MENDERES TEKSTİL SANAYİ VE TİCARET A.Ş.
CONSOLIDATED FINANCIAL STATEMENTS
TOGETHER WITH
INDEPENDENT AUDITORS' REPORT
FOR THE PERIOD ENDED AT 31 DECEMBER 2022

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Menderes Tekstil Sanayi ve Ticaret Anonim Şirketi

A) Independent Auditors' Report On The Consolidated Financial Statements

1- Limited Unqualified Opinion

We have audited the consolidated financial statements of Menderes Tekstil Sanayi ve Ticaret Anonim Şirketi (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at 31 December 2022, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

According to our opinion, except the effects of the topics mentioned in Basis of Limited Unqualified Opinion part the accompanying consolidated financial statements reflect the Group's consolidated financial statement after 31 December 2022, consolidated financial performance of the accounting period of the same date and consolidated cash flows in accordance with the Turkish Accounting Standards of Turkey realistically with all the important aspects.

2- Basis of Limited Unqualified Opinion

As of 31 December 2022, the Group has a total of TRY 365.129.770 receivables classified under trade and other receivables from Osman Akça Tarım Ürünleri İthalat İhracat Sanayi ve Ticaret A.Ş. ("Osman Akça"). As of 31 December 2022, a portion of TRY 112.994.549 of the trade receivables amounting to TRY 364.802.642 classified under trade receivables is overdue. The Group management has not reflected any provision and additional maturity difference in the accompanying financial statements, assuming that it has not lost its collectability. The effect of this matter on the accompanying consolidated financial statements could not be determined by us.

The buildings in the production facility in Denizli Sarayköy, which accounted for using the revaluation model, ranked as TAS 16, Tangible Fixed Assets standard, currently have a closed area of 172.168,67 m2 at the attached consolidated financial statements. The parcels subject to appraisal in the production facility are the shared area, occupancy permit certification of the 78.289,67 m2 part and building registration certification of the 49.450 m2 part thereof are provided, excepting the licencing of the remaining 44.429 m2 part. In case the legal processes of the 49.450 m2 part which have the building registration certificate are carried out, 127.739,67 m2 of the buildings in the production facility will have a legal area and 44.429 m2 of the buildings required to be licensed will remain. Buildings with a fair value of TRY 804.400.000 according to the current situation (TRY 370.700.000, according to the legal status) has been transferred to the attached consolidated financial statements with revaluation model over the current status values by an independent valuation firm accredited by the Capital Markets Board ("CMB") as of 31 December 2022.

We conducted our audit in accordance with standards on auditing as issued by the Capital Markets Board of Turkey and Independent Auditing Standards (IAS) (of Turkey) which are part of the Turkish Auditing Standards as issued by the Public Oversight Accounting and Auditing Standards Authority of Turkey (POA). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics for Independent Auditors (Code of Ethics) as issued by the POA, and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the independent audit evidence we obtained during the independent audit constitutes a sufficient and appropriate basis for our opinion, excluding the issues in the limited positive basis section.

3- Key Audit Matters

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

Revenue Recognition

For the accounting policies related to recognition of revenue and the details of significant accounting estimates and assumptions used, see Note 2.f Revenue.

Key Audit Matter	How to Perform of Matter in Audit
The main revenue gained by the Group consists of home textiles and farm products sales. Revenue is recognized in the financial statements on an accrual basis over the fair value of the consideration received or receivable as a result of the delivery, the amount of revenue can be reliably measured and it is probable that the economic benefits related to the transaction will flow to the Group. Net sales are presented by subtracted returns, discounts and commissions from sales of goods from sales of goods.	Our audit procedures for this item include the following: Evaluation of the effectiveness of key internal controls of revenue in the consolidated financial statements: Examination of the risk and return transfers through the sampling method and sales documents obtained for the selected sales transactions to evaluate the appropriateness of the revenue to the accounting policies and the receipt of the financial statements in the appropriate financial reporting period.
Recognition of revenue and profit for the accounting period in which the product is sold depends on an appropriate assessment of whether it relates to the product sales contract. Due to the nature of the operations of the Group, the production is completed and the customer is invoiced but the obligation related to the commercial delivery scheme has not been provided yet, there may be cases where the risk and return are not due to the customer. It is also necessary to make evaluations on the correct turn of the revenue of the products in this situation in accordance with the principle of sales revolutions. Because of the complexity of the commercial contracts, accounting for each case is selected and the recognition of revenue as the key consideration is defined as the recognition of revenue to the financial statements in the right period requires significant considerations.	By examining the provisions of the contracts with the customers regarding the terms of trade and delivery; evaluation of timing of receipt of financial statements for different shipment arrangements. Sending confirmation for selected trade receivables via sampling method and checking compliance with financial statements. Performing analytical observations to determine the existence of unusual operations.

Recoverability of Trade Receivables

Accounting policies related to trade receivables and details of important accounting estimates and assumptions used are included in Note 2.f and Note 7 Trade Receivables.

Key Audit Matter	How to Perform of Matter in Audit
Recoverability of Trade Receivables As of 31 December 2022, trade receivables constitute a significant portion of the consolidated assets of the Group. Furthermore, the assessment of the recoverability of these assets involves significant level of management estimates. Such estimation includes considering the following for each customer-the amount of guarantees/colleteral held, past collection performance, creditworthiness and aging of receivables. The outcome of such esitmates is very sensitive to changes in market conditions. Therefore recoverability of trade receivables is a key matter for our audit. Please refer to Notes 2.f, and Notes 7 to the consolidated financial statements for the Group's disclosures on trade receivables, including the related accounting policy and risk management policy.	We performed the following procedures in relation to the recoverability of trade receivables; Understanding the process of collection of trade receivables of the Group from non-related parties, evaluating the operational efficiency of internal controls within the process, Evaluating, understanding internal controls related to financial reporting towards credit risk, and testing the efficiency of internal controls, Understanding and evaluating the customer- debt follow-up process managed by the Finance Department, Comparison of collection turnover rate with previous year, Inquiries with management in relation to any disputes with customers or distributors and written inquiries with the Group's legal counsels on outstanding litigation in relation to trade receivables, Testing of trade receivable balances from non-related parties by sending confirmation letters via sample, Testing of collections made in the following period via sample, As a result of these studies regarding the reusability of non-trade receivables from related parties, there are not any significant findings.

4- Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

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

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

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

5- Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

The responsibilities of us independent auditors in an independent audit are as follows:

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

As part of an audit in accordance with IAS (of Turkey), we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control,
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial staternents or, it such disclosures am inadequate, to modify our opinion. Our conclusions are based an the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit, We remain solely responsible for our audit opinion.

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

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

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

B) Report on Other Legal and Regulatory Requirements

1- Auditors report on Risk Management System and Committee prepared in accordance with paragraph 4 of Article 398 of Turkish Commercial Code ("TCC") 6102 is submitted to the Board of Directors of the Company on 6 March 2022.

2- In accordance with paragraph 4 of Article 402 of the TCC, no significant matter has come to our attention that causes us to believe that the Company's bookkeeping activities for the period 1 January - 31 December 2022 and financial statements are not in compliance with Iaws and provisions of the Company's articles of association in relation to financial reporting

3- In accordance with paragraph 4 of Article 402 of the TCC, the Board of Directors submitted to us the necessary explanations and provided required documents within the context of audit.

Abdülkadir Sayıcı is the person who carries out this independent audit.

İstanbul 06 March 2023

PKF Aday Bağımsız Denetim A.Ş.
(A Member Firm of PKF International)

Abdulkadir Sayıcı
Partner

MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ
CONSOLIDATED BALANCE SHEETS AS OF 31 DECEMBER 2022
(Currency - Turkish Lira 'TRY' unless expressed otherwise)

ASSETS	**Footnote References**	***Audited*** **Current Period 31.12.2022**	***Audited*** **Prior Period 31.12.2021**
Current Assets		**2.594.012.935**	**1.454.979.574**
Cash and Cash Equivalents	4	117.868.895	118.035.517
Financial Investments	5	3.893.423	-
Trade Receivables		612.777.609	373.941.123
Trade Receivables from Related Parties	*6-7*	*381.617.895*	*188.541.819*
Trade Receivables from Third Parties	*7*	*231.159.714*	*185.399.304*
Other Receivables		9.503.234	161.775.794
Other Receivables from Related Parties	*6-9*	*327.128*	*152.062.297*
Other Receivables from Third Parties	*9*	*9.176.106*	*9.713.497*
Inventories	11	1.706.234.192	683.151.692
Biological Assets	12	29.361.062	9.385.653
Prepaid Expenses	13	18.275.397	21.442.802
Current Tax Assets	14	2.778.947	1.868.281
Other Current Assets	23	93.320.176	85.378.712
Non-Current Assets		**5.076.914.328**	**2.350.372.967**
Other Receivables	9	153.411	142.248
Investments Valued by Equity Pick-up Method	15	240.244.300	83.566.338
Investment Properties	16	208.625.903	139.757.592
Tangible Assets	17	4.166.634.853	1.968.553.618
Intangible Assets	19	33.744.515	17.403.176
Prepaid Expenses	13	37.182.490	1.686.080
Deferred Tax Assets	30	390.328.856	139.263.915
TOTAL ASSETS		**7.670.927.263**	**3.805.352.541**

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

MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ
CONSOLIDATED BALANCE SHEETS AS OF 31 DECEMBER 2022
(Currency - Turkish Lira 'TRY' unless expressed otherwise)

LIABILITIES	Footnote References	*Audited* Current Period 31.12.2022	*Audited* Prior Period 31.12.2021
Current Liabilities		**2.126.592.052**	**1.674.044.877**
Short Term Borrowings	8	1.127.642.073	704.769.579
Short-term portion of long-term borrowings	8	312.150.770	599.100.695
Trade Payables	7	536.253.306	293.912.845
Employee Benefit Liabilities	22	66.370.210	26.603.146
Other Payables		12.529.443	7.984.705
Other Payables to Related Parties	*6-9*	-	*3.865.219*
Other Payables to Third Parties	*9*	*12.529.443*	*4.119.486*
Deferred Income	13	50.496.052	25.968.931
Current Tax Liabilities of Period Profit	30	362.499	1.727.939
Current Provisions		20.787.699	13.977.037
Provision For Employee Benefits	*21*	*16.924.978*	*9.698.737*
Other Current Provisions	*21*	*3.862.721*	*4.278.300*
Non-Current Liabilities		**1.579.854.557**	**1.109.201.586**
Long Term Borrowings	8	852.220.128	776.793.301
Deferred Income	13	21.073.246	-
Long Term Provisions		118.684.242	78.630.230
Long Term Provisions for Employee Benefits	*21*	*118.684.242*	*78.630.230*
Deferred Tax Liabilities	30	587.876.941	253.778.055
Equity		**3.964.480.654**	**1.022.106.078**
Parent Company's Equity		**3.920.088.804**	**1.007.900.874**
Paid in Capital	24.1	250.000.000	250.000.000
Inflation Adjustments of Capital	24.2	860.487	860.487
Accumulated Other Comprehensive Income or Expenses not to be Reclassified on Profit or Loss			
Gains / Losses on Revaluation and Remeasurement			
-Increase / Decrease on Revaluation of Tangible Assets	24.3	3.078.940.524	1.203.535.433
-Defined Benefit Plans Re-Measurement Gains / (Losses)	24.3	*10.837.864*	*11.386.834*
Accumulated Other Comprehensive Income or Expenses to be Reclassified on Profit or Loss			
Share of Other Comprehensive Income of Investments Accounted for Using The Equity Method That Will Not Be Reclassified to Profit or Loss	24.4	42.649.562	42.649.562
Restricted Reserves		10.340.261	10.340.261
Legal Reserves	24.5	*10.340.261*	*10.340.261*
Retained Earnings / Losses	24.6	(510.871.703)	(243.093.206)
Net Profit / (Loss) for the Period	31	1.037.331.809	(267.778.497)
Non-controlling interests	24.7	**44.391.850**	**14.205.204**
TOTAL LIABILITIES AND EQUITY		**7.670.927.263**	**3.805.352.541**

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

MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ
CONSOLIDATED STATEMENTS OF INCOME AND OTHER COMPREHENSIVE INCOME STATEMENT
FOR THE PERIOD OF 1 JANUARY-31 DECEMBER 2022
(Currency - Turkish Lira 'TRY' unless expressed otherwise.)

