KOCAER ÇELİK SANAYİ VE TİCARET ANONİM ŞİRKETİ
AND ITS SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD 1 JANUARY - 30 SEPTEMBER 2024

KOCAER ÇELİK SANAYİ VE TİCARET ANONİM ŞİRKETİ

CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY- 30 SEPTEMBER 2024

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(Amounts on tables expressed in Turkish Lira ("TL") in terms of purchasing power of the TL on 30 September 2024 unless otherwise indicated.)

	Notes	**Unreviewed current period 30.09.2024**	**Audited prior period 31.12.2023**
ASSETS			
Current Assets		**9.809.048.980**	**8.371.258.808**
Cash and Cash Equivalents	6	1.074.851.570	915.590.956
Financial Investments	7	991.624.572	925.100.216
Trade Receivables	10	3.329.572.995	1.704.820.158
Third Parties	*10*	*3.313.907.203*	*1.692.762.448*
Related Parties	*10-.37*	*15.665.792*	*12.057.710*
Other Receivables	11	431.166.433	307.100.916
Third Parties	*11*	*427.177.646*	*265.920.700*
Related Parties	*11-.37*	*3.988.787*	*41.180.216*
Derivative Instruments	12	29.261.621	152.078.672
Inventories	13	3.557.086.254	3.887.232.477
Prepaid Expenses	15	175.862.716	126.173.859
Third Parties		*175.862.716*	*126.173.859*
Current Income Tax Assets	25	36.522.972	1.467
Other Current Assets	26	183.099.847	353.160.087
Non-Current Assets		**8.728.830.569**	**8.223.917.650**
Other Receivables	11	4.777.027	2.895.549
Third Parties	*11*	*4.777.027*	*2.895.549*
Derivative Instruments	12	20.116.354	27.330.079
Financial Investments	7	4.243	4.243
Right of Use Assets	14	225.094.126	264.630.517
Investment Properties	17	389.035.460	388.790.562
Property, Plant and Equipment	18	7.967.002.272	7.272.475.283
Intangible Assets	19	5.595.834	9.404.263
Other Intangible Assets	*19*	*5.595.834*	*9.404.263*
Prepaid Expenses	15	94.314.975	63.168.574
Third Parties		*94.314.975*	*63.168.574*
Deferred Tax Assets	35	22.890.278	195.218.580
TOTAL ASSETS		**18.537.879.549**	**16.595.176.458**

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

KOCAER ÇELİK SANAYİ VE TİCARET ANONİM ŞİRKETİ

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2024 AND 31 DECEMBER 2023
(Amounts on tables expressed in Turkish Lira ("TL") in terms of purchasing power of the TL on 30 September 2024 unless otherwise indicated.)

	Notes	Unreviewed current period 30.09.2024	Audited prior period 31.12.2023
LIABILITIES			
Current Liabilities		**8.625.139.152**	**5.827.029.690**
Short-Term Borrowings	8	4.895.492.971	2.684.444.232
Short-Term Portion of Long-Term Borrowings	8	292.048.704	383.902.872
Trade Payables	10	2.549.777.264	1.679.105.085
Third Parties	*10*	*2.549.777.264*	*1.679.105.085*
Employee Benefits	20	90.590.009	70.891.227
Other Payables	11	38.781.128	163.373.877
Third Parties	*11*	*38.781.128*	*127.735.064*
Related Parties	*11-.37*	-	*35.638.813*
Deferred Income	15	709.341.959	763.005.027
Third Parties		*709.341.959*	*763.005.027*
Current Income Tax Liabilities	35	180.638	26.440.268
Short-Term Provisions	22	48.916.607	55.863.237
Other Short-Term Provisions	*22*	*38.365.699*	*45.431.607*
Short-Term Provisions for Employee Benefits	*22-24*	*10.550.908*	*10.431.630*
Other Current Liabilities	26	9.872	3.865
Non-Current Liabilities		**224.785.390**	**1.132.066.532**
Long-Term Borrowings	8	166.587.122	1.079.774.886
Long-Term Provisions	22	58.198.268	52.291.646
Long-Term Provisions for Employee Benefits	*22-24*	*58.198.268*	*52.291.646*
EQUITY		**9.687.955.007**	**9.636.080.236**
Equity Holders of the Parent	27	**9.657.813.085**	**9.610.413.771**
Paid-in Share Capital	27	657.570.000	657.570.000
Adjustment to Share Capital	27	1.575.126.341	1.575.126.341
Share Premium	27	297.719.785	297.719.785
Other Comprehensive Income or Expenses not to be reclassified to Profit or Loss	27	1.814.627.394	1.810.973.342
Other Comprehensive Income or Expenses to be reclassified to Profit or Loss	27	(111.793.762)	(153.102.349)
Restricted Reserves	27	359.239.015	303.315.487
Retained Earnings	27	5.062.887.637	3.985.056.031
Profit for the Period	27	2.436.675	1.133.755.134
Non-Controlling Interests	27	30.141.922	25.666.465
TOTAL LIABILITIES AND EQUITY		**18.537.879.549**	**16.595.176.458**

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

KOCAER ÇELİK SANAYİ VE TİCARET ANONİM ŞİRKETİ

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS
FOR THE INTERIM PERIODS ENDED 30 SEPTEMBER 2024 AND 2023
(Amounts on tables expressed in Turkish Lira ("TL") in terms of purchasing power of the TL on 30 September 2024 unless otherwise indicated.)

	Notes	Unreviewed current period 01.01.2024 30.09.2024	Unreviewed current period 01.07.2024 30.09.2024	Unreviewed prior period 01.01.2023 30.09.2023	Unreviewed prior period 01.07.2023 30.09.2023
Revenue	28	13.071.098.357	4.454.967.460	15.554.341.056	4.906.367.381
Cost of Sales (-)	28	(10.731.451.740)	(3.672.261.156)	(13.047.826.475)	(4.714.568.266)
Gross profit from non-finance sector operations		**2.339.646.617**	**782.706.304**	**2.506.514.581**	**191.799.115**
GROSS PROFIT		**2.339.646.617**	**782.706.304**	**2.506.514.581**	**191.799.115**
Marketing, Sales and Distribution Expenses (-)	29-30	(682.252.881)	(247.033.429)	(737.930.753)	(316.883.300)
General Administrative Expenses (-)	29-30	(252.070.199)	(87.162.121)	(186.109.101)	(53.874.966)
Research and Development Expenses (-)	29-30	(11.305.190)	(4.737.676)	(5.988.962)	(2.184.764)
Other Operating Income	31	475.981.437	156.402.223	799.828.330	(375.201.512)
Other Operating Expenses (-)	31	(729.189.318)	(162.169.810)	(365.326.508)	518.820.986
OPERATING PROFIT		**1.140.810.466**	**438.005.491**	**2.010.987.587**	**(37.524.441)**
Gains from investment activities	32	387.219.224	(18.217.003)	534.635.939	395.882.547
Losses from investment activities (-)	32	(1.767.009)	(1.601.952)	(23.112.268)	43.710
OPERATING PROFIT BEFORE FINANCIAL INCOME/(EXPENSE)		**1.526.262.681**	**418.186.536**	**2.522.511.258**	**358.401.816**
Financial Income	33	118.466.682	78.173.043	373.157.755	29.230.365
Financial Expenses (-)	33	(1.043.787.345)	(448.806.911)	(1.348.054.396)	(708.030.028)
Net monetary position gains/(losses)		(466.236.271)	(207.391.859)	(42.189.518)	162.569.911
PROFIT BEFORE TAX		**134.705.747**	**(159.839.191)**	**1.505.425.099**	**(157.827.936)**
Tax income/(expense)	35	**(128.552.758)**	**7.803.687**	**(975.067.664)**	**(2.486.227)**
- Current period tax expense		(1.174.881)	37.367.409	(272.084.725)	(75.759.006)
- Deferred income tax		(127.377.877)	(29.563.722)	(702.982.939)	73.272.779
PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS		**6.152.989**	**(152.035.504)**	**530.357.435**	**(160.314.163)**
PROFIT FOR THE PERIOD		**6.152.989**	**(152.035.504)**	**530.357.435**	**(160.314.163)**
Attributable to		6.152.989	(152.035.504)	530.357.435	(160.314.163)
Non-Controlling Interests		3.716.314	1.869.482	(2.520.451)	(7.624.416)
Equity Holders of the Parent		2.436.675	(153.904.986)	532.877.886	(152.689.747)
Earnings Per Share					
Earnings Per Share From Continuing Operations		0.0037	(0.2341)	0.8104	(0.2322)

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

KOCAER ÇELİK SANAYİ VE TİCARET ANONİM ŞİRKETİ

CONSOLIDATED STATEMENTS OF OTHER COMPREHENSIVE INCOME
FOR THE INTERIM PERIODS ENDED 30 SEPTEMBER 2024 AND 2023
(Amounts on tables expressed in Turkish Lira ("TL") in terms of purchasing power of the TL on 30 September 2024 unless otherwise indicated.)

	Notes	Unreviewed current period 01.01.2024 30.09.2024	Unreviewed current period 01.07.2024 30.09.2024	Unreviewed prior period 01.01.2023 30.09.2023	Unreviewed prior period 01.07.2023 30.09.2023
PROFIT FOR THE PERIOD	**36**	**6.152.989**	**(152.035.504)**	**530.357.435**	**(160.314.163)**
OTHER COMPREHENSIVE INCOME					
Items not to be reclassified to profit or loss		**3.725.830**	**8.890.482**	**18.323.860**	**(3.301.320)**
Gains/(losses) on remeasurements of defined benefit plans	**24**	4.639.360	(9.009.641)	29.788.035	10.999.203
Adjustments for inflation, net		14.342	16.706.447	(5.506.568)	(4.030.980)
Taxes relating to other comprehensive income not to be reclassified to profit or loss		(927.872)	1.193.676	(5.957.607)	(10.269.543)
- Deferred income tax - (Actuarial gains/losses)	**35**	*(927.872)*	*1.193.676*	*(5.957.607)*	*(10.269.543)*
Items to be reclassified to profit or loss		**41.995.953**	**(22.403.821)**	**114.137.979**	**287.741.860**
Currency translation differences		(6.805.603)	6.449.710	51.592.690	(50.671.128)
Gains/(losses) on cash flow hedges		48.801.556	(28.853.531)	62.545.289	338.412.988
OTHER COMPREHENSIVE INCOME		**45.721.783**	**(13.513.339)**	**132.461.839**	**284.440.540**
TOTAL COMPREHENSIVE INCOME		**51.874.772**	**(165.548.843)**	**662.819.274**	**124.126.377**
Attributable to		**51.874.772**	**(165.548.843)**	**662.819.274**	**124.126.377**
Non-Controlling Interests		4.475.458	740.585	(3.203.988)	(13.837.229)
Equity Holders of the Parent		47.399.314	(166.289.428)	666.023.262	137.963.606

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

KOCAER ÇELİK SANAYİ VE TİCARET ANONİM ŞİRKETİ

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE INTERIM PERIODS ENDED 30 SEPTEMBER 2024 AND 2023
(Amounts on tables expressed in Turkish Lira (“TL”) in terms of purchasing power of the TL on 30 September 2024 unless otherwise indicated.)

					Items not to be reclassified to profit or loss		Items to be reclassified to profit or loss			Retained earnings				
Unreviewed prior period	**Notes**	**Paid-in share capital**	**Adjustment to share capital**	**Share premium**	**Gains/(losses) on remeasurements of defined benefit plans**	**Property, plant and equipment revaluation surplus**	**Currency translation differences**	**Gains/(losses) on hedge**	**Restricted reserves**	**Prior years’ income**	**Profit for the period**	**Equity holders of the parent**	**Non-controlling interests**	**Total equity**
Balances at 1 January 2023 (Beginning of the period)	**27**	**657.570.000**	**1.575.126.341**	**297.719.785**	**(25.751.329)**	**1.353.917.454**	**77.143.212**	**(427.438.586)**	**260.374.312**	**2.570.376.556**	**1.457.620.650**	**7.796.658.395**	**17.468.871**	**7.814.127.266**
Transfers	27	-	-	-	-	-	-	-	42.941.724	1.414.678.926	(1.457.620.650)	-	-	-
Dividends paid		-	-	-	-	-	-	-		(225.780.889)		(225.780.889)	-	(225.780.889)
Total Comprehensive Income		**-**	**-**	**-**	**23.740.243**	**-**	**46.859.844**	**62.545.289**	**-**	**-**	**532.877.886**	**666.023.262**	**(3.203.988)**	**662.819.274**
-Profit for the Period	27	-	-	-	-	-	-	-	-	-	*532.877.886*	*532.877.886*	*(2.520.451)*	530.357.435
-Other Comprehensive Income		-	-	-	*23.740.243*	-	*46.859.844*	*62.545.289*	-	-		*133.145.376*	*(683.537)*	132.461.839
Balances at 30 September 2023 (End of the period)	**27**	**657.570.000**	**1.575.126.341**	**297.719.785**	**(2.011.086)**	**1.353.917.454**	**124.003.056**	**(364.893.297)**	**303.316.036**	**3.759.274.593**	**532.877.886**	**8.236.900.768**	**14.264.883**	**8.251.165.651**
Unreviewed current period														
Balances at 1 January 2024 (Beginning of the period)	**27**	**657.570.000**	**1.575.126.341**	**297.719.785**	**(26.467.884)**	**1.837.441.226**	**110.047.889**	**(263.150.238)**	**303.315.487**	**3.985.056.031**	**1.133.755.134**	**9.610.413.771**	**25.666.464**	**9.636.080.235**
Transfers	27	-	-	-	-	-	-	-	55.923.528	1.077.831.606	(1.133.755.134)	-	-	-
Total Comprehensive Income		**-**	**-**	**-**	**3.654.052**	**-**	**(7.492.969)**	**48.801.556**	**-**	**-**	**2.436.675**	**47.399.314**	**4.475.458**	**51.874.772**
-Profit for the Period	27	-	-	-	-	-	-	-	-	-	*2.436.675*	*2.436.675*	*3.716.314*	6.152.989
-Other Comprehensive Income		-	-	-	*3.654.052*	-	*(7.492.969)*	*48.801.556*	-	-		*44.962.639*	*759.144*	45.721.783
Balances at 30 September 2024 (End of the period)	**27**	**657.570.000**	**1.575.126.341**	**297.719.785**	**(22.813.832)**	**1.837.441.226**	**102.554.920**	**(214.348.682)**	**359.239.015**	**5.062.887.637**	**2.436.675**	**9.657.813.085**	**30.141.922**	**9.687.955.007**

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

KOCAER ÇELİK SANAYİ VE TİCARET ANONİM ŞİRKETİ

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE INTERIM PERIODS ENDED 30 SEPTEMBER 2024 AND 2023

(Amounts on tables expressed in Turkish Lira ("TL") in terms of purchasing power of the TL on 30 September 2024 unless otherwise indicated.)

	Notes	Unreviewed current period 01.01.2024 30.09.2024	Unreviewed prior period 01.01.2023 30.09.2023
A) CASH FLOWS FROM OPERATING ACTIVITIES		**(30.746.331)**	**865.912.551**
PROFIT FOR THE PERIOD		**6.152.989**	**530.357.435**
Profit for the Period from Continuing Operations		6.152.989	530.357.435
Adjustments to reconcile profit for the period to cash generated from operating activities		**522.529.353**	**944.413.476**
Depreciation and amortisation	17,18,19	251.760.076	218.074.041
Adjustments for tax income and expenses	35	207.714.323	904.719.009
Adjustments for Impairment Loss (Reversal of impairment loss)	10	**2.048.811**	**2.048.811**
Adjustments for Receivables Impairment (Reversal)	10	*2.048.811*	*2.048.811*
Adjustments for Provisions	22-24	**21.451.606**	**(13.766.636)**
Adjustments for Other Provisions (Reversal)		*(7.065.908)*	*(11.741.129)*
Adjustments for Provision for Employee Benefits (Reversal)	22-24	*28.517.514*	*(2.025.507)*
Adjustments for interest income and expenses		**399.340.778**	**(624.336.752)**
Adjustments for Interest Income	31	*441.847.225*	*(573.347.559)*
Adjustments for Interest Expenses	31	*(42.506.447)*	*(50.989.193)*
Adjustments for unrealized currency translation differences		32.475.140	-
Adjustments for gains/(losses) on fair value		**(382.787.619)**	**522.975.027**
Financial assets		*(382.787.619)*	*522.975.027*
Monetary gains/(losses)		(9.473.762)	(65.300.024)
Total adjustments		**522.529.353**	**944.413.476**
Changes in Working Capital		**(475.291.408)**	**(492.973.132)**
Adjustments for Gains/(Losses) on Trade Receivables	10	**(1.626.801.648)**	**(4.653.987)**
Third parties		*(1.630.409.730)*	*796.051.253*
Related parties		*3.608.082*	*(800.705.240)*
Adjustments for Gains/(Losses) on Other Receivables Related to Operations	11,37	(162.468.500)	64.673.378
Third parties		*(125.277.071)*	*137.924.848*
Related parties		*(37.191.429)*	*(73.251.470)*
Changes in Derivative Assets		178.832.332	165.294.533
Changes in Inventories	13	330.146.223	(35.779.711)
Changes in Prepaid Expenses	15	(80.835.258)	(96.422.229)
Adjustments for Gains/(Losses) on Trade Payables	10	**870.672.179**	**(1.341.069.147)**
Third parties		*870.672.179*	*(1.341.069.147)*
Adjustments for gains/(losses) on payables due to employee benefits	20	23.352.834	52.305.618
Adjustments for Gains/(Losses) on Other Payables Related to Operations		(124.586.742)	252.769.563
Third parties		(88.947.929)	186.394.730
Related parties		(35.638.813)	66.374.833
Changes in Deferred Income	15	(53.663.068)	450.549.845
Adjustments for gains/(losses) on other changes in working capital		170.060.240	(640.995)
Cash Flows from Operating Activities		**(559.428.673)**	**(608.858.360)**
Adjustments for gains/(losses) on provisions for employee benefits	22,24	(22.491.614)	(20.632.921)
Income taxes refund/(paid)	35	(61.645.651)	(95.252.307)
Net Cash From Operating Activities		**(643.565.938)**	**(724.743.588)**
B) CASH FLOWS FROM INVESTING ACTIVITIES		**(591.357.312)**	**(1.789.682.126)**
Cash inflows from sale of property, plant and equipment and intangible asset	18	**11.585.449**	**22.755.560**
Property, plant and equipment	18	*11.585.449*	*22.755.560*
Cash outflows from purchase of property, plant and equipment and intangible assets	18	**(918.961.126)**	**(661.178.793)**
Property, plant and equipment	18	*(918.961.126)*	*(656.511.591)*
Intangible assets		-	*(4.667.202)*
Cash outflows from purchase of investment properties	7	**(244.898)**	**(65.832.676)**
Changes in financial investments	7	**316.263.263**	**(1.085.426.432)**
C) CASH FLOWS FROM FINANCING ACTIVITES		**788.857.226**	**639.225.100**
Cash outflows from repayments of borrowings (-)			(922.981.766)
Cash inflows from borrowings		1.206.006.807	1.162.103.230
Cash outflows from lease liabilities (-)	14	(17.808.803)	1.540.224
Interest paid/received, net		(399.340.778)	556.301.681
Dividends paid			(157.738.269)
D) NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS BEFORE EFFECT OF EXCHANGE RATE CHANGES		**166.753.583**	**(284.544.475)**
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		**(7.492.969)**	**46.859.844**
Net Increase/(Decrease) in Cash and Cash Equivalents		**159.260.614**	**(237.684.631)**
E) CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	6	**915.590.956**	**1.044.421.432**
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	6	**1.074.851.570**	**806.736.801**

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

(Amounts expressed in Turkish Lira ("TL") in terms of the purchasing power of the TL as at 30 September 2024, unless otherwise indicated.)

NOTE 1 – GROUP'S ORGANISATION AND NATURE OF OPERATIONS

Kocaer Çelik Sanayi ve Ticaret Anonim Şirketi ("the Company" or "Kocaer Çelik") was established on 25 December 1984 in İzmir, Aliağa with the title of Kocaer Haddecilik Sanayi ve Ticaret Anonim Şirketi. The title of Kocaer Haddecilik Sanayi ve Ticaret Anonim Şirketi has been changed to Kocaer Çelik Sanayi ve Ticaret Anonim Şirketi on 20 May 2021. In 2021, the Company was restructured as engage in business activities iron and steel, transportation. In accordance with the restructuring, by merging with all its subsidiaries operating in the business activities of iron and steel, transportation and automotive and excluded other subsidiaries, the Company has a structure that only have iron, steel and transportation.

Kocaer Çelik operates its business activities in its production facility in Aliağa, İzmir. Kocaer Çelik's business activties include supplying, shaping, manufacturing and trading all kinds of iron and steel products, semi-finished products and raw materials.

In its 3 steel profile factories with an annual production capacity of 800,000 tons, Galvanizing factory with a capacity of 100 thousand tons, Steel Service Center with a capacity of 120 thousand tons and Electricity production facilities with a capacity of 15 million kWh, using the latest technology and high engineering power; it produces special steel profiles for solar energy infrastructure, energy transmission line, structural steel, transportation, mining, tunneling, shipbuilding, agriculture, machinery manufacturing and defense industry sectors.

