**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 – 31 DECEMBER 2023
TOGETHER WITH THE INDEPENDENT
AUDITOR'S REPORT**

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ONCOSEM ONKOLOJİK SİSTEMLER SANAYİ VE TİCARET A.Ş.
INDEPENDENT AUDITORS REPORT AS OF
01 JANUARY - 31 DECEMBER 2023

To the General Assembly of
Oncosem Onkoljik Sistemler Sanayi ve Ticaret Anonim Şirketi

Independent Audit of the Consolidated Financial Statements

1. Opinion

We have audited the accompanying consolidated financial statements of Oncosem Onkolojik Sistemler Sanayi ve Ticaret Anonim Şirketi (the "Company") and its subsidiary (collectively referred to as the "Group"), which comprise the consolidated statement of financial position as at 31 December 2023 and the consolidated statement of profit or loss, consolidated statement of other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended and the notes to the consolidated financial statements and a summary of significant accounting policies and consolidated financial statement notes.

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 2022, and its financial performance and its cash flows for the year then ended in accordance with Turkish Financial Reporting Standards ("TFRS").

2. Basis for Opinion

Our audit was conducted in accordance with the independent auditing standards published by the Capital Markets Board ("CMB") and Standards on Independent Auditing (the "SIA") that are part of Turkish Standards on Auditing issued by the Public Oversight Accounting and Auditing Standards Authority (the "POA"). Our responsibilities under these standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We hereby declare that we are independent of the Group in accordance with the Ethical Rules for Independent Auditors (the "Ethical Rules") and the ethical requirements regarding independent audit in regulations issued by POA that are relevant to our audit of the financial statements. We have also fulfilled our other ethical responsibilities in accordance with the Ethical Rules and regulations. We believe that the audit evidence we have obtained during the independent audit provides a sufficient and appropriate basis for our opinion.

3) Other Matters

Within the scope of the announcement issued by the Public Oversight, Accounting, and Auditing Standards Authority (KGK) on November 23, 2023, titled "Announcement on the Inflation Adjustment of Financial Statements of Companies Subject to Independent Audit," the consolidated financial statements as of December 31, 2023, have been subjected to inflation adjustment in accordance with IAS 29 *Financial Reporting in Hyperinflationary Economies*. In this context, we draw attention to Note 2, which includes disclosures regarding the transition to inflation accounting. This matter does not affect our opinion.

4. Key Audit Matters

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

According to us, the issues described below are identified as key audit matters and are reported in our report:

Key Audit Matters	**How our audit addressed the Key Audit Matter**
Provisions for impairment of trade receivables	
Trade receivables constitute 35% of the total assets in the statement of financial position as at 31 December 2023 and is considered to be an important balance sheet item. In addition, collectability of trade receivables is one of the important elements for the management of the Company's credit risk and operating capital and includes important judgments and estimates of the Management. As of 31 December 2023, there are trade receivables in the amount of TL 54.413.226 TL (31 December 2022: 67.856.625 TL) in the consolidated statement of financial position. Determining whether or not a trade receivable is collectible requires an important managerial judgment. The Company's management considers all information thereon including the aging of trade receivables, risks of pending cases based on letters obtained from corporate attorneys, guarantees received under credit risk management and the nature of such guarantees, and collection performances for the current period and in the period after the balance sheet date. The Company recognizes expected credit losses for financial assets in accordance with TFRS 9 in the financial statements (Note 5) Due to the judgment needed to determine the amount of receivables and collectability of receivables and the complexity and comprehensiveness of applications brought on by TFRS 9, the existence and collectability of trade receivables is considered a key audit matter. Details of trade receivables are explained in Note 2.7 and Note 7 to the financial statements.	The following audit procedures related to the recoverability of trade receivables were applied during our audit: - The operational effectiveness of the Company's process of tracking the collection of trade receivables and related internal controls has been evaluated. - Internal controls related to financial reporting with regards to credit risk has been understood, evaluated and the effectiveness has been tested. - Analytical review of the accounts receivables aging reports and a comparative analysis of the turnover rate with the previous year has been conducted, - Testing trade receivables by sending confirmation letters, on sample basis. - Testing, on sample basis, the collections made in the subsequent period. - Compliance of the applied accounting policies with TFRS 9, the Company's past performance and compliance with local and global practices has been evaluated. - Inquiring into any disputes or litigation regarding collection of receivables and getting confirmation letter from legal counsels about pending cases in relation to the trade receivables. - The adequacy of the disclosures regarding trade receivables and impairment of trade receivables and their compliance with TFRS have been evaluated.

4. Key Audit Matters (Continued)

Key Audit Matters	How our audit addressed the Key Audit Matter
Recognition of inventories in financial statements and impairment of inventories	
In the accompanying financial statements as at 31 December 2023, the Company has inventories in the amount of TL 77.638.831 which comprise 40% (31 December 2022: 88.116.391) of the current assets and have a risk of impairment. However, the calculation of the provision for the impairment of inventories also includes management estimations and assumptions. These estimates and assumptions include the evaluation of inventories that may sell slowly due to technological changes and changing customer demands, and the assessment of the provision for inventories that have not had any movement for a certain period of time and/or are damaged. Therefore, provision for the impairment of inventories has been determined as a key audit matter in our audit. Accounting principles and amounts regarding inventories in the financial statements are explained in detail in Note 2.7 and Note 9.	The following procedures have been applied to determine the impairment of inventories: - The accounting policy regarding the provision for impairment of inventories has been understood, and whether it is consistent with previous periods and its suitability has been evaluated. - Inventory turnover rate has been compared with the previous year and non-moving inventories have been determined on product basis. - The adequacy of the inventory impairment provision in the current period was compared with the impairment realized in the previous period, the mathematical accuracy of the related provision was reviewed and reconciled with the financial statements. - In the year-end inventory counts, inventories have been observed for damages and the existence of non-moving items.

4) Key Audit Matters (Continued)

Key Audit Matter	How our audit addressed the Key Audit Matter
Application of Inflation Accounting	
As explained in Note 2.1, the Group has started applying IAS 29 *Financial Reporting in Hyperinflationary Economies* due to the assessment of the Group's functional currency (Turkish Lira) as a currency of a hyperinflationary economy as of December 31, 2023. In accordance with IAS 29, the consolidated financial statements and prior period financial information have been restated to reflect changes in the general purchasing power of the Turkish Lira and are presented in terms of the purchasing power of the Turkish Lira as of the reporting date. To prepare inflation-adjusted financial statements in compliance with the guidelines of IAS 29, the Group used Turkey's consumer price indices. The principles applied for inflation adjustment are detailed in Note 2.1. Given the significant impact of IAS 29 on the Group's reported results and financial position, the application of inflation accounting has been considered a key audit matter.	The audit procedures performed are outlined below: - Discussions were held with the management responsible for financial reporting to review the principles considered during the application of IAS 29, the identification of non-monetary items, and the designed IAS 29 models. Tests were conducted on these models. - Inputs and indices used in the calculations were tested to ensure completeness and accuracy. - Financial statements and related financial information restated in accordance with IAS 29 were reviewed. - The adequacy of the information provided in the inflation-adjusted financial statements and related note disclosures was evaluated in terms of compliance with IAS 29.

5. Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

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

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

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

6. Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

6. Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (Continued)

We use our professional judgment and maintain our professional skepticism throughout the independent audit as a requirement of the independent audit conducted in accordance with the independent auditing standards published by the CMB and the SIA.

We also:

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

- Assess the internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our independent auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

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

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

B. Other Responsibilities Arising from Regulatory Requirements

Pursuant to the fourth paragraph of Article 402 of the Turkish Commercial Code (TCC), no significant matter has been identified indicating that the Group's bookkeeping practices and financial statements for the accounting period of January 1 - December 31, 2023, are not in compliance with the financial reporting provisions of the law and the Company's articles of association.

Additionally, pursuant to the fourth paragraph of Article 402 of the TCC, the Board of Directors has provided the necessary explanations and submitted the requested documents within the scope of the audit.

Eren Bağımsız Denetim Anonim Şirketi
A member firm of Grant Thornton International

Nazım Hikmet
Responsible Partner Lead Auditor

April 09th 2024
İstanbul,Turkiye

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CONSOLIDATED BALANCE SHEETS AT 31 DECEMBER 2022 AND 2023

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

ASSETS	**Notes**	**Audited Current Period 31 December 2023 TL**	**Audited Prior Period 31 December 2022 TL**
Current Assets			
Cash and cash equivalents	4	58.544.213	19.251.026
Trade receivables			
- Other trade receivables	7	54.413.226	67.856.625
Inventories	9	77.638.831	88.116.391
Prepaid expenses	10	3.187.694	6.853.758
Current income tax asset	25	1.257.097	10.589.100
Other current assets	18	171.675	6.361.245
Total Current Assets		**195.212.736**	**199.028.145**
Non Current Assets			
Other receivables			
- Other receivables	8	122.955	206.869
Financial investments	6	1.847.463	1.045.794
Right-of-use assets	13	3.190.492	6.246.121
Property, plant and equipment	11	114.954.525	130.681.362
Intangible assets	12	4.852.394	3.392.114
Prepaid expenses	10	10.094.098	3.583.348
Deferred tax assets	25	8.033.909	5.395.791
Total Non Current Assets		**143.095.836**	**150.551.399**
TOTAL ASSETS		**338.308.572**	**349.579.544**

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

ONCOSEM ONKOLOJİK SİSTEMLER SANAYİ VE TİCARET A.Ş.

CONSOLIDATED BALANCE SHEETS AT 31 DECEMBER 2023 AND 2022

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

		Audited	**Audited**
		Current Period	**Prior Period**
LIABILITIES		**31 December 2023**	**31 December 2022**
	Notes	**TL**	**TL**
Current Liabilities			
Financial liabilities	5	58.312.841	12.572.362
Current portions of non-current borrowings	5	1.428.598	5.018.609
Operational lease liabilities	13	1.284.232	1.995.845
Trade payables			
- Due to related parties	27	--	--
- Trade payables to third parties	7	16.880.223	26.007.673
Liabilities for employee benefits	16	5.387.471	5.187.969
Other payables			
- Due to related parties	27	65.000	15.366.024
- Other payables to third parties.	8	766.127	2.268.900
Deferred income	10	2.785.342	8.220.106
Deferred income		--	--
Current income tax liabilities	25	--	14.195.174
Payables for ongoing projects	11	--	--
Current provisions			
- Provisions for employee benefits	16	904.086	761.313
- Other current provisions	17	1.838.317	4.308.247
Other current liabilities	18	923.615	358.270
Total Current Liabilities		**90.575.852**	**96.260.492**
Non Current Liabilities			
Financial liabilities	5	1.010.590	2.073.893
Operational lease liabilities	13	331.231	1.536.967
Other payables			
- Due to related parties	27	--	--
- Other payables	6	--	--
Deferred income	10	--	--
Long term provisions			
- Provisions for employee benefits	16	3.612.755	2.844.806
- Other long term provisions		--	--
Other non current liabilities	18	--	--
Deferred tax liabilities	25	11.075.275	22.783.982
Total Non Current Liabilities		**16.029.851**	**29.239.648**
EQUITY			
Equity Attributable to Owners of the Parent			
Share capital	19	23.850.000	19.900.000
Capital adjustment differences	19	51.930.103	49.777.345
Share premiums		95.908.368	--
	19		
Other comprehensive income/expense not to be reclassified to profit			
- Actuarial gain / loss	19	(1.328.816)	(542.678)
Other comprehensive income/expense to be reclassified to profit		--	--
- Currency translation differences		--	--
- Revaluation and reclassification gains / (loss)		--	--
Restricted reserves	19	135.876.793	122.012.606
Retained earnings	19	5.277.422	53.696.228
Net profit for the period		(79.811.001)	(20.764.097)
Non controlling interests			
Total Equity		**231.702.869**	**224.079.404**
Commitments and contingencies		--	--
TOTAL LIABILITIES AND EQUITY		**338.308.572**	**349.579.544**