		Audited	*Audited*
		Current Period	**Prior Period**
	Footnote References	**01.01-31.12.2022**	**01.01-31.12.2021**
Revenue	25.1	4.118.740.095	2.226.845.652
Cost of Sales (-)	25.2	(2.759.346.460)	(1.857.846.443)
Gross Profit / (Loss)		**1.359.393.635**	**368.999.209**
General Administrative Expenses (-)	26.3	(105.797.013)	(44.907.822)
Marketing Expenses (-)	26.2	(112.912.140)	(57.197.885)
Research and Development Expenses (-)	26.1	(15.767.239)	(9.841.817)
Other Operating Income	27.1	294.988.423	262.915.782
Other Operating Expenses (-)	27.2	(170.462.275)	(78.740.443)
Operating Profit / (Loss)		**1.249.443.391**	**441.227.024**
Income from Investment Activities	28.1	86.187.950	63.230.986
Expenses from Investment Activities (-)	28.2	-	(75.260)
Shares of Profit/(Loss) from Investments Valued by Equity Pick-up Method	28.3	156.677.962	30.612.691
Operating Activity Profit/(Loss) Before Financial Expense		**1.492.309.303**	**534.995.441**
Financial Income	29.1	75.247.076	119.879.514
Financial Expenses (-)	29.2	(766.101.385)	(997.114.877)
Operating Activity Profit/(Loss) Before Taxation		**801.454.994**	**(342.239.922)**
Operating Activity Tax Income/(Expense)			
Current Tax Income/(Expense)	30	(362.499)	(1.727.939)
Deferred Tax Income/(Expense)	30	246.838.420	78.478.178
Current Period Operating Activity Profit / (Loss)		**1.047.930.915**	**(265.489.683)**
Profit/(Loss) for the Period		**1.047.930.915**	**(265.489.683)**
Distribution of the Period Income/(Loss)			
Minority Interests	24.7	10.599.106	2.288.814
Parent Company's Shares	31	1.037.331.809	(267.778.497)
Earnings Per Share	**31**	**4,1493**	**(1,0711)**

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

MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ
CONSOLIDATED STATEMENTS OF INCOME AND OTHER COMPREHENSIVE INCOME STATEMENT
FOR THE PERIOD OF 1 JANUARY-31 DECEMBER 2022
(Currency - Turkish Lira 'TRY' unless expressed otherwise.)

		Audited	*Audited*
		Current Period	**Prior Period**
	Footnote References	**01.01-31.12.2022**	**01.01-31.12.2021**
Profit/(Loss) for the Period		**1.047.930.915**	**(265.489.683)**
Other Comprehensive Income:			
Income (Expenses) not to be Reclassified on Profit or (Loss)			
- Increases (Decreases) in Revaluation of Tangible Assets	24.3	2.225.028.454	670.801.435
- Defined Benefit Plans Re-Measurement Gains (Losses)	21	(712.428)	7.573.794
- Deferred Tax Income / (Expense)	30	(329.872.365)	(111.381.613)
Other Comprehensive Income		1.894.443.661	566.993.616
Total Comprehensive Income/(Expense)		**2.942.374.576**	**301.503.933**
Distribution of Total Comprehensive Income			
Minority Interests	24.7	30.186.646	(1.825.768)
Parent Company's Shares	31	2.912.187.930	303.329.701

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

MENDERES TEKSTİL SANAYİ VE TİCARETANONİM ŞİRKETİ

STATEMENT OF CONSOLIDATED CHANGES IN SHAREHOLDER'S EQUITY FOR THE PERIODS OF
1 JANUARY – 31 DECEMBER 2022

(Currency – Turkish Lira "TRY" unless expressed otherwise.)

					Accumulated Other Comprehensive Income and Expenses that will not be Reclassified to Profit or Loss		Accumulated Other Comprehensive Income and Expenses that will be Reclassified to Profit or Loss		Accumulated profits				
	Footnote	**Paid in Capital**	**Adjustments of Shareholders' Equity**	**Effect of Mergers Involving Undertakings or Businesses Subject to Common Control**	**Increase / (Decrease) on Revaluation of Tangible Assets**	**Defined Benefit Plans Re-Measurement Gains / (Losses)**	**Share Of Other Comprehensive Income Of Investments Accounted For Using Equity Method That Will Not Be Reclassified To Profit or Loss**	**Restricted Reserves**	**Accumulated Profit/Loss**	**Net Profit/Loss For The Period**	**Parent Company's Equity**	**Minority Interests**	**Total Equity**
Balances at 01.01.2021		**250.000.000**	**485.133**	**(70.487.372)**	**638.436.962**	**5.377.107**	**42.649.562**	**10.147.245**	**(77.913.133)**	**(94.124.331)**	**704.571.173**	**16.030.972**	**720.602.145**
Transfers	24	-	375.354	70.487.372	-	-	-	193.016	(165.180.073)	94.124.331	-	-	-
Total Comprehensive Income/(Loss)		**-**	**-**	**-**	**565.098.471**	**6.009.727**	**-**	**-**	**-**	**(267.778.497)**	**303.329.701**	**(1.825.768)**	**301.503.933**
- Profit/(Loss) for the Period	24	-	-	-	-	-	-	-	-	(267.778.497)	(267.778.497)	2.288.814	(265.489.683)
- Other Comprehensive Income/(Expense)	24	-	-	-	565.098.471	6.009.727	-	-	-	-	571.108.198	(4.114.582)	566.993.616
Balances at 31.12.2021	**24**	**250.000.000**	**860.487**	**-**	**1.203.535.433**	**11.386.834**	**42.649.562**	**10.340.261**	**(243.093.206)**	**(267.778.497)**	**1.007.900.874**	**14.205.204**	**1.022.106.078**
Transfers	24	-	-	-	-	-	-	-	(267.778.497)	267.778.497	-	-	-
Total Comprehensive Income/(Loss)		**-**	**-**	**-**	**1.875.405.091**	**(548.970)**	**-**	**-**	**-**	**1.037.331.809**	**2.912.187.930**	**30.186.646**	**2.942.374.576**
- Profit/(Loss) for the Period	24	-	-	-	-	-	-	-	-	1.037.331.809	1.037.331.809	10.599.106	1.047.930.915
- Other Comprehensive Income/(Expense)	24	-	-	-	1.875.405.091	(548.970)	-	-	-	-	1.874.856.121	19.587.540	1.894.443.661
Balances at 31.12.2022	**24**	**250.000.000**	**860.487**	**-**	**3.078.940.524**	**10.837.864**	**42.649.562**	**10.340.261**	**(510.871.703)**	**1.037.331.809**	**3.920.088.804**	**44.391.850**	**3.964.480.654**

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

MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ
CONSOLIDATED CASH FLOW STATEMENT
FOR THE PERIODS OF 01 JANUARY-31 DECEMBER 2022
(Currency - Turkish Lira 'TRY' unless expressed otherwise.)

	Footnote Reference	*Audited* Current Period 01.01-31.12.2022	Audited Prior Period 01.01-31.12.2021
CASH FLOWS FROM THE OPERATING ACTIVITIES		**192.405.438**	**198.570.149**
Profit/(Loss) for the Period			
Current Period Operating Activity Profit / (Loss)		**1.047.930.915**	**(265.489.683)**
Adjustments Related with Net Profit/Loss for The Period		**(14.871.690)**	**712.360.915**
Adjustments for Depreciation, Amortisation Expenses	17-18-19	88.856.543	112.736.262
Adjustments to Impairment (Cancellation)			
-Adjustments to Impairment (Cancellation) in Receivables	7	(9.160)	-
Adjustments Related to the Provisions			
-Adjustments for Employee Termination Benefits	21-30	39.484.070	26.866.956
- Adjustment for Provision for Expenses and Lawsuits	21	(415.579)	1.316.431
- Adjustment for Other Provisions or Reversals	21	7.226.241	3.485.414
Adjustments for Interest Income and Expenses			
- Adjustments for Interest Expenses	8-29	28.439.235	2.109.945
- Unearned Income from Futures Sale	27.1	3.944.631	5.428.936
- Deferred Financial Expense Arise from Forward Purchasing	27.2	(7.102.050)	(5.366.059)
Adjustments for Fair Value Profit or Loss			
- Adjustments for Investment Properties Fair Value Losses /(Profits)	16	(68.868.311)	(60.392.592)
Adjustments for Financial Instruments Fair Value Losses /(Profits)	10	-	78.173
Adjustments for unrealised foreign exchange losses (gains)	8	297.231.558	733.673.559
Adjustments for Retained Earnings of Investments Subject to Equity Pick-up Method			
- Adjustment for Retained Earnings of Subsidiaries	28.3	(156.677.962)	(30.612.691)
Tax Payments/Returns	30	(246.980.906)	(76.963.419)
Changes In The Company Capital		**(839.288.347)**	**(248.382.027)**
Increase/Decrease in Financial Investments	5	(3.893.423)	-
Adjustments for Increase/Decrease in Trade Receivables			
- Adjustments for Increase/Tecrease in Trade Receivables from Related Parties	6-7	(193.076.076)	(41.769.967)
- Adjustments for Increase/Decrease in Trade Receivables from Third Parties	7	(49.695.881)	(47.123.991)
Adjustments for İncrease/Decrease in Other Receivables Related to the Operations			
- Adjustments for Increase/Decrease in Other Receivables from Related Parties Related to the Operations	6-9	151.735.169	(23.415.559)
- Adjustments for Increase/Decrease in Other Receivables from Third Parties Related to the Operations	9	(8.325.902)	(3.823.014)
Adjustments for İncrease/Decrease in İnventories	11	(1.023.082.500)	(181.521.008)
Adjustments Related to the Increase/Decrease in Biological Assets	12	(19.975.409)	(3.024.491)
Adjustments for Increase/Decrease in Prepaid Expenses	13	(32.329.005)	(16.074.223)
Adjustments for Increase/Decrease in Trade Payables			
- Adjustments for Increase/Decrease in Trade Payables to Related Parties	6-7	-	(121.754)
- Adjustments for Increase/Decrease in Trade Payables to Third Parties	7	249.442.511	67.327.320
Increase/Decrease in Employee Benefits Liabilities	22	39.767.064	873.649
Adjustments for Increase/Decrease in Other Payables Related to the Operations			
- Adjustments for Increase/Decrease in Other Payables from Related Parties Related to the Operations	6-9	(3.865.219)	(1.409.751)
- Adjustments for Increase/Decrease in Other Payables from Third Parties Related to the Operations	9	8.409.957	(2.030.021)
Increase/Decrease in Deferred Tax	13	45.600.367	3.730.783
Cash Flow from Operating Activities		**193.770.878**	**198.489.205**
Tax Payments/Returns	30	(1.365.440)	80.944

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

(Currency - Turkish Lira 'TRY' unless expressed otherwise.)

