For the accounting periods ending on 30 September 2023 and 2022, the detail of the marketing, selling and distribution expenses are as follows;

	1 January – 30 September 2023	1 January – 30 September 2022	1 July– 30 September 2023	1 July– 30 September 2022
Congress, fair and advertising expenses	2.579.998	139.367	82.984	--
Personnel expenses	2.376.586	1.660.358	848.891	470.451
Accommodation, travel expenses	1.200.157	527.097	245.142	183.738
Customs expenses	333.723	536.954	43.114	--
Consulting, consultancy expenses	308.671	1.646.780	73.725	344.968
Representation and entertainment expenses	245.865	135.087	49.821	15.728
Export expenses	71.880	538.301	66.664	39.049
Meal expenses	--	22.909	--	--
Other	860.644	22.865	800.344	(13.415)
Total	**7.977.524**	**5.229.718**	**2.210.685**	**1.040.519**

(Currency –Turkish Lira “TL” unless otherwise expressed)

22. OTHER INCOME AND EXPENSES FROM OPERATING ACTIVITIES

a) Other income from operating activities

The detail of the other income from operating activities are as follows;

	1 January – 30 September 2023	1 January – 30 September 2022	1 July– 30 September 2023	1 July– 30 September 2022
Foreign exchange income	2.255.537	4.783.704	62.246	1.039.945
Discount on payables	265.154	872.058	256.325	668.529
Cancellation of litigation provision expenses	2.072.107	--	2.072.107	--
Other	465.908	677.966	74.225	--
Total	**5.058.706**	**6.333.728**	**2.464.903**	**1.708.474**

b) Other expense from operating activities

The detail of the other expenses from operating activities are as follows;

	1 January – 30 September 2023	1 January – 30 September 2022	1 July– 30 September 2023	1 July– 30 September 2022
Foreign exchange expenses	2.365.248	2.301.429	539.332	702.121
Provision for litigation (Note 17)	1.841.911	794.996	--	--
Discount on receivables	1.012.977	214.305	183.667	27.871
Interest expense for employee termination benefits (Note 16)	277.621	51.841	92.885	3.549
Provision expenses	1.231.329	--	37.177	--
Other	2.174.833	1.346.704	122.738	337.170
Total	**8.903.919**	**4.709.275**	**975.799**	**1.070.711**

23. INCOME AND EXPENSES FROM INVESTING ACTIVITIES

a) Income from investing activities

	1 January – 30 September 2023	1 January – 30 September 2022	1 July– 30 September 2023	1 July– 30 September 2022
Profit on sale of property, plant and equipment	525.714	--	--	--
Total	**525.714**	**--**	**--**	**--**

b) Expenses from investing activities

The Group has no expenses from investing activities.

(Currency –Turkish Lira “TL” unless otherwise expressed)

24. FINANCIAL INCOME AND EXPENSES

a) Financial income

	1 January – 30 September 2023	1 January – 30 September 2022	1 July– 30 September 2023	1 July– 30 September 2022
Interest income	9.780.690	--	3.130.029	--
Foreign exchange income	158.840	805.627	79.568	65.949
Total	**9.939.530**	**805.627**	**3.209.597**	**65.949**

b) Financial expenses

	1 January – 30 September 2023	1 January – 30 September 2022	1 July– 30 September 2023	1 July– 30 September 2022
Interest expenses	(4.098.104)	(509.405)	(2.800.456)	(195.060)
Bank commission expenses	(2.318.146)	(106.799)	(1.866.230)	(46.498)
Foreign exchange expenses	(895.578)	(231.727)	(474.124)	81.957
Operational lease interest expense	(171.017)	(378.217)	(47.326)	136.408
Letter of guarantee expense	(131.655)	(161.944)	(98.404)	(107.590)
Total	**(7.614.500)**	**(1.388.092)**	**(5.286.540)**	**(130.783)**

25. TAXES ON INCOME

The corporate tax rate is applied to the tax base to be found as a result of adding the expenses that are not accepted as a deduction in accordance with the tax laws to the commercial income of the corporations and deducting the exceptions and deductions in the tax laws. If the profit is not distributed, no other tax is paid, and all or part of the profit is dividends;

- To real people
- Natural and legal persons who are exempt or exempt from Income and Corporate Tax,
- Limited taxpayer real and legal persons,

In case of distribution, 15% Income Tax Withholding is calculated. The addition of the period profit to the capital is not considered as profit distribution and no withholding tax is applied.