The registered address of the Kocaer Çelik is as follows:

Gümüşçay Mahallesi, Menderes Bulvarı, No: 45 Merkezefendi/Denizli

The Company has three steel profile production facilities, a galvanizing factory and a service center in Aliağa. In addition, the Company has branches in İzmir, İstanbul and Denizli. Besides, Kocaer Çelik has foreign operations in the foreign market with its subsidiary, Kocaer Steel UK LTD (Former title: Mymetal LTD), which was established in England.

The detailed information and registered address of the branches and offices is as follows:

- İstanbul Branch: Levazım Mahallesi Korlu Sokak Zorlu Center Teras Evler No:307 Beşiktaş / İstanbul,
- Aliağa Branch 3: Yeni Foça yolu üzeri 3. km Horozgediği Köyü mevkii 19. Cadde No:1 Aliağa / İzmir,
- Aliağa Branch: Yeni Foça yolu üzeri 3. km Horozgediği Köyü mevkii 19. Cadde No:2 Aliağa / İzmir,
- Aliağa Branch 2:Yeni Foça yolu üzeri 2. km Sanayi Caddesi Bozköy mevkii No:31 Aliağa / İzmir,
- İzmir Alsancak Branch: Akdeniz Mahallesi Şehit Fethibey Caddesi No:55/161 Konak/İzmir,
- Galvanization and Service Center Branch: Bozköy Mahallesi Sanayi Caddesi Dış Kapı No: 31/6 Aliağa/İzmir.

As of 30 September 2024 and 31 December 2023, the principal shareholders and their respective shareholding rates in Kocaer Çelik are as follows:

	30.09.2024		31.12.2023	
Shareholders	**Amount**	**Share (%)**	**Amount**	**Share (%)**
Hakan KOCAER	487.884.989	74	520.084.989	79
Other (Listed shares)	169.685.011	26	137.485.011	21
Total share capital	**657.570.000**	**100**	**657.570.000**	**100**

The functional breakdown of the subsidiaries ("Subsidiaries") and the associates ("Associates") their country of incorporation, effective interests, nature of business and their respective business segments are as follows:

Subsidiaries	Country of incorporation	Nature of business
Yağız Nakliyat San. ve Tic.A.Ş.	Türkiye	International Road Transport
Kocaer Steel UK LTD (Former title: MYMETAL LTD)	England	Wholesale Trade of Iron and Steel Products
Kocaer Steel Ireland Limited (**)	Ireland	Wholesale Trade of Iron and Steel Products
Kocaer Enerji A.Ş. (***)(	Türkiye	Energy Production
KCR Dış Ticaret A.Ş.(****)	Türkiye	Export and Import of Iron and Steel Products

Investments Accounted for Using the Equity Method (Associate)	Country of incorporation	Nature of business
Kocaer Metal San.ve Tic.A.Ş. (*)	Türkiye	Iron and Steel

(*) As of 20 May 2022, Kocaer Metal Sanayi ve Ticaret Anonim Şirketi has been in liquidation process. The relevant matter was published in Official Gazette on 26 May 2022 and numbered 10585. Accordingly, Kocaer Metal Sanayi ve Ticaret Anonim Şirketi entered into liquidation process and has not material influence on the consolidated financial statements and therefore, Kocaer Metal is not included in the scope of consolidation for the year ended 31 December 2023. The liquidation process Kocaer Metal Sanayi was completed as of 22 March 2023 and the relevant completion of the liquidation process was published in Official Gazette on 22 March 2023 and numbered 10795.

(**)Kocaer Steel Ireland Limited was established on 23 November 2022 by Kocaer Steel UK LTD and included in the scope of consolidation. The share capital of Kocaer Steel Ireland Limited is amounting to EUR 100. The reason of the establishment of Kocaer Steel Ireland Limited is increasing exports in the European market. As of 31 December 2023, Kocaer Steel Ireland Limited is inactive and has not been carrying on any business or operation.

(***) Kocaer Enerji Anonim Şirketi was established on 4 July 2023 and the registration of the establishment was published in Offical Gazette on 4 July 2023 and numbered 10863.

The registered address of the Kocaer Enerji is as follows:
Bozköy Mah. Sanayi Caddesi No:31/2 Aliağa/ İzmir

Kocaer Enerji's business activities include ensuring the development of projects for producing electricity, steam and heat, to establish facilities by preparing the relevant feasibility, to produce electricity and steam energy in these facilities, and to transport the produced electricity and steam to its customers.

(****) KCR Dış Ticaret Anonim Şirketi was established on 3 May 2024 and its registration was published in th Official Gazette on 3 May 2024 and numbered 11074.

The registered address of the KCR Dış Ticaret is as follows:

Gümüşçay Mah. Menderes Bulvarı No:47 Merkezefendi/ Denizli

KCR Dış Ticaret's business activities include ensuring supply, shape, manufacture, store, trade, distribute, market, transport, import and export iron and steel products, semi-finished products and raw materials.

Country of incorporation, nature of business and respective business segments of the subsidiaries ("Subsidiaries") and the associates ("Associates") are as follows:

1- Yağız Nakliyat San. ve Tic. A.Ş. ("Yağız Nakliyat") was established on 18 August 1995. The registered address of Yağız Nakliyat is Menderes Bulvarı No:53 Merkez/Denizli. Yağız Nakliyat's business activities include ensuring domestic and international transportation, cargo, contracting services and commodity trading. Kocaer Çelik acquired Yağız Nakliyat in 2018. Yağız Nakliyat has been consolidated in accordance with the full consolidation method. The abovementioned consolidation has been considered as "business combination under common control" and consolidated retrospectively for the periods presented with pooling of interest method in scope of TFRS 3. Another subsidary of the Kocaer Çelik is KCR Otomotiv and Yağız Nakliyat acquired KCR Otomotiv on 25 June 2021 through business combination. Voting rights and effective ownership interest of the Group have been disclosed in Note 2.03.

2- Kocaer Steel UK LTD (Former title: Mymetal LTD) was established on 14 January 2013. The registered address of My Metal is 204 Field End Road Eastcote Pinner Middlesex Ha5 1Rd London England. MY Metal's business activities include wholesale of iron and steel products. My Metal has been consolidated in accordance with the full consolidation method. Kocaer Çelik acquired My Metal in 2015. The abovementioned consolidation has been considered as "business combination under common control" in the accompanying consolidated financial statements. Voting rights and effective ownership interest of the Group have been disclosed in Note 2.03. The title of Mymetal Limited was changed and and registered as Kocaer Steel UK Limited on 29 September 2022.

3- Kocaer Metal Sanayi Anonim Şirketi was established on 14 February 2012. The business title of Kocaer Çelik Endüstrisi San.ve Tic.A.Ş has been changed to Kocaer Metal Sanayi Anonim Şirketi on 11 May 2021 and published in Official Gazette numbered 250. The registered address of Kocaer Metal is Yeni Foça Yolu 2.Km Sanayi Caddesi Bozköy Köyü Mevkii Aliağa/İzmir. Kocaer Metal has been accounted for using the equity method in the accompanying consolidated financial statements. Kocaer Metal's business activities include purchasing, selling, marketing, importing and exporting iron and steel raw materials and semi-finished products. As of 20 May 2022, Kocaer Metal Sanayi ve Ticaret Anonim Şirketi has been in liquidation process. The relevant matter was published in Official Gazette on 26 May 2022 and numbered 10585. Kocaer Metal has not been included in the scope of consolidation since the Company is in liquidation process and immaterial to the consolidated financial statements for the year ended 31 December 2023. The relevant completion of the liquidation process was published in Official Gazette on 22 March 2023 and numbered 10795.

4- Kocaer Enerji Anonim Şirketi was established on 4 July 2023 and included in the scope of consolidation. The registration of the establishment was published in Offical Gazette on 4 July 2023 and numbered 10863. The registered address of the Kocaer Enerji is Bozköy Mah. Sanayi Caddesi No:31/2 Aliağa/ İzmir. Kocaer Enerji's business activities include ensuring the development of projects for producing electricity, steam and heat, to establish facilities by preparing the relevant feasibility, to produce electricity and steam energy in these facilities, and to transport the produced electricity and steam to its customers. Voting rights and effective ownership interest of the Group have been disclosed in Note 2.03. The current issued share capital of Kocaer Enerji comprise of 300.000 outstanding shares each with a nominal value of TL 1. Accordingly, current share capital of Kocaer Enerji has been increased to 600.000 outstanding shares each with a nominal value of TL 1.000 representing current share capital amounting to TL 600.000.000. The relevant decision was published in Official Gazette on 11 September 2024 and numbered 1162. The amount of TL 600.000.000 representing 600.000 outsanding shares each with a nominal value of TL 1.000 was committed to paid-in cash by Hakan Kocaer and the amount of TL 594.000.000 representing 594.000 outsanding shares each with a nominal value of TL 1.000 was committed to paid-in cash by Kocaer Çelik Sanayi ve Ticaret Anonim Şirketi.

5- KCR Dış Ticaret Anonim Şirketi was established on 3 May 2024 and its registration eas published in th Official Gazette on 3 May 2024 and numbered 11074. The registered address of the KCR Dış Ticaret is Gümüşçay Mah. Menderes Bulvarı No:47 Merkezefendi/ Denizli. KCR Dış Ticaret's business activities include ensuring supply, shape, manufacture, store, trade, distribute, market, transport, import and export iron and steel products, semi-finished products and raw materials. Voting rights and effective ownership interest of the Group have been disclosed in Note 2.03. The current issued share capital of KCR Dış Ticaret is amounting to TL 2.000.000 which comprise of 2.000 outstanding shares each with a nominal value of TL 1.000. The amount of TL 20.000 representing 20 outsanding shares was committed to paid-in cash by Hakan Kocaer and the remaining amount of TL 1.980.000 representing 1.980 outsanding shares was committed to paid-in cash by Kocaer Çelik Sanayi ve Ticaret Anonim Şirketi. Kocaer Çelik Sanayi ve Ticaret Anonim Şirketi has paid the ¼ of its capital commitment during the interim reporting period.

For the purpose of the consolidated financial statements and notes to the consolidated financial statements, Kocaer Çelik and its consolidated subsidiaries and associates are hereinafter referred to as "the Group".

Total end of the interim period and average number of personnel employed by Kocaer Çelik is 1.104 (31 December 2023: 943).

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

2.01 Basis of presentation

The consolidated financial statements of the Group have been prepared in accordance with Turkish Financial Reporting Standards ("TFRS") promulgated by the Public Oversight Accounting and Auditing Standards Authority ("POA") that are set out in the 5th article of the communiqué numbered II-14.1 "Communiqué on the Principles of Financial Reporting In Capital Markets" ("the Communiqué") announced by the Capital Markets Board ("CMB") on 13 June 2013 and published in Official Gazette numbered 28676. TFRS are updated in harmony with the changes and updates in International and Accounting Standards ("IFRS") by the communiqués announced by the POA.

The Group and its subsidiaries and associates maintain their books of accounts and prepare their statutory financial statements in accordance with the Turkish Commercial Code ("TCC"), tax legislation, the Uniform Chart of Accounts issued by the Ministry of Finance. The consolidated financial statements are based on the statutory records, which are maintained under historical cost conversion except for property, plant and equipment including land, buildings, land improvements and plant, machinery and equipment at fair value and financial assets and liabilities at fair value with the required adjustments and reclassifications reflected for the purpose of fair presentation in accordance with TFRS and presented in Turkish Lira.

Foreign subsidiaries maintain their books of account in accordance with the laws and regulations in force in the countries in which they are registered. Adjustments and restatements, required for the fair presentation of the consolidated financial statements in conformity with the TFRS, have been accounted for in the statutory financial statements, which are prepared in accordance with the historical cost principle.

In addition, the consolidated financial statements were published by POA in accordance with the "Announcement regarding to "TAS Taxonomy 2019", and revised "TAS Taxonomy 2022" which was published on 15 April 2019 and 4 October 2022, respectively. In addition, these consolidated financial statements were prepared in accordance with the "Financial Statements User Guide" published by the Capital Markets Board ("CMB").

In accordance with the Turkish Accounting Standard No: 34 "Interim Financial Reporting", entities are allowed to prepare a complete or condensed set of interim financial statements. In this respect, the Group has preferred to prepare complete set of consolidated financial statements in the interim periods. Accordingly, these complete set of consolidated financial statements should be read in conjunction with the annual consolidated financial statements as at and for the year ended 31 December 2023. These complete set of consolidated financial statements are prepared in accordance with TFRS issued by POA.

Reporting currency

i) Functional and presentation currency

Items included in the consolidated financial statements of the subsidiaries and associates of the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in TL, which is Kocaer Çelik's functional and presentation currency.

ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statement of other comprehensive income.

iii)Translation of financial statements of subsidiaries and associates operating in foreign countries

Assets and liabilities of the subsidiaries operating in foreign countries are translated into TL at the exchange rates prevailing at the balance sheet dates. Comprehensive income items of those subsidiaries are translated into TL using average exchange rates for the period (if the average exchange rates for the period do not reasonably reflect the exchange rate fluctuations, transactions are translated using the exchange rates prevailing at the date of the transaction). Exchange differences arising from using average and balance sheet date rates are included in "currency translation differences" under equity.

The GBP ("GBP") rates as of 30 September 2024 and 31 December 2023 and annual average rates are as follows:

	30.09.2024	**31.12.2023**
GBP ("GBP") - as of the balance sheet date	45.6460	36.7131
GBP ("GBP") - period average	41.0755	29.5220

2.02 Adjustments of Financial Statements in Hyperinflationary Periods

Financial Reporting in Hyperinflationary Economies

In accordance with TAS 29 "Financial Reporting in Hyperinflation Economies" which requires entities whose functional currency is that of a hyperinflationary economy to prepare their consolidated financial statements in terms of the measuring unit current at the end of the reporting period. In a hyperinflation economy, it is not meaningful and useful to report operating results and financial position in the local currency without adjustment. Money loses its purchasing power in such a proportion that comparing the amounts of transactions or other events that occurred at different times is misleading, even in the same accounting period. Hyperinflation is determined by a country's economic characteristics, including, but not limited to:

- The general population prefers to keep its wealth in non-monetary assets or in a relatively stable foreign currency. Amounts of local currency held are immediately invested to maintain purchasing power.

(Amounts expressed in Turkish Lira ("TL") in terms of the purchasing power of the TL as at 30 September 2024, unless otherwise indicated.)

- The general population regards monetary amounts not in terms of the local currency but in terms of a relatively stable foreign currency. Prices may be quoted in that currency.
- Sales and purchases on credit take place at prices that compensate for the expected loss of purchasing power during the credit period, even if the period is short.
- Interest rates, wages, and prices are linked to a "Price index"; and
- The cumulative inflation rate over three years approaches, or exceeds, 100%.

The restatement in accordance with TAS 29 has been made by using the adjustment factor derived from the Consumer Price Index ("CPI") in Türkiye published by the Turkish Statistical Institute ("TURKSTAT"). As at 30 September 2024, the indices and adjustment factors used in the restatement of the financial statements are as follows:

Date	Index	Adjustment coefficient	Three-year cumulative inflation rates
30.09.2024	2.526,16	1.0000	343%
31.12.2023	1.859,38	1.3586	268%
30.09.2023	1.691,04	1.4938	254%

Entities applying TFRSs have started to apply inflation accounting in accordance with TAS 29 "Financial Reporting in Hyperinflation Economies" as of financial statements for the annual reporting period ending on or after 31 December 2023 with the announcements made by the Public Oversight Accounting and Auditing Standards Authority ("POA") on 23 November 2023. TAS 29 is applied to the financial statements, including the consolidated financial statements, of any entity whose functional currency is the currency of a hyperinflationary economy.

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

Based on the announcement made by Public Oversight, Accounting and Auditing Standards Authority "(POA") on 23 November 2023, entities applying Turkish Financial Reporting Standards ("TFRSs") are required to present their financial statements by adjusting for the material influence of inflation for the comparative annual reporting period ending on or after 31 December 2022 and opening balances starting from 1 January 2022, in accordance with the accounting principles specified in TAS 29.

Accordingly, the financial statements and relevant amounts for prior periods have been restated for changes in the general purchasing power of the functional currency. Thus, those financial statements and relevant amounts are expressed in the measuring unit effective at the end of the reporting period in accordance with TAS 29.

The main components of the Group's restatement for financial reporting purposes in hyperinflationary economies are as follows:

• As of the balance sheet date, all items other than those stated in terms of current purchasing power are restated by using the relevant price index coefficients. Prior year amounts are also restated in the same way.

• Monetary assets and liabilities are expressed in terms of the purchasing power at the balance sheet date and are therefore not subject to restatement. Monetary items are cash and items to be received or paid in cash.

• Non-current assets, subsidiaries and similar assets are indexed to their acquisition costs, which do not exceed their market values. Depreciation has been adjusted in a similar manner. Amounts included in equity have been restated by applying general price indices for the periods in which they were contributed to or arose within the Group.

• All items in the statement of profit or loss, except for the effects of non-monetary items in the statement of financial position and in the statement of profit or loss, have been restated by applying the multiples calculated over the periods when the income and expense accounts were initially recognised in the financial statements.

• The gain or loss arising on the net monetary position as a result of general inflation is the difference between the adjustments to non-monetary assets, equity items and profit or loss accounts. This gain or loss on the net monetary position is included in net profit.

The material influence and impact of the application of inflation accounting in accordance with TAS 29 are summarised below:

<u>Restatement of the Statement of Financial Position</u>

Amounts in the statement of financial position that are not expressed in terms of the measuring unit current at the end of the reporting period are restated. Accordingly, monetary items are not restated because they are expressed in the currency of the reporting period. Non-monetary items are required to be restated unless they are expressed in terms of the currency in effect at the end of the reporting period.

The gain or loss on the net monetary position arising on restatement of non-monetary items is recognised in profit or loss and presented separately in the statement of comprehensive income.

<u>Restatement of the Statement of Profit or Loss</u>

All items in the statement of profit or loss are expressed in terms of the measuring unit current at the end of the reporting period. Therefore, all amounts have been restated by applying changes in the monthly general price index.

Cost of inventories sold has been restated using the restated inventory balance. Depreciation and amortisation charges have been restated using the restated balances of property, plant and equipment, intangible assets and right-of-use assets.

<u>Restatement of Statement of Cash Flows</u>

All items in the statement of cash flows are expressed in terms of the measuring unit current at the end of the reporting period.

(Amounts expressed in Turkish Lira ("TL") in terms of the purchasing power of the TL as at 30 September 2024, unless otherwise indicated.)

Consolidated financial statements

The financial statements of a subsidiary whose functional currency is the currency of a hyperinflationary economy are restated by applying the general price index before they are included in the consolidated financial statements prepared by the parent company.

Subsidiaries of the Group whose functional currency is other than Turkish Lira have been translated to the purchasing power on 30 September 2024. If financial statements with different reporting period endings are subject to consolidation, all items, whether monetary or non-monetary, are restated according to the measuring unit in effect at the date of the consolidated financial statements.

Comparative figures

Relevant figures for the prior reporting period are restated by applying the general price index so that the comparative financial statements are presented in the measuring unit applicable at the end of the reporting period. Information disclosed for prior periods is also expressed in terms of the measuring unit current at the end of the reporting period.

2.03 Basis of Consolidation and Group Accounting

After the restructuring realized by the Group management, the main and sole activities of the Group became iron, steel and transportation operations. In order to present the consolidated financial position and the results of operations, the Group prepared its consolidated financial statements comparatively with the prior period.

The consolidated financial statements include the accounts of the Group, and its subsidiaries from the date on which the control is transferred to the Group until the date that the control ceases. The consolidated financial statements of the companies included in the scope of consolidation have been prepared as of the date of the consolidated financial statements and have been prepared in accordance with Turkish Financial Reporting Standards by applying uniform accounting policies and presentation.

Subsidiaries

The Group has control over an entity when it has existing rights that give it the current ability to direct the relevant activities, i.e. the activities that significantly affect the entity's returns. On the other hand, the Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. In order to be consistent with accounting policies accepted by the Group, accounting policies of the subsidiaries are modified where necessary.

The statement of financial position and profit or loss of the Subsidiaries are consolidated on a line-by-line basis and the carrying value of the investment held by Kocaer Çelik and its subsidiaries is eliminated against the related equity. Intercompany transactions and balances between Kocaer Çelik and its subsidiaries are eliminated during the consolidation. The carrying value of the investment held by Kocaer Çelik and its subsidiaries is eliminated against the related equity and other equity items and non-controlling interest are reflected to the consolidated financial statements.

The non-controlling share in the net assets and results of subsidiaries for the period are separately classified as "non-controlling interest" in the consolidated statements of comprehensive income and the consolidated statements of changes in equity.

Voting rights of the subsidiaries and their effective ownership interests are as follows:

	Proportion of voting rights and effective ownership interests held by Kocaer Çelik (%)	
Subsidiaries	**30.09.2024**	**31.12.2023**
Yağız Nakliyat San. Ve Tic. A.Ş.	90.81	90.81
Kocaer Steel UK LTD	90	90
Kocaer Enerji A.Ş.	99	99
KCR Dış Ticaret A.Ş.	99	-

Kocaer Çelik has the joint control of its subsidiaries and associates within the scope of full consolidation method by using the shares it owns directly or indirectly, or by using the voting rights of Kocaer Family members and related parties on their behalf.

Subsidiaries are consolidated from the date on which the control is transferred to the Group and are no longer consolidated from the date that the control ceases.