	Footnote References	*Audited* Current Period 01.01-31.12.2022	Audited Prior Period 01.01-31.12.2021
NET CASH FLOW PROVIDED BY INVESTMENT ACTIVITIES		**(78.250.663)**	**(22.889.125)**
Proceeds from Sale of Property, Plant, Equipment and Intangible Assets			
- Proceeds from Sale of Tangible Assets	17	22.969.650	815.318
Proceeds from Purchase of Property, Plant, Equipment and Intangible Assets			
- Proceeds from Purchase of Tangible Assets	17	(96.588.740)	(23.444.691)
- Proceeds from Purchase of Intangible Assets	19	(4.631.573)	(259.752)
CASH FLOW PROVIDED BY FINANCIAL ACTIVITIES		**(114.321.397)**	**(105.083.446)**
Cash Inflows from Financial Liabilities			
- Cash Inflows from Bank Loans	8	2.391.279.641	818.016.972
Cash Outflows from Financial Liabilities			
- Cash Outflows for Bank Loans	8	(2.499.920.948)	(914.828.807)
- Cash Outflows from Other Financial Liabilities	8	-	(221.308)
Cash Outflows from Finance Leases	8	(5.680.090)	(8.050.303)
NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS BEFORE THE EFFECT OF FOREIGN EXCHANGE CURRENCY DIFFERENCES (A+B+C)		**(166.622)**	**70.597.578**
D. THE EFFECT OF FOREIGN CURRENCY DIFFERENCES ON CASH AND CASH EQUIVALENTS		**-**	**-**
CASH AND CASH EQUIVALENTS NET INCREASE/DECREASE		**(166.622)**	**70.597.578**
CASH AND CASH EQUIVALENTS AT THE BEGINING OF THE PERIOD	**4**	**118.035.517**	**47.437.939**
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**4**	**117.868.895**	**118.035.517**

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

(Currency - Turkish Lira 'TRY' unless expressed otherwise.)

NOTE 1 – ORGANIZATION AND NATURE OF ACTIVITIES

Menderes Tekstil Sanayi ve Ticaret Anonim Şirketi ("The Company" or "Menderes Tekstil"), its Subsidiaries and Equity participations are referred as "Group" in the accompanying consolidated financial statements.

The entities mentioned below are applied "Full Consolidation Method":

- Menderes Tekstil Sanayi ve Ticaret A.Ş.
- Smyrna Seracılık Ticaret A.Ş.

The entities mentioned below are applied by "Equity Pick up Method":

- Aktur İzmir Gayrimenkul A.Ş.

<u>Menderes Tekstil Sanayi ve Ticaret A.Ş.</u>
The Company produces cotton press, electric energy, yarn, fabric, valances, dust ruffles, ruffled and tailored shams, comforter shells, printed towels and linens in integrated cotton and synthetic textile establishment.

The Company address registered on the Trade Registry Gazette is Adalet Mahallesi, Manas Bulvarı, No:47/A 42. Kat Bayraklı, İzmir.

As of 31 December 2022, 2.753 personnel are employed by the Company and average number of personnel is 3.213 for the period of 01.01-31.12.2022.

Company shares are traded in the Borsa Istanbul since 2000.

Production Capacity (Textile)
According to the capacity report from Denizli Industrial Chamber dated 10 May 2022, numbered 235 and valid until 10 May 2024, the Company annual production capacity is as follows: (Companies production capacity has been calculated with daily 8 hours, yearly 300 days. Company works for 3 shifts in a day):

Products	Unit	Quantity
Cotton yarn (is used in its production)	Kg	5.438.718
Raw fabric woven (is used in its production))	m2	59.151.060
Knitted fabric (is used in its production))	Kg	1.004.400
Linens	Kg	19.477.500
Pillow case	Kg	5.670.000
Sheet	Kg	7.218.750
Fabric painting (is used in its production)	Kg	3.744.000
Fabric printing (is used in its production)	Kg	14.121.000
Digital fabric printing (is used in its production)	Kg	1.573.719

(Currency - Turkish Lira 'TRY' unless expressed otherwise.)

Production Capacity (Energy)
According to the capacity report from Denizli Industrial Chamber dated 05 November 2021, numbered 622 and valid until 05 November 2023, the Company annual production capacity is as follows:

	Unit	**Quantity**
Electricity energy	Kilowatt hour	161.827.000
Steam (is used in its production)	Joule	617.569.920.000
Hot water (is used in its production)	Joule	238.360.320.000

Information about the Group's power plants in operation, together with its current installed powers, is presented in the table below:

Power plants	Company	Location	Type	Electricity Production Capacity (kWh)
Geothermal				
Baklacı	Menderes	Manisa	Geothermal	155.200.000
Tosunlar	Menderes	Denizli	Geothermal	30.456.000
Wind				
Aliağa	Menderes	İzmir	Wind	57.254.400
Bergama	Menderes	İzmir	Wind	75.816.000
Solar				
Sarayköy	Menderes	Denizli	Solar	9.287.600

Smyrna Seracılık Ticaret A.Ş.
Smyrna Seracılık Ticaret A.Ş. was established in 2007 in İzmir. It is engaged in agricultural production. In the Trade Registry Gazette numbered 7296 and dated 21 April 2009, the Company name has been changed from Smyrna Organik Tarım Sanayi ve Ticaret A.Ş. to Smyrna Seracılık Ticaret A.Ş. The Company has been included to the complete consolidation in 2009.

Smyrna Seracılık Ticaret A.Ş. has operated on the existing area which is 197.000 m2.

Capacity Report (Sarayköy)
According to the capacity report from Denizli Industrial Chamber dated 28 May 2021, numbered 293 and valid until 31 May 2023,The Company production capacity is as follows:

Product	**Unit**	**Quantity**
Tomato	Ton	6.480

The Company recorded address to the trade registry is Köyiçi Mevkii, Tosunlar Kasabası Sarayköy, Denizli.

As of 31 December 2022 , 262 personnel are employed by the Company and the average number of personnel is 264 for the period of 01.01-31.12.2022

Aktur İzmir Gayrimenkul A.Ş.
Aktur İzmir Gayrimenkul A.Ş. was established by spin-off of Aktur Araç Muayene İşletmeciliği A.Ş. with the resolution of the general assembly published in the Trade Registry Newspaper dated November 23, 2020 and numbered 10208. The company generates rental income from the properties it owns. Head office of the company is in Izmir.

NOTE 2 - BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

2. a.Basis of Presentation

Compliance Statement

The Group is predicate on Turkish Commercial Code ("TCC"), tax legislation of the Republic of Turkey and the Uniform Chart of Accounts issued by the Ministry of Finance while maintaining its legal accounting records and preparing statutory financial statements. Financial statements, except financial assets and liabilities which are signified by the fair value, on the basis of historical cost in Turkish Lira ("TRY") have been prepared. Financial statements prepared in accordance with the historical cost basis and in order to make fair presentation in accordance with IAS / IFRS, to the legal records required adjustments and reclassifications are reflected. Paid in capital, premiums on shares and restricted reserves in equity are reflected with their statutory accounting records.

The Preparation of Financial Statements

The accompanying consolidated financial statements are prepared in accordance with the Communiqué Serial II, No:14.1, "Principles of Financial Reporting in Capital Markets" ("the Communiqué") published in the Official Gazette numbered 28676 on 13 June 2013. According to the article 5 of the Communiqué, consolidated financial statements are prepared in accordance with Turkish Financial Reporting Standards ("TFRS") and its addendum and interpretations ("IFRIC") issued by Public Oversight Accounting and Auditing Standards Authority ("POA") Turkish Accounting Standards Boards. The consolidated financial statements of the Group are prepared as per the CMB announcement of 4 October 2022 relating to financial statements presentations

Restatement of financial statements during periods of high inflation

TAS 29 Financial Reporting in Hyperinflation Economies requires entities whose functional currency is that of a hyperinflationary economy to prepare their financial statements in terms of the measuring unit current at the end of the reporting period. TAS 29 describes characteristics that may indicate that an economy is hyperinflationary, and it requires all entities that report in the currency of the same hyperinflationary economy apply this Standard from the same date. Therefore, it is expected that TAS 29 will start to be applied simultaneously by all entities with the announcement of Public Oversight Accounting and Auditing Standards Authority to ensure consistency of the application required by TAS29 throughout the country. However, the Authority has not published any announcement that determines entities would restate their financial statements for the accounting period ending on 31 December 2022 in accordance with TAS 29. In this context, TMS 29 is not applied and inflation adjustment has not been reflected in the financial statements as of December 31, 2022.

Approval of Financial Statements

Consolidated financial statements are approved by the Board of Directors and granted authority to publish on 06 March 2023 Boards of Directors have authority to change financial statements.

Currency Measurement and Reporting Currency

As of 31 December 2022 and 2021, Group's functional and reporting currency unit is represented in TRY compared to previous periods.

Rounding of amounts presented in financial statements

The financial information given in TRY has been rounded to the nearest full TRY value.

Offsetting

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to set off the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

(Currency - Turkish Lira 'TRY' unless expressed otherwise.)

Going Concern

The accompanying consolidated financial statements have been prepared assuming that the group will continue to generate benefit from its assets and fill its liabilities in the following year under the natural course of its activities based on the assumption of continuity of business.

Basis of Consolidation

The capital structure of subsidiaries and participations are as follows:

Subsidiaries	Consolidation Method	31 December 2022	31 December 2021
Smyrna Seracılık Ticaret A.Ş.	Full Consolidation	79,17%	79,17%

Participations	Consolidation Method	31 December 2022	31 December 2021
Aktur İzmir Gayrimenkul A.Ş.	Equity Pick up	48,00%	48,00%

Investments in associates are accounted via using equity pick up method. These are entities in which the Group generally holds between 20% and 50% of the voting rights, or where the Group has significant influence, as well as not having control over the operations of the Group.

Subsidiaries are included in consolidation as of the date of transition to the controlling the Group and they are excluded from the scope of consolidation as of the date of completion of the control.

The share of minority shareholders in the net assets and operating results of the Subsidiaries are presented as minority interest in the consolidated balance sheet and income statement.

In the accompanying consolidated financial statements, results of operations and assets and liabilities of associates are accounted for using equity pick up method of accounting. According to equity pick up method, associates in the consolidated financial statements are shown on the basis of the amount obtained by subtracting the cost value from the net assets of the subsidiary after deducting any impairment in the associate. Losses that exceed the share of the Group in the associate are not recognized in the records. Additional loss is due to the fact that the Group has been exposed to legal or implied liability or has made payments on behalf of an affiliate or business partnership.

(Currency - Turkish Lira 'TRY' unless expressed otherwise.)