Corporations calculate a 25% temporary tax on their quarterly financial profits and declare it until the 17th day of the second month following that period and pay it until the evening of the 17th day. The temporary tax paid during the year belongs to that year and is deducted from the corporate tax to be calculated over the corporate tax return to be submitted in the following year.

75% of the profits arising from the sale of participation shares, which are in the assets of the corporations for at least two full years, and 50% of the gains from the sale of the immovables that are in the assets for the same period of time, are exempt from tax, provided that they are added to the capital as stipulated in the Corporate Tax Law.

According to the Turkish tax legislation, financial losses shown on the declaration can be deducted from the corporate income for the period, provided that they do not exceed 5 years. However financial losses cannot be offsite from last year's profits. There is no practice in Turkey to reach an agreement with the tax authority regarding the taxes to be paid. Corporate tax returns are submitted to the relevant tax office until the evening of the last day of the fourth month following the month in which the accounting period is closed. However, the tax inspection authorities can examine the accounting records within five years, and if an incorrect transaction is detected, the tax amounts to be paid may change.

(Currency –Turkish Lira "TL" unless otherwise expressed)

25. TAXES ON INCOME (CONTINUED)

There is no practice in Turkey to reach an agreement with the tax authority regarding the taxes to be paid. Corporate tax returns are submitted to the relevant tax office until the evening of the 30th day of the fourth month following the month in which the accounting period is closed. However, the tax inspection authorities can examine the accounting records within five years, and if an incorrect transaction is detected, the tax amounts to be paid may change.

The Corporate Tax rate will be applied as 23% for the corporate earnings for the 2022 taxation period, and as 25% for the corporate earnings for the 2023 taxation period.

The law on amending the Tax Procedure Law and the Corporate Tax Law was enacted on 20 January 2022, Law No. It has been enacted with the number 7352 and it has been decided that the financial statements will not be subject to inflation adjustment in the 2021 and 2022 accounting periods, including the temporary accounting periods, and in the provisional tax periods of the 2023 accounting period, regardless of whether the conditions for the inflation adjustment within the scope of the Repeated Article 298 are met. The Public Oversight Authority made a statement on the Implementation of Financial Reporting in High Inflation Economies under IFRS on 20 January 2022, and it was stated that there was no need to make any adjustments within the scope of TAS 29 Financial Reporting in Hyperinflationary Economies in the financial statements for 2023.

With the Law No. 7394 on the Evaluation of Immovable Property Owned by the Treasury and Amending the Value Added Tax Law, published in the Official Gazette dated 15 April 2022 and numbered 31810, and the Law No. With the paragraph added to the temporary article 13 of the Corporate Tax Law, the Corporate Tax rate will be applied as 25% for the corporate earnings for the 2023 taxation period.

	1 January – 30 September 2023	**1 January – 31 December 2022**
Current tax provision	185.153	8.614.992
Prepaid taxes (-)	(1.069.031)	(6.426.481)
Total	**(883.878)**	**2.188.511**

For the accounting periods ending on 30 September 2023 and 31 December 2022, the details of tax provision in the statements of income are as follows;

	1 January – 30 September 2023	**1 January – 30 September 2022**	**1 July– 30 September 2023**	**1 July– 30 September 2022**
Provision for Corporate Tax for current period	(185.153)	(6.426.481)	1.066.510	(4.021.373)
Deferred tax income / (expense)	1.447.480	1.735.797	(870.802)	200.065
Tax income / (expense)	**1.262.327**	**(4.690.684)**	**195.708**	**(3.821.308)**