Non-controlling shares in the net assets and operating results of subsidiaries are separately classified in the consolidated financial statements as "non-controlling interests".

Business combinations under common control

Legal mergers among the entities controlled by the Group are not evaluated within the scope of the "TFRS 3 (Revised) Business Combinations" standard. Acccordingly, in the absence of a specifically applicable IFRS Standard, the receiving company is required to develop its own accounting policy for business combinations under common control, applying the requirements on selecting accounting policies in TAS 8 Accounting Policies, Changes in Accounting Estimates and Errors in accordance with the paragraphs 10 and 12 presented under "USGAAP" which describes guidance regarding business combinations under common control.

The financial statements of the acquired entities have been consolidated from the beginning of the financial year in which the business combination occurs. Prior period consolidated financial statements have been restated in the same manner for comparability purposes. As a result of these transactions, no goodwill or negative goodwill has been calculated. Any difference between the consideration paid and the share capital of the acquired entity are accounted under equity as "Business Combinations Under Common Control" included in retained earnings.

Joint Ventures are companies in respect of which there are contractual arrangements through which an economic activity is undertaken subject to joint control by Kocaer Çelik and one or more other parties. The Group's interest in joint ventures is accounted for by way of proportionate consolidation. By this method, the Group includes its shares of the assets, liabilities, income and expenses of each joint venture in the relevant components of the financial statements. The Group has no joint ventures at the end of the period.

Associates are entities over which the investor has significant influence. The power to participate in the financial and operating policy decisions of the investee but is not control or joint control of those policies. Associates are accounted for using the equity method. Associates are companies in which the Group has voting power between 20% and 50% or the Group has power to participate in the financial and operating policy decisions but not control them. Unrealised gains or losses arising from transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. In accordance with the equity method, profit for the period after tax is reflected to the consolidated statement of profit or loss acccordingly ownership interest in a subsidiary.

The Group ceases to account the associate using the equity method if it loses the significant influence or the net investment in the associate becomes nil, unless it has entered to a liability or a commitment. After the Group's interest in the associates becomes nil, additional losses are provided for, and a liability recognized, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate. If the associate subsequently reports profits, the Group resumes including its share of those profits only after its share of the profits equals the share of net losses not recognized in the accompanying consolidated financial statements.

The carrying amounts of the investments accounted for using the equity method are reviewed whether there is any indication of impairment at each reporting date. If such an indicator exists, the recoverable amount of the asset is estimated.

The recoverable amount of the investments accounted for using the equity method refers to the higher of value-in-use or fair value less cost to sell. Value-in-use is the present value of future cash flows expected to be generated from an asset or cash generating unit.

If the carrying amount of the investments accounted for using the equity method exceeds the recoverable amount, the impairment is accounted for. Impairments are recognized in profit and loss accounts. Impairments are recognised in the statement of profit or loss and other comprehensive income.

In investments accounted for using the equity method, impairments allocated in previous periods are re-evaluated in each reporting period in the event that impairment decreases or there are indicators that impairment is not valid. Impairment is reversed in case of changes in the estimates used when determining recoverable amount. The increase in the carrying amount of the investments due to the reversal of the impairment loss is accounted in such a way that it does not exceed the carrying amount determined if the impairment loss has not been included in the consolidated financial statements in the previous years.

2.04 Comparatives and Adjustment of Prior Periods' Financial Statements

The current period financial statements of the Group include comparative financial information to enable the determination of the trends in financial position and performance.

Comparative figures are reclassified, where necessary, to conform to the changes in the presentation of the current period financial statements.

The Group prepared its consolidated statement of financial position as at 30 September 2024 on a comparative basis with consolidated statement of financial position as at 31 December 2023; and consolidated statements of profit or loss, comprehensive income, cash flows and changes in equity for the interim period 1 January – 30 September 2024 on a comparative basis with consolidated financial statements for the interim period 1 January – 30 September 2023.

2.05 Changes in Accounting Policies

Whether there are changes and errors in accounting policies and accounting estimates, the amended significant changes and the identified significant accounting errors are implemented retrospectively and the previous periods Group's consolidated financial statements are restated. Whether the changes are amended in accounting policies effect the previous periods, aforementioned policy is implemented retrospectively to the consolidated financial statements as it had been used in. There has been no changes incurred in the accounting policies during the period.

2.06 Changes in Accounting Estimates and Errors

Accounting estimates are based on reliable information and reasonable estimation methods. However, estimates are revised as a result of changes in circumstances, estimating new information or additional developments. If changes in accounting forecasts are related to only one period, amendments are made in the current period. If amendments are related to the forthcoming periods, changes are applied in both current period and forthcoming periods. The nature and amount of a change in the accounting estimate, which has a material influence on the outcome of the current period or is expected to have a material influence on subsequent periods, is disclosed in the notes to the consolidated financial statements, except when the estimation of the effect on the future periods is not possible. There are no changes in the accounting estimates and errors expected to have a material influence on the results of operations in the current period.

2.07 Offsetting

Financial assets and liabilities are offset, and the net amount is recognised in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

2.08 Summary of Significant Accounting Policies

Accounting policies used in the preparation of the consolidated financial statements are summarised below:

2.08.01 Revenue Recognition

The Group mainly generates revenue by producing and selling iron and steel products considered as revenue arising from product sales. Revenue is recognized when the goods or services are transferred to the customer and the performance obligation is satisfied.

The Group is producing profile and bar steel produces with the hot rolling method, and can also provide processed product services through its service center.

Kocaer Çelik has been serving in many sectors such as; energy, transportation, mining and tunnel, ship building, agriculture and constructional sectors by supplying customer-oriented steel products (equal angles, U and C profiles, I and H beams, round and deformed bars, mining and tunnelling profiles and fittings, square bars, flat bars) with different sizes, grades and lengths, as well as carrying out operations for product development, sales & dispatch, import/export and custom clearances.

The Group recognizes revenue when the goods or services is transferred to the customer and when performance obligation is satisfied. In accordance with TFRS 15, a five-step model is followed in recognizing revenue for all contracts with customers.

- Identification of customer contracts,
- Identification of performance obligations,
- Determination of the transaction price in the contracts,
- Allocation of transaction price to the performance obligations,
- Recognition of revenue when the performance obligations are satisfied.

A contract with a customer recognized as a revenue will be within the scope of TFRS 15 if all the following conditions are met:

- the contract has been approved by the parties to the contract;
- each party's rights in relation to the goods or services to be transferred can be identified;
- the payment terms for the goods or services to be transferred can be identified;
- the contract has commercial substance; and
- it is probable that the consideration to which the entity is entitled to in exchange for the goods or services will be collected.

When assessing the collectability of a consideration, the Group considers only the customer's ability and intention to pay such consideration on time. The price that the Group will be entitled to collect may be lower than the price specified in the contract since it offers a price advantage to its customer on a customer and contract basis.

2.08.02 Inventories

Inventories are evaluated at either the lower of acquisition cost or net realizable value. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Those costs also include systematically distributed costs from fixed and variable general production expenses incurred in covering direct raw material to the goods. The cost of inventories is determined by the weighted average method. Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses. When the net realizable value of the inventory below its cost, the inventories are reduced to their net realizable value and the expense is reflected in the statement of profit or loss in the year in which the impairment incurred. In cases where the conditions that previously caused the inventories to be reduced to net realizable value lose their validity or there is an increase in the net realizable value due to changing economic conditions, the provision for the impairment allocated is reversed. The reverseal is limited with the allocated impairment. The provision for impairment on inventories is disclosed in **Note 13**.

2.08.03 Property, Plant and Equipment and related depreciation

Land, buildings, land improvements and machinery and equipment have been revaluated by the appraisal firm Elit Gayrimenkul Değerleme Anonim Şirketi authorized by CMB. In accordance with the appraisal report prepared by the firm on 5-13-20 December 2023 and subsequently, property, plant and equipment carried at their fair value less accumulated depreciation in the accompanying consolidated financial statements.

Property, plant and equipment except land, land improvements, buildings and machinery and equipment are carried at cost less accumulated depreciation as of 31 December 2004 for the items acquired before 1 January 2005 and for the items acquired as of 1 January 2005, less the accumulated depreciation in the accompanying consolidated financial statements.

Gains arising from revaluation of land, buildings, land improvements and machinery and equipment have been classified under assets and changes in the fair value (revaluation surplus) has been recognized under equity. Revaluation surplus arising from revaluation of property, plant and equipment has been initially recognised under profit or loss less impairment, if there is a depreciation related to the property, plant and equipment that was previously presented under profit or loss. The decrease in the book value arising from the revaluation of the aforementioned land, buildings and land improvements has been presented under profit or loss, if the property, plant and equipment in question exceeds the balance in the revaluation fund related to the previous revaluation.

Property, plant and equipment except land and construction in progress are carried at cost less accumulated depreciation. Depreciation is provided for property, plant and equipment on a straight-line basis over their estimated useful lives. Useful life, residual value and the depreciation method are constantly reviewed, and accordingly, parallels are sought between the depreciation method and the period and the useful life to be derived from the related asset.

Property, plant and equipment are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of the asset's net selling price or value in use. Recoverable amount of the property, plant and equipment is the higher of future net cash flows from the utilisation of this property, plant and equipment or its fair value less cost to sell.
The gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss. In the disposal of the revalued property, plant and equipment, the revaluation fund related to the disposed property, plant and equipment is transferred to retained earnings.

Repairs and maintenance expenses are charged to the statements of profit or loss during the period in which they are incurred. The cost of major renovations is included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Group. Major renovations are depreciated over the remaining useful life of the related asset. All other expenses recognised in the profit or loss in the period which they incurred.

(Amounts expressed in Turkish Lira ("TL") in terms of the purchasing power of the TL as at 30 September 2024, unless otherwise indicated.)

Land is not depreciated as it is deemed to have an indefinite useful life.

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

	Economic useful lives (years)
- Land	Indefinite
- Buildings	10-50
- Plant, Machinery and Equipment	0-25
- Motor Vehicles	4-10
- Furniture and Fixtures	2-50
- Leasehold Improvements	5-10

Gains or losses on disposals of property, plant and equipment are determined by comparing proceeds with their net carrying amounts and are classified under "gains/(losses) from investing activities" in the current period.

Repairs and maintenance expenses are charged to the statements of profit or loss during the period in which they are incurred. Machinery and equipment are capitalised and amortised when their capacity is fully available for use.

2.08.04 Intangible Assets and related amortisation

Intangible assets are carried at cost value less accumulated amortization and impairment losses. These intangible assets are amortized on a straight-line basis over their estimated useful lives.

Useful life and the depreciation method are constantly reviewed, and accordingly, parallels are sought between the depreciation method and the period and the useful life to be derived from the related asset and recognised on prospective basis.

Rights and software recognized at their acquisition cost and these intangible assets are amortized on a straight-line basis over their estimated useful lives subsequently for the period between 3-10 years.

Research and development costs (R&D);

The Group started its operations regarding value-added production by establishing R&D center in its business segment in 2015 with the approval of Republic of Türkiye Ministry of Industry and Technology.
Development costs recognized under consolidated statement of other comprehensive income in the period which they incurred.

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:

• Charge all research cost to expense

• Development costs are capitalised only after technical and commercial feasibility of the asset for sale or use have been established. This means that the entity must intend and be able to complete the intangible asset and either use it or sell it and be able to demonstrate how the asset will generate future economic benefits.

If an entity cannot distinguish the research phase of an internal project to create an intangible asset from the development phase, the entity treats the expenditure for that project as if it were incurred in the research phase only.

If an intangible item does not meet both the definition of and the criteria for recognition as an intangible asset, TAS 38 requires the expenditure on this item to be recognised as an expense when it is incurred. Development costs recognized as an expense in the prior period cannot be able to capitalized in subsequent period. Capitalized development cost is depreciated using the straight-line basis over an average of 5 years over the life of the project, with the start of commercial production of the product. Its useful life should be reviewed each reporting period to determine whether events and circumstances continue to support an indefinite useful life assessment for that asset. If they do not, the change in the useful life assessment from indefinite to finite should be accounted for as a change in an accounting estimate. The research and development activities of the Group have been suspended and the existing research and development projects are still in progress.

Gains and losses arising from the disposal of intangible assets (the difference between net cash and the carrying value), recognized under consolidated statement of profit or loss in the period of disposal of intangible assets).

Intangible assets comprise of rights, computer software and capitalized development costs.

2.08.05 Impairment of Assets

Assets with an indefinite useful life, such as goodwill, are not subject to amortization. An impairment test is applied to these assets each year. For assets subject to amortization, impairment test is applied if the book value cannot be recovered. An impairment loss is recognized if the carrying amount of the asset exceeds the recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows. Non-financial assets except goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

2.08.06 Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. The financing costs of borrowings attributable to ongoing investments are capitalised until the completion of the investments. All other borrowing costs are recognized in the consolidated statement of profit or loss in the period in which they are incurred.

2.08.07 Financial Instruments

TFRS 9 "Financial Instruments"

TFRS 9 includes requirements for recognition and measurement of financial assets and liabilities. This standard replaces TAS 39 Financial Instruments: Recognition and Measurement.

The details of significant accounting policies and nature of changes in previous accounting policies are as follows:

i.) Classification of financial assets and liabilities under TFRS 9 largely preserves the existing requirements of TAS 39 for the classification and measurement of financial liabilities. However, the previous TAS 39 classification categories for financial assets, loans and receivables to be held to maturity financial assets and financial assets available for sale have been removed.

The application of TFRS 9 did not have a significant material influence on the Group's accounting policies for its financial liabilities and derivative financial instruments. The classification and measurement of the financial assets under TFRS 9 are as follows.

The classification of financial assets within the scope of TFRS 9 is generally based on the business model used by the enterprise for the management of financial assets and the characteristics of the contractual cash flows of the financial asset. Within the scope of the standard, the obligation to separate embedded derivatives from financial assets has been eliminated, and the classification of a hybrid contract as a whole should be considered.

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

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and

- it is its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt instrument at FVOCI if both of the following conditions are met and the FV is not classified as measured by the difference in profit or loss:

- The retention of the financial asset based on a business model aimed at collecting contractual cash flows and selling financial assets;
- The contractual terms of the financial asset lead to cash flows that include interest payments on principal and principal balance on certain dates.

The Group may irrevocably make preference about presentation of subsequent changes in its fair value in other comprehensive income on initial recognition of non-trading equity investment. This is made separately for each investment.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

In the first measurement of the financial assets other than the fair value changes that are reflected to the profit or loss (except for the trade receivables that are measured at the transaction cost and not having an important financing component at the time of the financial statements), the transaction costs directly attributable to the acquisition or issuance thereof are also added to the fair value.

The following accounting policies apply to the subsequent measurement of financial assets.

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in statement of profit or loss.
Financial assets at amortised cost	These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.
Debt instruments at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Equity instruments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to profit or loss.

ii) Impairment of financial assets;

TFRS 9 replaces the 'incurred loss' model in TAS 39 with an "expected credit loss" ("ECL") model. The new impairment model applies to financial assets measured at amortized cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments. Under TFRS 9, credit losses are recognized earlier than under TAS 39.

The financial assets at amortized cost consist of trade receivables and cash and cash equivalents.

Under TFRS 9, loss allowances are measured on either of the following bases: financial assets measured at amortized cost

- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument and bank balances for which credit risk has not increased significantly since initial recognition;

- 12-month ECLs: these are ECLs that result from possible default events within the 12 months after the reporting date.

The Group has elected to measure loss allowances for trade receivables and contract assets at an amount equal to lifetime ECLs. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realizing security (if any is held).

- 360 days overdue

For determining whether a financial instrument has low credit risk, it may use other methodologies that comply with a globally accepted definition of low credit risk and take into account the type and risks of the financial instruments being evaluated.

The maximum time to be measured by the ECLs is the maximum contractual period that the Group is exposed to credit risk. ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive).

For trade receivables, other receivables, other assets and contract assets the Group applies the simplified approach to providing for expected credit losses (TFRS 9 requires the use of the lifetime expected loss provision for all trade receivables). The expected credit losses were calculated based on actual credit loss experience over the past years.

Credit-impaired financial assets

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

Presentation of impairment

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. For debt securities at FVOCI, the loss allowance is recognized in OCI, instead of reducing the carrying amount of the asset.

Trade receivables

The following analysis provides further detail about the calculation of ECLs related to trade receivables and contract assets on the adoption of TFRS 9. The Group considers the model and some of the assumptions used in calculating these ECLs as key sources of estimation uncertainty. The Group performed the calculation of ECL for receivables at the reporting date and loss allowance performances in accordance with the past three year performances. Exposures within each group were segmented based on common credit risk characteristics such as credit risk grade, delinquency status, geographic region, age of relationship.

Impairment of financial assets

The Group management makes assumptions and judgments such as default risk and expected credit losses for the relevant assets when evaluating impairment on financial assets. While making these assumptions and judgments as of each balance sheet date, considering the past experiences and performances of the Group, and the current market conditions and future expectations for the market.

2.08.08 Foreign Currency Translation

Foreign currency transactions are translated into Turkish Lira using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into Turkish Lira using the exchange rates at the consolidated balance sheet date. Foreign exchange gains and losses resulting from trading activities (trade receivables and payables) denominated in foreign currencies of the Group operating in the non-finance sectors, have been accounted for under "other operating income/(expenses)".

The consolidated financial statements are presented in TL, which is Kocaer Çelik's functional and presentation currency. Transactions in currencies other than functional currency are recorded at the rates of exchange prevailing on the dates of the transactions. Foreign currency indexed monetary assets and liabilities are recorded at the rates of exchange prevailing on the balance sheet date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated to functional currency as Turkish Lira using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Currency translation differences recognized as profit or loss in the period which they incurred.

2.08.09 Earnings Per Share

Earnings per share disclosed in the statement of profit or loss are determined by dividing net income attributable to equity holders of the parent by the weighted average number of shares outstanding during the period concerned.

In Türkiye, companies can increase their share capital through a pro-rata distribution of shares ("bonus shares") to existing shareholders from retained earnings and inflation adjustment to equity. For the purpose of earnings per share computations, the weighted average number of shares in existence during the period has been adjusted in respect of bonus share issues without a corresponding change in resources, by giving them retroactive effect for the period in which they were issued and each earlier period as if the event had occurred at the beginning of the earliest period reported.

2.08.10 Events After the Reporting Period

Events after the reporting period are those events, favourable and unfavourable, that occur between the end of the reporting period and the date when the financial statements are authorised for issue. The Group adjusts the amounts recognised in its consolidated financial statements to reflect the adjusting events after the balance sheet date. If non-adjusting events after the balance sheet date have material influence on the economic decisions of users of the financial statements, they are disclosed in the notes to the consolidated financial statements.

2.08.11 Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made. Contingent liabilities are consistently reviewed prior to the probability of any cash out-flow. In case of the cash outflow is probable, provision is allocated in the financial statements of the year the probability of contingent liability accounts is changed. A provision is recognized when the Group has a present obligation (legal or constructive) as a result of a past event; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and reliable estimate can be made for the obligation. The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the statement of financial position date, taking into account the risks and uncertainties surrounding the obligation.

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

Possible assets or obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group are not included in the consolidated financial statements and treated as contingent assets or liabilities.

2.08.12 Related Parties

For the purpose of these consolidated financial statements, shareholders, parents of Kocaer Çelik Sanayi ve Ticaret Anonim Şirketi, key management personnel and Board of Directors members, their close family members and the legal entities over which these related parties exercise control and significant influence, are considered and expressed as "related parties".

2.08.13 Government Grants

The Group is entitled to have personel employment and turquality incentives and rights which are considered in the scope of government grants.

2.08.14 Taxes on Income

Income tax expense (or income) is the sum of the current tax expense and the deferred tax expense (or income).

Current tax

Current year tax liability is calculated over the taxable profit for the period. Taxable profit differs from profit as recognised in the statement of profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it excludes items that cannot be taxed or deducted. The Group's liability for current tax is calculated using legal statuory tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax assets and liabilities are determined by calculating the temporary differences between the amounts shown in the financial statements and the amounts considered in the statutory tax base in accordance with the balance sheet method. Deferred tax liabilities are recognized for all taxable temporary differences, whereas deferred tax assets resulting from deductible temporary differences are recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary difference can be utilized. Deferred tax liability or asset is not calculated in respect of temporary timing differences arising from the initial recognition of assets or liabilities other than goodwill or business combinations and which do not affect both commercial and financial profit /loss.

Deferred tax liabilities are calculated for all taxable temporary differences related to the investments in subsidiaries and associates and shares in joint ventures, except in cases where the Group is able to control the discontinuation of temporary differences and in the near future it is unlikely that such difference will be eliminated. Deferred tax assets resulting from taxable temporary differences related to such investments and shares are calculated on the condition that it is highly probable that future taxable profit will be available and that it is probable that future differences will be eliminated.

The carrying amount of the deferred tax asset is reviewed at each balance sheet date. The carrying amount of a deferred tax asset is reduced to the extent that it is no longer probable that financial profit will be available to allow the benefit of some or that entire amount.

Deferred tax assets and liabilities are calculated over the tax rates that are expected to be valid in the period when the assets are realized or the liabilities are fulfilled and legalized or substantially legalized as of the balance sheet date (tax regulations). During the calculation of deferred tax assets and liabilities, the tax consequences of the methods that the Group expects to recover or settle the carrying amount of the assets as of the balance sheet date are taken into consideration

Deferred tax assets and liabilities are recognized when there is a legal right to offset current tax assets and current tax liabilities, or if such assets and liabilities are associated with the income tax collected by the same tax authority, or if the Group intends to pay off the current tax assets and liabilities.