As of 31 December 2022 and 2021, the capital structure of subsidiaries and participations are as follows:

Menderes Tekstil Sanayi ve Ticaret A.Ş. (Parent Company)

	31.12.2022	**31.12.2021**
	Ratio %	**Ratio %**
Public Offered Shares	56,26	46,78
Akça Holding A.Ş.	41,35	50,83
Other	2,39	2,39
	%100	**%100**

Akça Holding A.Ş. (Controlling Shareholder of Menderes Tekstil Sanayi ve Ticaret A.Ş)

	31.12.2022	**31.12.2021**
	Ratio %	**Ratio %**
Osman Akça Tar. Ürün. İth. İhr. San. ve Tic. A.Ş.	56,67	53,57
Rıza Akça	21,67	21,67
Dilek Göksan	10,83	10,83
Ahmet Bilge Göksan	10,83	10,83
Menderes Tekstil Pazarlama A.Ş.	-	3,10
	%100	**%100**

Smyrna Seracılık Ticaret A.Ş. (Subsidiary)

	31.12.2022	**31.12.2021**
	Ratio %	**Ratio %**
Menderes Tekstil Sanayi ve Ticaret A.Ş.	79,17	79,17
Rıza Akça	10,31	10,31
Ahmet Bilge Göksan	5,16	5,16
Dilek Göksan	5,16	5,16
Other	0,20	0,20
	%100	**%100**

Aktur İzmir Gayrimenkul A.Ş. (Subsidiary)

	31.12.2022	**31.12.2021**
	Ratio %	**Ratio %**
Zeybekçi Holding A.Ş.	50,00	50,00
Menderes Tekstil Sanayi ve Ticaret A.Ş.	48,00	48,00
Akça Holding A.Ş.	2,00	2,00
	%100	**%100**

2.b. Comparative Information and Previous Periods Adjustments

For the purpose of conducting a comparison of financial position and performance trend, Group's current financial statements are prepared comparative with previous periods. Comparative information is reclassified to be compatible with the presentation of current financial statements, when necessary.

2.c. Changes in Accounting Estimates and Errors

The accompanying financial statements necessitate that some predictions about income and expenses regarding possible assets and liabilities in the financial statements prepared by group management to be compatible with statements required by Capital Market Board. Realized amounts can differ from the predictions. These predictions are observed regularly and reported periodically in income statements.

2.d. Changes in Accounting Policies

A group only could change it s accounting policy under following circumstances;

- If a standard or interpretation makes it necessary or
- If the change make effect of operations or incidents on financial position and performance or cash flows more appropriate and reliable.

Financial statements have to be comparable to see trends in financial position of companies, performance and cash flows for users of financial statements. Accordingly why, if the change is not granting one of above conditions, each interim and fiscal periods has to be applied same accounting policy.

The accounting policies implemented in the financial statements are same as those implemented in the financial statements as of 31 December 2021 and for the year ended on the same date, except as stated above.

2.e. The new standards, amendments and interpretations

The accounting policies adopted in preparation of the consolidated financial statements as of December 31, 2022 are consistent with those of the previous financial year, except for the adoption of new and amended TFRS and TFRS interpretations effective as of January 1, 2022 and thereafter. The effects of these standards and interpretations on the Group’s financial position and performance have been disclosed in the related paragraphs.

i) The new standards, amendments and interpretations which are effective as of January 1, 2022 are as follows

Amendments to TFRS 3 – Reference to the Conceptual Framework

In July 2020, POA issued amendments to TFRS 3 Business combinations. The amendments are intended to replace to a reference to a previous version of the Conceptual Framework (the 1989 Framework) with a reference to the current version issued in March 2018 (the Conceptual Framework) without significantly changing requirements of TFRS 3. At the same time, the amendments add a new paragraph to TFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date. The amendments must be applied prospectively.

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

Amendments to TAS 16 – Proceeds before intended use

In July 2020, POA issued amendments to TAS 16 Property, plant and equipment. The amendment prohibits entities from deducting from the cost of an item of property, plant and equipment (PP&E), any proceeds of the sale of items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and costs of producing those items, in profit or loss. The amendments must be applied retrospectively only to items of PP&E made available for use on or after beginning of the earliest period presented when the entity first applies the amendment.

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

Amendments to TAS 37 – Onerous contracts – Costs of Fulfilling a Contract

In July 2020, the POA issued amendments to TAS 37 Provisions, Contingent Liabilities and Contingent assets. The amendments specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making and also apply a "directly related cost approach". Amendments must be applied prospectively to contracts for which an entity has not fulfilled all of its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application).

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

Annual Improvments – 2018–2020 Cycle

In July 2020, the POA issued Annual Improvements to TFRS Standards 2018–2020 Cycle, amending the followings:

- TFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter: The amendment permits a subsidiary to measure cumulative translation differences using the amounts reported by the parent. The amendment is also applied to an associate or joint venture..
- TFRS 9 Financial Instruments – Fees in the "10 per cent test" for derecognition of financial liabilities: The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either borrower or lender on the other's behalf
- TAS 41 Agriculture – Taxation in fair value measurements: The amendment removes the requirement in paragraph 22 of TAS 41 that entities exclude cash flows for taxation when measuring fair value of assets within the scope of TAS 41.

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

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

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

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

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

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

TFRS 17 - The new Standard for insurance contracts

The POA issued TFRS 17 in February 2019, a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. TFRS 17 model combines a current balance sheet measurement of insurance contract liabilities with the recognition of profit over the period that services are provided. TFRS 17 will become effective for annual reporting periods beginning on or after 1 January 2023; early application is permitted.

The standard is not applicable for the Group and will not have an impact on the financial position or performance of the Group.

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

In January 2021 and January 2023, POA issued amendments to TAS 1 to specify the requirements for classifying liabilities as current or non-current. According to the amendments made in January 2023 if an entity's right to defer settlement of a liability is subject to the entity complying with the required covenants at a date subsequent to the reporting period ("future covenants"), the entity has a right to defer settlement of the liability even if it does not comply with those covenants at the end of the reporting period. In addition, January 2023 amendments require an entity to provide disclosure when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months. This disclosure must include information about the covenants and the related liabilities. The amendments clarified that the classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement of the liability for at least twelve months after the reporting period. The amendments are effective for periods beginning on or after 1 January 2024. The amendments must be applied retrospectively in accordance with TAS 8. Early application is permitted. However, an entity that applies the 2021 amendments early is also required to apply the 2023 amendments, and vice versa.

Amendments to TAS 8 - Definition of Accounting Estimates

In August 2021, POA issued amendments to TAS 8, in which it introduces a new definition of 'accounting estimates'. The amendments issued to TAS 8 are effective for annual periods beginning on or after 1 January 2023. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, the amended standard clarifies that the effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period errors. The previous definition of a change in accounting estimate specified that changes in accounting estimates may result from new information or new developments. Therefore, such changes are not corrections of errors. This aspect of the definition was retained by the POA. The amendments apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of the effective date. Earlier application is permitted.

The Group is in the process of assessing the impact of the amendments on financial position or performance of the Group.

Amendments to TAS 1 - Disclosure of Accounting Policies

In August 2021, the POA issued amendments to TAS 1, in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments issued to TAS 1 are effective for annual periods beginning on or after 1 January 2023. In the absence of a definition of the term 'significant' in TFRS, the POA decided to replace it with 'material' in the context of disclosing accounting policy information. 'Material' is a defined term in TFRS and is widely understood by the users of financial statements, according to the POA. In assessing the materiality of accounting policy information, entities need to consider both the size of the transactions, other events or conditions and the nature of them. Examples of circumstances in which an entity is likely to consider accounting policy information to be material have been added.

The Group is in the process of assessing the impact of the amendments on financial position or performance of the Group.

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

In August 2021, POA issued amendments to TAS 12, which narrow the scope of the initial recognition exception under TAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences. The amendments issued to TAS 12 are effective for annual periods beginning on or after 1 January 2023. The amendments clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognized in the financial statements (and interest expense) or to the related asset component (and interest expense). This judgement is important in determining whether any temporary differences exist on initial recognition of the asset and liability. The amendments apply to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period presented, a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for all deductible and taxable temporary differences associated with leases and decommissioning obligations should be recognized.

The Group is in the process of assessing the impact of the amendments on financial position or performance of the Group.

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

In January 2023, POA issued amendments to TFRS 16. The amendments specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognize any amount of the gain or loss that relates to the right of use it retains. In applying requirements of TFRS 16 under "Subsequent measurement of the lease liability" heading after the commencement date in a sale and leaseback transaction, the seller lessee determines 'lease payments' or 'revised lease payments' in such a way that the seller-lessee would not recognize any amount of the gain or loss that relates to the right of use retained by the seller-lessee. The amendments do not prescribe specific measurement requirements for lease liabilities arising from a leaseback. The initial measurement of the lease liability arising from a leaseback may result in a seller- lessee determining 'lease payments' that are different from the general definition of lease payments in TFRS 16. The seller-lessee will need to develop and apply an accounting policy that results in information that is relevant and reliable in accordance with TAS 8. A seller-lessee applies the amendments to annual reporting periods beginning on or after 1 January 2024. Earlier application is permitted. A seller-lessee applies the amendments retrospectively in accordance with TAS 8 to sale and leaseback transactions entered into after the date of initial application of TFRS 16.

The Group is in the process of assessing the impact of the amendments on financial position or performance of the Group.

2.f. Summary of Significant Accounting Policy

Revenue Recognition

Group recognizes revenue based on the following five principles in accordance with the TFRS 15 - "Revenue from Contracts with Customers" standard effective from 1 January 2018.

- 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

Group evaluates each contracted obligation separately and respective obligations, which are committed to deliver the goods or perform services, are determined as separate performance obligations. Group determines at contract inception whether the performance obligation is satisfied over time or at a point in time. When the Group transfers control of a good or service over time, and therefore satisfies a performance obligation over time, then the revenue is recognized over time by measuring the progress towards complete satisfaction of that performance obligation.

The goods or services are transferred when the control of the goods or services is delivered to the customers. Following indicators are considered while evaluating the transfer of control of the goods and services:

a) presence of Group's collection right of the consideration for the goods or services,
b) customer's ownership of the legal title on goods or services,
c) physical transfer of the goods or services,
d) customer's ownership of significant risks and rewards related to the goods or services,
e) customer's acceptance of goods or services.

If Group expects, at contract inception, that the period between when the Group transfers a promised good or service to a customer and when the customer pays for that good or service will be one year or less, the promised amount of consideration for the effects of a significant financing component is not adjusted. On the other hand, when the contract effectively constitutes a financing component, the fair value of the consideration is determined by discounting all future receipts using an imputed rate of interest. The difference between the fair value and the nominal amount of the consideration is recognized on an accrual basis as other operating income.

<u>Interest Income</u>
Interest income is accrued using the effective interest method which brings the remaining principal amount and expected future cash flows to the net book value of the related deposit during the expected life of the deposit.

Interest and foreign exchange gains and losses arising from trading transactions are recognized in other operating income and expense.

Dividend income is recorded as income of the collection right transfer date. Dividends payable are recognized as an appropriation of profit in the period in which they are declared.

Inventories

Inventories are valued at the lower of cost or net realizable value. Inventory costs include purchasing costs. The unit cost of inventories is determined average cost method. Net realizable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses.

Biological Assets

Group's biological assets consist of planted tomatoes. Uncultivated tomatoes are reflected in the consolidated financial statements after the provision for impairment is booked, if there is a decrease in cost due to the absence of an active market.

Tangible Assets

Lands, buildings, land improvements, machineries and equipment are reflected to the consolidated financial statements at fair values that are determined by an independent real estate appraisal company, which is accredited by CMB as of 31 December 2022.

The valuation company used the Market Value Method in determining the fair values of land, land and buildings. The "Market Value and Cost Method" was used to determine the fair values of land improvements and machinery, plant and equipment.

The revaluation frequency depends on the differences at the fair values of tangible fixed assets.