(Currency –Turkish Lira "TL" unless otherwise expressed)

25. TAXES ON INCOME (CONTINUED)

The Group calculates its deferred income tax assets and liabilities by taking into account the effects of temporary differences between the legal financial statements of the balance sheet items as a result of different evaluations. These temporary differences generally result from the recognition of income and expenses in different reporting periods in accordance with the communiqué and tax laws. The breakdown of cumulative temporary differences and deferred tax assets and liabilities provided using principal tax rates are as follows:

The breakdown of cumulative temporary differences and deferred tax assets and liabilities provided using principal tax rates as of 30 September 2023 and 31 December 2022, are as follows:

	30.09.2023		31.12.2022	
	Cumulative temporary differences	**Deferred tax**	**Cumulative temporary differences**	**Deferred tax**
Deferred tax assets				
Written-off assets	1.673.287	390.608	3.523.580	880.897
Depreciation adjustment	4.312.981	991.986	3.083.874	770.969
Expected credit loss	2.893.564	665.520	2.708.065	677.016
Provision for litigation	2.384.461	548.426	2.614.657	653.664
Provision for severance pay	5.192.086	1.194.180	1.726.501	431.625
Revenue correction	790.583	181.834	790.583	197.646
Right-of-use assets	718.291	165.207	718.291	179.573
Rediscount calculated for receivables	1.440.542	331.325	549.788	137.447
Unused vacation provision	1.035.189	238.093	462.038	115.510
Doubtful debt provision	1.624.298	373.589	392.969	98.242
Accrued interest of loans	803.589	184.825	164.045	41.011
Exchange rate differences	--	--	144.132	36.033
Provision for subsidiaries	107.700	24.771	107.700	26.925
Deferred tax assets		**5.290.364**		**4.246.558**
Deferred tax liabilities				
Exchange rate differences	--	--	(85.317)	(21.329)
Rediscount calculated for payables	(404.918)	(93.131)	(261.990)	(65.498)
Depreciation adjustment	(331.950)	(76.347)	(1.192.705)	(298.176)
Right-of-use assets	(3.666.678)	(843.336)	(2.773.062)	(693.266)
Deferred tax liabilities		**(1.012.814)**		**(1.078.269)**
Deferred tax, net		**4.277.550**		**3.168.289**

The movements of deferred tax assets / (liabilities) as of 30 September 2023 and 31 December 2022 are as follows:

	1 January – 30 September 2023	**1 January – 31 December 2022**
Deferred tax asset /(liability), net– 1 January	**3.168.289**	**870.347**
Deferred tax asset / (liabilities) for the period	1.447.480	2.357.333
Effect of actuarial loss / gain on tax	(338.219)	(59.391)
Deferred tax asset /(liability), net– 30 September	**4.277.550**	**3.168.289**

(Currency –Turkish Lira "TL" unless otherwise expressed)

26. EARNINGS PER SHARE

	1 January – 30 September 2023	1 January – 30 September 2022	1 July– 30 September 2023	1 July– 30 September 2022
Profit for the period	(2.376.074)	20.424.840	(2.536.889)	12.794.740
Weighted average number of shares with nominal value	443.392	398.000	443.392	398.000
Total	**(5,35)**	**51,32**	**(5,72)**	**32,15**

27. RELATED PARTY DISCLOSURES

Transactions between the Group and its subsidiaries, which are related parties of the Group, are not disclosed in this note since they are eliminated during consolidation.

The current account works for trade receivables and debts from related parties. The number of receivables and payables are in the range of 40-120 days.

The balance details of the Group and other related parties are described below.

a) Other current payables to related parties

	30 September 2023	31 December 2022
Current		
Erol Çelik	65.000	4.360.256
Ec Yatırımlar Holding A.Ş. (*)	--	4.965.320
Total	**65.000**	**9.325.576**

(*) Consists of the amounts paid within the scope of the Group's tax payments and paid back in 2023.