Current and deferred tax for the period

The deferred tax, other than those directly attributable to debt or liability recognized in equity (in which case deferred tax is recognized directly in equity) or deferred tax, other than those arising from initial recognition of business combinations, is recognized as income or expense in the statement of profit or loss. In business combinations, the tax effect is taken into consideration in the calculation of goodwill or in determining the part of the purchaser that exceeds the acquisition cost of the share of the acquiree's identifiable assets, liabilities and contingent liabilities in the fair value.

The taxes included in the consolidated financial statements include current period tax and the change in deferred taxes. The Group calculates current and deferred tax on the results for the period.

Offsetting in tax assets and liabilities

The amount of corporate tax payable is netted because it is related to prepaid corporate tax amounts. Deferred tax assets and liabilities are also offset in the same way.

2.08.15 Provision for Employment Termination Benefits

The provision for employment termination benefits, as required by Turkish Labour Law represents the present value of the future probable obligation of the Group arising from the retirement of its employees based on the actuarial projections. TAS 19 "Employee Benefits" requires actuarial assumptions (net discount rate, turnover rate to estimate the probability of retirement etc.) to estimate the entity's obligation for employment termination benefits. The effects of differences between the actuarial assumptions and the actual outcome together with the effects of changes in actuarial assumptions compose the actuarial gains/(losses) and recognised under consolidated statement of other comprehensive income.

2.08.16 Statement of Cash Flow

Cash and cash equivalents are carried at cost in the consolidated statement of financial position. Cash flows during the period are classified and reported by operating, investing and financing activities in the cash flow statements. Cash flows from operating activities represent the cash flows generated from the Group's activities such as cash on hand, bank deposits and highly-liquid investments.

Cash flows from investing activities represent the cash flows that are used in or provided from the investing activities of the Group (property, plant and equipment, intangible assets and financial assets).

Cash flows from financing activities represent the cash proceeds from the financing activities of the Group and the repayments of these funds.

2.08.17 Investment Properties

Investment properties that are held in the production of supply of goods or services of for administrative purposes or for long term rental yields or for capital appreciation or both rather than for the sale in the ordinary course of business are classified as "investment property". Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the balance sheet date. Daily repair and maintenance is not included in the aforementioned costs. Gains or losses arising from changes in the fair values of investment properties are included in the statement of profit or loss in the year in which they arise. Investment properties are derecognized when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognized in the statement of profit or loss and other comprehensive income in the year of retirement or disposal.

Investment properties has been revaluated by the appraisal firm Elit Gayrimenkul Değerleme Anonim Şirketi authorized by CMB. In accordance with the appraisal report prepared by the firm, investment properties carried at their fair value on 8 April 2022 in the accompanying consolidated financial statements for the interim period ended 30 September 2024. The detailed information regarding investment properties is disclosed under **Note 17**.

2.08.18 Leases

Group - as a lessee

For lease contracts before 1 January 2019, whether the contract is, a or contains, a lease based on the substance of the relevant agreement;

(a) whether the performance of the contract depends on the use of a particular asset or assets; and
(b) making an assessment as to whether the contract transfers the right to use the relevant asset.

The Group has applied predecessor TFRS 16 "Leases" standard to contracts contain leases by applying TAS 17 "Leases" and TFRIC Interpretation 4 "Determining whether an Arrangement Contains a Lease". TFRS 16 "Leases" standard has not been applied to the contracts that were previously defined as not contains a lease by applying TAS 17 "Leases" and TFRIC Interpretation 4 "Determining whether an Arrangement Contains a Lease". Therefore, prior year consolidated financial statements are not restated and the consolidated financial statements are presented in accordance with TAS 17 "Leases" and TFRIC Interpretation 4 "Determining whether an Arrangement Contains a Lease". The Group as a lessee has classified the lease where the risks and benefits of ownership of the underlying asset previously subject to lease belong to the group as finance lease. Other leases classified as operating leases. As of 1 January 2019, which is the transition date to TFRS 16 "Leases" standard, the

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

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date. Lease payments included in the measurement of the lease liability comprise the following:

- The Group has applied a single discount rate to a portfolio of leases with reasonably certain in nature.
- As an alternative to reviewing the impairment, the Group has made its assessment of whether the leases are economically disadvantaged or not by applying TAS 37 "Provisions, Contingent Liabilities and Contingent Assets" just before the initial transition.
- The Group has applied previous performance, trends and experiences for determining the lease term for lease contracts tha include terminate and extension options.

The Group recognises a right-of-use asset and a lease liability at the commencement date of the lease following the consideration of the above mentioned factors. At the commencement date, the Group measures the right-of-use asset at cost. The cost of the right-of-use asset comprises:

a) The amount of the initial measurement of the lease liability,
b) Any lease payments made at or before the commencement date, less any lease incentives received,
c) Any initial direct costs incurred by the Group, and
d) An estimate of costs to be incurred by the Group in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease (unless those costs are incurred to produce inventories).
When applying the cost model, the Group measures the right-of-use asset at cost:

a) Less any accumulated depreciation and any accumulated impairment losses; and
b) Adjusted for any remeasurement of the lease liability.

The Group applies the depreciation requirements in TAS 16 "Property, Plant and Equipment" in depreciating the right-of-use asset. In the event that the supplier transfers the ownership of the underlying asset to the Group at the end of the lease term or if the cost of use rights indicates that the Group will use a purchase option, the Group depreciates the right of use asset from the effective date of the lease to the end of the useful life of the underlying asset. In other cases, the Group depreciates the right of use assets on the basis of the shorter of the useful life or the lease term of the asset, starting from the effective date of the lease.

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

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

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

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

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

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

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

a) Increasing the carrying amount to reflect interest on the lease liability,
b) Reducing the carrying amount to reflect the lease payments made, and
c) Remeasuring the carrying amount to reflect any reassessment or lease modifications. The Group recognises the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

The interest on the lease liabilities for each period in the lease term is the amount found by applying a fixed periodic interest rate to the remaining balance of the lease liabilities. The periodic interest rate, if easily determined, is the implied interest rate on the lease. If this rate cannot be easily determined, the Group uses the Group's incremental borrowing interest rate.

After the effective date of the lease, the Group remeasures the lease liabilities to reflect changes in lease payments. The Group reflects the remeasurement amount of the lease liabilities to the consolidated financial statements as an adjustment to the right of use assets.

The Group remeasures its lease liabilities by deducting the adjusted lease payments at a revised discount rate if either of the following conditions occurs:

(a) A change in the lease term. The Group determines adjusted lease payments based on the adjusted lease term.

(b) A change in these payments as a result of an index or rate change used to determine future lease payments. The Group remeasures the lease liabilities to reflect the adjusted lease payments only when there is a change in cash flows.

The Group calculates the adjusted discount rate for the remainder of the lease term if the implicit interest rate in the lease can be easily determined; if it cannot be easily determined, the Group determines the alternative borrowing interest rate at the date of the revaluation.

The Group remeasures its lease liabilities by reducing the adjusted lease payments if either of the following conditions incurred:

(a) Changes in the amounts expected to be paid under a residual value commitment. The Group determines the adjusted lease payments to reflect the change in the amounts expected to be paid under the residual value commitment.

(b) A change in these payments as a result of an index or rate change used to determine future lease payments. The Group remeasures the lease liabilities to reflect the adjusted lease payments only when there is a change in cash flows.

The Group determines the adjusted lease payments for the remaining lease term based on the adjusted contractual payments. In this case, the Group uses an unchanged discount rate.
The Group recognizes the restructuring of the lease as a separate lease if both of the following conditions are met:

(a) The restructuring shall extend the scope of the lease by adding the right of use on one or more underlying assets; and

(b) The increase in the lease amount by the appropriate price adjustment to reflect the price of the increase alone and the terms of the relevant contract.

Right of use assets of the Group is disclosed under **Note 14**.

Group - as a Lessor

The Group classifies each of the leases as operating leases or finance leases. A lease is classified as a finance lease when all risks and gains of ownership of the underlying asset are substantially transferred. A lease is classified as an operating lease if all risks and gains of ownership of the underlying asset are not substantially transferred. For a contract that includes one or more additional leasing components or not carrying a component, the Group distributes the contractual value by applying TFRS 15, "Revenue from Contracts with Customers".

2.09 Significant Accounting Judgements, Estimates and Assumptions

The preparation of the consolidated financial statements in accordance with TFRS requires management to make estimates and assumptions that are reflected in the measurement of income and expense in the statement of profit or loss and in the carrying value of assets and liabilities in the statement of financial position, and in the disclosure of information in the notes to the financial statements. Managements do exercise judgment and make use of information available at the date of the preparation of the financial statements in making these estimates. The actual future results from operations in respect of the areas where these judgments and estimates have been made may in reality be different than those estimates.

The key assumptions concerning the future and other key resources of estimation at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year and the significant judgments (apart from those involving estimations) with the most significant effect on amounts recognized in the consolidated financial statements are as follows:

a) Provision for employment termination benefits is determined by using actuarial assumptions (discount rates, future salary increases and employee exit rates) **(Note 24)**.

b) The Group has been applied revaluation model on property, plant and equipment and investment properties in the accompanying consolidated financial statements. The fair value of property, plant and equipment and investment properties have been determined by appraisal firm authorized by CMB **(Note 17 and 18)**.

c) The Group depreciates its property, plant and equipment and intangible assets on a straight-line basis over their useful lives. Expected useful life residual value and amortization method are reviewed every year for possible effects of changes in estimates and are accounted for prospectively if there is a change in estimates **(Note 2.08.03-2.08.04)**.

d) On the provision for lawsuits, the probability of losing these cases regarding collecting the receivables and the consequences to be faced if these cases are lost evaluated in accordance with the opinions of the Group's legal counsel as of 30 September 2024 and 31 December 2023 **(Note 22)**.

e) In determining the impairment of trade receivables, creditworthiness of debtors, past payment performances and restructuring conditions, collaterals of mortgages and receivable insurance amounts taken into consideration. In accordance with the transition to TFRS 9 "Expected Credit Loss" (ECL) has been superseeded TAS 39 "Incurred Loss" model **(Note 10)**.

f) The Group has calculated the deferred tax in accordance with TAS and TFRS and reflected to the consolidated financial statements **(Note 35)**.

g) The physical properties of the inventories and the past are examined in relation to the inventory impairment, the availability of the personnel is determined according to the opinions of the technical personnel and provision is made for the items that are estimated to be unavailable. Average sales prices are used to determine the net realizable value of inventories and provision for impairment is allocated in the accompanying consolidated financial statements when net realizable value is below the cost. The information about the inventory impairment that has been set as of the balance sheet date is given in **Note 13**.

2.10 Dividends

Common shares are classified as equity. Dividends on common shares are recognized in equity less retained earnings in the period in which they are approved and declared.

2.11 Going Concern

As of 30 September 2024, the Group has prepared its consolidated financial statements with the assumption on the Group's ability to continue its operations in the foreseeable future as a going concern basis of accounting.

2.12 New and Revised Turkish Financial Reporting Standards

The new standards, amendments, and interpretations

The accounting policies adopted in preparation of the consolidated financial statements as of 30 September 2024 are consistent with those of the previous financial year, except for the adoption of new and amended Turkish Accounting Standards ("TFRS/TAS") and interpretations effective as of 1 January 2024 and thereafter. The effects of these standards and interpretations on the Group's financial position and performance have been disclosed in the related paragraphs.

The new standards, amendments and interpretations and interpretations to the existing previous standards which are effective as of 30 September 2024 are as follows:

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

The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. Amendments to TAS 1 are effective for annual reporting periods beginning on or after 1 January 2024 and earlier application is permitted. The amendments have no material influence on the financial position or performance of the Group.

Amendments to TFRS 16 Lease Liability in a Sale and Leaseback

Amendments to TFRS 16 clarify how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements in TFRS 15 to be accounted for as a sale. Amendments are effective from annual reporting periods beginning on or after 1 January 2024. . The amendments have no material influence on the financial position or performance of the Group.

Amendments to TAS 1 Non-current Liabilities with Covenants

Amendments to TAS 1 clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. Amendments are effective from annual reporting periods beginning on or after 1 January 2024. The amendments have no material influence on the financial position or performance of the Group.

Amendments to TAS 7 and TFRS 7 Supplier Finance Arrangements

The amendments add disclosure requirements, and 'signposts' within existing disclosure requirements that ask entities to provide qualitative and quantitative information about supplier finance arrangements. Amendments are effective from annual reporting periods beginning on or after 1 January 2024. The amendments have no material influence on the financial position or performance of the Group.

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

TSRS 1 sets out overall requirements for sustainability-related financial disclosures with the objective to require an entity to disclose information about its sustainability-related risks and opportunities that is useful to primary users of general purpose financial reports in making decisions relating to providing resources to the entity. The application of this standard is mandatory for annual reporting periods beginning on or after 1 January 2024 for the entities that meet the criteria specified in POA's announcement dated 5 January 2024 and numbered 2024-5 and for banks regardless of the criteria. Other entities may voluntarily report in accordance with TSRS. The standard has no material influence on the financial position or performance of the Group.

TSRS 2 Climate-related Disclosures

TSRS 2 sets out the requirements for identifying, measuring and disclosing information about climaterelated risks and opportunities that is useful to primary users of general purpose financial reports in making decisions relating to providing resources to the entity. The application of this standard is mandatory for annual reporting periods beginning on or after 1 January 2024 for the entities that meet the criteria specified in POA's announcement dated 5 January 2024 and numbered 2024-5 and for banks regardless of the criteria. Other entities may voluntarily report in accordance with TSRS. The standard has no material influence on the financial position or performance of the Group.

Standards issued but not yet effective and not early adopted as of 30 September 2024

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

TFRS 17 Insurance Contracts

Amendments to TFRS 17 Initial Application of TFRS 17 and TFRS 9 — Comparative Information (Amendment to TFRS 17)

Amendments to TAS 21 Lack of Exchangeability

NOTE 3 – BUSINESS COMBINATIONS

Business combination transactions with non-controlling interests

Business combinations are accounted for by using the acquisition method in the scope of TFRS 3 "Business combinations". Any excess of the cost of acquisition over the acquirer's interest in the (i) net fair value of the acquiree's identifiable assets and contingent liabilities as of the acquisition date, (ii) amount of any non-controlling interest in the acquired entity and (iii) fair value of any equity interest previously held by acquirer is accounted for as goodwill. f those amounts are less than fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss. Goodwill recognised in business combinations is tested for impairment annually or more frequently if events or changes in circumstances indicate impairment, instead of amortisation. Identifiable assets, liabilities and contingent liabilities of the business acquired are measured initially at their fair values at the acquisition date and any difference exceeding the initial acquisition cost directly recognised under profit or loss in the scope of TFRS 3. For share acquisitions from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is deducted from equity. Gains or losses on disposals to non-controlling interests are also recognised in equity. Consolidation is based on the concept of 'control' and changes in ownership interests while control is maintained are accounted for as transactions between owners as owners in equity for the annual periods beginning on or after 1 July 2009 in accordance with the TAS 27 (Revised) standard. The Group has no business combination transactions with non-controlling interests and relevant acquisitions at the end of the interim reporting period in accordance with the TFRS 3.

(Amounts expressed in Turkish Lira ("TL") in terms of the purchasing power of the TL as at 30 September 2024, unless otherwise indicated.)

As of 30 September 2024 and 31 December 2023, the Group has no acquisitions under business combinations in accordance with TFRS 3.

Business combinations under common control
Legal mergers among the entities controlled by the Group are not evaluated within the scope of the "TFRS 3 (Revised) Business Combinations" standard. Acccordingly, in the absence of a specifically applicable IFRS Standard, the receiving company is required to develop its own accounting policy for business combinations under common control, applying the requirements on selecting accounting policies in TAS 8 Accounting Policies, Changes in Accounting Estimates and Errors in accordance with the paragraphs 10 and 12 presented under "POA" which describes applications and policies regarding business combinations under common control. The financial statements of the acquired entities have been consolidated from the beginning of the financial year in which the business combination occurs. Prior period consolidated financial statements have been restated in the same manner for comparability purposes. As a result of these transactions, no goodwill or negative goodwill has been calculated. Any difference between the consideration paid and the share capital of the acquired entity are accounted under equity as "Business combinations under common control" included in retained earnings.

NOTE 4 - DISCLOSURE OF INTERESTS IN OTHER ENTITIES

None.

NOTE 5 - SEGMENT REPORTING

The reportable segments of Kocaer Çelik have been organized by the Group management which are strategic businessess that present various products and services. Those segments include steel, transportation, energy, foreign trade and various other sectors.

Operating segments which have been prepared in accordance with the reportable segments of Kocaer Çelik for the interim periods ended 30 September 2024 and 2023 are as follows:

30.09.2024

	Steel	Transportation	Energy	Foreign trade - Kcr	Elimination/ Adjustments	Total
Revenue	13.398.251.611	150.364.323	110.784	1.026.955.547	(1.504.583.908)	13.071.098.357
Cost of Sales (-)	(11.088.392.576)	(127.538.200)	(73.824)	(1.020.388.991)	1.504.941.851	(10.731.451.740)
Gross Profit from Non-Finance Sector Operations	**2.309.859.035**	**22.826.123**	**36.960**	**6.566.556**	357.943	**2.339.646.617**
GROSS PROFIT	**2.309.859.035**	**22.826.123**	**36.960**	**6.566.556**	**357.943**	**2.339.646.617**
Marketing, Sales and Distribution Expenses (-)	(682.938.503)	-	(898)	(700.140)	1.386.660	(682.252.881)
General Administrative Expenses (-)	(243.155.104)	(2.438.091)	(819.957)	(5.657.047)	-	(252.070.199)
Research and Development Expenses (-)	(11.305.190)	-	-	-	-	(11.305.190)
Other Operating Income	480.127.397	1.556.430	1.122.439	(69.746)	(6.755.083)	475.981.437
Other Operating Expenses (-)	(733.342.904)	(537.292)	(308.752)	(10.850)	5.010.480	(729.189.318)
OPERATING PROFIT	**1.119.244.731**	**21.407.170**	**29.792**	**128.773**	**-**	**1.140.810.466**
Gains from investment activities	387.219.224		-	-	-	387.219.224
Losses from investment activities (-)	(1.767.009)		-	-	-	(1.767.009)
OPERATING PROFIT BEFORE FINANCIAL INCOME/(EXPENSE)	**1.504.696.946**	**21.407.170**	**29.793**	**128.773**	**-**	**1.526.262.681**
Financial Income	91.365.473	2.654	866.758	26.231.797	-	118.466.682
Financial Expenses (-)	(1.016.792.491)	(4.291)	(773.461)	(26.217.102)	-	(1.043.787.345)
Net Monetary Position Gains/(Losses)	(624.887.876)	(18.571.093)	70.226.191	20.951	106.975.556	(466.236.271)
PROFIT BEFORE TAX	**(45.617.948)**	**2.834.440**	**70.349.280**	**164.419**	**106.975.556**	**134.705.747**

(Amounts expressed in Turkish Lira ("TL") in terms of the purchasing power of the TL as at 30 September 2024, unless otherwise indicated.)

30.09.2023

	Steel	Transportation	Elimination/ Adjustments	Total
Revenue	16.183.649.078	137.626.843	(766.934.865)	15.554.341.056
Cost of Sales (-)	(13.733.905.357)	(107.630.430)	793.709.312	(13.047.826.475)
Gross Profit from Non-Finance Sector Operations	**2.449.743.721**	**29.996.413**	**26.774.447**	**2.506.514.581**
GROSS PROFIT	**2.449.743.721**	**29.996.413**	**26.774.447**	**2.506.514.581**
Marketing, Sales and Distribution Expenses (-)	(737.930.753)	-	-	(737.930.753)
General Administrative Expenses (-)	(194.044.561)	(2.265.939)	10.201.399	(186.109.101)
Research and Development Expenses (-)	(5.988.962)	-	-	(5.988.962)
Other Operating Income	816.025.569	271.070	(16.468.309)	799.828.330
Other Operating Expenses (-)	(381.488.641)	(306.176)	16.468.309	(365.326.508)
OPERATING PROFIT	**1.946.316.373**	**27.695.368**	**36.975.846**	**2.010.987.587**
Gains from investment activities	534.585.301	50.639	-	534.635.939
Losses from investment activities (-)	(22.938.233)	(174.035)	-	(23.112.268)
OPERATING PROFIT BEFORE FINANCIAL INCOME/(EXPENSE)	**2.457.963.441**	**27.571.972**	**36.975.846**	**2.522.511.258**
Financial Income	373.142.135	15.700	(80)	373.157.755
Financial Expenses (-)	(1.335.717.644)	(6.019)	(12.330.734)	(1.348.054.396)
Net Monetary Position Gains/(Losses)	498.461.327	(41.536.692)	(499.114.153)	(42.189.518)
PROFIT BEFORE TAX	**1.993.849.259**	**(13.955.039)**	**(474.469.121)**	**1.505.425.099**

NOTE 6 - CASH AND CASH EQUIVALENTS

As of 30 September 2024 and 31 December 2023, the functional breakdown of cash and cash equivalents is as follows:

Account Name	30.09.2024	31.12.2023
Cash on hand	112.697	156.890
Banks	1.074.738.873	915.434.066
- Demand deposits	478.474.392	807.239.486
- Time deposits	596.264.481	108.194.580
Cash and cash equivalents, net	**1.074.851.570**	**915.590.956**

As of 30 September 2024 and 31 December 2023, the functional breakdown of cash on hand is as follows:

		30.09.2024		31.12.2023
Cash on hand	**Original currency amount**	**TL equivalent**	**Original currency amount**	**TL equivalent**
TL	14.949	14.949	64.328	64.328
USD	300	10.220	3	120
EUR	2.293	87.528	2.090	92.442
Total		**112.697**		**156.890**

As of 30 September 2024 and 31 December 2023, the functional breakdown of banks is as follows:

		30.09.2024		31.12.2023
Banks	**Original currency amount**	**TL equivalent**	**Original currency amount**	**TL equivalent**
TL	612.535.676	612.535.676	117.347.129	117.347.129
USD	10.255.008	349.911.113	14.731.636	589.189.403
EUR	2.049.675	78.238.951	624.921	27.655.893
GBP	747.750	34.053.133	3.562.950	181.241.641
Total		**1.074.738.873**		**915.434.066**

As of 30 September 2024 and 31 December 2023, the breakdown of time deposits including maturity analysis and annual effective interest rates is as follows:

		30.09.2024		31.12.2023
Banks	**Original currency amount**	**Annual effective interest rate (%)**	**Original currency amount**	**Annual effective interest rate (%)**
TL	596.264.481	44% - 47%	108.194.580	29% -38%
Total	**596.264.481**		**108.194.580**	

Maturity	30.09.2024	31.12.2023
1-30 days	596.264.481	108.194.580
Total	**596.264.481**	**108.194.580**

As of 30 September 2024 and 31 December 2023, the Group has no blocked deposits.