If net book value of an asset increases as a result of the revaluation, this increase is recognized at statement of other comprehensive income and presented under the revaluation fund account in the equity. However a revaluation value increase can only be recognized in the profit or loss statement to the extent of impairment recorded in the previous periods for the same asset.

If net book value of an asset decreases during the revaluation, this decrease is recognized as expense. However this decrease can only be recognized as much as all kinds of credit balance about this asset in the revaluation surplus.

(Currency - Turkish Lira 'TRY' unless expressed otherwise.)

The subjected decrease recognized in other comprehensive income, decreases the amount accumulated in equity under revaluation surplus. In the case of sales of revalued building or land, revaluation surplus part of revalued asset is classified to accumulated profit/(loss).

The costs of Tangible fixed assets purchased before 1 January 2005 are restated for the effects of inflation in TRY unit current at 31 December 2005 less accumulated depreciation and impairment losses. The costs of tangible assets purchased after 1 January 2005 are carried at cost less accumulated depreciation and impairment losses.

Tangible fixed assets are carried at cost, less accumulated depreciation. Depreciation is provided on the acquired values of tangible fixed assets on a straight-line method starting from the acquisition date. Repair and maintenance costs are transferred to the related expense account on the date of the charge.

Economic useful lives of assets approximately are as follows:

	Years
Land improvements	10-40
Buildings	30-50
Machinery, plant and equipment	5-15
Energy facilities	20-25
Motor vehicles	5-10
Fixtures and fittings	3-20

Intangible Assets

Intangible assets are reflected with adjusted cost value according to the inflationary accounting effective for the entries purchased before 01 January 2005 and acquired cost of entries purchased after 01 January 2005 by deducting the accumulated amortization.

Intangible assets comprise acquired usage rights, information systems, research and development expenses and other identified rights. They are recorded at acquisition cost and amortized on a straight-line based on pro-rata over their estimated useful lives for a period not exceeding between 10% and 20% for a year.

Investment Properties

Investment properties are the real estates which are held to earn rental income and/or for capital appreciation. Investment properties are presented in the financial statements at their fair value determined in the revaluation work. Revaluation work was performed by an independent appraisal company accredited by the Capital Market Board. Appreciation or devaluation in the mentioned properties is accounted in the consolidated profit or loss table.

If an owner-occupied property becomes an investment property that will be carried at fair value, an entity shall apply TAS 16 up to the date of change in use. The entity shall treat any difference at that date between the carrying amount of the property in accordance with TAS 16 and its fair value in the same way as a revaluation in accordance with TAS 16.

Investment properties are derecognized when either they have been disposed off 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 consolidated statement of profit or loss in the year of retirement or disposal. A gain or loss arising from a change in the fair value of investment property shall be recognized in profit or loss for the period in which it arises.

Impairment of Assets

The carrying amounts of the Group's assets other than goodwill are reviewed at each balance sheet date to determine whether there is any indication of impairment. When an indication of impairment exists, the Group compares the carrying amount of the asset with its net realizable value which is the higher of value in use or fair value less costs to sell. Impairment exists if the carrying value of an asset or a cash generating unit is greater than its recoverable amount which is the higher of value in use or fair value less costs to sell. An impairment loss is recognized immediately in the comprehensive statement of income. The increase in carrying value of the assets (or a cash generated unit) due to the reversal of recognized impairment loss shall not exceed the carrying amount of the asset (net of amortization amount) in case where the impairment loss was reflected in the consolidated financial statements in prior periods. Such a reversal is accounted for in the comprehensive statement of income.

Right-of-Use Assets

The Group recognizes right-of-use assets at the commencement of the lease (i.e., the date of underlying asset is available for use).Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses and adjusted for any remeasurement of lease liabilities.

The cost of right-of-use asset includes:

(a) the amount of lease liabilities recognized,
(b) lease payments made at or before the commencement date less any lease incentives received.
(c) initial direct costs incurred.

Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

Lease Liabilities

At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term.

At the commencement date of the lease, the measurement of the lease liabilities include:

(a) Fixed payments,
(b) The variable lease payments that do not depend on an index or a rate are recognized as expense in the period on which the event or condition that triggers the payment occurs,
(c) The amounts expected to be paid by the Group under residual value guarantees.
(d) The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and
(e) The payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate.

The variable lease payments that do not depend on an index or a rate are recognized as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readly determinable.

After the commencement date, the Group measures the amount of lease liabilities as follows :

(a) The amount of lease liabilities is increased to reflect the accretion of interest and
(b) Reduces for the lease payments made.

In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short – term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (ie, those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option).It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered of low value. Lease payments on short-term lease and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

Borrowing costs

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

In case of foreign exchange income in the financing activities, the related income is deducted from the total of capitalized financial expenses.

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. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization. All of the other borrowing costs are recorded in the income statement in the period in which they are incurred.

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

Financial Assets

Classification

Group classifies its financial assets in three categories of financial assets measured at amortized cost, financial assets measured at fair value through other comprehensive income and financial assets measured at fair value through profit of loss. The classification of financial assets is determined considering the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. The appropriate classification of financial assets is determined at the time of the purchase.

Financial assets are not reclassified after initial recognition except when the Group's business model for managing financial assets changes; in the case of a business model change, subsequent to the amendment, the financial assets are reclassified on the first day of the following reporting period.

Recognition and Measurement

"Financial assets measured at amortized cost", are non-derivative assets that are held within a business model whose objective is to hold assets in order to collect contractual cash flows and the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Group's financial assets measured at amortized cost comprise "cash and cash equivalents", "trade receivables" and "financial investments". Financial assets carried at amortized cost are measured at their fair value at initial recognition and by effective interest rate method at subsequent measurements. Gains and losses on valuation of non-derivative financial assets measured at amortized cost are accounted for under the consolidated.

"Financial assets measured at fair value through other comprehensive income", are non-derivative assets that are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Gains or losses on a financial asset measured at fair value through other comprehensive income is recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses until the financial asset is derecognized or reclassified. When the financial asset is derecognized the cumulative gain or loss previously recognized in other comprehensive income is reclassified to retained earnings.

Group may make an irrevocable election at initial recognition for particular investments in equity instruments that would otherwise be measured at fair value through profit or loss, to present subsequent changes in fair value in other comprehensive income. In such cases, dividends from those investments are accounted for under consolidated statement of income.

"Financial assets measured at fair value through profit or loss", are assets that are not measured at amortized cost or at fair value through other comprehensive income. Gains and losses on valuation of these financial assets are accounted for under the consolidated statement of income.

Derecognition

The Group derecognized a financial asset when the contractual rights to the cash flows from the asset expired, or it transferred the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset were transferred. Any interest in such transferred financial assets that was created or retained by the Group was recognized as a separate asset or liability.

Impairment

Impairment of the financial and contractual assets measured by using "Expected credit loss model" (ECL). The impairment model applies for amortized financial and contractual assets.

Provision for loss measured as below;

- 12 Month ECL: results from default events that are possible within 12 months after reporting date.

- Lifetime ECL: results from all possible default events over the expected life of financial instrument..

Lifetime ECL measurement applies if the credit risk of a financial asset at the reporting date has increased significantly since 12 month ECL measurement if it has not.

The group may determine that the credit risk of a financial asset has not increased significantly if the asset has low credit risk at the reporting date. However lifetime ECL measurement (simplified approach) always apply for trade receivables and contract assets without a significant financing.

Trade Receivables

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

Group has preferred to apply "simplified approach" defined in TFRS 9 for the recognition of impairment losses on trade receivables, carried at amortized cost and that do not comprise of any significant finance component (those with maturity less than 1 year). In accordance with the simplified approach, Group measures the loss allowances regarding its trade receivables at an amount equal to "lifetime expected credit losses" except incurred credit losses in which trade receivables are already impaired for a specific reason.

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

Unearned finance income/expense due to commercial transactions are accounted for under "Other Operating Income/Expenses" in the consolidated statement of income or loss.

The Group collects some of its receivables through factoring. The receivables that are subject to the factoring transaction are deducted from their respective receivables accounts, if the collection risk is undertaken by the Factoring Group. The amounts at Group's collection risk continue to be transferred to the Consolidated Financial Statements and advances received from the factoring companies are presented as debts from factoring transactions under the "Borrowings" account in the Consolidated Financial Statements.

Cash and Cash Equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank deposits with original maturities of more than three months and shorter than 1 year are classified under short-term financial investments.

Financial Liabilities

Financial liabilities are measured initially at fair value. Transaction costs which are directly related to the financial liability are added to the fair value.

The effective interest method calculates the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate discounts the estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Financial liabilities are classified as equity instruments and other financial liabilities.

Equity instruments
Financial liabilities related to non-controlling share put options are reflected in the financial statements in conformity with their discounted value of them own redemption plan. The discounted value of the financial liability which is the subject of the put option is estimated to be the fair value of the financial asset.

Other financial liabilities
Other financial liabilities are subsequently measured at amortized cost using the effective interest method plus the interest expense recognized on an effective yield basis.

Trade Payables

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

The Effects of Exchange Rates

Foreign currency transactions are entered in the accounts with current rates in transaction date. Foreign currency assets and liabilities in the balance sheet are converted to the TRY as the rates in the balance sheet date. Foreign exchange and losses are reflected to the financial statements.

Effects of Change in Currency Rate

Assets and liabilities in foreign currency and purchase and sale commitments create exchange risk. Foreign exchange risk stemming from depreciation or appreciation of Turkish Lira managed by top management by following the currency position of the Group and taking position according to approved limits.

Earnings per Share / (Loss)

The amount of gain / loss per share is calculated by dividing the period gain/ loss of the Group with weighted average share unit in the period.

In Turkey, companies can increase their share capital by making distribution of "bonus shares" to existing shareholders from Inflation adjustment difference in shareholder's equity. For the purpose of the earnings per share computations, the weighted average number of shares outstanding during the year has been adjusted in respect of "bonus shares" issued without corresponding change in resources by giving them retroactive effect for the period in which they were issued and each earlier period.

(Currency - Turkish Lira 'TRY' unless expressed otherwise.)

Investments Subject to Equity Pick-up Method

Equities valued with equity pick-up method are carried at their initial acquisition cost. This amount is accounted by equity pick-up method by restating subject to Group accounting policies calculating the share of Group from the net assets.

Employee Benefits / Severance Pay

Provision for Severance Pay

Under Turkish Labor Law, the Group is required to pay termination benefits to each employee who has completed one year of service and whose employment is terminated without due cause, or who retires in accordance with social insurance regulations or is called up for military service or dies. As of 31 December 2022, such payments are calculated on the basis of 30 days' pay limited to a maximum of TRY 15.371 (31 December 2021: TRY 8.285) per year of employment at the rate of pay applicable at the date of retirement.

Group used "Projection Method" to calculate the termination benefits and the duration to be completed based on the past experience and discounted with rate of Treasury bond at balance sheet date. The calculated profits and losses are reflected in income statements.

The ratios of the basic assumptions used on the balance sheet date are as follows:

	31.12.2022	31.12.2021
Discount rate	3,65%	3,59%

Social Insurance Premium

Group, pays social security contribution to social security organization compulsorily. So long as the Group pays these premiums, it has no liability. These premiums are reflected as personnel expenses in the period in which they are paid.

An obligation is recorded regarding to vacation payments earned by the employees as a result of their past services. In case of termination of employment, the Group is obliged to pay an amount equal to the amount found by multiplying the daily gross wage on the date of termination of the employment contract and the sum of other contractual benefits with the number of earned but unused vacation days. In this context, the Group records the provision for unused vacation as a long-term benefit obligation provided to employees.