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

ONCOSEM ONKOLOJİK SİSTEMLER SANAYİ VE TİCARET A.Ş.
CONDENSED CONSOLIDATED INCOME STATEMENTS
FOR THE YEARS ENDED 31 DECEMBER 2023 AND 2022
(All amounts in Turkish Lira "TL" unless otherwise indicated)

		Audited Current Period 1 January - 31 December 2023	**Audited Prior Period 1 January - 31 December 2022**
	Notes	**TL**	**TL**
Revenue	20	240.505.946	292.938.612
Cost of sales (-)	20	(204.718.657)	(192.230.236)
Gross profit		35.787.289	100.708.376
General administrative expenses (-)	21	(67.193.293)	(52.007.721)
Marketing, selling and distribution expenses (-)	21	(14.216.824)	(14.437.962)
Other operating income	22	9.260.603	13.060.539
Other operating expenses (-)	22	(27.386.314)	(12.485.562)
Operating profit		**(63.748.539)**	**34.837.670**
Income from investing activities	23	(246.575)	--
Operating profit / (loss) before financial income and (expenses)		**(63.995.114)**	**34.837.670**
Financial income	24	18.187.567	2.035.053
Financial expenses (-)	24	(14.630.339)	(3.045.883)
Monetary loss / gain		(33.877.168)	(36.323.013)
Profit before tax		**(94.315.054)**	**(2.496.173)**
Tax expense			
Tax for the period	25	--	(14.195.174)
Deferred tax income / (expense)	25	14.504.053	(4.072.750)
PROFIT FOR THE PERIOD		**(79.811.001)**	**(20.764.097)**
Non controlling interest		--	--
Equity holders of the parent		(79.811.001)	(20.764.097)
Earnings per share	26	**(3,4)**	**(1,7)**

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

ONCOSEM ONKOLOJİK SİSTEMLER SANAYİ VE TİCARET A.Ş.
CONDENSED CONSOLIDATED STATEMENTS OF OTHER COMPREHENSIVE INCOME
FOR THE YEARS ENDED 31 DECEMBER 2023 AND 2022
(Currency – Turkish Lira (TL) unless otherwise indicated)

	Audited Current Period 1 January - 31 December 2023 TL	Audited Prior Period 1 January - 31 December 2022 TL
Profit for the Period	**(79.811.001)**	**(20.764.097)**
Other Comprehensive Income / (Expenses):		
Items not to be reclassified to profit or loss	**628.909**	**444.818**
Actuarial gains / loss on defined benefit plans	786.138	542.678
Deferred tax effect of actuarial gains / loss on defined benefit plans	(157.229)	(97.860)
Other Comprehensive Income / (Expense)	**628.909**	**444.818**
Total Comprehensive Income / (Expense)	**(79.182.092)**	**(20.319.279)**
Distribution of Total Comprehensive Income:	**(79.182.092)**	**(20.319.279)**
- Non controlling interest	--	--
- Equity holders of the parent	(79.182.092)	(20.319.279)

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

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

	Paid in Capital	Capital adjustment differences	Share issue premiums	Actuarial gain/(loss)	Restricted reserves set aside from profits	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**	**49.777.345**	**-**	**--**	**3.847.922**	**(37.553.742)**	**209.414.654**	**245.386.179**	**245.386.179**
Transfer to general reserves	--	-	--	--	118.164.684	91.249.970	(209.414.654)		
Impact of the change in IAS 19 "Employee benefits" (Note 2)	--	--	--	(542.678)	--	--	--	(542.678)	(542.678)
Net loss for the period	--	--	--	--	--	--	(20.764.097)	(20.764.097)	(20.764.097)
Closing Balance at 31 December 2022	**19.900.000**	**49.777.345**	**--**	**(542.678)**	**122.012.606**	**53.696.228**	**(20.764.097)**	**224.079.404**	**224.079.404**
Opening Balance at 1 January 2023	**19.900.000**	**49.777.345**	**-**	**(542.678)**	**122.012.606**	**53.696.228**	**(20.764.097)**	**224.079.404**	**224.079.404**
Capital increase									
- Cash	3.950.000	2.152.758	--	--	--	--	--	6.102.758	6.102.758
Transfer to general reserves	--	--	--	--	5.485.728	(26.249.825)	20.764.097	--	--
Impact of the change in IAS 19 "Employee benefits" (Note 2)	--	--	--	(786.138)	--	--	--	(786.138)	(786.138)
Dividend payment	--	--	--	--	8.378.459	(22.168.981)	--	(13.790.522)	(13.790.522)
Share issue premiums	--	--	95.908.368	--	--	--	--	95.908.368	95.908.368
Net loss for the period	--	--	--	--	--	--	(79.811.001)	(79.811.001)	(79.811.001)
Closing Balance at 31 December 2023	**23.850.000**	**51.930.103**	**95.908.368**	**(1.328.816)**	**135.876.793**	**5.277.422**	**(79.811.001)**	**231.702.869**	**231.702.869**

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
FOR THE YEARS ENDED 31 DECEMBER 2023 AND 2022
(All amounts in Turkish Lira "TL" unless otherwise indicated)

	Notlar	Audited Current Period 1 January - 31 December 2023	Audited Prior Period 1 January - 31 December 2022
A. CASH FLOW FROM OPERATING ACTIVITIES			
Loss for the Period		(79.811.001)	(20.764.097)
Adjustments Related to Net Profit Reconciliation for the Period			
Adjustments Related to Depreciation and Amortization Expenses	11,12,13	39.053.591	39.315.079
Severance compensation provision expense	16	2.852.112	2.252.698
Expected credit loss provision	7	(3.116.679)	2.110.764
Doubtful trade receivables provision	7	14.054.835	126.462
Litigation provision expense	17	(1.279.199)	2.821.043
Adjustments Related to rediscount interest (expense)/income	22	1.856.013	(102.874)
Adjustments Related to interest expenses	24	9.867.950	2.030.195
Adjustments Related to leave provisions	16	442.048	212.036
Profit / loss on sale of tangible fixed assets	23	(246.575)	-
Monetary loss / gain		13.812.755	(12.170.518)
Deferred tax asset / (liability), net	25	(14.504.054)	4.072.750
Changes in Working Capital			
Increase / (decrease) in inventories	9	10.477.560	6.967.051
Increase / (decrease) in trade receivables	7	429.029	21.173.624
Increase / (decrease) in other receivables related to activities	8	83.914	55.620
Increase / (decrease) in prepaid expenses	10	(2.844.686)	8.480.626
Increase / (decrease) in other current assets	18,0	6.189.570	9.501.558
Increase / (decrease) in trade payables	7	(8.907.249)	(3.862.614)
Increase / (decrease) in other payables related to activities increase/(decrease)	28	(16.604.296)	9.276.778
Increase/(decrease) in other payables related to advances received	10	(5.434.764)	(8.568.002)
Tax payments/(refunds)	25	(3.445.608)	(5.003.444)
Other short-term liabilities	16	565.345	(4.492.744)
Cash flow from operations after change in working capital		**(36.509.389)**	**53.431.991**
Severance payments paid	16	(1.594.768)	(742.493)
Net Cash Flows from Operating Activities		**(38.104.157)**	**52.689.498**
B. CASH FLOWS FROM FINANCING ACTIVITIES		"	
Cash inflows and outflows from borrowing	5	41.087.165	(10.270.169)
Interest paid	24	(9.576.907)	(1.474.210)
Cash outflows from operating lease transactions	13	(1.419.511)	(2.515.333)
Capital increase	19	6.102.758	--
Share issue premiums	19	95.908.368	--
Dividend payment		(13.790.522)	-
Net Cash Flows Generated From Financing Activities		**118.311.351**	**(14.259.712)**
C. CASH FLOWS FROM INVESTMENT ACTIVITIES			
Cash outflows from tangible fixed asset purchases	11	(27.724.345)	(26.022.501)
Cash inflows from tangible fixed asset sales	11	10.683.848	-
Cash outflows from intangible fixed asset purchases	12	(3.844.450)	-
Financial investments	6	(801.669)	(1.045.794)
Net Cash Outflows Used in Investing Activities		**(21.686.616)**	**(27.068.295)**
D. INFLATION EFFECT ON CASH AND CASH EQUIVALENTS		(19.227.391)	(7.729.043)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**39.293.187**	**3.632.448**
E. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		**19.251.026**	**15.618.578**
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		**58.544.213**	**19.251.026**

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

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

	31 December 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:

<u>Santek Sağlık Turz. Teks. San. A.Ş. ("SantekSağlık");</u> 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.

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

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;

	31 December 2023	31 December 2022
Oncosem Onkolojik Sis. San. ve Tic. A.Ş.	219	187
Santek Sağlık Turz. Teks. San. A.Ş.	105	122
Total	**324**	**309**

2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

2.1 Basis of Presentation

The accompanying consolidated financial statements have been prepared in accordance with the provisions of the Capital Markets Board ("CMB") Communiqué No. II-14.1, “Principles of Financial Reporting in Capital Markets,” published in the Official Gazette No. 28676 dated June 13, 2013. The consolidated financial statements are based on the Turkish Financial Reporting Standards (“TFRS”), which include additional provisions and interpretations issued by the Public Oversight, Accounting, and Auditing Standards Authority (“KGK”), in line with Article 5 of the Communiqué. Additionally, these financial statements have been presented in compliance with the TMS taxonomy published by KGK on October 4, 2022.

The Company and its subsidiaries registered in Turkey prepare their statutory financial records in accordance with the principles and requirements set by the CMB, as well as the Turkish Commercial Code (“TCC”), tax regulations, and the Uniform Chart of Accounts issued by the Turkish Ministry of Finance (“Ministry of Finance”). The consolidated financial statements are prepared by reflecting necessary adjustments and reclassifications, including those related to changes in the purchasing power of the Turkish Lira, to ensure fair presentation in accordance with TFRS.

Approval of consolidated financial statements

The consolidated financial statements for the accounting period January 1 - December 31, 2023, were approved at the Board of Directors meeting held on April 9, 2024. The Company’s General Assembly and relevant regulatory bodies have the authority to request amendments to the consolidated financial statements after their publication.

Functional and presentation currency

The functional currency and the reporting currency of the Group’s country of residence is the Turkish Lira (“TL”). The Group uses Turkish Lira for measuring items in its financial reports and as its functional currency.

Each entity within the Group presents its financial statements in the currency of the primary economic environment in which it operates, which is referred to as the “functional currency.”

Restatement of financial statements in periods of high inflation

Entities applying TFRS have been required to apply inflation accounting in accordance with IAS 29 *Financial Reporting in Hyperinflationary Economies*, starting from the financial statements for the annual reporting periods ending on or after December 31, 2023, as announced by the Public Oversight, Accounting, and Auditing Standards Authority (KGK) on November 23, 2023. IAS 29 applies to financial statements, including consolidated financial statements, of entities whose functional currency is the currency of a hyperinflationary economy.