(Amounts expressed in Turkish Lira ("TL") in terms of the purchasing power of the TL as at 30 September 2024, unless otherwise indicated.)

NOTE 7 - FINANCIAL INVESTMENTS

As of 30 September 2024 and 31 December 2023, the breakdown and details of short-term financial investments are as follows:

Account Name	30.09.2024	31.12.2023
Financial assets at fair value through profit or loss (*)	991.624.572	925.100.216
Short-term financial investments, net	**991.624.572**	**925.100.216**

(*) Financial assets at fair value through profit or loss comprise of equity securities and fund accounts. These relevant accounts are carried at their fair value in the accompanying consolidated financial statements as of 30 September 2024.

As of 30 September 2024 and 31 December 2023, the breakdown and details of long-term financial investments are as follows:

Account Name	30.09.2024	31.12.2023
Kocaer Steel Ireland Limited (*)	4.243	4.243
Total	**4.243**	**4.243**

(*)Kocaer Steel Ireland Limited was established on 23 November 2022 by Kocaer Steel UK LTD and included in the scope of consolidation. The share capital of Kocaer Steel Ireland Limited is amounting to EUR 100. The reason of the establishment of Kocaer Steel Ireland Limited is increasing exports in the European market. As of 30 September 2024, Kocaer Steel Ireland Limited is inactive and has not been carrying on any business or operation.

NOTE 8 – BORROWINGS

As of 30 September 2024 and 31 December 2023, the detailed analysis of short-term borrowings is as follows:

Account Name	30.09.2024	31.12.2023
Bank borrowings	4.853.192.019	2.608.759.195
Finance lease liabilities	19.556.839	70.897.627
Lease liabilities	5.667.725	2.836.345
Other	17.076.388	1.951.065
Short-term borrowings, net	**4.895.492.971**	**2.684.444.232**

As of 30 September 2024 and 31 December 2023, the breakdown of short-term portion of long-term borrowings is as follows:

Account Name	30.09.2024	31.12.2023
Principal and interest installments of long-term borrowings	292.048.704	383.902.872
Short-term portion of long-term borrowings, net	**292.048.704**	**383.902.872**

As of 30 September 2024 and 31 December 2023, the detailed analysis of long-term borrowings is as follows:

Account Name	30.09.2024	31.12.2023
Bank borrowings	-	856.333.362
Finance lease liabilities	10.152.470	27.624.480
Lease liabilities	156.434.652	195.817.044
Long-term borrowings, net	**166.587.122**	**1.079.774.886**

Repayment schedule of borrowings is as follows:

Bank borrowings (Loans)	30.09.2024	31.12.2023
0-3 months	4.870.268.407	1.298.057.033
4-12 months	292.048.704	1.696.556.099
13-36 months	-	856.333.362
Total	**5.162.317.111**	**3.850.946.494**

Finance lease liabilities	30.09.2024	31.12.2023
0-3 months	5.351.809	27.431.881
4-12 months	14.205.030	43.465.746
1 year and over	10.152.470	27.624.480
Total	**29.709.309**	**98.522.107**

Lease liabilities	30.09.2024	31.12.2023
0-3 months	3.064.625	1.081.521
4-12 months	2.603.100	1.754.824
13-36 months	156.434.652	195.817.044
Total	**162.102.377**	**198.653.389**

(Amounts expressed in Turkish Lira ("TL") in terms of the purchasing power of the TL as at 30 September 2024, unless otherwise indicated.)

Annual effective interest rates of borrowings in terms of currencies are as follows:

30.09.2024

Currency	Original currency amount	TL equivalent (Valuation)	Annual effective interest rate (%)
TL	1.008.175.912	1.008.175.912	6%-20%
EUR	26.601.517	1.017.247.313	3% - 6%
USD	82.800.398	2.830.324.606	4%-7%
GBP	2.957.032	306.569.280	7.50%
Total		**5.162.317.111**	

31.12.2023

Currency	Original currency amount	TL equivalent (Valuation)	Annual effective interest rate (%)
TL	1.446.328.769	1.446.328.769	4.09%-40.50%
EUR	4.334.337	192.449.769	2.17% - 4.76%
USD	44.626.042	1.790.710.574	4.86%-10.88%
GBP	8.285.246	421.457.382	7.50%
Total		**3.850.946.494**	

Annual effective interest rates of finance leases in terms of currencies are as follows:

30.09.2024

Currency	Original currency amount	TL equivalent (Valuation)	Annual effective interest rate (%)
EUR	20.222	771.908	7%-8%
USD	1.136.789	28.937.401	5%
Total		**29.709.309**	

31.12.2023

Currency	Original currency amount	TL equivalent (Valuation)	Annual effective interest rate (%)
TL	109.194	109.194	13%
EUR	127.140	5.645.163	4%-9%
USD	2.311.852	92.767.750	5%-7%
Total		**98.522.107**	

NOTE 9 - OTHER FINANCIAL LIABILITIES

None.

NOTE 10 - TRADE RECEIVABLES AND PAYABLES

As of 30 September 2024 and 31 December 2023, the breakdown of short-term trade receivables is as follows:

Account Name	30.09.2024	31.12.2023
Trade Receivables from Third Parties	3.313.907.203	1.692.762.448
-Customers	*2.332.081.099*	*1.478.194.008*
-Notes receivables	*981.826.104*	*214.568.440*
- Doubtful trade receivables	*17.005.677*	*20.269.366*
- Provision for doubtful trade receivables (-)	*(17.005.677)*	*(20.269.366)*
Trade Receivables from Related Parties (Note 37)	15.665.792	12.057.710
Short-term trade receivables, net	**3.329.572.995**	**1.704.820.158**

The movements of provision for doubtful receivables are as follows:

	01.01.2024 30.09.2024	01.01.2023 30.09.2023
Beginning of the period – 1 January	20.269.366	40.555.429
Increases during the period	6.157.977	7.348.023
Provisions no longer required	(3.830.425)	(4.252.882)
Inflation adjustments	(5.591.241)	(23.462.308)
End of the period – 30 September	**17.005.677**	**20.188.262**

The Group has been organized its sales mainly from according to custmers orders. A significant portion of domestic and foreign sales are made under the scope of receivables insurance, and foreign sales are made within the scope of confirmed letter of credit. Accordingly, the Group mitigates the risk arising from its sales with avoiding losses on cash flow.

As of 30 September 2024 and 31 December 2023, the Group has no long-term trade receivables.

(Amounts expressed in Turkish Lira ("TL") in terms of the purchasing power of the TL as at 30 September 2024, unless otherwise indicated.)

As of 30 September 2024 and 31 December 2023, the breakdown of short-term trade payables is as follows:

Account Name	**30.09.2024**	**31.12.2023**
Trade Payables to Third Parties	2.549.777.264	1.679.105.085
- Suppliers	*2.499.777.264*	*1.679.105.085*
-Notes payable	*50.000.000*	-
Short-term trade payables, net	**2.549.777.264**	**1.679.105.085**

As of 30 September 2024 and 31 December 2023, the Group has no long-term trade payables.

NOTE 11 - OTHER RECEIVABLES AND PAYABLES

As of 30 September 2024 and 31 December 2023, the detailed analysis of short-term other receivables is as follows:

Account Name	**30.09.2024**	**31.12.2023**
Other Receivables from Third Parties	427.177.646	265.920.700
- Deposits and guarantees given	*7.317.294*	*8.822.860*
- Due from tax office	*277.942.021*	*244.906.605*
- Due from employee	*2.213.084*	*1.277.202*
- Other	*139.705.247*	*10.914.033*
Other Receivables from Related Parties (Note 37)	3.988.787	41.180.216
Short-term other receivables, net	**431.166.433**	**307.100.916**

As of 30 September 2024 and 31 December 2023, the details of long-term other receivables are as follows:

Account Name	**30.09.2024**	**31.12.2023**
Other Receivables from Third Parties	4.777.027	2.895.549
- Deposits and guarantees given	*4.777.027*	*2.895.549*
Long-term other receivables, net	**4.777.027**	**2.895.549**

As of 30 September 2024 and 31 December 2023, the details of short-term other payables are as follows:

Account Name	**30.09.2024**	**31.12.2023**
Other Payables to Third Parties	38.781.128	127.735.064
- VAT payable	*73.366*	*37.527.168*
- Other liabilities	*313.172*	*262.700*
- Taxes payable	*37.676.569*	*89.743.362*
- Other payables	*718.021*	*201.834*
Other Payables to Related Parties (Note 37)	-	35.638.813
Short-term other payables, net	**38.781.128**	**163.373.877**

As of 30 September 2024 and 31 December 2023, the Group has no long-term other payables.

NOTE 12 - DERIVATIVE INSTRUMENTS

The breakdown of short-term derivative instruments as of 30 September 2024 and 31 December 2023 is as follows:

Account Name	**30.09.2024**	**31.12.2023**
Derivative assets	29.261.621	152.078.672
Total	**29.261.621**	**152.078.672**

The breakdown of long-term derivative instruments as of 30 September 2024 and 31 December 2023 is as follows:

Account Name	**30.09.2024**	**31.12.2023**
Derivative assets	20.116.354	27.330.079
Total	**20.116.354**	**27.330.079**

The Group uses hedge accounts on its consolidated statement of financial position by borrowing in the same currency against the foreign currency denominated risks arising from the foreign currency sales amounts to be realized in the subsequent periods within the scope of the agreements.

In this context, repayments of foreign currency denominated borrowings, which are subject to hedge accounting and determined as hedging instrument, are made with foreign currency sales cash flows that are realized on closing dates and determined as hedged item within the scope of hedge accounting.

In accordance with the currency risk management strategy determined by the Group management, unrealized firm commitment applies hedge accounting to hedge the currency risk component of the fair value risk and hedge the cash flow risk of the highly probable forecast transaction currency risk component and is formed on the hedged item and the hedging instrument. The Group aims to present a precise statement of profit or loss by netting the foreign exchange rate fluctuations that have not yet been realized and by following the currency fluctuations of bank borrowings, which are defined as hedge instruments, under the consolidated statement of other comprehensive income.

(Amounts expressed in Turkish Lira ("TL") in terms of the purchasing power of the TL as at 30 September 2024, unless otherwise indicated.)

NOTE 13 – INVENTORIES

As of 30 September 2024 and 31 December 2023, the breakdown of inventories is as follows:

Account Name	30.09.2024	31.12.2023
Raw materials and supplies	1.039.922.689	1.045.995.520
Finished goods	1.524.093.153	1.955.966.736
Merchandise	667.186.611	873.871.248
Other inventories	325.883.801	11.398.973
Total	**3.557.086.254**	**3.887.232.477**

The Group has no provision for impairment on inventories.

NOTE 14 – RIGHT OF USE ASSETS

As of 30 September 2024 and 2023, the movements for right of use assets, and related depreciation are as follows:

30.09.2024

Cost	Opening balance – 1 January 2024	Additions	Disposals	Currency translation differences	Closing balance – 30 September 2024
Motor vehicles	26.540.243	12.552.311	-	-	39.092.554
Buildings	332.203.163	5.256.492	-	(32.475.140)	304.984.515
Total	**358.743.406**	**17.808.803**	**-**	**(32.475.140)**	**344.077.069**

Accumulated depreciation (-)	Opening balance – 1 January 2024	Current period depreciation	Disposals	Currency translation differences	Closing balance – 30 September 2024
Motor vehicles	(20.210.364)	(15.508.059)	-	-	(35.718.423)
Buildings	(73.902.525)	(9.361.995)	-	-	(83.264.520)
Total	**(94.112.889)**	**(24.870.054)**	**-**	**-**	**(118.982.943)**
Net book value	**264.630.517**				**225.094.126**

30.09.2023

Cost	Opening balance – 1 January 2023	Additions	Disposals	Currency translation differences	Closing balance – 30 September 2023
Motor vehicles	25.660.171	880.072	-	-	26.540.243
Buildings	269.244.137	-	-	(2.420.297)	266.823.840
Total	**294.904.308**	**880.072**	**-**	**(2.420.297)**	**293.364.083**

Accumulated depreciation (-)	Opening balance – 1 January 2023	Current period depreciation	Disposals	Currency translation differences	Closing balance – 30 September 2023
Motor vehicles	(15.541.363)	(4.109.312)	-	-	(19.650.675)
Buildings	(40.097.179)	(18.444.912)	-	-	(58.542.091)
Total	**(55.638.542)**	**(22.554.224)**	**-**	**-**	**(78.192.766)**
Net book value	**239.265.766**				**215.171.317**

NOTE 15 - PREPAID EXPENSES AND DEFERRED INCOME

As of 30 September 2024 and 31 December 2023, the breakdown of short-term prepaid expenses is as follows:

Account Name	30.09.2024	31.12.2023
Prepaid Expenses to Third Parties	175.862.716	126.173.859
Short-term prepaid expenses	*23.589.611*	*26.090.155*
Advances given for purchases	*151.894.465*	*99.439.445*
Advances given to employee	*201.875*	*415.779*
Business cash advances	*176.765*	*228.480*
Short-term prepaid expenses, net	**175.862.716**	**126.173.859**

As of 30 September 2024 and 31 December 2023, the breakdown of long-term prepaid expenses is as follows:

Account Name	30.09.2024	31.12.2023
Prepaid Expenses to Third Parties	94.314.975	63.168.574
Advances given for non-current assets	*94.314.975*	*63.168.574*
Long-term prepaid expenses, net	**94.314.975**	**63.168.574**

(Amounts expressed in Turkish Lira ("TL") in terms of the purchasing power of the TL as at 30 September 2024, unless otherwise indicated.)

As of 30 September 2024 and 31 December 2023, the breakdown of short-term deferred income is as follows:

Account Name	30.09.2024	31.12.2023
Deferred Income from Third Parties	709.341.959	763.005.027
Advances received (*)	*709.341.959*	*763.005.027*
Short-term deferred income, net	**709.341.959**	**763.005.027**

(*) Includes advances received from domestic and foreign customers

As of 30 September 2024 and 31 December 2023, the Group has no long-term deferred income.

NOTE 16 - INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

As of 20 May 2022, Kocaer Metal Sanayi ve Ticaret Anonim Şirketi has been in liquidation process. The relevant matter was published in Official Gazette on 26 May 2022 and numbered 10585. Accordingly, Kocaer Metal Sanayi ve Ticaret Anonim Şirketi entered into liquidation process and has no material influence on the consolidated financial statements and therefore, provision for impairment was allocated in the accompanying consolidated financial statemets and Kocaer Metal was not considered as an investment accounted for using the equity method for the year ended 31 December 2022. The liquidation process of Kocaer Metal was completed as of 22 March 2023 and the relevant completion of the liquidation process was published in Official Gazette on 22 March 2023 and numbered 10795.

NOTE 17 - INVESTMENT PROPERTIES

As of 30 September 2024 and 2023, the functional breakdown and relevant financial information regarding investment properties are as follows:

30.09.2024

Cost	Opening balance – 1 January 2024	Additions	Disposals	Closing balance – 30 September 2024
Land	186.325.197	-	-	186.325.197
Buildings	202.465.365	244.898	-	202.710.263
Total	**388.790.562**	**244.898**	**-**	**389.035.460**

The fair value of the investment properties was determined as of 20 December 2023 and the changes in fair value were reflected to the consolidated financial statements for the interim period ended 30 September 2024. In the determination of the fair values of the investment properties as of 20 December 2023, the fair values determined as a result of the appraisal studies carried out by Elit Gayrimenkul Değerleme Anonim Şirketi, which is authorized by the Capital Markets Board for the valuation of investment properties and those values have been reflected to the accompanying consolidated financial statements. The detailed information of investment properties is as follows:

30.09.2023

Cost	Opening balance – 1 January 2023	Additions	Disposals	Closing balance – 30 September 2023
Land	158.762.011	-	-	158.762.011
Buildings	192.061.867	150.889	-	192.212.756
Total	**350.823.878**	**150.889**	**-**	**350.974.767**

NOTE 18 - PROPERTY, PLANT AND EQUIPMENT

As of 30 September 2024 and 2023, the movements for property, plant and equipment, and related depreciation are as follows:

30.09.2024

Cost	Opening balance – 1 January 2024	Additions	Disposals	Closing balance – 30 September 2024
Land	3.107.166.637	51.709.158	-	3.158.875.795
Land improvements	45.950.677	3.484.204	-	49.434.881
Buildings	1.643.558.999	24.515.559	-	1.668.074.558
Plant, machinery and equipment	2.809.437.941	385.338.972	(3.277.907)	3.191.499.006
Motor vehicles	278.416.713	47.214.982	(8.307.542)	317.324.153
Furniture and fixtures	164.192.148	9.215.806	-	173.407.954
Other property, plant and equipment	375.828	-	-	375.828
Leasehold improvements	7.835.334	-	-	7.835.334
Constructions in progress	1.125.120.165	393.306.682	-	1.518.426.847
Total	**9.182.054.442**	**914.785.363**	**(11.585.449)**	**10.085.254.356**

Accumulated depreciation (-)	Opening balance – 1 January 2024	Current period depreciation	Disposals	Closing balance – 30 September 2024
Land improvements	(19.520.055)	(2.101.626)	-	(21.621.681)
Buildings	(220.448.354)	(30.274.589)	-	(250.722.943)
Plant, machinery and equipment	(1.447.476.682)	(146.243.725)	3.338.907	(1.590.381.500)
Motor vehicles	(112.967.634)	(27.842.353)	6.894.001	(133.915.986)
Furniture and fixtures	(102.690.459)	(11.793.271)	-	(114.483.730)
Other property, plant and equipment	(219.641)	(94.043)	-	(313.684)
Leasehold improvements	(6.256.334)	(556.226)	-	(6.812.560)
Total	**(1.909.579.159)**	**(218.905.833)**	**10.232.908**	**(2.118.252.084)**
Net book value	**7.272.475.283**			**7.967.002.272**

(Amounts expressed in Turkish Lira ("TL") in terms of the purchasing power of the TL as at 30 September 2024, unless otherwise indicated.)

30.09.2023

Cost	Opening balance – 1 January 2023	Additions	Disposals	Closing balance – 30 September 2023
Land	2.970.962.364	-	-	2.970.962.364
Land improvements	48.786.132	-	-	48.786.132
Buildings	1.569.232.634	26.319.122	-	1.595.551.756
Plant, machinery and equipment	2.236.411.728	185.363.450	(5.919.685)	2.415.855.493
Motor vehicles	196.043.355	77.956.382	(16.421.914)	257.577.823
Furniture and fixtures	144.398.999	6.520.352	(413.961)	150.505.390
Other property, plant and equipment	375.828	-	-	375.828
Leasehold improvements	7.835.334	-	-	7.835.334
Constructions in progress	1.031.660.075	360.352.285	-	1.392.012.360
Total	**8.205.706.449**	**656.511.591**	**(22.755.560)**	**8.839.462.480**

Accumulated depreciation (-)	Opening balance – 1 January 2023	Current period depreciation	Disposals	Closing balance – 30 September 2023
Land improvements	(16.734.698)	(2.083.390)	-	(18.818.088)
Buildings	(184.920.843)	(27.770.888)	-	(212.691.731)
Plant, machinery and equipment	(1.300.959.159)	(114.496.714)	5.919.685	(1.409.536.188)
Motor vehicles	(86.828.826)	(21.681.567)	1.286.758	(107.223.635)
Furniture and fixtures	(89.371.585)	(10.315.950)	395.232	(99.292.303)
Other property, plant and equipment	(94.365)	(93.700)	-	(188.065)
Leasehold improvements	(5.515.387)	(554.193)	-	(6.069.580)
Total	**(1.684.424.863)**	**(176.996.402)**	**7.601.675**	**(1.853.819.590)**
Net book value	**6.521.281.586**			**6.985.642.904**

Total insurance coverage on property, plant and equipment has been presented under **Note 22**.