Vacation provision is a short-term employee benefit obligation, measured without discount and expensed in profit or loss as the related service is performed.

Taxes

Taxes on income for the period comprise current tax and the change in the deferred taxes. The charge for current tax is based on the results for the period as adjusted for items which are non-assessable or disallowed. It is calculated using tax rates enacted by the balance sheet date. Deferred tax is accounted for using the "liability" method in respect of temporary differences arising from differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of taxable (statutory) profit. Deferred tax is accounted by temporary differences between the values of assets and liabilities in financial statements using "liability method" and the values of financial statements for the legal purpose. Deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction which affects neither the tax profit nor the accounting profit. Net deferred tax assets created from term differences deducted in proportion as tax allowances in conditions of there is no certain information for the coming periods.

Provisions, Conditional Liabilities and Conditional Assets

Provisions
Provisions are recognized when there is a present obligation (legal or constructive) as a result of a past event. It is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

Conditional liabilities and conditional assets
Transactions that may give rise to contingencies and commitments are those where the outcome and the performance of which will be ultimately confirmed only on the occurrence or non occurrence of certain future events, unless the expected performance is not very likely. Accordingly, contingent losses are recognized in the financial statements of Group if a reasonable estimate of the amount of the resulting loss can be made. Contingent gains are reflected only if it is probable that the gain will be realized.

Derivative Financial Instruments and Instruments to Protect from Risk

The Group's derivative financial instruments include foreign currency forward contracts and interest rate swap transactions.

At the end of valuation, the derived financial instruments which are appreciated with the reasonable value and associated with income statement will be reflected as a result of valuation to the income sheet.

It has been calculated with comparison of the revalued gains and losses in the forward purchase and sale agreements of foreign currency with the foreign exchange spot rate as of balance sheet date and the revalued original amount calculated with linear method with valid foreign exchange spot rate as of starting date of agreements. Amounts related with income statement have been classified as income/ expense accruals under other receivables and other payables in the balance sheet.

Statement of Cash Flow

The Group prepares statements of cash flows as an integral part of its of financial statements to enable financial statement analysis about the change in its net assets, financial structure and the ability to direct cash flow amounts and timing according to evolving conditions. Cash flows include those from operating activities, working capital, investing activities and financing activities.

Cash flows from operating activities represent the cash flows generated from the Group's activities. The Group has preferred to present the cash inflows and outflows from operating activities in the financial statements in indirect way.

Cash flows related to investing activities represent the cash flows that are used in or provided from the investing activities of the Group (fixed investments and financial investments).

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

Subsequent Events

Although subsequent events arise after the explanation of the financial information to the public or any announcement related to profitability, it encloses all the events with balance sheet date and authorization date for the diffusion of the balance sheet. Group adjusts the amounts in the financial statements if there exists any events necessitates adjustment.

Related Parties

In the presence of one of the following criteria, parties are considered as related to the Group

(a) Directly, or indirectly through one or more intermediaries, the party
- (i) Controls, is controlled by, or is under common control with, the Group (this includes parents, subsidiaries and fellow subsidiaries)
- (ii) Has an interest in Group that gives it significant influence over the Group; or
- (iii) Has joint control over the Group;

(b) The party is an associate of the Group,
(c) The party is a joint venture, in which the Group is a venture,
(d) The party is member of the key management personnel of the Group or its parent,
(e) The party is a close member of the family of any individual referred to in (a) or (d),
(f) The party is an entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (d) or (e),
(g) The party has a defined benefit plan for the employees of the Group or a related party of the Group

Transactions with related parties are transfer of resources or obligations between related parties, regardless of whether a price is charged. Group interacts with its related parties within the frame of ordinary business activities (Note 6).

Details of related parties are as follows:

Akça Holding A.Ş. "Akça Holding"
Akça Holding A.Ş. was established in 1994 in İzmir. The Company's field of activity is to provide financial support to group companies.

Osman Akça Tarım Ürünleri İthalat İhracat Sanayi ve Ticaret A.Ş."Osman Akça Tarım Ürünleri"
Osman Akça Tarım Ürünleri İthalat ve İhracat San. ve Tic. A.Ş. was established on 25 July 1985. Head quarter of The Company is in İzmir. The Company's field of activity is agricultural products and dried fruit processing.

Akçasaraylı Tekstil Sanayi ve Ticaret Ltd. Şti. "Akçasaraylı Tekstil"
Akçasaraylı Tekstil Sanayi ve Ticaret Ltd. Şti. was established in 1990 in İzmir The Company's field of activity is the wholesale and retail sale of textile products.

A trademark lease contract was made between Menderes Tekstil San. ve Tic. A.Ş. and Akça Saraylı Tekstil San. ve Tic. Ltd. Şti. Regarding to this signed contract, Akça Saraylı Tekstil San. ve Tic. Ltd.Şti. is obliged to pay 2% of its annual net sales to Menderes Tekstil San. ve Tic. A.Ş. as a leasing fee. Consequently, Akça Saraylı Tekstil San. ve Tic. Ltd. Şti. leased the trademarks of Mendereshome Store-Menderesstore-Menderestore.

Ak-San Sigorta ve Aracılık Hizmetleri Ltd. Şti. "Aksan Sigorta"
Ak-San Sigorta Aracılık Hizmetleri Ltd. Şti. was established on 13 March 1997. Head quarter of the Company is in İzmir. The Company's field of activity is insurance brokerage services.

Related parties that do not have any significant activity with the Group are as follows:

Aktur Araç Muayene İstasyonları İşletmeciliği A.Ş.
Aktur İzmir Gayrimenkul A.Ş.

Government Grants and Incentives

Government incentives, including non-monetary grants at fair value are included in the consolidated financial statements only if there is reasonable assurance that the Group will fulfill all required conditions and acquire the incentive. A forgivable loan from government is treated as a government grant when it is probable that the entity will meet the terms for forgiveness of the loan.

The Group has an income from insurance premium employer share incentive based on the Labor Law numbered 4857 and Social Insurance and General Health Insurance Law numbered 5510 This incentive granted by government is not collected in cash but deducted from the accrued insurance premiums by treasury. The mentioned incentive income was off set against cost of goods sold in the financial statements.

2.g. Significant Accounting Estimates and Assumptions

The preparation of consolidated financial statements requires estimates and assumptions to be made regarding the amounts for the assets and liabilities at the balance sheet date, and explanations for the contingent assets and liabilities as well as the amounts of income and expenses realized in the reporting period. The Group makes estimates and assumptions concerning the future. The accounting estimates and assumptions, by definition, may not be equal to the related actual results. The estimates and assumptions that may cause a material adjustment to the carrying amounts of assets and liabilities within the next financial period are addressed below:

Deferred tax
The Group recognizes deferred tax assets and liabilities for temporary timing differences arising from the differences between the tax bases and statutory tax financial statements. Such differences usually arise from the fact that certain income and expense items are included in the tax base amounts and financial statements prepared in accordance with TAS at different periods. The Group has unused tax losses that can be deducted from future profits and deferred tax assets consisting of other deductible temporary differences. The recoverable amount of deferred tax assets partially or fully is estimated under current conditions. During the assessment, future profit projections, losses incurred in the current period, unused losses and other taxable assets are taken into consideration and tax planning strategies that can be used when necessary are taken into account.

Provision for severance pay
The present value of the retirement pay liability is determined on an actuarial basis using certain assumptions. These assumptions are used in determining the net expense of the termination compensation liabilities and include the rate of reduction. Any change in the underlying assumptions affect the recorded value of the termination indemnity obligation. Actuarial losses and gains are recognized in the statement of comprehensive income in the period in which they are incurred.

The group determines the appropriate reduction rate at the end of each year. This rate is used to calculate the present value of estimated future cash outflows necessary to meet the retirement benefit obligations.

Deferred financing income / expense:
The calculation of the amortized cost of trade receivables and payables by using the effective interest method is based on the expected collection and payment dates of the receivables and payables.

Useful lives:
Tangible and intangible assets are amortized and depreciated on useful lives.

Provisions for litigation:
When setting aside the provision for legal claims the probability of losing the related case and the results to expect to be suffered in the event that the legal counsel of the Group and management of the Group make their best estimates to calculate the provision.

Investment property impairment:
The Group makes a comparison with the valuation report issued by the licensed real estate valuation company at Capital Market Board when evaluating as to whether any indication that there is a decrease in the value of the investment properties.

Distinction of tangible assets and Investment properties:
The Group has classified the properties which it owns and rented as investment properties.

Fair value measurements of land and buildings
While the fair values of land and buildings have been determined within the scope of TAS 16, real estate valuation reports prepared by Aden Gayrimenkul Değerleme ve Danışmanlık A.Ş. accredited by the Capital Markets Board were used (Note 17).

Fair value measurements of property, plant and equipment
While the fair values of machinery, plant and equipments have been determined within the scope of TAS 16, real estate valuation reports prepared by Aden Gayrimenkul Değerleme ve Danışmanlık A.Ş. accredited by the Capital Markets Board were used (Note 17).

The estimates used are shown in the relevant accounting policies or footnotes.

2.h. Segment Reporting

The Group has three business segments determined by the management based on information available for the evaluation of performances and the allocation of resources. These divisions are; textile (Menderes Tekstil), agriculture sector (Menderes Tekstil and Smyrna) and energy sector (Menderes Tekstil). These segments are managed separately because they are affected by the economic conditions and geographical positions in terms of risks and returns. When evaluating the segments' performance, Group Management is utilizing the financial statements prepared in accordance with TFRS (Note 3).

Operating segments are reported in a manner consistent with the reporting provided to the Group's chief operating decision-maker. The Group's chief operating decision-maker is responsible for allocating resources and assessing performance of the operating segments.

For an operating segment to be identified as a reportable segment, its reported revenue, including both sales to external customers and intersegment sales or transfers, is 10% or more of the combined revenue, internal and external, of all operating segments; the absolute amount of its profit or loss is 10% or more of the combined profit or loss or its assets are 10% or more of the combined assets of all operating segments.

Operating segments that do not meet any of the quantitative thresholds may be considered reportable, and separately disclosed, if the management believes that information about the segment would be useful to users of the financial statements.

(Currency - Turkish Lira 'TRY' unless expressed otherwise.)