Related party purchases

	1 January – 30 September 2023	1 January – 30 September 2022
Plüton Özel Tanı Ted. Lab. Tah. Paz. Tic. Ltd. Şti.	--	--
Total	**--**	**--**

Related party sales

	1 January – 30 September 2023	1 January – 30 September 2022
ERL Sağlık A.Ş.	--	6.000
Plüton Özel Tanı Ted. Lab. Tah. Paz. Tic. Ltd. Şti.	--	6.000
Santek Tarım Hay. Turz. Teks. San. ve Tic. Ltd. Şti.	--	6.000
Emka Sağlık A.Ş.	--	6.000
Nas Perakende Sağlık A.Ş.	--	6.000
GDD Biolabs	--	8.640
Total	**--**	**424.248**

(Currency –Turkish Lira "TL" unless otherwise expressed)

27. RELATED PARTY DISCLOSURES (CONTINUED)

Key management compensation:

The Gruop's senior managements team consists of senior executives and members of the board of directors. Benefits provided to senior executives include wages, premiums, attendance fees, bonuses and similar benefits. As of 30 September 2023 it consist of TL 1.902.000.

28. THE NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

The main financial instruments of the Group consist of cash, marketable securities and short-term deposits. The main purpose of these financial instruments is to finance the Group's operating activities.

a) Capital Management Policies and Procedures

The primary objective of the Group's capital management objectives is to ensure that it maintains a healthy capital structure in order to support its business and maximize shareholder value.

The primary purpose of the Group's capital management is to maximize equity values and to ensure the continuity of a healthy capital structure. The Group manages its capital structure and makes adjustments in the light of changes in economic conditions.

Based on the evaluations of the top management, the Group may acquire new debt or repay the existing debt; Within the framework of the dividend policy, it aims to keep the capital structure in balance through the distribution of dividends in cash and/or bonus shares or the issuance of new shares. While trying to ensure the continuity of its activities in capital management, the Group also aims to increase its profitability by using the debt and equity balance in the most efficient way.

The Group monitors capital using the net financial debt to capital employed ratio. This ratio is found by dividing the financial debt used by the capital. Net financial debt is calculated by deducting cash and cash equivalents from the total debt amount. Capital employed is calculated as equity plus net financial debt as shown in the balance sheet.

As of 30 September 2023 and 31 December 2022, the debt/equity ratio is calculated as follows;

	1 January – 30 September 2023	**1 January – 31 December 2022**
Total financial liabilities	37.803.217	11.934.524
Less: Cash and cash equivalents	(65.339.952)	(11.683.368)
Net financial debt	**(27.536.735)**	**251.156**
Total equity	165.800.907	103.959.217
Total equity used	**138.264.172**	**104.210.373**
Net financial debt / Total equity used	**N/A**	**%0,2**

b) Financial Risk Factors

The main risks posed by the Group's financial instruments are interest rate risk, liquidity risk, foreign currency risk and credit risk. The Group management and board of directors examine and accept the policies regarding the management of the following risks. The Group also considers the market value risk of all its financial instruments

(Currency –Turkish Lira “TL” unless otherwise expressed)

28. THE NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (CONTINUED)

b) Financial Risk Factors (Continued)

b.1) Credit risk management (Continued)

The registered values of financial assets indicate the maximum credit risk exposed. As of 30 September 2023, the credit risks exposed are as follows;