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

2.1 Basis of Presentation (Continued)

Restatement of Financial Statements in Periods of High Inflation (Continued)

In accordance with the relevant CMB decision, the announcement made by the Public Oversight, Accounting, and Auditing Standards Authority (KGK) on November 23, 2023, and the published *Implementation Guide on Financial Reporting in Hyperinflationary Economies*, the Group has prepared its financial statements for the year ended December 31, 2023, in compliance with IAS 29 *Financial Reporting in Hyperinflationary Economies*.

Under this standard, financial statements prepared in the currency of a hyperinflationary economy must be restated in terms of the purchasing power of that currency as of the balance sheet date. Additionally, financial statements of prior periods must also be restated in the current unit of measurement as of the end of the reporting period. Accordingly, the Group has restated its financial statements for December 31, 2022, and 2021, in terms of purchasing power as of December 31, 2023.

The accompanying consolidated financial statements and all comparative amounts for prior periods have been adjusted in accordance with IAS 29 to reflect changes in the general purchasing power of the Turkish Lira. These amounts are ultimately expressed in terms of the purchasing power of the Turkish Lira as of December 31, 2023.

In applying IAS 29, the Group used adjustment factors derived from the Consumer Price Indices (CPI) published by the Turkish Statistical Institute (TÜİK), as directed by KGK. Below are the applicable CPI values and corresponding adjustment factors used for both current and prior periods since January 1, 2005, when the Turkish Lira ceased to be considered the currency of a hyperinflationary economy.

Year-End	Index	Index (%)	Adjustment Factor
2004	113,86	13,86	16,33041
2005	122,65	7,72	15,16005
2006	134,49	9,65	13,82541
2007	145,77	8,39	12,75557
2008	160,44	10,06	11,58925
2009	170,91	6,53	10,87929
2010	181,85	6,40	10,22480
2011	200,85	10,45	9,25756
2012	213,23	6,16	8,72007
2013	229,01	7,40	8,11921
2014	247,72	8,17	7,50597
2015	269,54	8,81	6,89835
2016	292,54	8,53	6,35599
2017	327,41	11,92	5,67906
2018	393,88	20,30	4,72068
2019	440,50	11,84	4,22107
2020	504,81	14,60	3,68333
2021	686,95	36,08	2,70672
2022	1.128,45	64,27	1,64773
2023	1.859,38	64,77	1,00000

The main elements of the adjustments made by the Group for financial reporting in hyperinflationary economies are as follows:

- The consolidated financial statements prepared in Turkish Lira for the current period are expressed in terms of the purchasing power of money as of the balance sheet date. Similarly, the amounts for prior reporting periods are also restated in terms of the purchasing power of money as of the most recent balance sheet date.

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

2.1 Basis of Presentation (Continued)

Restatement of Financial Statements in Periods of High Inflation (Continued)

- Monetary assets and liabilities (such as cash and cash equivalents, trade receivables and payables, borrowings, etc.) are already expressed in terms of the current purchasing power as of the balance sheet date, and therefore are not adjusted. Non-monetary items (such as inventories, tangible and intangible assets, equity items, etc.) are adjusted for inflation. When the inflation-adjusted value of these items exceeds their recoverable amount or net realizable value, the provisions of IAS 36 and IAS 2 have been applied, respectively.
- Non-monetary assets, liabilities, and equity items that are not expressed in terms of the current purchasing power at the balance sheet date have been adjusted using the relevant adjustment factors.
- All items in the income statement, except for those related to non-monetary items in the balance sheet, have been indexed using the factors calculated based on the periods in which the income and expense items were initially recognized in the financial statements.
- The effect of inflation on the Group’s net monetary asset position for the current period has been recorded in the income statement under the net monetary position loss account. For companies holding monetary assets in excess of monetary liabilities, purchasing power weakens with inflation increases. Conversely, for companies holding monetary liabilities in excess of monetary assets, purchasing power increases with inflation. The net monetary position gain or loss has been derived from the adjustment differences of non-monetary items, equity, income statement and other comprehensive income items, and inflation-indexed monetary assets and liabilities.

Going Concern

The accompanying consolidated financial statements have been prepared based on the going concern principle. According to this principle, the Group is expected to continue its operations in the foreseeable future, utilizing its assets and settling its liabilities as they fall due in the normal course of business.

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 principles for accounting for business combinations are outlined in **TFRS 3 Business Combinations**. In TFRS 3, a business combination is defined as: "A transaction or other event in which an acquirer obtains control of one or more businesses. Transactions often referred to as 'true mergers' or 'mergers of equals' are also business combinations as used in this TFRS."

Additionally, TFRS 3 defines **business combinations under common control** as: "A business combination involving entities or businesses under common control is a business combination in which the control over all combining entities or businesses is held by the same person or group of persons both before and after the combination, and this control is not temporary." TFRS 3 does not provide specific guidance on the accounting treatment of such combinations. Moreover, paragraph 2 of TFRS 3 states that business combinations under common control are excluded from the scope of this standard. Although TFRS 3 contains some guidance on this issue (Paragraphs B1-B4), the provisions in these paragraphs do not provide specific determinations for accounting treatment.

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

2.3 Accounting of business combinations under common control (continued)

Within the framework of the provisions above, it can be seen that there is no specific provision in TFRS regarding the accounting for businesses under common control. Therefore, businesses involved in business combinations under common control are required to select an appropriate accounting policy in accordance with the hierarchy outlined in paragraphs 10-12 of TMS 8 Accounting Policies, Changes in Accounting Estimates and Errors**.**

To resolve differences observed in the accounting policies in practice, the following accounting principles should be applied in line with the hierarchy set forth in these paragraphs:

i) Since business combinations under common control are accounted for using the pooling of interests method, goodwill should not be recognized in the financial statements.

ii) When applying the pooling of interests method, the financial statements should be adjusted as if the combination occurred at the beginning of the reporting period in which common control was established, and the financial statements should be presented comparably from the beginning of that reporting period.

iii) Given that the financial statements should reflect the perspective of the parent company, the financial statements of the entities under common control should be restated in accordance with TMS as if the parent company had been preparing consolidated financial statements, including the application of business combination accounting.

iv) To address potential asset-liability mismatches arising from a business combination under common control, an account titled "Effect of Business Combinations Involving Entities or Businesses Under Common Control" should be used under equity as a balancing account.

Effect of Business Combinations Under Common Control

A business combination involving entities or businesses under common control is one in which all the combined entities or businesses are controlled by the same person or group of persons both before and after the combination, and this control is not temporary.

Due to the use of the pooling of interests method for accounting for business combinations under common control, goodwill is not recognized in the financial statements. Therefore, goodwill amounting to 20,810,112 TL arising from the acquisition of businesses under common control in 2022 has been presented under equity as a balancing account titled "Effect of Business Combinations Involving Entities or Businesses Under Common Control."

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.

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

2.4 Principles of Consolidation (continued)

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.) Having power over the investee/asset,

ii.) Being exposed to, or having rights to, variable returns from the investee/asset, and

iii.) Having the ability to use its power over the investee/asset to affect the 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.

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 December 31, 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 2021 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.

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 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.

In general, the Group does not expect a significant impact on the financial statements.

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 amendment does not apply to the Group and has no impact on its financial position or performance.

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 4). Bank deposits with original maturities of more than three months are classified under short-term financial investments.

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

2.7 Summary of Significant Accounting Policies (continued)

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.

Classification of financial assets

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

- The financial asset is held within a business model whose objective is 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 meeting the following conditions are measured at fair value through other comprehensive income (FVOCI):

- The financial asset is held within a business model whose objective is both to collect contractual cash flows and to sell the financial asset, 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.

A financial asset that is not measured at amortized cost or at fair value through other comprehensive income is measured at fair value through profit or loss (FVTPL).

Upon initial recognition, the Group may make an irrevocable election to present subsequent changes in the fair value of an equity instrument, not held for trading, in other comprehensive income.

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

2.7 Summary of Significant Accounting Policies (continued)

Financial instruments (continued)

Classification of financial assets (continued)

(i) Amortized cost and effective interest method

Interest income for financial assets measured at amortized cost is calculated using the effective interest method. The effective interest method is a way of calculating the amortized cost of a debt instrument and allocating the 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, except for:

a) Financial assets that are credit-impaired on initial recognition**:** For these assets, the entity applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from its initial recognition.

b**)** Financial assets that are not credit-impaired on initial recognition but subsequently become credit-impaired: For these assets, the entity applies the effective interest rate to the amortized cost of the asset during subsequent reporting periods.

Interest income is recognized using the effective interest method for both amortized cost and debt instruments measured at fair value through other comprehensive income (FVOCI).

Interest income is recognized in the consolidated statement of profit or loss and presented under "finance income–interest income."

(ii) Financial Assets Measured at Fair Value Through Profit or Loss (FVTPL)

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

Financial assets measured at FVTPL are measured at their fair value at the end of each reporting period, and all changes in fair value are recognized in profit or loss unless the financial asset is part of a designated hedging relationship.

Equity Instruments Measured at Fair Value Through Other Comprehensive Income (FVOCI)

Upon initial recognition, the Group may make an irrevocable election to present subsequent changes in the fair value of investments in equity instruments not held for trading in other comprehensive income.

A financial asset is considered held for trading if:

- It is acquired with the intention of being sold in the near term,
- It is part of a portfolio of identified financial instruments managed together, with evidence of a recent pattern of short-term profit-taking by the Group, or
- It is a derivative (except for financial guarantee contracts or derivatives that are designated and effective hedging instruments).

Investments in equity instruments measured at FVOCI are initially recognized at fair value plus transaction costs. Subsequently, gains and losses arising from changes in fair value are recognized in other comprehensive income and accumulated in the revaluation reserve.

Upon disposal of equity investments, the cumulative gain or loss previously recognized in the revaluation reserve is transferred to retained earnings.

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

2.7 Summary of Significant Accounting Policies (Continued)

Financial instruments (continued)

Financial assets (continued)

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 impairment provisions in its financial statements for expected credit losses (ECL) on debt instruments measured at amortized cost or at fair value through other comprehensive income (FVOCI), lease receivables, trade receivables, contract assets arising from contracts with customers, and investments in financial guarantee contracts. The amount of expected credit losses is updated at each reporting period to reflect changes in credit risk since the initial recognition of the relevant financial asset.

For trade receivables, contract assets arising from contracts with customers, and lease receivables that do not have a significant financing component, the Group applies the simplified approach and calculates impairment provisions at an amount equal to the lifetime expected credit losses of the respective financial assets.

For all other financial instruments, the Group recognizes lifetime expected credit losses if there has been a significant increase in credit risk since initial recognition. However, if the credit risk of the financial instrument has not increased significantly since initial recognition, the Group recognizes an impairment provision based on the 12-month expected credit losses.

Measurement and Recognition of Expected Credit Losses

The measurement of expected credit losses (ECL) is a function of the probability of default, the loss given default (e.g., the magnitude of the loss in the event of default), and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted for forward-looking information. The exposure at default for financial assets is reflected as the gross carrying amount of the assets at the reporting date.

The ECL for financial assets represents the present value of the difference between the contractual cash flows that the Group is entitled to receive and the cash flows the Group expects to collect. This is discounted using the original effective interest rate (or the credit-adjusted effective interest rate for financial assets that were credit-impaired upon purchase or origination).