NOTE 3 – SEGMENT REPORTING

31 December 2022	Textile Sector	Agricultural Sector	Energy Sector	Elimination	Total
Revenue	2.650.601.913	1.036.863.722	431.274.460	-	4.118.740.095
Cost of Sales (-)	(1.812.870.325)	(801.685.923)	(147.609.434)	2.819.222	(2.759.346.460)
GROSS PROFIT/LOSS	**837.731.588**	**235.177.799**	**283.665.026**	**2.819.222**	**1.359.393.635**
General Administrative Expenses (-)	(88.249.611)	(3.526.325)	(14.066.257)	45.180	(105.797.013)
Marketing Expenses (-)	(110.337.033)	(2.575.107)	-	-	(112.912.140)
Research and Development Expenses (-)	(15.767.239)	-	-	-	(15.767.239)
Other Operating Income	140.135.821	147.525.386	10.191.618	(2.864.402)	294.988.423
Other Operating Expenses (-)	(137.020.117)	(36.212.164)	(38.064)	2.808.070	(170.462.275)
OPERATING PROFIT/LOSS	**626.493.409**	**340.389.589**	**279.752.323**	**2.808.070**	**1.249.443.391**
Income from Investing Activies	86.187.295	655	-	-	86.187.950
Shares of Profit/(Loss) from Investments Valued by Equity Pick-up Method	156.677.962	-	-	-	156.677.962
OPERATING PROFIT/LOSS BEFORE FINANCING EXPENSES	**869.358.666**	**340.390.244**	**279.752.323**	**2.808.070**	**1.492.309.303**
Financial Income (+)	58.176.429	22.047.949	-	(4.977.302)	75.247.076
Financial Expenses (-)	(504.161.127)	(4.225.909)	(259.883.581)	2.169.232	(766.101.385)
OPERATING ACTIVITY PROFIT/(LOSS) BEFORE TAXATION	**423.373.968**	**358.212.284**	**19.868.742**	**-**	**801.454.994**
Operating Activity Tax Income / (Expense)					
- Income/Expense Tax for the period	-	(362.499)	-	-	(362.499)
- Deferred Tax Income/Expense	234.699.887	12.138.533	-	-	246.838.420
PROFIT/(LOSS) FOR THE PERIOD	**658.073.855**	**369.988.318**	**19.868.742**	**-**	**1.047.930.915**

31 December 2021	Textile Sector	Agricultural Sector	Energy Sector	Elimination	Total
Revenue	1.453.726.851	554.964.073	218.784.822	(630.094)	2.226.845.652
Cost of Sales (-)	(1.245.945.668)	(514.635.649)	(98.460.013)	1.194.887	(1.857.846.443)
GROSS PROFIT/LOSS	**207.781.183**	**40.328.424**	**120.324.809**	**564.793**	**368.999.209**
General Administrative Expenses (-)	(40.577.223)	(1.664.004)	(2.928.345)	261.750	(44.907.822)
Marketing Expenses (-)	(55.950.051)	(1.247.834)	-	-	(57.197.885)
Research and Development Expenses (-)	(9.841.817)	-	-	-	(9.841.817)
Other Operating Income	166.739.584	96.821.420	186.460	(831.682)	262.915.782
Other Operating Expenses (-)	(66.877.409)	(11.527.112)	(341.061)	5.139	(78.740.443)
OPERATING PROFIT/LOSS	**201.274.267**	**122.710.894**	**117.241.863**	**-**	**441.227.024**
Income from Investing Activies	63.230.986	-	-	-	63.230.986
Expense from Investing Activies (-)	(71.743)	(3.517)	-	-	(75.260)
Shares of Profit/(Loss) from Investments Valued by Equity Pick-up Method	30.612.691	-	-	-	30.612.691
OPERATING PROFIT/LOSS BEFORE FINANCING EXPENSES	**295.046.201**	**122.707.377**	**117.241.863**	**-**	**534.995.441**
Financial Income (+)	115.024.025	1.236.424	4.915.590	(1.296.525)	119.879.514
Financial Expenses (-)	(643.665.282)	(1.883.729)	(352.862.391)	1.296.525	(997.114.877)
OPERATING ACTIVITY PROFIT/(LOSS) BEFORE TAXATION	**(233.595.056)**	**122.060.072**	**(230.704.938)**	**-**	**(342.239.922)**
Operating Activity Tax Income / (Expense)					
- Income/Expense Tax for the period	-	(1.727.939)	-	-	(1.727.939)
- Deferred Tax Income/Expense	72.953.465	5.524.713	-	-	78.478.178
PROFIT/(LOSS) FOR THE PERIOD	**(160.641.591)**	**125.856.846**	**(230.704.938)**	**-**	**(265.489.683)**

(Currency - Turkish Lira 'TRY' unless expressed otherwise.)

31 December 2022	**Textile Sector**	**Agricultural Sector**	**Energy Sector**	**Elimination**	**Total**
Total Assets	5.332.533.405	895.766.306	1.527.151.269	(84.523.717)	7.670.927.263
Total Liabilities	2.470.365.412	363.572.812	885.600.781	(13.092.396)	3.706.446.609
Assets by Segments					
Investment Property	208.625.903	-	-	-	208.625.903
Total Tangible Assets (Net Book Value)	2.471.418.139	168.075.715	1.527.140.999	-	4.166.634.853
Total Intangible Assets (Net Book Value)	33.729.530	4.715	10.270	-	33.744.515
Purchases of Tangible and Intangible Assets	100.108.684	939.121	172.508	-	101.220.313
Depreciation Expenses	46.981.191	2.623.652	39.251.700	-	88.856.543
Detail of the Group's foreign currency assets and liabilities by segments					
Total Assets	571.916.623	25.634.923	-	-	597.551.546
Total Liabilities	947.987.306	76.746	885.600.781	-	1.833.664.833
Net Foreign Currency Asset/ Liabilities	(376.070.683)	25.558.177	(885.600.781)	-	(1.236.113.287)
Detail of the Group's financial liabilities by division in currency					
Financial Payables	**1.368.489.063**	**37.923.127**	**885.600.781**	**-**	**2.292.012.971**
- USD	*355.152.239*	-	*198.702.080*		*553.854.319*
- EUR	*297.419.513*	-	*686.898.701*		*984.318.214*
- TRY	*715.917.311*	*37.923.127*	-		*753.840.438*
Export	2.004.349.121	118.916.255	-	-	2.123.265.376
Import	1.315.617.424	4.062.104	-	-	1.319.679.528
Total Debt	2.470.365.412	363.572.812	885.600.781	(13.092.396)	3.706.446.609
Cash Equivalents	(112.312.558)	(5.556.337)	-	-	(117.868.895)
Net Debt	2.358.052.854	358.016.475	885.600.781	(13.092.396)	3.588.577.714
Total Equity	2.569.230.715	532.193.494	934.487.766	(71.431.321)	3.964.480.654
Total Capital	4.927.283.569	890.209.969	1.820.088.547	(84.523.717)	7.553.058.368
Net Debt/Total Capital Ratio	47,86%	40,22%	48,66%		47,51%

(Currency - Turkish Lira 'TRY' unless expressed otherwise.)

31 December 2021	**Textile Sector**	**Agricultural Sector**	**Energy Sector**	**Elimination**	**Total**
Total Assets	2.599.606.099	440.064.591	839.774.053	(74.092.202)	3.805.352.541
Total Liabilities	1.743.313.276	257.009.071	785.584.997	(2.660.881)	2.783.246.463
Assets by Segments					
Investment Property	139.757.592	-	-	-	139.757.592
Total Tangible Assets (Net Book Value)	1.072.343.752	56.460.284	839.749.582	-	1.968.553.618
Total Intangible Assets (Net Book Value)	17.367.011	11.694	24.471	-	17.403.176
Purchases of Tangible and Intangible Assets	19.022.132	4.207.669	474.642	-	23.704.443
Depreciation Expenses	69.038.562	7.010.507	36.687.193	-	112.736.262
Detail of the Group's foreign currency assets and liabilities by segments					
Total Assets	447.241.447	10.122.344	-	-	457.363.791
Total Liabilities	1.307.477.755	57.133	785.584.997	-	2.093.119.885
Net Asset / (Liability) Position of Foreign Currency	(860.236.308)	10.065.211	(785.584.997)	-	(1.635.756.094)
Detail of the Group's financial liabilities by division in currency					
Financial Payables	**1.278.763.824**	**16.314.754**	**785.584.997**	**-**	**2.080.663.575**
- USD	*472.853.339*	*-*	*151.566.092*		*624.419.431*
- EUR	*676.824.033*	*-*	*634.018.905*		*1.310.842.938*
- TRY	*129.086.452*	*16.314.754*	*-*		*145.401.206*
Export	1.179.285.799	58.374.320	-	-	1.237.660.119
Import	566.037.122	1.685.770	-	-	567.722.892
Total Debt	1.743.313.276	257.009.071	785.584.997	(2.660.881)	2.783.246.463
Cash Equivalents	(113.756.607)	(4.278.910)	-	-	(118.035.517)
Net Debt	1.629.556.669	252.730.161	785.584.997	(2.660.881)	2.665.210.946
Total Equity	910.481.879	183.055.520	-	(71.431.321)	1.022.106.078
Total Capital	2.540.038.548	435.785.681	785.584.997	(74.092.202)	3.687.317.024
Net Debt/Total Capital Ratio	64,15%	57,99%	100,00%		72,28%

(Currency - Turkish Lira 'TRY' unless expressed otherwise.)

Information On The Geographical Region

On a country basis distribution of revenue obtained from the Group's textile sector export activities are as follows:

Region	01.01.-31.12.2022	01.01.-31.12.2021
Germany	41%	40%
U.S.A	23%	18%
Italy	18%	11%
Netherland	7%	9%
Poland	2%	2%
France	2%	3%
Switzerland	1%	1%
England	1%	6%
U.A.E	1%	1%
Spain	1%	1%
Other	3%	8%
	100%	**100%**

Information About Major Clients

The sales activities of the Group are determined according to fluctuations in the domestic and overseas markets and competition conditions. It is taken care of to not to concentrate on a specific sector, country, person and Group in terms of dissolving risks. Even so, as of 31 December 2022, the share of the largest buyer in the revenue from textile sector operations is 41,37% (31 December 2021: 36,76%). The customer mentioned is a major international supplier and the commercial relation between the customer and the Group has been maintained for many years.

The share of the largest buyers in the revenue from agriculture sector operations is 86,73%.(31 December 2021: 89,72%) The sales of dried fruits (raisin, fig and apricot) from Group to Osman Akça Tarım Ürünleri İthalat İhracat Sanayi ve Ticaret A.Ş. are made in accordance with the "Sales Agreement" signed between the Group and Osman Akça Tarım Ürünleri İthalat İhracat Sanayi ve Ticaret A.Ş. is the exporter and sub contracter of Group for dried fruits.

(Currency - Turkish Lira 'TRY' unless expressed otherwise.)

NOTE 4 – CASH AND CASH EQUIVALENTS

As of 31 December 2022 and 2021 the details of cash and cash equivalents are as follows:

	31.12.2022	**31.12.2021**
Cash	70.599	241.638
Banks	**117.798.296**	**117.793.879**
Demand deposits	*68.166.658*	*26.556.472*
Time deposits	*49.631.638*	*91.237.407*
	117.868.895	**118.035.517**

As of 31 December 2022 and 2021 maturity schedule of time deposits in the cash and cash equivalents are as follows:

	31.12.2022	**31.12.2021**
Within 1 month	49.631.638	91.237.407
	49.631.638	91.237.407

As of 31 December 2022, effective interest rates of time deposits in TRY 18,66% (31 December 2021: TRY 18,80%, USD 0,10%, EUR 0,05% and GBP 0,05%).

As of 31 December 2022, there is no deposit pledge on the Group's bank deposits. (31 December 2021: None.)

NOTE 5 - FINANCIAL INVESTMENTS

Short Term Financial Investments

Financial assets at fair value through profit or loss

	31.12.2022	**31.12.2021**
Currency-protected deposit	3.893.423	-
	3.893.423	**-**

As of 31 December 2022, the annual interest rates of currency protected deposits in the range of % 12 - %13,5

(Currency - Turkish Lira 'TRY' unless expressed otherwise.)