The functional breakdown of depreciation and amortisation charges on property, plant and equipment have been presented under **Note 30**.

NOTE 19 - INTANGIBLE ASSETS

As of 30 September 2024 and 2023, the movements for intangible assets, and related depreciation are as follows:

Other intangible assets

30.09.2024

Cost	Opening balance – 1 January 2024	Additions	Disposals	Closing balance – 30 September 2024
Rights	67.069.426	11.845	-	67.081.270
Development costs	410.745.884	4.163.916	-	414.909.800
Total	**477.815.310**	**4.175.761**	**-**	**481.991.070**

Accumulated depreciation (-)	Opening balance – 1 January 2024	Current period depreciation	Disposals	Closing balance – 30 September 2024
Rights	(65.145.647)	(519.373)	-	(65.665.020)
Development costs	(403.265.400)	(7.464.816)	-	(410.730.216)
Finance leases	-	-	-	-
Other intangible assets	-	-	-	-
Total	**(468.411.047)**	**(7.984.189)**	**-**	**(476.395.236)**
Net book value	**9.404.263**			**5.595.834**

30.09.2023

Cost	Opening balance – 1 January 2023	Additions	Disposals	Closing balance – 30 September 2023
Rights	66.908.239	125.256	(215)	67.033.280
Development costs	410.761.147	4.541.946	-	415.303.093
Total	**477.669.386**	**4.667.202**	**(215)**	**482.336.373**

Accumulated depreciation (-)	Opening balance – 1 January 2023	Current period depreciation	Disposals	Closing balance – 30 September 2023
Rights	(64.443.023)	(528.986)	-	(64.972.009)
Development costs	(380.801.217)	(17.994.429)	-	(398.795.646)
Total	**(445.244.240)**	**(18.523.415)**	**-**	**(463.767.655)**
Net book value	**32.425.146**			**18.568.718**

Total insurance coverage on intangible assets has been presented under **Note 22**.

The functional breakdown of depreciation and amortisation charges on intangible assets have been presented under **Note 30**.

(Amounts expressed in Turkish Lira ("TL") in terms of the purchasing power of the TL as at 30 September 2024, unless otherwise indicated.)

NOTE 20 - EMPLOYEE BENEFITS

As of 30 September 2024 and 31 December 2023, the breakdown of employee benefits is as follows:

Account Name	30.09.2024	31.12.2023
Due to employees	49.115.230	25.882.444
Taxes payable	16.625.257	10.775.427
Social security premiums payable	24.849.522	34.233.356
Employee benefits, net	**90.590.009**	**70.891.227**

NOTE 21 – GOVERNMENT GRANTS

As of 30 September 2024, the Group has entitled to benefit from turquality and reduced corporate tax incentives in accordance with government grants.

NOTE 22 – PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

i) Other short-term provisions

Account Name	30.09.2024	31.12.2023
Provision for lawsuit	38.345.999	45.431.607
Provision for unused vacation	10.550.908	10.431.630
Provision for expense accruals	19.700	-
Total	**48.916.607**	**55.863.237**

As of 30 September 2024 and 2023, the movements of provision for lawsuits are as follows:

	01.01.2024 30.09.2024	01.01.2023 30.09.2023
Beginning of the period – 1 January	45.431.607	22.395.216
Additions	6.854.782	620.721
Provisions no longer required	(910.194)	(971.849)
Payments during the period	(471.487)	(3.939.365)
Inflation adjustments	(12.558.709)	(7.450.636)
End of the period – 30 September	**38.345.999**	**10.654.087**

As of 30 September 2024 and 2023, the movements of provision for unused vacation are as follows:

	01.01.2024 30.09.2024	01.01.2023 30.09.2023
Beginning of the period – 1 January	10.431.630	9.696.651
Increases during the period	2.912.431	4.876.364
Inflation adjustments	(2.793.153)	(3.232.537)
End of the period – 30 September	**10.550.908**	**11.340.478**

ii) Contingent liabilities and contingent assets

None.

iii) Commitments, mortgages and guarantees not included in the liability

As of 30 September 2024 and 31 December 2023, the breakdown of collaterals/pledges/mortgages/bill of guarantees ("CPMB") is as follows:

		30.09.2024	
Type	**Currency**	**Original currency amount**	**TL equivalent**
Letter of Guarantee Given	TL	1.141.515.082	1.141.515.082
Letter of Guarantee Given	USD	17.271	588.768
Letter of Guarantee Given	EUR	1.092.683	41.541.606
Mortgages and Bill of Gurantees Given	TL	1.216.124.800	1.216.124.800
Pledges Given	TL	2.572.871.800	2.572.871.800
Pledges Given	USD	157.866.445	5.381.667.110
Pledges Given	EUR	14.100.000	536.053.800
Total CPMB's given, net			**10.890.362.966**
Letter of Guarantee Received	TL	994.745	994.745
Letter of Guarantee Received	EUR	58.740	2.233.177
Total CPMB's received, net			**3.227.922**

(Amounts expressed in Turkish Lira ("TL") in terms of the purchasing power of the TL as at 30 September 2024, unless otherwise indicated.)

			31.12.2023
Type	**Currency**	**Original currency amount**	**TL equivalent**
Letter of Guarantee Given	TL	463.536.077	463.536.077
Letter of Guarantee Given	USD	94.142	3.765.194
Letter of Guarantee Given	EUR	2.190.300	96.931.752
Mortgages and Bill of Gurantees Given	TL	312.478.783	312.478.783
Pledges Given	TL	1.120.847.809	1.120.847.809
Pledges Given	USD	170.491.445	6.818.777.854
Pledges Given	EUR	8.100.000	358.465.593
Total CPMB's given, net			**9.174.803.062**
Letter of Guarantee Received	TL	26.547.111	26.547.111
Letter of Guarantee Received	USD	34.740	1.389.421
Letter of Guarantee Received	EUR	1.620.000	71.693.119
Total CPMB's received, net			**99.629.651**

The functional breakdown of letters of guarantee which has been provided to various institutions during the period given accordingly to Customs Office, Electricity and Natural Gas distributor companies and tribunals. On the other hand, the Group has obtained letters of guarantees from its shareholders considered as bill of guarantees for acquisition of raw materials and supplies which were considered as deposit.

iv) Ratio of guarantees and mortgages to equity

As of 30 September 2024 and 31 December 2023, the Group's collateral/pledge/mortgage/bill of guarantees ("C&P&M&B") position is as follows:

Collaterals, Pledges, Mortgages, Bill of Guarantees Given by the Group	**30.09.2024**	**31.12.2023**
A. Total amount of CPMB's given in the name of its own legal personality	2.399.770.256	876.711.806
B. Total amount of CPMB's given on behalf of the fully consolidated subsidiaries	-	-
C. Total amount of CPMB's given on behalf of third parties for ordinary course of business	-	-
D. Total amount of other CPMB's given	8.490.592.710	8.298.091.256
i) Total amount of CPMB's given on behalf of the majority shareholder	-	-
ii) Total amount of CPMB's given to on behalf of other group companies which are not in scope of B and C	8.490.592.710	8.298.091.256
iii) Total amount of CPMB's given on behalf of third parties which are not in scope of C	-	-
Total	**10.890.362.966**	**9.174.803.062**

The ratio of other CPMB's given by the Group to its equity is 88% as of 30 September 2024 (31 December 2023: 86%).

v) Total insurance coverage on assets

As of 30 September 2024, total insurance coverage on property, plant and equipment is amounting to TL 4.935.473.540 and USD 33.250.000 against wide variety of risks as collateral (31 December 2023 :TL 5.678.953.274 and USD 38.258.780).

NOTE 23 - COMMITMENTS

None.

NOTE 24 – PROVISIONS FOR EMPLOYEE BENEFITS

	30.09.2024	**31.12.2023**
Provision for employment termination benefits	58.198.268	52.291.646
Total	**58.198.268**	**52.291.646**

Under Turkish Labour Law, Kocaer Çelik and its subsidiaries and associates incorporated in Türkiye are required to pay termination benefits to each employee who has completed one year of service and whose employment is terminated without due cause, who is called up for military service, dies or retires after completing 25 years of service (20 years for women) and reaches the retirement age (58 for women and 60 for men).

As of 30 September 2024, the amount payable consists of one month's salary limited to a maximum of TL 41.828,42 (31 December 2023: TL 35.058,00) for each year of service.

The liability is not funded as there is no funding requirement.

The provision has been calculated by estimating the present value of the future probable obligation of the Group arising from the retirement of the employees. TAS 19 ("Employee Benefits") requires actuarial valuation methods to be developed to estimate the entity's obligation under defined benefit plans. Accordingly, the following actuarial assumptions are used in the calculation of total liabilities:

The principal assumption is that the maximum liability for each year of service increases in line with inflation. Therefore, the discount rate applied represents the expected real rate after adjusting for future inflation effects.

As of 30 September 2024, the provisions in the accompanying consolidated financial statements are calculated by estimating the present value of the future probable obligation of the Group arising from the retirement of the employees. As of 30 September 2024, the provisions at the respective balance sheet dates have been calculated assuming an annual inflation rate of 22% and an interest rate of 25%, resulting in a discount rate of 2.46%.

(Amounts expressed in Turkish Lira ("TL") in terms of the purchasing power of the TL as at 30 September 2024, unless otherwise indicated.)

The movement of provision for employment termination benefits is as follows:

	01.01.2024 30.09.2024	01.01.2023 30.09.2023
Beginning of the period – 1 January	52.291.646	55.136.323
Payments during the period (-)	(22.491.614)	(30.822.485)
Interest cost	5.073.200	4.369.917
Service cost	12.175.157	4.664.112
Loss on remeasurements of defined benefit plans	18.161.253	27.024.196
Actuarial gains/losses	9.069.209	(11.194.758)
Inflation adjustments	(16.080.583)	(18.343.237)
End of the Period – 30 September	**58.198.268**	**30.834.068**

NOTE 25 - TAX ASSETS AND LIABILITIES

As of 30 September 2024 and 31 December 2023, the breakdown of current income tax assets is as follows:

Account Name	30.09.2024	31.12.2023
Prepaid taxes	36.522.972	1.467
Current income tax assets, net	**36.522.972**	**1.467**

NOTE 26 - OTHER ASSETS AND LIABILITIES

As of 30 September 2024 and 31 December 2023, the breakdown of other current assets is as follows:

Account Name	30.09.2024	31.12.2023
Deferred VAT	182.035.372	353.160.087
Deductible VAT	1.064.475	-
Other current assets, net	**183.099.847**	**353.160.087**

As of 30 September 2024 and 31 December 2023, the breakdown of other current liabilities is as follows:

Account Name	30.09.2024	31.12.2023
Other	9.872	152
Expense accruals	-	3.713
Other current liabilities, net	**9.872**	**3.865**

As of 30 September 2024 and 31 December 2023, the Group has no other non-current liabilities.

NOTE 27 – EQUITY

i) Non-controlling interests

From all equity account group items of subsidiaries within the scope of consolidation, including paid/issued share capital, the amounts corresponding to the shares other than the parent company and subsidiaries are deducted and disclosed in the equity of the consolidated statement of financial position as "Non-Controlling Interests".

As of 30 September 2024 and 2023, the movements of non-controlling interests are as follows:

	01.01.2024 30.09.2024	01.01.2023 30.09.2023
Beginning of the period – 1 January	25.666.465	17.468.872
Paid-in Share Capital	10.000	8.466.593
Adjustment to share capital	164	-
Gains/(losses) on remeasurements of defined benefit plans, net	71.795	112.731
Currency translation differences, net	687.366	4.732.844
Retained earnings, net	-	-
Adjustments of inflation from TAS 29	(10.182)	128.950
Profit for the period, net	3.716.314	(2.520.451)
End of the Period – 30 September	**30.141.922**	**28.389.539**

ii) Share capital / Capital adjustments due to cross-ownership

As of 30 September 2024 and 31 December 2023, the principal shareholders and their respective shareholding rates in Kocaer Çelik are as follows:

	30.09.2024		31.12.2023	
Shareholders	**Amount**	**Share (%)**	**Amount**	**Share (%)**
Hakan KOCAER	487.884.989	74	520.084.989	79
Other (Listed shares)	169.685.011	26	137.485.011	21
Total share capital	**657.570.000**	**100**	**657.570.000**	**100**

(Amounts expressed in Turkish Lira ("TL") in terms of the purchasing power of the TL as at 30 September 2024, unless otherwise indicated.)

Number of shares, class of shares and privileges

The initial public offering of the Group was approved with the official circular on 16 June 2022 and the bulletin numbered 2022/30 of the Capital Markets Board ("CMB"). The relevant equity securities of initial public offering was paid from the share capital amounting to TL 657.570.000, the group's shares amounting to TL 21.500.000 and the remaining TL 34.600.000 was paid from disposal of the shares of the shareholders, with total amount of TL 56.100.000. The capital increase amounting to TL 424.070.000 was realized from the emission premium that arising from after the public initial public offering and was recognised in equity. The capital increase was published in Official Gazette on 30 November 2022 and numbered 10715.

Capital adjustments due to cross-ownership

None.

iii) Capital reserves

None.

iv)Restricted reserves

The legal reserves consist of first and second legal reserves, appropriated in accordance with the Turkish Commercial Code (TCC). The TCC stipulates that the first legal reserve is appropriated out of historical statutory profits at the rate of 5% per annum, until the total reserve reaches 20% of the Group's historical paid-in share capital. The second legal reserve is appropriated at the rate of 10% per annum of all cash distributions in excess of 5% of the historical paid-in share capital. Under TCC, the legal reserves are not available for distribution unless they exceed 50% of the historical paid-in share capital but may be used to offset losses in the event that historical general reserve is exhausted.

The details of the restricted reserves are as follows:

Account Name	**30.09.2024**	**31.12.2023**
Legal reserves	127.146.629	71.222.974
Gain on disposal of a subsidiary and property, plant and equipment	232.092.386	232.092.513
Total	**359.239.015**	**303.315.487**

v) Retained earnings

As of 30 September 2024 and 31 December 2023, the breakdown of retained earnings is as follows:

Account Name	**30.09.2024**	**31.12.2023**
Extraordinary reserves	16.360.275	16.360.235
Retained earnings	5.046.527.362	3.968.695.796
Total	**5.062.887.637**	**3.985.056.031**

vi) Share premium

None.

vii) Other comprehensive income or expenses to be reclassified to profit or loss

As of 30 September 2024 and 31 December 2023, the detailed table of other comprehensive income or expenses to be reclassified to the consolidated statement of profit or loss recognised under equity is as follows:

Account Name	**30.09.2024**	**31.12.2023**
Currency translation differences	102.554.920	110.047.889
Gains/(losses) on hedges	(214.348.682)	(263.150.238)
Total	**(111.793.762)**	**(153.102.349)**

viii) Other comprehensive income or expenses not to be reclassified to profit or loss

As of 30 September 2024 and 31 December 2023, the detailed table of other comprehensive income or expenses not to be reclassified to the consolidated statement of profit or loss recognised under equity is as follows:

Account Name	**30.09.2024**	**31.12.2023**
Gains/(losses) on revaluation and remeasurement	1.837.441.226	1.837.441.226
Gains/(losses) on remeasurements of defined benefit plans	(22.813.832)	(26.467.884)
Total	**1.814.627.394**	**1.810.973.342**

(Amounts expressed in Turkish Lira ("TL") in terms of the purchasing power of the TL as at 30 September 2024, unless otherwise indicated.)

ix) Equity

Account Name	**30.09.2024**	**31.12.2023**
Paid-in share capital	657.570.000	657.570.000
Adjustment to share capital	1.575.126.341	1.575.126.341
Other comprehensive income or expenses not to be reclassified to profit or loss	1.814.627.394	1.810.973.342
Share premium	297.719.785	297.719.785
Other comprehensive income or expenses to be reclassified to profit or loss	(111.793.762)	(153.102.349)
Restricted reserves	359.239.015	303.315.487
Retained earnings	5.062.887.637	3.985.056.031
Profit for the period	2.436.675	1.133.755.134
Equity holders of the parent	**9.657.813.085**	**9.610.413.771**
Non-controlling interests	30.141.922	25.666.465
Total equity	**9.687.955.007**	**9.636.080.236**

NOTE 28 - REVENUE AND COST OF SALES

As of 30 September 2024 and 2023, the functional breakdown of revenue and cost of sales is as follows:

Account Name	**01.01.2024 30.09.2024**	**01.07.2024 30.09.2024**	**01.01.2023 30.09.2023**	**01.07.2023 30.09.2023**
Domestic Sales	3.299.601.406	1.087.944.944	4.872.432.982	1.533.071.892
Foreign Sales	9.645.677.295	3.337.194.469	10.575.262.817	3.300.166.089
Other Revenue	139.503.956	32.019.495	108.190.320	74.510.489
Sales Returns (-)	(12.230.471)	(1.823.174)	(204.744)	(201.150)
Sales Discounts (-)	(1.453.829)	(368.274)	(1.340.319)	(1.179.939)
Net Sales	**13.071.098.357**	**4.454.967.460**	**15.554.341.056**	**4.906.367.381**
Cost of Sales (-)	**(10.731.451.740)**	**(3.672.261.156)**	**(13.047.826.475)**	**(4.714.568.266)**
Cost of Merchandise Sold (-)	(2.543.425.614)	(1.898.204.190)	(1.091.710.413)	(176.021.668)
Cost of Goods Sold (-)	(7.030.445.491)	(1.499.384.616)	(11.003.181.643)	(4.136.492.951)
Other Cost of Sales (-)	(299.625.707)	(121.236.827)	(327.090.731)	(152.886.121)
Personnel Expenses	(642.194.706)	(56.196.697)	(450.497.363)	(168.718.648)
Depreciation and Amortisation Charges(-)	(215.760.222)	(97.238.826)	(175.346.325)	(80.448.878)
Gross Profit	**2.339.646.617**	**782.706.304**	**2.506.514.581**	**191.799.115**

NOTE 29 - RESEARCH AND DEVELOPMENT EXPENSES, MARKETING, SALES AND DISTRIBUTION EXPENSES, GENERAL ADMINISTRATIVE EXPENSES

As of 30 September 2024 and 2023, the functional breakdown of operating expenses is as follows:

Account Name	**01.01.2024 30.09.2024**	**01.07.2024 30.09.2024**	**01.01.2023 30.09.2023**	**01.07.2023 30.09.2023**
Marketing, Sales and Distribution Expenses (-)	(682.252.881)	(247.033.429)	(737.930.753)	(316.883.300)
General Administrative Expenses (-)	(252.070.199)	(87.162.121)	(186.109.101)	(53.874.966)
Research and Development Expenses (-)	(11.305.190)	(4.737.676)	(5.988.962)	(2.184.764)
Total Operating Expenses (-)	**(945.628.270)**	**(338.933.226)**	**(930.028.816)**	**(372.943.030)**

NOTE 30 - EXPENSES BY NATURE

As of 30 September 2024 and 2023, the functional breakdown of marketing, sales and distribution expenses, research and development expenses and general administrative expenses recognized in expenses by nature is as follows:

Account Name	**01.01.2024 30.09.20234**	**01.07.2024 30.09.2024**	**01.01.2023 30.09.2023**	**01.07.2023 30.09.2023**
Marketing, Sales and Distribution Expenses (-)	**(682.252.881)**	**(247.033.429)**	**(737.930.753)**	**(316.883.300)**
Personnel expenses	(36.862.142)	(12.516.939)	(31.027.320)	(11.020.390)
Freight costs	(370.818.680)	(136.946.558)	(365.075.946)	(166.648.482)
Export costs	(112.481.523)	(38.063.467)	(131.526.256)	(51.868.994)
Transportation costs	(59.989.409)	(22.797.640)	(55.267.904)	(15.605.580)
Customs duty and expenses	(4.549.027)	(1.675.945)	(5.441.506)	(1.351.332)
Consumable costs	(60.122.947)	(22.462.586)	(65.843.823)	(29.452.540)
Depreciation and amortisation charges	(1.926.051)	(892.088)	(2.674.116)	(869.057)
Advertising expenses	(789.245)	(30.038)	(1.183.402)	(322.447)
Maintenance and repair expenses	(429.697)	(390.770)	(144.311)	(108.611)
Audit and consultancy expenses	(257.208)	(142.458)	(6.205.147)	(1.850.329)
Utility expenses	(88.097)	(43.969)	(124.035)	(33.766)
Fair and exhibition costs	(13.921.348)	(13.921.348)	(19.824.733)	(19.824.733)
Insurance expenses	(1.466.360)	(404.403)	(1.615.983)	(564.960)
Fuel expenditures	(385.968)	(122.360)	(327.222)	(131.875)
Taxes, duties and charges	(95.312)	(25.983)	(520.198)	28.707
Other	(18.069.867)	3.403.123	(51.128.851)	(17.258.911)

(Amounts expressed in Turkish Lira ("TL") in terms of the purchasing power of the TL as at 30 September 2024, unless otherwise indicated.)