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)

Derecognition of Financial Assets

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

When a financial asset measured at amortized cost is derecognized, the difference between the asset’s carrying amount and the consideration received or receivable is recognized in profit or loss. Additionally, in the case of a debt instrument measured at fair value through other comprehensive income (FVOCI), upon derecognition, the cumulative gain or loss previously recognized in the revaluation reserve is reclassified to profit or loss. However, for an equity instrument that the Group elected to measure at FVOCI at initial recognition, upon derecognition, the cumulative gain or loss recognized in the revaluation reserve is not reclassified to profit or loss but is instead transferred directly 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.

c) 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.

The entity does not reclassify any financial liabilities.

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.

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

2.7 Summary of Significant Accounting Policies (Continued)

Related Parties

A related party is a person or entity that is related to the entity preparing the financial statements.

(a) A person or a close family member of that person is considered related to the reporting entity if the 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 considered related to the reporting entity if any of the following conditions exist:

- i.) The entity and the reporting entity are members of the same group (i.e., each parent, subsidiary, and fellow subsidiary are related to each other).
- ii.) The entity is a subsidiary or an associate of the other entity (or of a member of the group to which the other entity belongs).
- 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 has a post-employment benefit plan for employees of the reporting entity or of an entity related to the reporting entity. If the reporting entity itself has such a plan, the sponsoring employers are also related to the reporting entity.
- vi.) The entity is controlled or jointly controlled by a person identified in (a).
- vii.) 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 its parent).

A transaction with a related party involves the transfer of resources, services, or obligations between the reporting entity and a related party, whether or not a price is charged.

The Group's senior management consists of the Chairman of the Board.

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.

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

2.7 Summary of Significant Accounting Policies (Continued)

Trade receivables (continued)

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.

In the financial statements, the Group has adopted the "simplified approach" defined in IFRS 9 for the impairment calculation of trade receivables that are measured at amortized cost and do not contain a significant financing component (short-term receivables with maturities of less than one year). Under this approach, the Group measures the impairment allowance for trade receivables at an amount equal to the lifetime expected credit losses, unless there is evidence of actual impairment (excluding expected credit losses that have materialized).

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.

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	4-15 years
Motor vehicles	4-5 years
Furniture, fixtures and office equipment (fixed assets)	3-18 years
Other tangible fixed assets	5 years

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

2.7 Summary of Significant Accounting Policies (Continued)

Property, plant and equipment (continued)

The carrying amount of a tangible fixed asset is the higher of its recoverable amount, which is either its value in use or its net selling price after deducting any costs to sell. The useful lives of assets are reviewed at the reporting date and adjusted if necessary.

Maintenance and repair expenses are recognized as expenses in the profit or loss statement in the period in which they are incurred. The Group removes the carrying amounts of parts replaced during renovations from the statement of financial position, regardless of whether those parts are subject to depreciation separately from other sections. Major renovations are depreciated based on the shorter of the remaining useful life of the tangible asset or the economic life of the renovation itself.

Advances for tangible fixed asset purchases are recorded under prepaid expenses until the related asset is capitalized or included in the ongoing investment account.

Expenditures incurred after capitalization are added to the cost of the related asset or recognized as a separate asset in the financial statements if it is probable that future economic benefits will flow from the expenditure and the cost can be reliably measured. Tangible fixed assets are reviewed for impairment when conditions indicate that the carrying amount may exceed the recoverable amount. For impairment testing, assets are grouped at the lowest level into cash-generating units (CGUs).

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.

Amortization rates for intangible fixed assets are presented below;

	Useful Life
Development expenses	5 years
Other intangible assets	3 years

Finance leases

The Group - as the lease

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

If no other systematic basis better reflects the timing of the consumption of the economic benefits of leased assets, the Group recognizes lease payments as operating expenses using the straight-line method over the lease term.

At initial recognition, lease liabilities are recognized at the present value of unpaid lease payments, discounted using the lease rate at the commencement date. If the lease rate is not specified, the Group uses its own determined alternative borrowing rate.

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

- Fixed lease payments (essentially fixed payments) less any lease incentives,
- Variable lease payments that depend on an index or rate, measured using an index or rate at the commencement date of the lease,
- Amounts expected to be paid under a residual value guarantee,
- The exercise price of purchase options if the lessee is reasonably certain to exercise the option, and
- Penalties for lease termination if the lease contains a termination option.

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

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)

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)

Impairment of Assets

Assets with indefinite useful lives, such as goodwill, are not amortized. These assets are tested for impairment annually. For assets subject to amortization, an impairment test is performed when events or circumstances indicate that the carrying amount of the asset may not be recoverable. If the carrying amount of the asset exceeds its recoverable amount, an impairment loss is recognized. The recoverable amount is the higher of the fair value less costs to sell and the value in use. For impairment testing, assets are grouped at the lowest level at which there are identifiable cash flows (cash-generating units). Non-financial assets subject to impairment, other than goodwill, are reviewed for possible reversal of impairment at each reporting date.

Borrowing Costs

When assets that take a significant amount of time to prepare for use or sale are involved, borrowing costs directly attributable to the acquisition, construction, or production of the asset are capitalized as part of the cost of the asset until the asset is ready for use or sale. Financial investment income earned from temporarily holding unspent portions of investment-related loans in financial investments is deducted from the eligible borrowing costs to be capitalized.

All other borrowing costs are recognized as an expense in the period in which they are incurred.

Trade Payables

Trade payables represent amounts owed for goods and services acquired from suppliers in the normal course of business. Trade payables are initially recognized at fair value and subsequently measured at amortized cost using the effective interest method.

Revenue

The Group recognizes revenue in the consolidated financial statements when it satisfies a performance obligation by transferring a promised good or service to a customer. A good or service is transferred when (or as) control of the good or service passes to the customer.

In evaluating the transfer of control of a good or service, the Group considers the following:

a) The Group's right to collect the consideration for the good or service,
b) The customer's legal ownership of the good or service,
c) The transfer of the physical possession of the good or service,
d) The transfer of significant risks and rewards of ownership of the good or service to the customer,
e) The conditions under which the customer accepts the good or service.

If the Group expects that the time between the transfer of the promised good or service and the payment by the customer will be one year or less, no adjustment is made for the effect of a significant financing component. However, if there is a significant financing component in the revenue, the revenue is recognized at the present value of the future payments, discounted using the interest rate implicit in the financing component. The difference is recorded as other income in the period based on the accrual basis of accounting.

(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)

Revenue (continued)

The Group’s revenue recognition from various activities is outlined below:

Sale of Goods (Chemotherapy Drug Preparation Sets, Equipment and Test Kits)

Revenue is recognized when the significant risks and rewards of ownership of the goods have been transferred to the customer, and it is probable that the economic benefits associated with the transaction will flow to the entity. The revenue is reliably measured when the possibility of the goods being recovered, related costs, and potential returns can be reliably estimated, and there is no ongoing management involvement with the goods. The revenue is measured net of returns, sales discounts, and volume rebates.

The timing of the transfer of risks and services depends on the conditions of the sales contract.

Sales Revenue from Equipment

Revenue from the sale of equipment is recognized when it can be reliably measured, and when it is probable that the economic benefits associated with the transaction will flow to the business.

Employee Benefits

In accordance with the relevant social legislation, the Group is required to pay accumulated severance pay to each employee who completes one year of service with the Group and whose employment ends due to retirement, resignation, or reasons other than misconduct.

In accordance with Turkish laws and union agreements, lump-sum payments are made to employees who retire or leave the Group involuntarily. Such payments are considered part of the retirement benefit plan defined in "TMS 19 Employee Benefits."

The consolidated financial statements include the severance pay obligation, which has been calculated in accordance with the recognition and measurement principles specified in TMS 19 "Employee Benefits." Due to the nature of these obligations, which are similar to those defined as 'Defined Benefit Plans after the Work Period' in this standard, the obligations have been calculated using the assumptions explained below and included in the financial statements. The key assumptions used as of December 31, 2023, and December 31, 2022, are as follows:

	December 31st 2023	December 31st 2022
Rate of interest %	25,05%	21,44%
Rate of inflation %	21,41%	17,78%

TMS 19 ("Employee Benefits") has been revised and is applicable for periods beginning on or after January 1, 2013. Under the revised standard, actuarial gains/(losses) related to employee benefits are recognized in other comprehensive income.

Provisions, Contingent Assets, and Liabilities

Provisions

A provision is recognized in the financial statements when there is a present obligation arising from past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount of the obligation can be reliably estimated.

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

2.7 Summary of Significant Accounting Policies (Continued)

Provisions (continued)

The amount recognized as a provision is calculated by estimating the expenditure required to settle the obligation, considering the risks and uncertainties related to the obligation as of the balance sheet date.

In cases where the time value of money is significant, the provision is determined as the present value of the expected expenditures required to settle the obligation. The discount rate used to calculate the present value of the provisions considers the interest rate prevailing in the relevant markets and the risk related to the obligation. The discount rate is determined before tax and does not include the risk related to the estimated future cash flows.

Contingent Assets and Liabilities

Contingent liabilities and assets are those arising from past events whose existence is dependent on the occurrence or non-occurrence of one or more uncertain future events that are not entirely within the control of the Group. These are not recognized in the financial statements.

Income Taxes and Deferred Tax

Since Turkish Tax Law does not allow the parent company and its subsidiaries to prepare a consolidated tax return, as reflected in the consolidated financial statements, tax provisions are calculated separately for each entity.

Income tax expense consists of current tax and deferred tax expense.

Current Tax

The current tax liability for the year is calculated based on the taxable portion of the period's profit. Taxable profit differs from the profit or loss reported in the income statement due to the inclusion of taxable or deductible items that are not subject to or are subject to different treatment under tax laws. The Group's current tax liability is calculated using the tax rate enacted or substantially enacted at the reporting date.

Deferred Tax

Deferred tax liabilities or assets are determined by calculating the tax effects of temporary differences between the carrying amounts of assets and liabilities in the financial statements and their tax bases, using tax rates that have been enacted or substantively enacted.

Deferred tax liabilities are recognized for all taxable temporary differences, while deferred tax assets arising from deductible temporary differences are recognized to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilized. These assets and liabilities are not recognized if they arise from temporary differences, goodwill, or initial recognition of other assets and liabilities in transactions that do not affect either accounting or taxable profits (except in business combinations).

Deferred tax liabilities are recognized for all taxable temporary differences related to investments in subsidiaries, associates, and joint ventures, except in cases where the Group controls the timing of the reversal of the temporary difference and it is probable that the difference will not reverse in the foreseeable future. Deferred tax assets related to taxable temporary differences on investments and shares in subsidiaries, associates, and joint ventures are recognized if it is probable that sufficient taxable profits will be available in the future to utilize these differences.

(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)

Deferred Tax (continued)

The carrying amount of deferred tax assets is reviewed at each reporting period. If it is determined that it is not probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized, its carrying amount is reduced accordingly.

Deferred tax assets and liabilities are calculated based on the tax rates (tax regulations) expected to apply in the periods when the assets are realized or the liabilities are settled, which are enacted or substantively enacted as of the reporting date.

In calculating deferred tax assets and liabilities, the Group considers the tax effects of the methods it expects to use to recover the carrying amount of its assets or settle its liabilities as of the reporting date.

Deferred tax assets and liabilities are offset when there is a legal right to offset current tax assets against current tax liabilities, or when the assets and liabilities relate to income taxes levied by the same tax authority and the Group intends to settle on a net basis.

Current and Deferred Tax for the Period

Current and deferred tax for the period, excluding items directly recognized in equity (where the corresponding deferred tax is also recognized directly in equity) or those arising from the initial recognition of business combinations, is recognized as income or expense in the profit or loss. In business combinations, the tax effect is considered when determining the excess of the purchase price over the fair value of the identifiable assets, liabilities, and contingent liabilities acquired, as well as in the calculation of goodwill.