	Receivables					
	Trade Receivables		Trade Receivables			
30.09.2023	**Related Parties**	**Related Parties**	**Related Parties**	**Related Parties**	**Cash on bank**	**Cash on hand**
Maximum credit risk exposures as of report date (1) (A+B+C+D+E) (*)	**--**	**56.877.744**	**--**	**108.693**	**64.868.044**	**471.908**
Secured part of maximum credit risk exposure via collateral etc. (**)	--					
A. Net book value of the financial assets that are neither overdue nor impaired (2)	--	59.771.308	--	108.693	64.868.044	471.908
B. Carrying amount of financial assets that are renegotiated, otherwise classified as overdue or impaired (3)	--	--	--	--	--	--
C. Net book value of financial assets that are overdue but not impaired	--	--	--	--	--	--
D. Net book value of impaired financial assets	--	--	--	--	--	--
- Overdue (gross carrying amount)	--	1.624.298	--	--	--	--
- Impairment (-)	--	(1.624.298)	--	--	--	--
- Secured part via collateral etc.	--	--	--	--	--	--
- Not Overdue (gross carrying amount)	--	--	--	--	--	--
- Impairment (-)	--	--	--	--	--	--
- Secured part via collateral etc.	--	--	--	--	--	--
E. Off-balance sheet financial assets exposed to credit risk	--	(2.893.564)	--	--	--	--

(*) In determining the amount, the elements that provide an increase in credit reliability, such as the guarantees received, were not taken into account.

(**) The guarantees consist of security certificates, letters of guarantee and mortgages received from customers.

(Currency –Turkish Lira "TL" unless otherwise expressed)

28. THE NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (CONTINUED)

b) Financial Risk Factors (Continued)

b.1) Credit risk management (Continued)

The registered values of financial assets indicate the maximum credit risk exposed. As of 31 December 2022, the credit risks exposed are as follows;

	Receivables					
	Trade Receivables		Trade Receivables			
31.12.2022	Related Parties	Related Parties	Related Parties	Related Parties	Cash on bank	Cash on hand
Maximum credit risk exposures as of report date (1) (A+B+C+D+E) (*)	--	**41.181.904**	--	**125.548**	**11.300.017**	**383.351**
Secured part of maximum credit risk exposure via collateral etc. (**)	--					
A. Net book value of the financial assets that are neither overdue nor impaired (2)	--	43.889.969	--	125.548	11.300.017	383.351
B. Carrying amount of financial assets that are renegotiated, otherwise classified as overdue or impaired (3)	--	--	--	--	--	--
C. Net book value of financial assets that are overdue but not impaired	--	--	--	--	--	--
D. Net book value of impaired financial assets	--	--	--	--	--	--
- Overdue (gross carrying amount)	--	392.969	--	--	--	--
- Impairment (-)	--	(392.969)	--	--	--	--
- Secured part via collateral etc.	--	--	--	--	--	--
- Not Overdue (gross carrying amount)	--	--	--	--	--	--
- Impairment (-)	--	--	--	--	--	--
- Secured part via collateral etc.	--	--	--	--	--	--
E. Off-balance sheet financial assets exposed to credit risk	--	(2.708.065)	--	--	--	--

(*) In determining the amount, the elements that provide an increase in credit reliability, such as the guarantees received, were not taken into account.

(**) The guarantees consist of security certificates, letters of guarantee and mortgages received from customers.

(Currency –Turkish Lira "TL" unless otherwise expressed)

28. THE NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (CONTINUED)

b) Financial Risk Factors (Continued)

b.2) Liquidity risk

Liquidity risk is the risk that an entity will be unable to meet its net funding requirements. The Group manages its liquidity needs by regularly planning its cash flows or by maintaining sufficient funds and borrowing sources by matching the maturities of liabilities and assets.

Prudent liquidity risk management implies maintaining sufficient cash, securing availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The risk is mitigated by matching the cash in and out flow volume supported by committed lending limits from qualified credit institutions.