General Administrative Expenses (-)	**(252.070.199)**	**(87.162.121)**	**(186.109.101)**	**(53.874.966)**
Personnel expenses	(109.026.721)	(33.556.315)	(76.947.997)	(22.803.776)
Consumable costs	(4.639.681)	(1.506.105)	(3.012.703)	(979.526)
Depreciation and amortisation charges	(34.007.418)	(9.810.713)	(39.919.250)	(10.486.498)
Maintenance and repair expenses	(3.221.272)	(331.523)	(1.822.656)	(937.739)
Information systems expenses	(32.851.168)	(15.402.218)	(4.607.177)	(943.714)
Audit and consultancy expenses	(18.266.007)	(8.832.675)	(11.101.504)	(1.413.343)
Utility expenses	(1.464.147)	(485.532)	(1.491.731)	(425.905)
Litigation and notary costs, fees and charges	(1.298.339)	(718.256)	(5.864.980)	(648.164)
Travel expenses	(6.368.161)	(2.634.800)	(5.229.942)	(2.138.347)
Insurance expenses	(4.442.944)	(2.253.572)	(2.498.239)	(710.499)
Representation and hospitality expenses	(1.631.479)	(457.391)	(2.205.428)	(1.993.833)
Taxes, duties and charges	(2.405.938)	2.277.206	(3.784.815)	490.683
Other	(32.446.924)	(13.450.227)	(27.622.679)	(10.884.305)
Research and Development Expenses (-)	**(11.305.190)**	**(4.737.676)**	**(5.988.962)**	**(2.184.764)**
Personnel expenses	(9.316.142)	(4.298.491)	(5.425.703)	(1.834.602)
Depreciation and amortisation charges	(66.385)	(27.991)	(134.350)	(34.365)
Other	(1.922.663)	(411.194)	(428.909)	(315.797)
Total operating expenses, net (-)	**(945.628.270)**	**(338.933.226)**	**(930.028.816)**	**(372.943.030)**

The functional breakdown of depreciation and amortisation charges recognized under consolidated statement of profit or loss is as follows:

Account Name	**01.01.2024 30.09.20234**	**01.07.2024 30.09.2024**	**01.01.2023 30.09.2023**	**01.07.2023 30.09.2023**
Cost of Sales (-)	(215.760.222)	(97.238.826)	(175.346.325)	(80.448.878)
Marketing, Sales and Distribution Expenses (-)	(1.926.051)	(892.088)	(2.674.116)	(869.057)
General Administrative Expenses (-)	(34.007.418)	(9.810.713)	(39.919.250)	(10.486.498)
Research and Development Expenses (-)	(66.385)	(27.991)	(134.350)	(34.365)
Depreciation and amortisation charges, net	**(251.760.076)**	**(107.969.618)**	**(218.074.041)**	**(91.838.798)**

The functional breakdown of personnel expenses recognized under consolidated statement of profit or loss is as follows:

Account Name	**01.01.2024 30.09.20234**	**01.07.2024 30.09.2024**	**01.01.2023 30.09.2023**	**01.07.2023 30.09.2023**
Cost of Sales (-)	(642.194.706)	(56.196.697)	(450.497.363)	(168.718.648)
Marketing, Sales and Distribution Expenses (-)	(36.862.142)	(12.516.939)	(31.027.320)	(11.020.390)
General Administrative Expenses (-)	(109.026.721)	(33.556.315)	(76.947.997)	(22.803.776)
Research and Development Expenses (-)	(9.316.142)	(4.298.491)	(5.425.703)	(1.834.602)
Personnel expenses, net	**(797.399.711)**	**(106.568.442)**	**(563.898.383)**	**(204.377.416)**

NOTE 31 - OTHER OPERATING INCOME/(EXPENSES)

As of 30 September 2024 and 2023, the functional breakdown of other operating income and expenses is as follows:

Account Name	**01.01.2024 30.09.20234**	**01.07.2024 30.09.2024**	**01.01.2023 30.09.2023**	**01.07.2023 30.09.2023**
Other Operating Income	**475.981.437**	**156.402.223**	**799.828.330**	**(375.201.512)**
Provisions No Longer Required (Doubtful receivables)	3.830.425	(504.180)	4.252.882	(1.047.557)
Provisions No Longer Required (Lawsuits)	1.381.681	(91.390)	4.911.214	1.718.486
Foreign Exchange Gains	188.255.274	89.807.829	553.537.453	(362.920.361)
Interest Income	175.796.459	61.741.988	190.680.592	(17.007.831)
Discount Income	30.658.144	(12.605.018)	25.783.993	(2.299.814)
Income from Reversal of Discounts	9.077.072	(1.331.113)	2.604.045	(232.269)
Other	66.982.382	19.384.107	18.058.151	6.587.834
Other Operating Expenses (-)	**(729.189.318)**	**(162.169.810)**	**(365.326.508)**	**518.820.986**
Provisions for Doubtful Receivables	(6.157.977)	(3.449.815)	(7.348.023)	(1.078.105)
Provisions for Lawsuits	(6.854.782)	(3.686.388)	(620.721)	279.821
Foreign Exchange Losses	(381.644.315)	(61.772.774)	(245.522.328)	327.219.739
Interest Expenses	(223.788.736)	(74.401.128)	-	226.848.440
Discount Expenses	(32.326.136)	(12.646.444)	(461.311)	14.127.227
Expenses from Reversal of Discounts	(19.591.355)	817.807	-	-
Expenses from Prior Period	(175.253)	13.608	(17.934)	4.431
Expenses from Additional Corporate Tax and Tax Base	-	-	(104.779.425)	(104.779.425)
Other	(58.650.764)	(7.044.676)	(6.576.766)	56.198.858
Other operating income/(expenses), (net)	**(253.207.881)**	**(5.767.587)**	**434.501.822**	**143.619.474**

(Amounts expressed in Turkish Lira ("TL") in terms of the purchasing power of the TL as at 30 September 2024, unless otherwise indicated.)

NOTE 32 - GAINS/(LOSSES) FROM INVESTMENT ACTIVITES

As of 30 September 2024 and 2023, the functional breakdown of gains and losses from investment activities is as follows:

Account Name	01.01.2024 30.09.20234	01.07.2024 30.09.2024	01.01.2023 30.09.2023	01.07.2023 30.09.2023
Gains from Investment Activities	**387.219.224**	**(18.217.003)**	**534.635.939**	**395.882.547**
Gain on Sale of Non-Current Assets	4.431.605	(30.220)	9.599.757	(1.702.069)
Gain on Sale of Securities	382.787.619	(18.186.783)	522.975.027	395.523.461
Gain on Reversan of Provision for Impairment	-	-	2.061.155	2.061.155
Losses from Investment Activities (-)	**(1.767.009)**	**(1.601.952)**	**(23.112.268)**	**43.710**
Loss on Sale of Non-Current Assets	-	165.058	(227.159)	(227.159)
Loss on Sale of Securities	(1.767.009)	(1.767.010)	(22.885.109)	270.869
Gains/(losses) from investment activities, (net)	**385.452.215**	**(19.818.955)**	**511.523.671**	**395.926.257**

NOTE 33 - FINANCIAL INCOME/(EXPENSES)

As of 30 September 2024 and 2023, the functional breakdown of financial income and expenses is as follows:

Account Name	01.01.2024 30.09.20234	01.07.2024 30.09.2024	01.01.2023 30.09.2023	01.07.2023 30.09.2023
Financial Income	**118.466.682**	**78.173.043**	**373.157.755**	**29.230.365**
Interest Income	24.227.082	20.485.271	33.943.315	(33.305.995)
Foreign Exchange Gains	75.960.235	52.928.849	322.168.562	53.774.875
Interest Income arising from Group Companies and Shareholders	18.279.365	4.758.923	17.045.878	8.761.485
Financial Expenses (-)	**(1.043.787.345)**	**(448.806.911)**	**(1.348.054.396)**	**(708.030.028)**
Interest Expenses	(439.356.713)	(168.909.846)	(559.916.960)	(216.189.776)
Foreign Exhange Losses	(504.443.502)	(252.094.243)	(664.751.807)	(427.682.066)
Bank Comissions, Fees and Charges	(97.496.618)	(31.847.088)	(109.955.030)	(59.062.076)
Interest expenses from TFRS 16	(2.490.512)	4.044.266	(13.430.599)	(5.096.110)
Financial income/(expenses), (net)	**(925.320.663)**	**(370.633.868)**	**(974.896.641)**	**(678.799.663)**

NOTE 34 – NON-CURRENT ASSETS HELD FOR SALE

None.

NOTE 35 – INCOME TAXES

The Group's tax expense (or income) consists of current period corporate income tax expense and deferred tax expense or income and the functional breakdown of income taxes is as follows:

Account Name	01.01.2024 30.09.2024	01.01.2023 30.09.2023
Current period tax expense	(1.174.881)	(272.084.725)
Deferred income tax	(127.377.877)	(702.982.939)
Total tax income/(expense)	**(128.552.758)**	**(975.067.664)**

i) Corporate tax

The Group, its subsidiaries and associates operating in Türkiye, are subject to the tax legislation and practices in force in Türkiye. Provisions have been allocated in the accompanying consolidated financial statements for the estimated tax liabilities of the Group regarding the current period operating results.

Account Name	30.09.2024	31.12.2023
Current period tax expense	1.246.695	273.953.172
Less: Prepaid income tax	(1.066.057)	(247.512.904)
Current income tax liabilities, net	**180.638**	**26.440.268**

The corporate tax to be accrued on the taxable income is calculated on the basis of the deduction of the expenses that cannot be deducted from the tax base expense in the determination of the earnings, and the amount of dividends received from domestic companies, taxable income and investment allowances.

Corporate tax rates

The Corporate Tax Law has been amended with the Law No. 5520 on 13 June 2006. The aforementioned new Corporate Tax Law No. 5520 was originally published in the Official Gazette as of 21 June 2006. However provisions of the amended corporate tax law is effective from 1 January 2006. As of 30 September 2024, corporate tax rate applied in Türkiye is 25% (31 December 2023: 25%). The corporate tax rate is applied to the tax base that will be calculated as a result of including the expenses that are not considered as deductible in accordance with the tax laws to the operating profit of the entities and deducting the exemptions and allowances (subsidiary earnings, investment discount, etc.) and deductions (Exemptions from research and development, etc.) included in the tax laws. Additional tax is not paid if the profit is not distributed.

(Amounts expressed in Turkish Lira ("TL") in terms of the purchasing power of the TL as at 30 September 2024, unless otherwise indicated.)

In the Official Gazette dated 17 November 2020, amendments were made regarding both tax regulations and other regulations. As per Article 35 of the Law No. 7256 on Restructuring of Some Receivables and Amending Some Laws ("Law No. 7256"), published in the Official Gazette dated 17 November 2020 effective from 1 January 2021. For the institutions at least 20% of whose shares are offered to the public to be traded in Borsa Istanbul Equity Market for the first time, the corporate tax rate will be applied at a 2 point discounted rate for 5 accounting periods starting from the fiscal period during which their shares are offered to the public for the first time. However, the above mentioned discount on corporate tax rate is not applicable for banks, leasing companies, factoring companies, financing companies, payment and electronic money institutions, authorized foreign exchange institutions, asset management companies, capital market institutions, insurance and reinsurance companies and pension companies. In case the condition disclosed in the aforementioned paragraph regarding the share ratio is lost within 5 accounting periods starting from the accounting period benefiting from the discount, taxes that are not accrued on time due to the reduced tax rate application are collected together with delay interest without any tax loss penalty.

According to Turkish Corporate Tax Law, losses can be carried forward to offset the future taxable income for a maximum period of 5 years. On the other hand, such losses cannot be carried back to offset prior years' profits.

According to corporate tax law article numbered 20, the corporate tax is imposed by the taxpayer's tax returns. In Türkiye, there is no procedure for a final and definitive agreement on tax assessments. Companies file their corporate tax returns between 1-30 April following the close of the accounting year. Tax authorities may, however, examine such returns and the underlying accounting records and may revise assessments within five years.

Dividend payments by resident corporations to resident joint-stock company in Türkiye are not subject to income tax. In addition, if the profit is not distributed or added to the capital, the income tax is not calculated. Dividend income (excluding profits from investment funds 'participation certificates and investment trusts' shares) obtained from participating in the capital of another corporation which is fully taxpayed is exempt from corporation tax.

The Group has been capitalised basic incentives and supports set forth under the Law No. 5746 pertaining the Support of Research and Development Activities for the R&D investment projects in its legal records. 100% of all eligible R&D and innovation expenditures made within technology centres, R&D centres (which should employ at least 15 (may increase to 30 for specific sectors) full-time equivalent R&D personnel), R&D and innovation projects supported by governmental institutions, foundations established by law, or international funds and design expenditures made within design centres (which should employ at least 10 full-time equivalent design personnel) and design projects supported by the above institutions can be deducted from the corporate income tax base in accordance with the necessary calculations which has been reflected in the accompanying consolidated financial statements.

As of 30 September 2024 and 2023, provision for income tax has been calculated is as follows:

	30.09.2024	30.09.2023
Operating Profit	**(178.776.221)**	**1.359.704.265**
Tax Base Additions	**70.579.560**	**201.382.571**
Non-deductible expenses	*70.579.560*	*201.382.571*
Tax Allowances and Deductions (-)	**(4.151.500)**	**101.391.164**
Operating Profit, net (domestic)	**(152.108.288)**	**1.459.695.672**
Operating Profit, net (foreign)	**39.760.128**	**-**
Provision for corporate tax	**(1.174.880)**	**(335.868.607)**
Tax deductions arising from production activities	-	50.695.327
Tax deductions arising from foreign investment incentives and government grants	-	13.088.554
Current period tax expense, net	**(1.174.881)**	**(272.084.725)**

Income withholding tax

In addition to the corporate tax, it is required to calculate income tax withholding on any dividends, except for those distributed to all taxpayer entities and Turkish branches of foreign companies gaining dividend for such distribution and declaring these dividends within the corporate profit. The rate of income withholding tax implemented as 10% between 24 April 2003 and 22 July 2006. The rate of withholding tax has been increased from 10% to 15% upon the Cabinet decision No: 2006/10731, which was published in Official Gazette on July 23, 2006. Undistributed dividends incorporated in share capital are not subject to income tax withholding. In accordance with the decision of Cabinet numbered 2009-14592 dated 12 January 2009, the rate has been applied as 15%. Undistributed dividends incorporated in share capital are not subject to income tax withholding.

ii) Deferred tax

Kocaer Çelik, its subsidiaries and associates, recognise deferred tax assets and liabilities based upon temporary differences arising between their financial statements prepared in accordance with TAS and the Turkish tax legislations.These differences usually due to the recognition of revenue and expense items in different reporting periods for the TAS and tax purposes, the differences explained as below.

(Amounts expressed in Turkish Lira ("TL") in terms of the purchasing power of the TL as at 30 September 2024, unless otherwise indicated.)

As of 30 September 2024 and 31 December 2023, the breakdown of cumulative temporary differences and deferred tax assets and liabilities provided using principal tax rates are as follows:

	Cumulative temporary differences		Deferred tax assets/ (liabilities)	
Account Name	**30.09.2024**	**31.12.2023**	**30.09.2024**	**31.12.2023**
Adjustments for depreciation and amortisation	(1.328.558.254)	(54.705.138)	239.140.486	(12.580.909)
PP&E Revaluation Surplus (Land and Buildings)	1.837.441.226	(1.989.058.864)	(114.840.077)	(124.316.179)
PP&E Revaluation Surplus (Other)	3.100.183.972	432.225.108	(558.033.115)	262.201.884
Investment Properties Revaluation Surplus	389.035.460	(364.826.089)	(70.026.383)	(83.910.001)
Constructions in progress profit elimination	549.209.157	58.159.835	(98.857.648)	13.376.762
Adjustments for advances given for purchases	(2.669.872)	-	480.577	-
Adjustments for advances received from customers	(3.974.678)	-	(715.442)	-
Employment Termination Benefits	58.198.268	52.291.777	10.765.954	12.108.450
Provisions for Doubtful Receivables	12.366.667	19.275.231	2.233.230	4.455.462
Provisions for Lawsuits	38.345.999	45.431.721	6.932.939	10.462.728
Provisions for Loan Interest	36.321.273	(1.688.877)	6.537.829	(388.442)
Provisions for Unused Vacation	10.550.908	10.431.656	1.950.323	2.409.797
Adjustments for TFRS 16 "Leases"	7.105.855	2.227.017	(1.279.054)	512.214
Adjustments for discount on notes receivables	(28.812.496)	12.628.041	5.186.249	2.904.450
Adjustments for derivative instruments - equity	(214.348.682)	(179.409.200)	54.659.298	(35.991.468)
Adjustments for derivative instruments - assets	49.377.975	-	(1.305.472)	-
Adjustments for profit elimination on inventories	(10.621.979)	34.274.083	1.911.956	7.883.039
Capitalised policy interests recognised as an expense	2.620.311	30.696.965	(471.656)	7.060.302
Adjustments for sale and leaseback arrangements	14.242.603	99.595.565	2.563.669	22.906.980
Adjustments for gain on sale of securities	139.873.619	(395.445.882)	(25.177.251)	(90.952.553)
Adjustments for currency translation differences	16.145.229	142.108.001	2.906.141	32.684.839
Adjustments for TAS 29 and application of inflation accounting	3.132.388.011	(737.990.074)	563.829.842	169.848.189
Other	(30.567.311)	(23.723.802)	(5.502.117)	(5.456.964)
Deferred tax assets/(liabilities), net	**7.773.853.261**	**(2.807.502.926)**	**22.890.278**	**195.218.580**

Movements in deferred tax assets/(liabilities) are as follows:

-	01.01.2024 30.09.2024	01.01.2023 30.09.2023
Beginning of the period - 1 January	143.690.991	62.399.255
Deferred income tax during the period	(127.377.877)	(470.584.710)
Additions arising from derivative instruments	5.164.117	15.061.584
Actuarial gains/(losses) on deferred tax, net	1.413.047	1.723.597
Adjustments for inflation from TAS 29, net	-	(193.382.716)
End of the period – 30 September	22.890.278	(584.782.990)

NOTE 36 - EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the net profit for the year attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year. Accordingly, the weighted average number of shares used in earnings per share calculation as of 30 September 2024 and 2023, which is as follows:

Account Name	**01.01.2024 30.09.2024**	**01.01.2023 30.09.2023**
Profit for the period	2.436.675	532.877.886
Weighted average number of shares	657.570.000	657.570.000
Earnings per share	**0.0037**	**0.8104**

NOTE 37 - RELATED PARTY DISCLOSURES

a) Related party balances are as follows:

30.09.2024	**Trade receivables**	**Other receivables**	**Trade payables**	**Other payables**
Other	-	3.988.787	-	-
Kocaer Tekstil Sanayi ve Ticaret A.Ş.	15.092.673	-	-	-
Chakra Mağazacılık Ticaret ve A.Ş.	573.119	-	-	-
TOTAL	**15.665.792**	**3.988.787**	**-**	**-**

31.12.2023	**Trade receivables**	**Other receivables**	**Trade payables**	**Other payables**
Kocaer Tekstil Sanayi ve Ticaret Anonim Şirketi	11.145.865	-	-	-
Chakra Mağazacılık Ticaret ve Anonim Şirketi	911.845	41.069.179	-	-
Other	-	111.037	-	35.638.813
TOTAL	**12.057.710**	**41.180.216**	**-**	**35.638.813**

(Amounts expressed in Turkish Lira ("TL") in terms of the purchasing power of the TL as at 30 September 2024, unless otherwise indicated.)

b) Related party transactions are as follows:

30.09.2024

Purchases	Goods and services	Rent	Interest	Other	Total
Hakan Kocaer	-	-	-	29.234.015	29.234.015
Chakra Mağazacılık Ticaret ve A.Ş.	-	-	-	953.741	953.741
Total	**-**	**-**	**-**	**30.187.756**	**30.187.756**

Sales	Goods and services	Rent	Interest	Other	Total
Kocaer Tekstil Sanayi ve Ticaret A. Ş.	-	1.893.288	4.200.518	181.095	6.274.901
Hakan Kocaer	-	151.590	-	-	151.590
İbrahim Kocaer	-	100.848	-	-	100.848
Chakra Mağazacılık Ticaret ve A. Ş.	-	347.524	13.948.377	355.057	14.650.958
Total	**-**	**2.493.250**	**18.148.895**	**536.152**	**21.178.297**

30.09.2023

Purchases	Goods and services	Rent	Interest	Other	Total
Kocaer Tekstil Sanayi ve Ticaret Anonim Şirketi	-	-	-	7.068	7.068
Chakra Mağazacılık Ticaret ve Anonim Şirketi	513.387	-	-	-	513.387
Total	**513.387**	**-**	**-**	**7.068**	**520.455**

Sales	Goods and services	Rent	Interest	Other	Total
Kocaer Tekstil Sanayi ve Ticaret Anonim Şirketi	-	2.114.311	1.370.122	2.235.617	5.720.050
Hakan Kocaer	-	93.969	-	-	93.969
İbrahim Kocaer	-	93.969	-	-	93.969
Chakra Mağazacılık Ticaret ve Anonim Şirketi	-	381.123	7.385.552	932.753	8.699.428
Total	**-**	**2.683.372**	**8.755.674**	**3.168.370**	**14.607.416**

c) Key management compensation

Account Name	01.01.2024 30.09.2024	01.01.2023 30.09.2023
Key management compensation	52.507.626	11.483.277
Total	**52.507.626**	**11.483.277**

NOTE 38 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS

Capital risk management

The Group, while trying to maintain the continuity of its activities in capital management on one hand, aims to increase its profitability by using the balance between debts and resources on the other hand. The capital structure of the Group consists of cash and cash equivalents explained in note 6, borrowings explained in note 8 and equity items containing respectively issued share capital, capital reserves, profit reserves and profits of previous years explained in note 27. Risks, associated with each capital class, and the senior management evaluates the capital cost. It is aimed that the capital structure will be stabilized by means of new borrowings or repaying the existing debts as well as dividend payments and new share issuances based on the senior management evaluations.