Effects of Exchange Rate Changes

When the Company translates foreign currency transactions into Turkish Lira (TRY), it uses the exchange rates prevailing on the transaction date. Monetary assets and liabilities denominated in foreign currencies, as reported in the statement of financial position, are translated into Turkish Lira using the exchange rates at the end of the reporting period. Foreign exchange gains or losses arising from the translation of foreign currency transactions or monetary items are recognized in the profit or loss for the period. Non-monetary assets and liabilities, which are measured at fair value, are translated into Turkish Lira at the exchange rate prevailing on the date the fair value is determined.

The exchange rates used by the Company as of the reporting dates are as follows:

	December 31st 2023	December 31st 2022
USD	29,4382	18,6983
EURO	32,5739	19,9349
GBP	37,4417	22,4892

Statement of Cash Flows

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

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

2.7 Summary of Significant Accounting Policies (Continued)

Statement of Cash Flows (continued)

Cash flows from operating activities represent the cash flows arising from the Group's steel products and mining sales activities.

Cash flows from investing activities represent the cash flows used and received by the Group in its investment activities (fixed investments and financial investments).

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

Cash and cash equivalents include cash, demand deposits, and other short-term investments with high liquidity that are easily convertible into cash and do not carry a significant risk of value fluctuation, with maturities of three months or less from the date of acquisition.

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

EBITDA (Earnings Before Interest, Taxes, Depreciation, and Amortization)

This financial data is an indicator of a business's income measured without considering finance, tax, depreciation, and amortization expenses. This financial data is reported separately in the financial statements, as it is used by some investors to measure the ability of the business to repay its debts and/or borrow additional funds. EBITDA should not be considered independently of other financial data such as net profit/(loss), net cash flows from operating, investing, and financing activities, or other financial indicators derived from the financial statements prepared in accordance with TFRS. This financial information should be evaluated in conjunction with other financial data presented in the cash flow statement.

Earnings Per Share

The earnings per share for the period is calculated by dividing the portion of the period's profit or loss attributable to common shareholders by the weighted average number of common shares outstanding during the period. The weighted average number of common shares during the period is the sum of the number of common shares outstanding at the beginning of the period and the number of shares issued during the period, weighted by the time they were outstanding.

In Turkey, companies can increase their capital by issuing bonus shares from previous years' profits. These bonus share distributions are considered as issued shares in the earnings per share calculation. Accordingly, the weighted average number of shares used in these calculations reflects the historical impact of such share distributions.

Dividends

Dividends payable are recognized as liabilities in the consolidated financial statements in the period when they are declared as part of profit distribution.

Events After the Reporting Date

Events after the reporting date include all events that occur between the reporting date and the authorization date for the issuance of the financial statements, even if they arise after the announcement of profit or loss or the public disclosure of other selected financial information.

If events arise after the reporting date that require adjustments, the amounts recognized in the financial statements will be adjusted to reflect the new situation. Events after the reporting date that do not require adjustments are disclosed in the notes based on their materiality.

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

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.

4. CASH AND CASH EQUIVALENTS

	December 31st 2023	December 31st 2022
Cash on hand	498.822	631.658
Cash on bank		
-Demand deposits	*20.749.373*	*18.619.368*
-Odd-term deposits	*36.629.182*	--
Accrual of interest	666.836	--
Cash and cash equivalents in the cash flow statement	**58.544.213**	**19.251.026**

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

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

	31 December 2023	**31 December 2022**
Cash on hand		
- Turkish Lira	498.822	631.658
Total	**498.822**	**631.658**

	31 December 2023	**31 December 2022**
Cash at banks		
- Turkish Lira	46.734.178	18.291.933
- Foreign currency	10.644.377	327.435
Accrual of interest	666.835	
Total	**58.045.391**	**18.619.368**

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

5. FINANCIAL LIABILITIES

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

Current financial liabilities	**31 December 2023**	**31 December 2022**
Current bank borrowings	56.716.974	12.302.06
Current portion of non-current borrowings and interest rates	1.428.598	5.018.609
Interest accruals	1.246.911	270.302
Credit card payables	348.959	--
Total current financial liabilities	**59.741.439**	**17.590.971**

Non-current financial liabilities	**31 December 2023**	**31 December 2022**
Long term financial liabilities	1.010.590	2.073.893
Total non-current financial liabilities	**1.010.590**	**2.073.893**
Total financial liabilities	**60.752.029**	**19.664.864**

The repayment schedule of the financial liabilities are as follows;

Time of payment	**31 December 2023**	**31 December 2022**
Within 1 year	59.741.439	17.590.971
1 - 2 years	1.010.590	1.406.325
2 - 3 years	--	667.568
Total	**60.752.029**	**19.664.864**

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

5 FINANCIAL LIABILITIES (CONTINUED)

	TL Equivalent	
	31 December 2023	**31 December 2022**
Current bank borrowings		
-TL	55.402.122	17.320.669
-USD	2.210.186	--
-EURO	533.264	--
Credit card payables	348.956	--
Interest accruals	1.246.911	270.302
	59.741.439	**17.590.971**
Non-current borrowings		
-TL	1.010.590	2.073.893
	1.010.590	**2.073.893**

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

6. FINANCIAL INVESTMENTS

	Percentage	31 December 2023	31 December 2022
Oncosem Gmbh (Almanya)	100	1.813.219	1.045.794
Oncosem CA LLC	100	30.555	--
Oncosem UK Limited	100	3.689	--
		1.847.463	**1.045.794**
Outstanding capital		**--**	**--**
		1.847.463	**1.045.794**

Oncosem GmbH was established in Germany on November 29, 2021, to operate in the healthcare sector, providing chemotherapy drug preparation services and COVID-19 test kit sales. The establishment and registration processes were completed as of July 28, 2022, and product registrations have commenced.

Oncosem UK Limited was established in the United Kingdom on October 19, 2023, to operate in the healthcare sector, providing chemotherapy drug preparation services. The establishment and registration processes were completed on October 19, 2023, and product registrations have commenced.

As of December 31, 2023, it has not been included in the consolidation due to the lack of active production activities.

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

7. TRADE RECEIVABLES AND PAYABLES

(a) Trade receivables

Current trade receivables	31 December 2023	31 December 2022
Trade receivables from unrelated parties;		
- Currents accounts	54.950.615	70.200.415
- Post-dated check and notes receivables	2.702.471	3.024.270
Doubtful receivables	14.447.804	647.506
Current trade receivables (gross)	**72.100.890**	**73.872.191**
Less: Expected credit losses	(816.565)	(4.462.158)
Less: Deferred finance income	(2.423.295)	(905.902)
Less: Provision for doubtful receivables	(14.447.804)	(647.506)
Current trade receivables (net)	**54.413.226**	**67.856.625**

Trade receivables consist of receivables from customers for products sold in the normal course of business. The average collection period of trade receivables is between 40-100 days and is classified as short-term trade receivables. The Group holds trade receivables in order to collect contractual cash flows.

The movements in the expected credit loss provision for the periods ending on 31 December are as follows;

	January 1st – December 31st 2023	January 1st – December 31st 2022
As of January 1st	**4.462.158**	**3.766.347**
Provisions made during the period (Note 22)	--	*2.260.567*
Provisions no longer required (Note 22)	*-3.116.679*	*-149.803*
Monetary gain/(loss)	*-528.914*	*-1.414.953*
As of December 31st	**816.565**	**4.462.158**

The movements in the allowance for doubtful receivables for the periods ended 31 December are as follows;

	January 1st – December 31st 2023	January 1st – December 31st 2022
As of January 1st	**647.506**	**855.918**
Provisions made during the period (Note 22)	*14.054.835*	*126.462*
Monetary gain / (loss)	*-254.537*	*-334.874*
As of December 31st	**14.447.804**	**647.506**

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

7. TRADE RECEIVABLES AND PAYABLES (CONTINUED)

(a) Trade receivables (continued)

The breakdown of the maturity dates of checks and notes receivable for the periods ending on December 31, 2023 and December 31, 2022 is as follows;

	December 31st 2023	December 31st 2022
0-3 months	2.702.471	2.703.578
3-6 months	--	320.692
	2.702.471	**3.024.270**

(b) Trade payables

Current trade payables	**31 December 2023**	**31 December 2022**
Trade payables to unrelated parties;		
- Current accounts	10.238.753	14.848.413
- Notes payables	7.000.639	11.389.558
Current trade payables (gross)	**17.239.392**	**26.237.971**
Less: Deferred finance expense	(359.169)	(230.298)
Current trade payables (net)	**16.880.223**	**26.007.673**

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

	31 December 2023	**31 December 2022**
0-3 months	6.182.559	9.809.385
3-6 months	818.080	1.497.786
More than 6 months	--	82.387
	7.000.639	**11.389.558**

8. OTHER RECEIVABLES AND PAYABLES

(a) Other Receivables

Other current receivables	**31 December 2023**	**31 December 2022**
Deposits and guarantees given	122.955	206.869
Total	**122.955**	**206.869**

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

8. OTHER RECEIVABLES AND PAYABLES (CONTINUED)

(b) Other Payables

Other current payables	**31 December 2023**	**31 December 2022**
Current payables to related parties (Note 27)	65.000	15.366.024
Other (*)	766.127	2.268.900
Total	**831.127**	**17.634.924**

(*) The company benefited from TL 4,435,000 of interest-free cash support originating from the KOSGEB R&D projects support law in 2019, and a portion of it was donated. The amount of TL 433,500 is the portion for 2023.

9. INVENTORIES

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

	31 December 2023	**31 December 2022**
Raw materials and supplies inventory	56.109.675	60.753.633
Finished Goods	3.064.067	26.250.071
Trade goods	16.945.708	713.978
Other inventories	1.519.381	398.709
Total	**77.638.831**	**88.116.391**

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

	31 December 2023	**31 December 2022**
Advances given for inventories	2.374.342	6.626.990
Prepaid expenses (*)	813.352	226.768
Total	**3.187.694**	**6.853.758**

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

b) Prepaid expenses in non-current assets

	31 December 2023	**31 December 2022**
Advances given for tangible and intangible assets	10.094.098	3.583.348
Total	**10.094.098**	**3.583.348**

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

10. PREPAID EXPENSES AND DEFERRED INCOME (CONTINUED)

c) Current deferred income

	31 December 2023	31 December 2022
Current advances received (*)	2.785.342	8.220.106
Total	**2.785.342**	**8.220.106**

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

	31 December 2023	31 December 2022
Pandora E-Ticaret	2.419.076	3.356.817
BT Biomass Technologies	--	3.848.542
Other	366.266	1.014.747
Total	**2.785.342**	**8.220.106**