Contractual maturities

30.09.2023	**Net Book Value**	**Contractual cash outflow (I+II+III+IV)**	**Less than 3 months (I)**	**3 -12 months (II)**	**1 – 5 years (III)**	**More than 5 years (IV)**
Bank loans	36.680.015	39.909.421	21.937.450	16.469.370	1.502.601	--
Financial lease liabilities	--	--	--	--	--	--
Operational lease liabilities	1.250.433	1.250.433	190.362	571.085	488.987	--
Trade payables	13.024.536	13.429.454	11.931.954	1.497.500	--	--
Other payables	903.490	903.490	838.490	65.000	--	--
Total liabilities	**51.858.474**	**55.492.798**	**34.898.256**	**18.602.955**	**1.991.588**	**--**

Contractual maturities

31.12.2022	**Net Book Value**	**Contractual cash outflow (I+II+III+IV)**	**Less than 3 months (I)**	**3 -12 months (II)**	**1 – 5 years (III)**	**More than 5 years (IV)**
Bank loans	11.770.479	12.763.778	4.957.337	6.511.269	1.295.172	--
Financial lease liabilities	--	--	--	--	--	--
Operational lease liabilities	2.144.049	2.144.049	302.818	908.452	932.779	
Trade payables	15.783.948	15.923.715	14.964.715	959.000	--	--
Other payables	10.702.562	10.702.562	1.376.986	9.325.576	--	--
Total liabilities	**40.401.038**	**41.534.104**	**21.601.856**	**17.704.297**	**2.227.951**	**--**

b.3) Market risk

The Group is exposed to financial risks arising from changes in currency rate, interest rate and price risk which arise directly from its operations. The market risks that the Group is exposed to are measured on the basis of sensitivity analysis. When compared to prior periods, there has been no change in the Group's exposure to market risks, hedging methods used or the measurement methods used for such risks.

b.3.1)Foreign currency risk

Transactions in foreign currencies cause exchange rate risk. Currency risk is managed with forward foreign exchange purchase/sell contracts based on approved policies.

The Company is exposed to foreign currency risk arising from the translation of foreign currency denominated assets and liabilities to TL. The Company is also exposed to foreign currency risk due to the transactions made in foreign currency. This risk occurs due to purchases, sales and bank borrowings of the Company which are denominated in currencies other than the functional currency.

(Currency –Turkish Lira "TL" unless otherwise expressed)

28. THE NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (CONTINUED)

b) Financial Risk Factors (Continued)

b.3) Market risk (Continued)

b.3.1) Foreign currency risk (Continued)

	30 September 2023			
	TL Equivalent	**USD**	**EURO**	**GBP**
1 Trade receivables	19.597.626	449.795	250.899	--
2a. Monetary financial assets, (cash and banks account included)	37.884	334	990	
2b. Non-monetary financial assets	--	--	--	--
3. Other	2.414.859	32.641	52.402	--
4. Current assets (1+2+3)	**22.050.369**	**482.770**	**304.291**	**--**
5. Trade receivables	**--**	**--**	**--**	--
6. Other	**--**	**--**	**--**	--
7. Non-current assets (5+6)	**--**	**--**	**--**	--
8. Total assets (4+7)	**22.050.369**	**482.770**	**304.291**	**--**
9. Trade payables	2.784.261	15.178	59.030	19.565
10. Financial liabilities	4.206.345	110.782	40.423	--
11a. Other monetary liabilities	--	--	--	--
11b. Other non-monetary liabilities	--	--	--	--
12. Current liabilities (9+10+11)	**6.990.606**	**125.960**	**99.453**	**19.565**
13. Trade payables	--	--	--	--
14. Financial liabilities	--	--	--	--
15. Non-current liabilities (13+14)	**--**	**--**	**--**	--
16. Total liabilities (12+15)	**6.990.606**	**125.960**	**99.453**	**19.565**
17. Net assets of off balance sheet derivative items (liability) position (18a - 18b)	**--**	**--**	**--**	--
18a. Total amount of assets hedged	**--**	**--**	**--**	--
18b. Total amount of liabilities hedged	**--**	**--**	**--**	--
19. Net foreign currency assets / (liability) position (8-16+17)	**15.059.763**	**356.810**	**204.838**	**(19.565)**

(Currency –Turkish Lira "TL" unless otherwise expressed)