The Group monitors capital on the basis of the net financial debt/total equity ratio. This ratio calculated as dividing net debt by total capital. Net debt is calculated by deducting cash and cash equivalents from the total debt amount (includes borrowings, finance leases and trade payables as disclosed in the consolidated statement of financial postion). Total capital is calculated as equity, as presented in the consolidated statement of financial postion, plus net debt.

General strategy based on the Group's equity does not differ from the prior period. The Group's overall risk management strategy focuses on the unpredictability of financial markets and targets to minimise potential adverse effects on the Group's financial performance.
Consolidated net financial debt/invested capital ratio as of 30 September 2024 and 31 December 2023 is as follows:

	30.09.2024	**31.12.2023**
Total borrowings	8.849.924.542	6.959.096.222
Less: Cash and cash equivalents	(1.074.851.570)	(915.590.956)
Net financial debt	7.775.072.972	6.043.505.266
Equity	9.687.955.007	9.636.080.236
Invested capital	17.463.027.979	15.679.585.502
Net financial debt/invested capital ratio	**0.4452**	**0.3854**

Foreign exchange risk

Foreign exchange risk arises from the fact that the Group has liabilities denominated in USD, EUR and GBP.

Foreign exchange transactions result in foreign exchange risk arising from foreign exchange denominated assets and liabilities into Turkish Lira. The Group's exposure to foreign exchange risk arises from its borrowings, receivables and payables denominated in foreign currencies. In order to minimize this risk, the Group monitors its financial position and cash inflows/outflows with detailed cash flow statements as of 30 September 2024. The Group management evaluates and monitors the balance of the assets and liabilities denominated in Turkish Lira as open positions. The Group monitors foreign exchange rate risk through foreign exchange position analysis. Derivative financial instruments are also used as instruments for foreign exchange risk management for hedging purposes, if deemed necessary. Assets and liabilities denominated in foreign currencies are as follows:

(Amounts expressed in Turkish Lira ("TL") in terms of the purchasing power of the TL as at 30 September 2024, unless otherwise indicated.)

As of 30 September 2024 and 31 December 2023, foreign exchange position of the Group is as follows:

Foreign Exchange Position

	30.09.2024				**31.12.2023**			
	TL equivalent	**USD**	**EUR**	**GBP**	**TL equivalent**	**USD**	**EUR**	**GBP**
1. Trade Receivables	3.097.555.373	83.633.563	6.389.458	-	1.935.989.394	44.902.774	3.165.974	-
2a. Monetary Financial Assets	462.379.624	10.255.308	2.051.968	747.750	798.179.563	14.731.639	627.011	3.562.950
2b. Non-Monetary Financial Assets	-	-	-	-	143.498.081	2.675.312	824.752	-
3. Other	-	-	-	-	-	-	-	-
4. Total Current Assets (1+2+3)	**3.559.934.997**	**93.888.871**	**8.441.426**	**747.750**	**2.877.667.038**	**62.309.725**	**4.617.737**	**3.562.950**
5. Trade Receivables	-				-	-	-	-
6a. Monetary Financial Assets	-	-	-	-	-	-	-	-
6b. Non-monetary financial assets	-	-	-	-	-	-	-	-
7. Other	-	-	-	-	-	-	-	-
8. Total Non-Current Assets(5+6+7)	-	-	-	-	-	-	-	-
9. Total Assets (4+8)	**3.559.934.997**	**93.888.871**	**8.441.426**	**747.750**	**2.877.667.038**	**62.309.725**	**4.617.737**	**3.562.950**
10. Trade Payables	2.078.059.640	60.092.169	545.265	-	1.269.606.254	31.226.197	373.677	-
11. Financial Liabilities	3.877.980.136	83.505.922	26.614.290	-	1.149.913.734	26.260.374	2.165.772	-
12a. Other Monetary Liabilities	-	-	-	-	-	-	-	-
12b. Other Non-Monetary Liabilities	-	-	-	-	-	-	-	-
13. Total Current Liabilities (10+11+12)	**5.956.039.776**	**143.598.091**	**27.159.555**	**-**	**2.419.519.988**	**57.486.571**	**2.539.449**	**-**
14. Trade Payables	-	-	-	-	-	-	-	-
15. Financial Liabilities	5.165.531	142.558	7.448	-	931.659.522	20.677.520	2.295.705	-
16a. Other Monetary Liabilities	-		-	-	-	-	-	-
16b. Other Non-Monetary Liabilities	-		-	-	-	-	-	-
17. Total Non-Current Liabilities (14+15+16)	**5.165.531**	**142.558**	**7.448**	**-**	**931.659.522**	**20.677.520**	**2.295.705**	**-**
18. Total Liabilities (13+17)	**5.961.205.307**	**143.740.649**	**27.167.003**	**-**	**3.351.179.510**	**78.164.091**	**4.835.154**	**-**
19. Off-Balance Sheet Derivative Instruments Net Asset / (Liability) Position (19a-19b)	-	-	-	-	-	-	-	-
19a. Total Asset Amount of Hedged	-	-	-	-	-	-	-	-
19b. Total Liabilities Amount of Hedged	-		-	-	-	-	-	-
20. Net Foreign Exchange Asset / (Liability) Position (9-18+19)	**(2.401.270.310)**	**(49.851.778)**	**(18.725.577)**	**747.750**	**(473.512.472)**	**(15.854.366)**	**(217.417)**	**3.562.950**
21. Monetary Items Net Foreign Exchange Asset / (Liabilities) Position (1+2a+3+5+6a-10-11-12a-14-15-16a)	**(2.401.270.310)**	**(49.851.778)**	**(18.725.577)**	**747.750**	**(617.010.553)**	**(18.529.678)**	**(1.042.169)**	**3.562.950**
22. Total Fair Value of Financial Instruments Used for Foreign Exchange Hedge	-	-	-	-	-	-	-	-
23. Export	**8.432.231.025**	**260.253.670**	**-**	**-**	**13.627.926.400**	**416.859.209**	**-**	**-**
24. Import	**3.062.044.993**	**94.732.516**	**-**	**-**	**4.665.423.460**	**152.155.893**	**-**	**-**

(Amounts expressed in Turkish Lira ("TL") in terms of the purchasing power of the TL as at 30 September 2024, unless otherwise indicated.)

The following table details the Group's foreign currency sensitivity as at 30 September 2024 and 31 December 2023 for the changes at the rate of 10%:

Exchange Rate Sensitivity Analysis
01.01.2024
(the CBRT 30.09.2024)

	Profit/(Loss)	
	Appreciation of Foreign Currency	**Appreciation of Foreign Currency**
Change in USD against TL by 10%		
1- USD Net Asset / Liability	(171.719.209)	171.719.209
2- Hedged portion of USD Risk (-)	-	-
3- USD Net Effect (1+2)	**(171.719.209)**	**171.719.209**
Change in EUR against TL by 10%		
Change in EUR against TL by 10%	(71.821.002)	71.821.002
Change in EUR against TL by 10%	-	-
Change in EUR against TL by 10%	**(71.821.002)**	**71.821.002**
Change in GBP against TL by 10%		
7- GBP Net Asset / Liability	3.413.180	(3.413.180)
8- Hedged portion of GBP Risk (-)	-	-
9- GBP Net Effect (7+8)	**3.413.180**	**(3.413.180)**
Change in Other currencies against TL by 10%		
10- CHF Net Asset / Liability	-	-
11- Hedged portion of CHF Risk (-)	-	-
12- Other currencies Net Effect (10+11)	**-**	**-**
TOTAL	**(240.127.031)**	**240.127.031**

Exchange Rate Sensitivity Analysis
01.01.2023
(the CBRT 31.12.2023)

	Profit/(Loss)	
	Appreciation of Foreign Currency	**Depreciation of Foreign Currency**
Change in USD against TL by 10%		
1- USD Net Asset / Liability	(46.672.400)	46.672.400
2- Hedged portion of USD Risk (-)	-	-
3- USD Net Effect (1+2)	**(46.672.400)**	**46.672.400**
Change in EUR against TL by 10%		
4- EUR Net Asset / Liability	(708.212)	708.212
5- Hedged portion of EUR Risk (-)	-	-
6- EUR Net Effect (4+5)	**(708.212)**	**708.212**
Change in GBP against TL by 10%		
7- GBP Net Asset / Liability	13.340.291	(13.340.291)
8- Hedged portion of GBP Risk (-)	-	-
9- GBP Net Effect (7+8)	**13.340.291**	**(13.340.291)**
Change in Other currencies against TL by 10%		
10- CHF Net Asset / Liability	-	-
11- Hedged portion of CHF Risk (-)	-	-
12- Other currencies Net Effect (10+11)	**-**	**-**
TOTAL	**(34.040.321)**	**34.040.321**

Interest rate risk

The Group is exposed interest rate risk arising from the rate changes on interest-bearing liabilities and assets. The Group manages this risk by balancing the repricing terms of interest-bearing assets and liabilities with fixed and floating interest such as time deposits (Note 6) and short-long term nature of borrowings (Note 8) as well as using derivative instruments for hedging purposes.

Interest position

	30.09.2024	**31.12.2023**
Fixed-interest rate financial instruments		
Financial assets	596.264.481	108.194.580
Financial liabilities	5.162.317.111	3.850.946.494
Floating-interest rate financial instruments		
Financial assets	991.628.815	925.104.459
Financial liabilities	-	-

Equity securities and other related risks related financial instruments

The Group has no any securities and similar financial assets sensitive to changes in fair value.

(Amounts expressed in Turkish Lira ("TL") in terms of the purchasing power of the TL as at 30 September 2024, unless otherwise indicated.)

Credit risk management

Holding financial instruments also carries the risk of the other party not meeting the requirements of the agreement. The Group's collection risk mainly arises from its trade receivables. Trade receivables are evaluated by taking into consideration the Group's accounting policies and procedures and accordingly, trade receivables are allocated in the consolidated statement of financial position less provision for doubtful receivables in the consolidated statement of financial position **(Note 10)**.

As of 30 September 2024 and 31 December 2023, the exposure of consolidated financial asset to credit risk is as follows:

CREDIT RISK DETAILS IN RESPECT OF FINANCIAL INTRUMENT TYPES

30.09.2024	**Receivables**						
	Trade Receivables		**Other Receivables**				
	Related Party	**Other**	**Related Party**	**Other**	**Notes**	**Bank deposits**	**Notes**
Maximum exposure to credit risk as of reporting date (A+B+C+D+E)	**15.665.792**	**3.313.907.203**	**3.988.787**	**427.177.646**	**10-11**	**1.074.738.873**	**6**
- Maximum risk secured with guarantees and collaterals	-	*1.292.397.099*	-	-	**10-11**	-	
A. Net book value of neither past due nor impaired financial assets	15.665.792	3.313.907.203	3.988.787	427.177.646	**10-11**	1.074.738.873	**6**
B. Conditions are renegotiated otherwise, net book value of past due but not impaired financial assets	**-**	**-**	**-**	**-**	**10-11**		**6**
C. Net book value of past due but not impaired financial assets	**-**	**-**	**-**	**-**	**10-11**		
- Secured with guarantees and collaterals	-	-	-	-	**10-11**		**6**
D. Net book value of impaired assets	**-**	**-**	**-**	**-**	**10-11**		
- Past due (gross book value)	-	*17.005.677*	-	-	**10-11**		**6**
- Impairment (-)	-	*(17.005.677)*	-	-	**10-11**		**6**
- Secured with guarantees and collaterals	-	-	-	-	**10-11**		**6**

31.12.2023	**Receivables**						
	Trade Receivables		**Other Receivables**				
	Related Party	**Other**	**Related Party**	**Other**	**Notes**	**Bank deposits**	**Notes**
Maximum exposure to credit risk as of reporting date (A+B+C+D+E)	**12.057.710**	**1.692.762.448**	**41.180.216**	**265.920.700**	**10-11**	**915.434.066**	**6**
- Maximum risk secured with guarantees and collaterals	-	*632.803.610*	-	-	**10-11**	-	
A. Net book value of neither past due nor impaired financial assets	12.057.710	1.692.762.448	41.180.216	265.920.700	**10-11**	915.434.066	**6**
B. Conditions are renegotiated otherwise, net book value of past due but not impaired financial assets	**-**	**-**	**-**	**-**	**10-11**		**6**
C. Net book value of past due but not impaired financial assets	**-**	**-**	**-**	**-**	**10-11**		
- Secured with guarantees and collaterals	-	-	-	-	**10-11**		**6**
D. Net book value of impaired assets	**-**	**-**	**-**	**-**	**10-11**		
- Past due (gross book value)	-	*20.269.366*	-	-	**10-11**		**6**
- Impairment (-)	-	*(20.269.366)*	-	-	**10-11**		**6**
- Secured with guarantees and collaterals	-	-	-	-	**10-11**		**6**

Liqudity risk management

The Group tries to manage the liquidity risk by maintaining the continuation of sufficient funds and loan reserves by means of matching the financial instruments and terms of liabilities by following the cash flow regularly.

Liquidity risk statements

Liquidity risk is the risk that a Group will be unable to meet its funding needs. Prudent liquidity risk management is to provide sufficient cash and cash equivalents, to enable funding with the support of credit limits provided by reliable credit institutions and to close funding deficit. The Group provides funding by balancing cash inflows and outflows through the provision of credit lines in the business environment.

(Amounts expressed in Turkish Lira ("TL") in terms of the purchasing power of the TL as at 30 September 2024, unless otherwise indicated.)

Undiscounted contractual cash flows of the derivative and non-derivative consolidated financial liabilities in TL as of 30 September 2024 and 31 December 2023 are as follows:

30.09.2024

	Carrying value	Total contractual cash outflows	Demand or up to 3 months	4-12 months	1-5 years
Non-derivative financial liabilities	7.942.687.189	5.739.608.966	3.126.318.764	2.286.578.432	326.711.769
Bank borrowings	5.162.317.111	5.179.484.699	1.933.148.272	3.246.336.428	-
Finance lease liabilities	29.709.309	60.050.868	20.658.583	20.192.148	19.200.136
Lease liabilities	162.102.377	161.445.232	5.694.138	3.689.478	152.061.616
Trade payables	2.549.777.264	2.549.777.264	2.549.777.264	-	-
Other payables	38.781.128	38.781.128	*38.781.128*	-	-

31.12.2023

	Carrying value	Total contractual cash outflows	Demand or up to 3 months	4-12 months	1-5 years
Non-derivative financial liabilities	**5.990.600.952**	**6.136.538.389**	**2.763.095.592**	**2.290.883.282**	**1.082.559.515**
Bank borrowings	3.850.946.494	3.989.033.962	1.281.214.265	1.851.484.188	856.335.509
Finance lease liabilities	98.522.107	102.052.241	27.585.319	44.688.303	29.778.619
Lease liabilities	198.653.389	202.968.606	1.630.805	4.892.414	196.445.387
Trade payables	1.679.105.085	1.679.109.294	1.289.290.917	389.818.377	
Other payables	163.373.877	163.374.286	*163.374.286*	-	-

Fair value

Fair value is the amount for which a financial instrument could be exchanged, or a liability settled between, willing parties during current transaction, other than in a forced sale or liquidation, and is best evidenced through a quoted market price, if one exists. Foreign currency denominated receivables and payables are translated with the exchange rates prevailing as of the date of the consolidated financial statements.

The following methods and assumptions are used to estimate the fair values of financial instruments:

Financial assets

The carrying values of cash and cash equivalents including cash on hand and demand deposits, accrued interests and other financial assets are considered to approximate their respective carrying values due to their short-term nature and insignificant credit risk. The carrying values of trade receivables less provision for doubtful receivables are considered to approximate their respective carrying values.

Financial liabilities

The fair values of trade payables and other monetary liabilities are considered to approximate their respective carrying values due to their short-term nature. The fair values of the bank borrowings after discount are considered to be approximate to their corresponding carrying values. Bank borrowings are expressed with discounted cost and transaction costs are added to the initial cost of the loan. The fair values of the loans after discount are considered to be approximate to their corresponding carrying values. In addition, it is considered that the fair values of the trade payables are approximate to their respective carrying value due to their short-term nature.

NOTE 39 - FINANCIAL INSTRUMENTS (FAIR VALUE DISCLOSURES AND HEDGE ACCOUNTING)

Fair value hedge of foreign currency risk

The Group uses hedge accounts on its statement of financial position by borrowing in the same currency against the foreign currency denominated risks arising from the foreign currency sales amounts to be realized in the subsequent periods within the scope of the agreements.

In this context, repayments of foreign currency denominated borrowings, which are subject to hedge accounting and determined as hedging instrument, are made with foreign currency sales cash flows that are realized on closing dates and determined as hedged item within the scope of hedge accounting.

In accordance with the currency risk management strategy determined by the Group management, unrealized firm commitment applies hedge accounting to hedge the currency risk component of the fair value risk and hedge the cash flow risk of the highly probable forecast transaction currency risk component and is formed on the hedged item and the hedging instrument. The Group aims to present a precise statement of profit or loss by netting the foreign exchange rate fluctuations that have not yet been realized and by following the currency fluctuations of bank borrowings, which are defined as hedge instruments, under the consolidated statement of other comprehensive income.

(Amounts expressed in Turkish Lira ("TL") in terms of the purchasing power of the TL as at 30 September 2024, unless otherwise indicated.)

In accordance with the hedge accounting strategy established by the Group management, the Group tries to maintain a 100% hedge ratio and a hedge effectiveness between 70% and 130%. As of 30 September 2024, hedge ratio and hedge effectiveness have been calculated as 108% and 90%, respectively.

TL	**30.09.2024**
The amount of the hedged item's risk component recognised in the assets under statement of financial position (firm commitment)	49.781.435
USD	**30.09.2024**
The present value of the hedged item (current)	163.686.905
The present value of the hedged item (non-current)	330.514
The present value of the hedging instrument (current)	152.260.074
The present value of the hedging instrument (non-current)	292.432
EUR	**30.09.2024**
The present value of the hedged item (current)	20.298.103
The present value of the hedged item (non-current)	-
The present value of the hedging instrument (current)	18.951.922
The present value of the hedging instrument (non-current)	-
TL	**30.09.2024**
The cumulative exchange difference on hedged item (current)	349.697.509
The cumulative exchange difference on hedged item (non-current)	5.168.484
The cumulative exchange difference on hedging instrument (current)	(315.929.562)
The cumulative exchange difference on hedging instrument (non-current)	(4.572.965)
Hedge effectiveness ratio	**90%**
Exchange rate difference amount in inactive markets maintained within a band in the statement of financial position	2.575.396
Exchange rate difference amount in inactive markets maintained within a band in the statement of profit or loss	-

Hedge ratio	
The total amount of future expected cash flows of the hedged item (Cash flow hedge)	6.543.672.932
The total amount of future expected cash flows of the instrument used for hedging purposes (Cash flow hedge)	6.060.829.766
Hedge ratio, net	**108%**

Financial instruments and financial risk management

The Group is exposed to variety of financial risks due to its operations. These risks include credit risk, market risk (foreign exchange risk, interest rate risk at fair value, price risk) credit risk, cash flow interest rate risk and liquidity risk. The Group's overall risk management strategy focuses on the unpredictability of financial markets and targets to minimise potential adverse effects on the Group's financial performance. The Group also uses derivative instruments and forward contracts to hedge risk exposures.

Fair value of financial instruments

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

The Group determined fair value of financial instruments by using available market information and appropriate valuation methods. However, evaluating the market information and forecasting the real values requires interpretation. As a result, the estimates presented herein are not necessarily indicative of the amounts the Group could realize in a current market exchange.

The following methods and assumptions are used to estimate the fair value of each financial instrument for which it is practicable to estimate fair value.

Monetary assets

The carrying values of financial assets including cash and cash equivalents are carried at cost which is considered to approximate their respective carrying values due to their short-term nature and insignificant credit risk. The carrying values of trade receivables less provision for doubtful receivables are considered to approximate their respective carrying values.

Monetary liabilities

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

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

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

Financial assets

The fair values of financial assets carried at cost including cash and cash equivalents and other financial assets are considered to approximate their respective carrying values due to their short-term nature and insignificant credit risk.

Debt and equity securities are carried at fair value in accordance with the market prices, if one exists.

The classification of the Group's consolidated financial assets and liabilities at fair value is as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities: The fair value of financial assets and financial liabilities are determined with reference to quoted market prices.

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices):

Level 3: Inputs for the asset or liability that are not based on observable market data.

NOTE 40 - EVENTS AFTER THE REPORTING PERIOD

None.

NOTE 41 - THE OTHER MATTERS WHICH SUBSTANTIALLY AFFECT THE CONSOLIDATED FINANCIAL STATEMENTS OR ARE REQUIRED TO BE DESCRIBED IN TERMS OF MAKING THE CONSOLIDATED FINANCIAL STATEMENTS CLEAR, INTERPRETABLE AND UNDERSTANDABLE

None.