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

11. PROPERTY, PLANT AND EQUIPMENT

As of 31 Decemberr 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	31.12.2023
Cost						
Buildings	1.370.682	--	1.370.682	--	--	1.370.682
Machinery and equipment	169.016.152	25.220.616	194.236.768	24.594.683	(15.743.383)	203.088.068
Motor vehicles	13.804.201	--	13.804.201	2.631.657	(506.481)	15.929.377
Fixtures and fittings	9.215.624	784.840	10.000.464	498.006	--	10.498.470
Leasehold improvements	21.050.320	17.044	21.067.364	--	--	21.067.364
Other property, plant and equipment	5.716.951	--	5.716.951			5.716.951
	220.173.930	**26.022.500**	**246.196.430**	**27.724.346**	**(16.249.864)**	**257.670.912**
Accumulated depreciation (-)						
Buildings	255.861	27.413	283.274	27.414	--	310.688
Machinery and equipment	59.231.348	24.618.934	83.850.282	26.017.703	(5.593.115)	104.274.870
Motor vehicles	7.696.711	1.677.390	9.374.101	1.966.238	(219.476)	11.120.863
Fixtures and fittings	4.560.669	1.154.432	5.715.101	1.166.308	--	6.881.409
Leasehold improvements	7.524.097	3.735.201	11.259.298	3.736.621	--	14.995.919
Other property, plant and equipment	3.640.682	1.392.330	5.033.012	99.626	--	5.132.638
	82.909.368	**32.605.700**	**115.515.068**	**33.013.910**	**(5.812.591)**	**142.716.387**
Net Book Value	**137.264.562**		**130.681.362**			**114.954.525**

As of 31 December 2023, the total insurance cost on the Group's property, plant and equipment are TL 452.440.223. (31 December 2022: TL 167.254.500)1

As of 31 December 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 – 31 December 2023	**1 January – 31 September 2022**
Depreciation of property, plant and equipment	33.013.910	32.605.700
Depreciation of right-of-use assets (Note 13)	3.655.511	3.848.257
Amortization of intangible assets (Note 12)	2.384.170	2.861.122
Total	**39.053.591**	**39.315.079**

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 – 31 December 2023	**1 January – 31 September 2022**
General administrative expenses (Note 21)	28.474.790	24.935.702
Cost of services sold (Note 20)	10.578.801	14.379.377
Total	**39.053.591**	**39.315.079**

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**	**31.12.2023**
Cost					
Development expenses (*)	6.738.764	--	6.738.764	--	6.738.764
Other intangible assets (**)	9.404.755	--	9.404.755	3.844.450	13.249.205
	16.143.519	**--**	**16.143.519**	**3.844.450**	**19.987.969**
Accumulated Amortization (-)					
Development expenses	6.738.764	--	6.738.764	--	6.738.764
Other intangible assets	3.151.519	2.861.122	6.012.641	2.384.170	8.396.811
	9.890.283	**2.861.122**	**12.751.405**	**2.384.170**	**15.135.575**
Net Book Value	**6.253.236**		**3.392.114**		**4.852.394**

(*) 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 31 December 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 31December 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	31.12.2023
Cost						
Building	17.843.508	--		17.843.508	599.882	18.443.390
Motor vehicles	3.320.291	--	(3.320.291)	--	--	--
	21.163.799	**--**	**(3.320.291)**	**17.843.508**	**599.882**	**18.443.390**
Accumulated amortization (-)						
Building	7.991.867	3.605.520	--	11.597.387	3.655.511	15.252.898
Motor vehicles	3.077.554	242.737	(3.320.291)	--	--	--
	11.069.421	**3.848.257**	**(3.320.291)**	**11.597.387**	**3.655.511**	**15.252.898**
Net Book Value	**10.094.378**			**6.246.121**		**3.190.492**

The maturity separation for operational lease liabilities is as follows;

	31 December 2023	31 December 2022
Current lease liabilities	1.284.232	1.995.845
Non-current lease liabilities	331.231	1.536.967
	1.615.463	**3.532.812**

The maturity separation for operational lease liabilities are as follows;

	31 December 2023	31 December 2022
Within 1 year	1.284.232	1.995.845
Between 1-2 years	331.231	991.182
Between 2-3 years	--	545.785
	1.615.463	**3.532.812**

14. GOVERTMENT GRANTS

Incentive generally refers to various supports or premiums provided by the government to investors to encourage investments.

As of December 31, 2023, the Group holds an investment incentive certificate dated September 14, 2021, and numbered 527532, due to its manufacturing activities in medical and surgical equipment. The total investment amount specified in the certificate is 43,927,925 TRY, and it is valid until September 7, 2024. Under the scope of this investment incentive certificate, the following benefits are provided:

- VAT exemption
- Interest support
- Employer's share of social security premium
- 80% tax reduction rate and a 40% Investment Contribution Rate (ICR).

(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:

	31 December 2023	31 December 2022
A. CPM’s given in the name of own legal personality	17.816.641	22.906.461
B. CPM’s given on behalf of the fully consolidated companies		
C. CPM’s given on behalf of third parties for ordinary course of business	17.500.000	17.500.000
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	**35.316.641**	**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	**31 December 2023**	**31 December 2022**
Letters of guarantee	17.816.641	22.906.461
	17.816.641	**22.906.461**

There are personal guarantees of the Company partner Erol Çelik regarding the loans and other transactions used by the Group.

Commercial enterprise pledge:

Santek Sağlık Turizm Tekstil San. A.Ş., which is part of the Group, has a commercial enterprise pledge of 3,596,400 TL on Vakıfbank.

16. EMPLOYEE BENEFITS

a) Current liabilities for employee benefits

	31 December 2023	31 December 2022
Due to personnel	3.580.312	2.928.992
Social security premiums payable	1.807.159	2.258.977
Total	**5.387.471**	**5.187.969**

b) Current provisions for employee benefits

	31 December 2023	31 December 2022
Current provisions	904.086	761.313
Non-current provisions	3.612.755	2.844.806
Total	**4.516.841**	**3.606.119**

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

16. EMPLOYEE BENEFITS (CONTINUED)

b) Current provisions for employee benefits (Continued)

b.1) Current provisions

	31 December 2023	31 December 2022
Provision for unused vacations	904.086	761.313
Total	**904.086**	**761.313**

As of 31 December 2023 and 2022 movements in the provision for unused vacations are as follows:

	1 January – 31 December 2023	1 January – 30 September 2022
Provision as of the beginning of the period, 1 January	**761.313**	**902.295**
Additional provisions during the period	*442.048*	*212.036*
Canceled provision during the period	*(299.275)*	*(353.018)*
Closing balance, 31 December	**904.086**	**761.313**

b.2) Non-Current provisions

	31 December 2023	31 December 2022
Provision for employee termination benefits	3.612.755	2.844.806
Total	**3.612.755**	**2.844.806**

According to the **Turkish Labor Law**, the Group is obligated to pay severance compensation to employees who have completed at least one year of service and leave employment due to retirement after 25 years of working life, termination of employment, being called for military service, or passing away.

As of December 31, 2023, the maximum severance pay per year of service is subject to a ceiling of TRY 35,058.58 (December 31, 2022: TRY 19,982.83). The severance pay ceiling to be applied as of January 1, 2024, has been increased to TRY 35,058.58 per month.

The severance pay liability is not subject to any legal funding requirement.

The severance pay liability is calculated by estimating the present value of the Group's probable future obligations arising from employees' retirement. **TAS 19** (*Employee Benefits*) requires the Group's liabilities to be measured using actuarial valuation methods within the framework of defined benefit plans.

The actuarial assumptions used in calculating the present value of liabilities are as follows:

	31 December 2023	31 December 2022
Discount rate	%25,05	%21,44
Inflation rate	%21,41	%17,78

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

16. EMPLOYEE BENEFITS (CONTINUED)

b) Current provisions for employee benefits (Continued)

b.2) Non-Current provisions (continued)

As of 31 December 2023 and 2022 movements in the provision for employment termination benefits are as follows:

	1 January – 31 December 2023	1 January – 30 September 2022
Beginning of the period. 1 January	**2.844.806**	**1.461.644**
Increase during the period (Note 21)	2.481.950	2.062.285
Actuarial gain / (loss)	628.910	444.818
Interest expense (Note 22)	370.162	190.413
Payments during the period (-)	(1.594.768)	(742.493)
Monetary loss / gain	(1.118.305)	(571.861)
Closing balance, 31 December	**3.612.755**	**2.844.806**

17. OTHER CURRENT AND NON-CURRENT PROVISIONS

a) Current provisions

	31 December 2023	31 December 2022
Provision for litigations	1.838.317	4.308.247
Total	**1.838.317**	**4.308.247**

As of 31 December 2023 and 2022, movements details of the provisions for litigations are as follows;

	1 January – 31 December 2023	1 January – 30 September 2022
Provision as of the beginning of the period, 1 January	**4.308.247**	**2.443.024**
Additional provisions during the period (Note 22)	--	2.821.043
Litigation amounts of paid (-)	(1.279.199)	--
Monetary loss / gain	(1.190.731)	(955.820)
Closing balance, December 31st, 2022	**1.838.317**	**4.308.247**

18. OTHER ASSETS AND LIABILITIES

a) Other current assets

	31 December 2023	31 December 2022
VAT carried out	171.675	84.768
VAT receivables	--	6.276.477
Total	**171.675**	**6.361.245**

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

18. OTHER ASSETS AND LIABILITIES (CONTINUED)

b) Other non-current assets

The Group has no other non-current assets.

c) Other current liabilities

	31 December 2023	31 December 2022
Taxes and funds payable	923.615	358.270
Total	**923.615**	**358.270**

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;

	31 December 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**
Capital adjustment differences	51.930.103		49.777.345	
Total	**75.780.103**		**69.677.345**	

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

	31 December 2023	31 December 2022
Restricted Reserves (**)	135.876.793	122.012.606
Retained earnings	5.277.422	53.696.228
Actuarial gain / (loss) funds	(1.328.816)	(542.678)
Effect of business combination merger subject to joint control (*)		
Total	**139.825.399**	**175.166.156**

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

	31 December 2023	31 December 2022
Share premiums/ (discounts)	95.908.368	--
Total	**95.908.368**	**--**

(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 July– 31 December 2023	**1 July– 31 December 2022**
Domestic sales	224.267.538	258.093.397
Export sales	12.972.181	27.395.793
Other incomes	3.266.227	7.449.422
Revenue	**240.505.946**	**292.938.612**
Cost of goods sold	(76.830.179)	(123.128.383)
Cost of trade goods sold	(8.751.711)	(7.926.436)
Cost of services sold	(119.136.767)	(61.175.417)
Cost of sales (-)	**(204.718.657)**	**(192.230.236)**
Gross profit	**35.787.289**	**100.708.376**

For the accounting periods ending on 31 December 2023 and 2022, the detailed distribution of the costs of sales is as follows;

	1 July– 31 December 2023	**1 July– 31 December 2022**
Direct raw materials and supplies expenses	25.256.923	97.417.806
Direct labour cost	18.911.364	21.433.773
Other production expenses	9.137.683	10.994.303
	--	--
Total production cost	**53.305.970**	**129.845.882**
Change in stocks of semi-finished goods	22.034.569	(6.717.499)
I. Cost of goods sold	**75.340.539**	**123.128.383**
II. Cost of trade goods	8.751.711	7.926.436
III. Cost of services provided	110.047.606	46.796.040
Depreciation and amortization expenses (Note 11)	10.578.801	14.379.377
Cost of sales (-)	**204.718.657**	**192.230.236**

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

	1 July– 31 December 2023	**1 July– 31 December 2022**
General administrative expenses	67.193.293	52.007.721
Marketing, selling and distribution	14.216.824	14.437.962
Total	**81.410.117**	**66.445.683**

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

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

As of the reporting period, the details of the Group's general administrative expenses by nature are as follows;

	January 1st – December 31st 2023	**January 1st – December 31st 2022**
Depreciation and amortization (Note 11)	28.474.790	24.935.702
Personnel expenses	17.975.107	14.024.082
donations and grants	2.913.349	--
Accommodation, travel expenses	2.482.616	2.176.728
Severance compensation expense (Note 16)	2.481.950	2.062.285
Office expenses	1.929.381	1.349.230
Benefits provided from outside	1.675.950	--
Insurance expenses	1.106.498	625.460
Fuel-Vehicle expenses	1.012.048	1.705.200
Tax, duty and fee expenses	931.826	720.232
Consultancay, advisory expenses	742.853	1.498.186
Leave provision expense (Note 16)	442.048	212.036
Communitcation expenses	245.674	180.657
Other	4.779.203	2.517.923
Total	**67.193.293**	**52.007.721**