28. THE NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (CONTINUED)

b) Financial Risk Factors (Continued)

b.3) Market risk (Continued)

b.3.1)Foreign currency risk (Continued)

	31 December 2022			
	TL Equivalent	**USD**	**EURO**	**GBP**
1 Trade receivables	13.687.250	449.795	264.704	--
2a. Monetary financial assets, (cash and banks account included)	198.719	4.177	2.666	3.000
2b. Non-monetary financial assets	--	--	--	--
3. Other	--	--	--	--
4. Current assets (1+2+3)	**13.885.969**	**453.972**	**267.370**	**3.000**
5. Trade receivables	**--**	**--**	**--**	--
6. Other	**--**	**--**	**--**	--
7. Non-current assets (5+6)	**--**	**--**	**--**	--
8. Total assets (4+7)	**13.885.969**	**453.972**	**267.370**	**3.000**
9. Trade payables	5.471.043	180.624	118.570	--
10. Financial liabilities	--	--	--	--
11a. Other monetary liabilities	--	--	--	--
11b. Other non-monetary liabilities	--	--	--	--
12. Current liabilities (9+10+11)	**5.471.043**	**180.624**	**118.570**	**--**
13. Trade payables	--	--	--	--
14. Financial liabilities	--	--	--	--
15. Non-current liabilities (13+14)	**--**	**--**	**--**	--
16. Total liabilities (12+15)	**5.471.043**	**180.624**	**118.570**	**--**
17. Net assets of off balance sheet derivative items (liability) position (18a - 18b)	**--**	**--**	**--**	--
18a. Total amount of assets hedged	**--**	**--**	**--**	--
18b. Total amount of liabilities hedged	**--**	**--**	**--**	--
19. Net foreign currency assets / (liability) position (8-16+17)	**8.144.926**	**273.348**	**148.800**	**3.000**

(Currency –Turkish Lira "TL" unless otherwise expressed)

28. THE NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (CONTINUED)

b) Financial Risk Factors (Continued)

b.3) Market risk (Continued)

b.3.1)Foreign currency risk (Continued)

The table below presents the Company's sensitivity to a 10% deviation in foreign exchange rates (especially USD and EUR). 10% is the rate used by the Company when generating its report on exchange rate risk; the related rate stands for the presumed possible change in the foreign currency rates by the Company's management. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. This analysis includes foreign currency denominated bank loans other than the functional currency of the ultimate user or borrower of the bank loans. The positive amount indicates increase in profit / loss before tax or equity.

Foreign Currency Sensitivity Analysis Table		
30 September 2023		
	Profit/(Loss)	
	Foreign currency appreciation	Foreign currency depreciation
Change of USD against TL by 10%:		
1- USD net assets / liabilities	976.828	(976.828)
2- Hedged portion of USD risk (-)	--	--
3- USD net effect (1+2)	**976.828**	**(976.828)**
Change of EUR against TL by 10%:		
4- Net EUR assets/liabilities	594.655	(594.655)
5- Hedged portion of EUR risk (-)	--	--
6- EUR net effect (4+5)	**594.655**	**(594.655)**
Change of GBP against TL by 10%:		
7- Net GBP assets/liabilities	(65.507)	65.507
8- Hedged portion of GBP risk (-)	--	--
9- GBP net effect (7+8)	**(65.507)**	**65.507**
TOTAL (3+6+9)	**1.505.976**	**(1.505.976)**

(Currency –Turkish Lira "TL" unless otherwise expressed)

28. THE NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (CONTINUED)

b) Financial Risk Factors (Continued)

b.3) Market risk (Continued)

b.3.1) Foreign currency risk (Continued)

The table below presents the Company's sensitivity to a 10% deviation in foreign exchange rates (especially USD and EUR). 10% is the rate used by the Company when generating its report on exchange rate risk; the related rate stands for the presumed possible change in the foreign currency rates by the Company's management. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. This analysis includes foreign currency denominated bank loans other than the functional currency of the ultimate user or borrower of the bank loans. The positive amount indicates increase in profit / loss before tax or equity.