As of the reporting period, the Group's marketing, sales and distribution expenses are detailed below, according to their nature:

	January 1st – December 31st 2023	**January 1st – December 31st 2022**
Congress, fair and advertising expenses	6.606.759	1.511.012
Personnel expenses	4.633.965	4.740.049
External benefits	1.663.826	1.062.685
Accomotation, travel expenses	897.438	557.666
Consultancy expenses	403.761	4.036.521
Export expenses	11.075	1.211.905
Other	--	1.318.124
Total	**14.216.824**	**14.437.962**

Fees for Services Received from Independent Auditors/Independent Auditing Firms

The Group's statement regarding the fees for services provided by independent auditing firms, prepared based on the Board Decision published in the Official Gazette on March 30, 2021 and based on the KGK letter dated August 19, 2021, is as follows;

	January 1st – December 31st 2023	**January 1st – December 31st 2022**
Independent audit fee for the reporting period	900.000	320.000
Total	**900.000**	**320.000**

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

22. OTHER INCOME AND EXPENSES FROM OPERATING ACTIVITIES

a) Other income from operating activities

	January 1st – December 31st 2023	January 1st – December 31st 2022
Exchange rate difference arising from trade receivables and payables	4.087.523	10.811.910
Reversal of expected credit loss provision (Note 7)	3.116.679	149.803
Reversal of litigation provision expense (Note 17)	1.279.199	--
Rediscount income	220.201	755.121
Other	557.001	1.343.705
Total	**9.260.603**	**13.060.539**

b) Other expense from operating activities

	January 1st – December 31st 2023	January 1st – December 31st 2022
Doubtful receivable provision expenses (Note 7)	14.054.835	126.462
Exchange rate difference arising from trade receivables and payables	9.475.196	6.168.048
Rediscount expenses	2.076.214	652.247
Severance pay liability interest expense (Note 16)	370.162	190.413
Claim provision expenses (Note 17)	--	2.821.043
Expected credit loss provision (Note 7)	--	2.260.567
Other	1.409.907	266.782
Total	**27.386.314**	**12.485.562**

23. INCOME AND EXPENSES FROM INVESTING ACTIVITIES

a) Income from investing activities

The Group does not have any income from investment activities.

b) Expenses from investing activities

	January 1st – December 31st 2023	January 1st – December 31st 2022
Loss on sale of fixed assets	-246.575	--
Total	**-246.575**	**--**

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

24. FINANCIAL INCOME AND EXPENSES

a) Financial income

	1 July– 31 December 2023	1 July– 31 December 2022
Interest income	17.825.168	--
Foreign exchange income	362.399	2.035.053
Total	**18.187.567**	**2.035.053**

b) Financial expenses

	1 July– 31 December 2023	1 July– 31 December 2022
Interest expenses	(9.576.907)	(1.474.210)
Bank commission expenses	(3.514.166)	(469.642)
Foreign exchange expenses	(936.801)	(169.288)
Operational lease interest expense	(311.422)	(376.758)
Letter of guarantee expense	(291.043)	(555.985)
Total	**(14.630.339)**	**(3.045.883)**

25. TAXES

The corporate tax rate is applied to the tax base found by adding expenses that are not accepted as deductions according to tax laws to the commercial profit of the corporations and by deducting the exemptions and discounts included in the tax laws. If the profit is not distributed, no other tax is paid and all or part of the profit is distributed as dividends to;

- Natural persons
- Natural and legal persons exempted or exempted from Income and Corporate Tax,
- Limited taxpayer natural and legal persons,

In case of distribution, 15% Income Tax Withholding is calculated. The addition of the profit of the period to the capital is not considered as profit distribution and withholding is not applied.

Corporate tax is declared until the evening of the last day of the fourth month following the end of the relevant accounting period and paid on the same day. The provisional tax paid during the year is for that year and is offset against the corporate tax to be calculated on the corporate tax return to be submitted in the following year.

75% of the profits arising from the sale of affiliate shares that have been in the assets of corporations for at least two full years and 50% of the profits arising from the sale of real estates that have been in the assets of the corporations for the same period are exempt from tax, provided that they are added to the capital as stipulated in the Corporate Tax Law. According to 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 offset against previous year 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 affiliated tax office by the evening of the last day of the fourth month following the month in which the accounting period is closed. However, the authorities authorized to conduct tax audits may examine the accounting records within five years and if any erroneous transactions are detected, the tax amounts to be paid may change.

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

25. TAXES (CONTINUED)

The law on the amendment of the Tax Procedure Law and the Corporate Tax Law was enacted on January 20, 2022 with Law No. 7352, and it was decided that the financial statements will not be subject to inflation adjustment regardless of whether the conditions for inflation adjustment within the scope of Article 298 are met in the 2021 and 2022 accounting periods, including temporary accounting periods, and in the 2023 accounting period temporary tax periods. The Public Oversight Authority made a statement on January 20, 2022 regarding the Application of Financial Reporting in High Inflation Economies within the scope of TFRS, and it was stated that no adjustments were required within the scope of TAS 29 Financial Reporting in High Inflation Economies in the consolidated financial statements for 2021.

Corporate tax is applied to the tax base that will be found as a result of adding expenses that are not accepted as deductible in accordance with the tax legislation to commercial income and deducting the exemptions specified in the tax legislation from commercial income. As of December 31, 2023, the general corporate tax rate is 25%. Corporations are obliged to submit their corporate tax return to the tax administration by the end of the fourth month following the relevant accounting period. Tax expenses included in the comprehensive income statements for the accounting periods ending on December 31, 2023 and 2022 are as follows;

	1 July– 31 December 2023	**1 July– 31 December 2022**
Current tax provision	--	14.195.174
Prepaid taxes (-)	(1.257.097)	(10.589.100)
Total	**(1.257.097)**	**3.606.074**

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

	1 July– 31 December 2023	**1 July– 31 December 2022**
Provision for Corporate Tax for current period	--	(14.195.174)
Deferred tax income / (expense)	14.504.053	(4.072.750)
Tax income / (expense)	**14.504.053**	**(18.267.924)**

The breakdown of accumulated temporary differences and deferred tax assets and liabilities as of the balance sheet dates, prepared using the current tax rates, is as follows;

	31.12.2023		**31.12.2022**	
	Cumulative temporary Differences	**Deferred Tax**	**Cumulative temporary Differences**	**Deferred Tax**
Deferred tax asset				
Provision for doubtfl receivables	14.447.804	3.611.951	647.506	161.877
Expensed assets	4.201.234	1.050.309	6.168.793	1.542.198
Provision for severance pay	3.612.755	903.189	2.844.806	711.202
Discount of trade receivables	2.423.295	605.824	905.902	226.476
Exchange rate difference	2.404.180	601.045	1.036.675	259.169
Provision for lawsuits	1.838.167	459.542	4.308.247	1.077.062
Credit interest accrual	1.246.911	311.728	270.302	67.574
Used leave provision	904.086	226.022	761.313	190.328
Expected credit losses	816.565	204.141	4.462.158	1.115.540
Right of use assets	132.792	33.235	--	--
Participation provision	107.700	26.925	177.460	44.365
Deferred tax asset		**8.033.909**		**5.395.791**

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

25. TAXES (CONTINUED)

	31.12.2023		31.12.2022	
	Cumulative temporary Differences	**Deferred Tax**	**Cumulative temporary Differences**	**Deferred Tax**
Deferred tax liability				
Discount of trade payables	-359.169	-89.792	-431.689	-107.922
Interest income accrual	-666.836	-166.709	--	--
Prepaid expenses temporary differences	-892.932	-223.233	-486.116	-121.529
Right-of-use assets	-1.707.821	-426.955	-2.713.309	-678.327
Inventory temporary differences	-19.563.937	-4.890.987	-6.364.319	-1.591.081
Tangible and intangible fixed assets adjustment	-21.110.397	-5.277.599	-81.140.493	-20.285.123
Deferred tax liability		**-11.075.275**		**-22.783.982**
Net deferred tax		**-3.041.366**		**-17.388.191**

Deferred tax asset/(liability) movements for the periods ending 31 December 2023 and 31 December 2022 are as follows;

	January 1st – December 31st 2023	**January 1st – December 31st 2022**
Opening balance	**-17.388.191**	**-13.217.581**
Period deferred tax income/(expense)	14.504.053	-4.072.750
Actuarial gain/(loss) tax effect	-157.228	-97.860
Total	**-3.041.366**	**-17.388.191**

26. EARNINGS PER SHARE

	1 July– 31 December 2023	**1 July– 31 December 2022**
Profit for the period	(79.811.001)	(20.764.097)
Weighted average number of shares with nominal value	23.687.671	12.131.346
Total	**(3,4)**	**(1,7)**

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 40-100 days.

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

27. RELATED PARTY DISCLOSURES (CONTINUED)

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

a) Other current payables to related parties

	31 December 2023	31 December 2022
<u>**Current**</u>		
Erol Çelik	65.000	7.184.521
Ec Yatırımlar Holding A.Ş. (*)	--	8.181.503
Total	**65.000**	**15.366.024**

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

Related party sales

	1 July– 31 December 2023	1 July– 31 December 2022
ERL Sağlık A.Ş.	--	9.886
Plüton Özel Tanı Ted. Lab. Tah. Paz. Tic. Ltd. Şti.	--	9.886
Santek Tarım Hay. Turz. Teks. San. ve Tic. Ltd. Şti.	--	9.886
Emka Sağlık A.Ş.	--	9.886
Nas Perakende Sağlık A.Ş.	--	9.886
GDD Biolabs	--	14.238
Total	**--**	**63.668**

Salaries, option money and similar benefits provided to senior executives

The Group's senior management team consists of the Chairman of the Board of Directors and the members of the Board of Directors. The amounts of salaries, bonuses and similar benefits provided to the Group's senior executives on a short-term basis as of the reporting periods are as follows;

	December 31st 2023	December 31st 2022
Benefits for senior executives	2.543.000	879.000
	2.543.000	**879.000**

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 Group's objectives in managing capital are to maintain the most appropriate capital structure in order to provide benefits to its partners and reduce the cost of capital, and to ensure the continuity of the Group's activities.

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

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

As of December 31, 2023 and December 31, 2022, the debt capital ratio calculated by dividing the net debt calculated by deducting cash and cash equivalents from financial liabilities by the total capital is as follows;

	1 January – 31 December 2023	1 January – 31 December 2022
Total financial liabilities	60.752.029	19.664.864
Less: Cash and cash equivalents	(58.544.213)	(19.251.026)
Net financial debt	**2.207.816**	**413.838**
Total equity	231.702.869	224.079.404
Total equity used	**233.910.685**	**224.493.242**
Net financial debt / Total equity used	**%0,94**	**%0,18**

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

b.1) Credit risk management

Registered values of financial assets indicate the maximum exposure to credit risk. As of the reporting date, the maximum credit risk exposure is as follows;

	Receivable					
	Trade Receivables		Other Receivables		Cash on Bank	Cash on Hand
Previous period (December 31, 2023)	**Related Party**	**Other Party**	**Related Party**	**Other Party**		
Maximum Credit Risk Exposure as of Reporting Date (A+B+C+D) (*)	--	54.413.226	--	122.955	58.045.391	498.824
-Part of maximum risk secured by collateral, etc. (**)"						
A. Net Book Value of Financial Assets That Are Not Past Due or Not Impaired	--	55.229.791	--	122.955	58.045.391	498.824
B. Net Book Value of Assets Past Due but Not Impaired	--	--	--	--	--	--
C. Net Book Value of Assets Impaired	--	--	--	--	--	--
- Past Due (Gross Book Value)	--	14.447.804	--	--	--	--
- Impairment (-)	--	-14.447.804	--	--	--	--
- Part of Net Value Secured by Collateral, etc.	--	--	--	--	--	--
- Not Past Due (Gross Book Value)	--	--	--	--	--	--
- Impairment (-)	--	--	--	--	--	--
- Part of Net Value Secured by Collateral, etc.	--	--	--	--	--	--
D. Expected Credit Losses	--	-816.565	--	--	--	--

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

(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;

Prior period (December 31, 2022)	Receivable					
	Trade Receivables		Other Receivables		Cash on Bank	Cash on Hand
	Related Party	Other Party	Related Party	Other Party		
Maximum Credit Risk Exposure as of Reporting Date (A+B+C+D) (*)	--	67.856.625	--	206.869	18.619.368	631.658
-Part of maximum risk secured by collateral, etc. (**)						
A. Net Book Value of Financial Assets That Are Not Past Due or Not Impaired	--	72.318.783	--	206.869	18.619.368	631.658
B. Net Book Value of Assets Past Due but Not Impaired	--	--	--	--	--	--
C. Net Book Value of Assets Impaired	--	--	--	--	--	--
- Past Due (Gross Book Value)	--	647.506	--	--	--	--
- Impairment (-)	--	-647.506	--	--	--	--
- Part of Net Value Secured by Collateral, etc.	--	--	--	--	--	--
- Not Past Due (Gross Book Value)	--	--	--	--	--	--
- Impairment (-)	--	--	--	--	--	--
- Part of Net Value Secured by Collateral, etc.	--		--	--	--	--
D. Expected credit losses	--	-4.462.158	--	--	--	--

(*) In determining the amount, elements that increase credit reliability, such as collateral received, have not been taken into account.

(**) Collateral consists of guarantee notes, 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 December 31, 2023	**Net Book Value**	**Contractual Cash Outflow (I+II+III+IV)**	**Less than 3 months (I)**	**3-12 months (II)**	**1-5 years (III)**
Bank Loans	59.156.162	70.852.554	26.379.557	43.402.983	1.070.014
Employee benefits	5.387.471	5.387.471	5.387.471	--	--
Operational Lease Obligations	1.615.463	1.615.463	321.058	963.174	331.231
Trade Payables					
Trade Payables to Unrelated Parties	16.880.223	17.239.392	6.895.757	10.343.635	--
Other Payables					
Other Payables to Unrelated Parties	65.000	65.000	--	65.000	--
Other Payables to Unrelated Parties	766.127	766.127	766.127	--	--
Total Liability	**83.870.446**	**95.926.007**	**39.749.970**	**54.774.792**	**1.401.245**

Contractual Maturities December 31, 2022 (indexed value)	**Net Book Value**	**Contractual Cash Outflow (I+II+III+IV)**	**Less than 3 months (I)**	**3-12 months (II)**	**1-5 years (III)**
Bank Loans	19.394.562	21.031.250	8.168.349	10.728.808	2.134.093
Employee benefits	5.187.969	5.187.969	5.187.969		
Operational Lease Obligations	3.532.812	3.532.812	498.962	1.496.883	1.536.967
Trade Payables					
Trade Payables to Unrelated Parties	26.007.673	26.237.971	10.495.188	15.742.783	--
Other Payables					
Other Payables to Unrelated Parties	15.366.024	15.366.024	--	15.366.024	--
Other Payables to Unrelated Parties	2.268.900	2.268.900	2.268.900	--	--
Total Liability	**71.757.940**	**73.624.926**	**26.619.368**	**43.334.498**	**3.671.060**

b.3) Market risk

The Group's operations are primarily exposed to financial risks related to changes in foreign exchange rates and interest rates, as detailed below.

Market risks are also assessed through sensitivity analysis.

b.3.1)Foreign currency risk

Foreign currency transactions give rise to exchange rate risk. Exchange rate risk is managed through forward foreign exchange purchase/sale contracts based on approved policies.

The distribution of the Group's foreign currency monetary and non-monetary assets and monetary and non-monetary liabilities as of the balance sheet date is as follows;

(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 Decemberr 2023			
	TL Equivalent	**USD**	**EURO**	
1 Trade receivables	22.021.580	449.795	269.554	
2a. Monetary financial assets, (cash and banks account included)	10.644.419	360.523	960	
2b. Non-monetary financial assets	--	--	--	
3. Other	2.978.746	58.508	38.570	
4. Current assets (1+2+3)	**35.644.745**	**868.826**	**309.084**	
5. Trade receivables	**--**	**--**	**--**	
6. Other	**--**	**--**	**--**	
7. Non-current assets (5+6)	--	--	--	
8. Total assets (4+7)	**35.644.745**	**868.826**	**309.084**	
9. Trade payables	4.169.622	5.890	122.682	
10. Financial liabilities	--	--	--	
11a. Other monetary liabilities	4.114.409	--	126.310	
11b. Other non-monetary liabilities	--	--	--	
12. Current liabilities (9+10+11)	**8.284.031**	**5.890**	**248.992**	
13. Trade payables	--	--	--	
14. Financial liabilities	2.743.458	75.079	16.371	
15. Non-current liabilities (13+14)	**2.743.458**	**75.079**	**16.371**	
16. Total liabilities (12+15)	**11.027.489**	**80.969**	**265.363**	
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)	**24.617.256**	**787.857**	**43.721**	

(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)

currency position table	31 December 2022				
	USD	**EURO**	**GBP**	**TL Equivalent (Historical Value)**	**TL Equivalent (Indexed Value)**
1 Trade receivables	449.795	264.704	--	13.687.250	22.552.881
2a. Monetary financial assets, (cash and banks account included)	4.177	2.666	3.000	198.717	327.432
2b. Non-monetary financial assets	--	--	--	--	--
3. Other	--	--	--	--	--
4. Current assets (1+2+3)	**453.972**	**267.370**	**3.000**	**13.885.967**	**22.880.313**
5. Trade receivables	--	--	--	--	--
6. Other	--	--	--	--	--
7. Non-current assets (5+6)	--	--	--	--	--
8. Total assets (4+7)	**453.972**	**267.370**	**3.000**	**13.885.967**	**22.880.313**
9. Trade payables	180.624	118.570	--	5.741.043	9.459.684
10. Financial liabilities	--	--	--	--	--
11a. Other monetary liabilities	--	--	--	--	--
11b. Other non-monetary liabilities	--	--	--	--	--
12. Current liabilities (9+10+11)	**180.624**	**118.570**	--	**5.741.043**	**9.459.684**
13. Trade payables	--	--	--	--	--
14. Financial liabilities	--	--	--	--	--
15. Non-current liabilities (13+14)	--	--	--	--	--
16. Total liabilities (12+15)	**180.624**	**118.570**	--	**5.741.043**	**9.459.684**
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)	**273.348**	**148.800**	**3.000**	**8.144.924**	**13.420.629**

(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.

Exchange Rate Sensitivity Analysis Table

31.12.2023	**Profit/(Loss)**		**Equity**	
	Foreign currency appreciation	**Foreign currency depreciation**	**Foreign currency appreciation**	**Foreign currency depreciation**
If the US$ exchange rate changes by 10%:				
1- US$ net asset/(liability)	2.319.309	-2.319.309	2.319.309	-2.319.309
2- Part protected from US$ risk (-)	--	--	--	--
3- US$ net effect (1+2)	2.319.309	-2.319.309	2.319.309	-2.319.309
If the EURO exchange rate changes by 10%:				
4- EURO net asset/(liability)	142.416	-142.416	142.416	-142.416
5- Part protected from EURO risk (-)	--	--	--	--
6- EURO net effect (4+5)	142.416	-142.416	142.416	-142.416
Total (3+6)	**2.461.725**	**-2.461.725**	**2.461.725**	**-2.461.725**

Exchange Rate Sensitivity Analysis Table

31.12.2022	**Profit and Loss (Historical Value)**		**Profit and Loss (Indexed Value)**	
	Foreign currency appreciation	**Foreign currency depreciation**	**Foreign currency appreciation**	**Foreign currency depreciation**
If the US$ exchange rate changes by 10%:				
1- US$ net asset/(liability)	511.114	-511.114	842.177	-842.177
2- Part protected from US$ risk (-)	--	--	--	--
3- US$ net effect (1+2)	**511.114**	**-511.114**	**842.177**	**-842.177**
If the EURO exchange rate changes by 10%:				
4- EURO net asset/(liability)	296.631	-296.631	488.768	-488.768
5- Part protected from EURO risk (-)	--	--	--	--
6- EURO net effect (4+5)	**296.631**	**-296.631**	**488.768**	**-488.768**
If the GBP exchange rate changes by 10%:				
7- GBP net asset/(liability)	6.747	-6.747	11.117	-11.117
8- Part protected from GBP risk (-)	--	--	--	--
9- GBP net effect (7+8)	**6.747**	**-6.747**	**11.117**	**-11.117**
Total (3+6+9)	**814.492**	**-814.492**	**1.342.062**	**-1.342.062**

(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.3.2) Interest rate risk management

The Group's borrowing at fixed and variable interest rates exposes the Group to interest rate risk. The details of fixed and variable interest financial instruments are as follows;

Interest rate sensitivity table	**December 31st 2023**	**December 31st 2022**
Fixed interest financial instruments		
Financial assets	36.629.182	--
Financial liabilities	59.505.118	18.131.291
	96.134.300	**18.131.291**
Variable interest financial instruments		
Financial assets	--	--
Financial liabilities	--	1.263.271
	--	**1.263.271**

Any increase in the interest rates of the loans used by the Group will cause an increase in the Group's financial expenses.

On December 31, 2023; if the interest in TL currency was 100 basis points lower, with other variables remaining constant, the pre-tax profit would be TL 961,343 higher, and if the interest in question was 100 basis points higher, the pre-tax profit would be TL 961,343 lower. On December 31, 2022; if the interest in TL currency was 100 basis points lower, the pre-tax profit would be TL 193,946 higher, and if the interest in question was 100 basis points higher, the pre-tax profit would be TL 193,946 lower.

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

31 December 2023	**Financial assets/liabilities at amortized cost**	**Fair value**	**Book value**
Financial assets			
Cash and cash equivalents	58.544.213	58.544.213	58.544.213
Trade receivables	54.413.226	54.413.226	54.413.226
Financial liabilities			
Financial liabilities	60.752.029	60.752.029	60.752.029
Trade payables	16.880.223	16.880.223	16.880.223

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

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

31 December 2022	**Financial assets/liabilities at amortized cost**	**Fair value**	**Book value**
Financial assets			
Cash and cash equivalents	19.251.026	19.251.026	19.251.026
Trade receivables	67.856.625	67.856.625	67.856.625
Financial liabilities			
Financial liabilities	19.664.864	19.664.864	19.664.864
Trade payables	26.007.673	26.007.673	26.007.673

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 anticipated that the recorded 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 recorded values of trade receivables reflect the fair value together with the relevant impairment provisions.

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

It is not available.