Foreign Currency Sensitivity Analysis Table		
31 December 2022		
	Profit/(Loss)	
	Foreign currency appreciation	Foreign currency depreciation
Change of USD against TL by 10%:		
1- USD net assets / liabilities	511.114	(511.114)
2- Hedged portion of USD risk (-)	--	--
3- USD net effect (1+2)	**511.114**	**(511.114)**
Change of EUR against TL by 10%:		
4- Net EUR assets/liabilities	296.631	(296.631)
5- Hedged portion of EUR risk (-)	--	--
6- EUR net effect (4+5)	**296.631**	**(296.631)**
Change of GBP against TL by 10%:		
7- Net GBP assets/liabilities	6.747	(6.747)
8- Hedged portion of GBP risk (-)	--	--
9- GBP net effect (7+8)	**6.747**	**(6.747)**
TOTAL (3+6+9)	**814.492**	**(814.492)**

b.3.2) Interest rate risk

Borrowing of the Company at fixed and variable interest rates. It exposes the Company to interest rate risk. Interest rates of financial assets and liabilities are stated in the related notes.

(Currency –Turkish Lira “TL” unless otherwise expressed)

29. FINANCIAL INSTRUMENTS (FAIR VALUE EXPLANATIONS AND DISCLOSURES WITHIN THE FRAMEWORK OF HEDGE ACCOUNTING)

30 September 2023	Financial assets/liabilities at amortized cost	Fair value	Book value
Financial assets			
Cash and cash equivalents	65.339.952	65.339.952	65.339.952
Trade receivables	59.771.308	59.771.308	59.771.308
Financial liabilities			
Financial liabilities	37.803.217	37.803.217	37.803.217
Trade payables	13.024.536	13.024.536	13.024.536

31 December 2022	Financial assets/liabilities at amortized cost	Fair value	Book value
Financial assets			
Cash and cash equivalents	11.683.368	11.683.368	11.683.368
Trade receivables	41.181.904	41.181.904	41.181.904
Financial liabilities			
Financial liabilities	11.934.524	11.934.524	11.934.524
Trade payables	15.783.948	15.783.948	15.783.948

Fair value of financial instruments

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The estimated fair values of financial instruments have been determined by the Group using available market information and appropriate valuation methods. However, estimates are necessary in interpreting market data to determine fair value. Accordingly, the estimates presented here may not represent the amounts that the Group could realize in a current market transaction.

The following methods and assumptions were used to estimate the fair value of the financial instruments for which it is practicable to estimate fair value:

Monetary assets

It is assumed that the carrying values of financial assets shown at cost, including cash and cash equivalents, are equal to their fair values due to their short-term nature. It is anticipated that the carrying values of trade receivables, together with the related impairment provisions, reflect the fair value.

29. FINANCIAL INSTRUMENTS (FAIR VALUE EXPLANATIONS AND DISCLOSURES WITHIN THE FRAMEWORK OF HEDGE ACCOUNTING) (CONTINUED)

Monetary liabilities

The fair values of short-term bank loans and other monetary liabilities are considered to be close to their book values due to their short-term nature.

Due to the fact that long-term financial liabilities mostly have variable interest rates and are repriced in the short term, it is anticipated that the carrying values of the borrowings are close to their fair values as of the reporting date.

First level: Valuation techniques that use active market (unadjusted) market prices for identical assets and liabilities.

Second level: Valuation techniques that include inputs used to find the directly or indirectly observable market price of the relevant asset or liability other than the market price specified at the first level.

Third level: Valuation techniques that include inputs that are not based on market observable data used to determine the fair value of the asset or liability.

30. Events After the Reporting Date

The earthquake that took place in Kahramanmaraş on 6 February 2023 and which affected many provinces of Turkey did not have a significant impact on the Group's operations.