NOTE 6 – RELATED PARTY TRANSACTIONS

i) Due from / to related parties:

a) Trade receivables from related parties (Note 7):

	31.12.2022	31.12.2021
Osman Akça Tar. Ürün. İth. İhr. San. ve Tic. A.Ş.	364.802.642	185.378.793
Akçasaraylı Tekstil Sanayi ve Ticaret Ltd. Şti.	20.090.463	4.485.870
Aktur Araç Muayene İstasyon İşletmesi A.Ş.	-	21.600
Menderes Tekstil Pazarlama A.Ş.	-	7.431
Akçamen Tekstil A.Ş.	-	1.986
Rediscount	(3.275.210)	(1.353.861)
	381.617.895	**188.541.819**

b) Other receivables from related parties (Note 9):

	31.12.2022	31.12.2021
Osman Akça Tar. Ürün. İth. İhr. San. ve Tic. A.Ş.	327.128	129.889.774
Akça Holding A.Ş.	-	357.921
Rıza Akça	-	21.814.602
	327.128	**152.062.297**

c) Other payables to related parties (Note 9):

	31.12.2022	31.12.2021
Selin Tekstil Sanayi ve Ticaret A.Ş.	-	3.617.418
Osman Akça Tar. Ürün. İth. İhr. San. ve Tic. A.Ş.	-	247.801
	-	**3.865.219**

ii) Major sales to related parties and major purchases from related parties:

a) Sales to related parties:

	01.01.-31.12.2022	01.01.-31.12.2021
Osman Akça Tar. Ürün. İth. İhr. San. ve Tic. A.Ş.	905.959.630	497.946.033
Akçasaraylı Tekstil Sanayi ve Ticaret Ltd. Şti.	25.499.565	10.389.784
Aktur Araç Muayene İstasyonları İşletmeciliği A.Ş.	-	91.774
	931.459.195	**508.427.591**

(Currency - Turkish Lira 'TRY' unless expressed otherwise.)

b) Purchases from related parties:

	01.01.- 31.12.2022	**01.01.- 31.12.2021**
Osman Akça Tar. Ürün. İth. İhr. San. ve Tic. A.Ş.	141.618.448	73.511.829
Akçasaraylı Tekstil Sanayi ve Ticaret Ltd. Şti.	22.586	40.159
Aktur Araç Muayene İstasyonları İşletmeciliği A.Ş.	8.532	5.568
Menderes Tekstil Pazarlama A.Ş.	-	2.542
	141.649.566	**73.560.098**

iii) Other income and expenses resulting from transactions with related parties:

a) Benefits provided to senior management (Member of the board of directors, general manager and deputy general manager), gross:

	01.01.- 31.12.2022	**01.01.- 31.12.2021**
Benefits provided to senior management	3.228.134	1.845.549
	3.228.134	**1.845.549**

b) Service expenses paid to related parties:

	01.01.- 31.12.2022	**01.01.- 31.12.2021**
Akça Holding A.Ş.	603.448	756.294
Ak-San Sigorta Aracılık Hizmetleri Ltd. Şti.	7.002.215	2.609.957
Osman Akça Tar. Ürün. İth. İhr. San. ve Tic. A.Ş.	128.642	126.504
Akçasaraylı Tekstil Sanayi ve Ticaret Ltd. Şti.	2.324	-
	7.736.629	**3.492.755**

c) Rent income from related parties:

	01.01.- 31.12.2022	**01.01.- 31.12.2021**
Osman Akça Tar. Ürün. İth. İhr. San. ve Tic. A.Ş.	224.980	193.032
Akça Holding A.Ş.	194.980	163.032
Akçasaraylı Tekstil Sanayi ve Ticaret Ltd. Şti.	175.647	146.856
Menderes Tekstil Pazarlama A.Ş.	3.356	6.732
Akçamen Tekstil Sanayi Ticaret A.Ş.	3.356	6.732
	602.319	**516.384**

(Currency - Turkish Lira 'TRY' unless expressed otherwise.)

d) Service income from related parties:

	01.01.- 31.12.2022	**01.01.- 31.12.2021**
Akçasaraylı Tekstil Sanayi ve Ticaret Ltd. Şti.	1.854.210	391.350
Osman Akça Tar. Ürün. İth. İhr. San. ve Tic. A.Ş.	42.971	41.102
Akça Holding A.Ş.	2.990	8.085
	1.900.171	**440.537**

e) Foreign exchange income from related parties (Note 27.1):

	01.01.- 31.12.2022	**01.01.- 31.12.2021**
Osman Akça Tar. Ürün. İth. İhr. San. ve Tic. A.Ş.	127.245.740	50.325.644
	127.245.740	**50.325.644**

f) Maturity difference received from related parties(Note 27.1):

	01.01.- 31.12.2022	**01.01.- 31.12.2021**
Osman Akça Tar. Ürün. İth. İhr. San. ve Tic. A.Ş.	7.432.109	981.956
Akçasaraylı Tekstil Sanayi ve Ticaret Ltd. Şti.	209.260	-
	7.641.369	**981.956**

g) Interest income from related parties (Note 29.1):

	01.01.- 31.12.2022	**01.01.- 31.12.2021**
Osman Akça Tar. Ürün. İth. İhr. San. ve Tic. A.Ş.	15.092.190	14.315.502
Akçasaraylı Tekstil Sanayi ve Ticaret Ltd. Şti.	-	24.388
Akça Holding A.Ş.	4.431	110.206
	15.096.621	**14.450.096**

(Currency - Turkish Lira 'TRY' unless expressed otherwise.)

h) Foreign exchange paid to related parties (Note 27.2):

	01.01.-31.12.2022	01.01.-31.12.2021
Osman Akça Tar. Ürün. İth. İhr. San. ve Tic. A.Ş.	-	8.126.138
	-	**8.126.138**

i) Interest expenses paid to related parties(Note 29.2):

	01.01.-31.12.2022	01.01.-31.12.2021
Osman Akça Tar. Ürün. İth. İhr. San. ve Tic. A.Ş.	-	1.354.221
Akçasaraylı Tekstil Sanayi ve Ticaret Ltd. Şti.	-	42.736
Akça Holding A.Ş.	-	17.214
	-	**1.414.171**

j) Other income from relatied parties:

	01.01.-31.12.2022	01.01.-31.12.2021
Rıza Akça	-	21.334.074
	-	**21.334.074**

k) :Rent expenses paid to related parties

	01.01.-31.12.2022	01.01.-31.12.2021
Osman Akça Tarım Ürünleri İthalat İhracat San. ve Tic. A.Ş.	289.043	-
	289.043	**-**

l) Maturity difference expenses paid to related parties

	01.01.-31.12.2022	01.01.-31.12.2021
Osman Akça Tarım Ürünleri İthalat İhracat San. ve Tic. A.Ş.	787.490	-
Selin Tekstil Sanayi ve Ticaret A.Ş.	244.456	-
	1.031.946	**-**

(Currency - Turkish Lira 'TRY' unless expressed otherwise.)

NOTE 7 – TRADE RECEIVABLES AND TRADE PAYABLES

Short Term Trade Receivables

	31.12.2022	31.12.2021
Trade receivables	169.835.998	154.319.840
Cheques and notes	10.182.815	2.905.936
Unearned interest on trade receivables	(1.313.077)	(506.151)
Doubtful trade receivables	486.010	494.770
Provision for doubtful receivables (-)	(486.010)	(494.770)
Income accruals	52.453.978	28.679.679
Trade Receivables From Third Parties	**231.159.714**	**185.399.304**
Trade receivables from related parties	384.893.105	189.815.386
Income accruals from related parties	-	80.294
Unearned interests on related party receivables	(3.275.210)	(1.353.861)
Trade Receivables From Related Parties	**381.617.895**	**188.541.819**
Total Short-Term Trade Receivables	**612.777.609**	**373.941.123**

As of 31 December 2022, the average maturity of trade receivables are 43 days (31 December 2021: 54 days).

Maturity schedule of notes receivables as of 31 December 2022 and 2021 are as follows:

	31.12.2022	31.12.2021
1-30 days	417.000	-
31-60 days	2.255.893	2.255.414
61-90 days	3.404.236	199.935
91-120 days	-	199.935
121-150 days	4.105.686	250.652
	10.182.815	**2.905.936**

As of 31 December 2022 and 2021 provision for doubtful receivables movement schedule is as follows:

	31.12.2022	31.12.2021
Opening balance	494.770	425.842
Collections made during the period	(9.160)	-
Provisions made during the period	400	68.928
Closing Balance	**486.010**	**494.770**

(Currency - Turkish Lira 'TRY' unless expressed otherwise.)

Short Term Trade Payables

	31.12.2022	**31.12.2021**
Trade payables	418.094.801	227.057.364
Notes payables	18.296.181	28.809.259
Unearned interests on payables	(2.084.619)	(2.513.763)
Expense accruals	101.946.943	40.559.985
Total Short Term Trade Payables	**536.253.306**	**293.912.845**

As of 31 December 2022 ,the average maturity of trade payables are 54 days (31 December 2021: 51 days).

As of 31 December 2022, the surety bond amounting to USD 439.678 (TRY 8.236.042) were given for trade payables of the Group by bank. In addition, there is letter of credit balance amounting to USD 14.078.332 (263.715.325 TRY) in trade payables (Note 20).

As of 31 December 2022 and 2021 maturity breakdown of notes payables are as follows:

	31.12.2022	**31.12.2021**
1 – 30 days	11.774.421	13.868.356
31 – 60 days	6.113.031	10.562.008
61 – 90 days	160.560	4.220.614
91 – 120 days	248.169	158.281
	18.296.181	**28.809.259**

(Currency - Turkish Lira 'TRY' unless expressed otherwise.)

NOTE 8 – FINANCIAL BORROWINGS

	31.12.2022	**31.12.2021**
Short Term Borrowings:		
TRY borrowings	691.602.502	73.806.298
USD borrowings	312.118.679	357.308.110
EUR borrowings	121.794.234	273.585.903
Direct debit system and credit card liabilities (TRY)	2.126.658	69.268
Short Term Financial Borrowings	**1.127.642.073**	**704.769.579**
Lease Payables:		
TRY lease payables, net	5.273.660	4.527.682
EUR lease payables, net	-	1.180.347
Bank Borrowings:		
TRY borrowings	14.231.317	35.081.041
USD borrowings	84.639.927	139.162.322
EUR borrowings	208.005.866	419.149.303
Current Installments of Long-Term Borrowings	**312.150.770**	**599.100.695**
Long Term Lease Payables:		
TRY lease payables, net	11.387.006	16.632.727
Long Term Bank Borrowings:		
TRY borrowings	29.219.295	15.284.190
USD borrowings	157.095.713	127.948.999
EUR borrowings	654.518.114	616.927.385
Long Term Financial Borrowings	**852.220.128**	**776.793.301**
Total Financial Liabilities	**2.292.012.971**	**2.080.663.575**

As of 31 December 2022 and 2021 maturity analysis of borrowings and other financial borrowings are as follows:

	31.12.2022	**31.12.2021**
Within 3 months	218.884.152	364.657.761
Between 3 - 12 months	1.215.635.031	933.504.484
Between 1 - 5 years	656.328.745	547.974.277
More than 5 years	184.504.377	212.186.297
	2.275.352.305	**2.058.322.819**

(Currency - Turkish Lira 'TRY' unless expressed otherwise.)

As of 31 December 2022 and 2021 maturity schedule of long term bank borrowings are as follows:

	31.12.2022	**31.12.2021**
Between 1-2 years	251.186.684	194.146.284
Between 2-3 years	176.206.182	150.016.074
Between 3-4 years	126.744.209	117.546.204
Between 4-5 years	102.191.665	86.265.715
Between 5-6 years	60.449.067	85.770.089
Between 6-7 years	31.090.042	31.155.501
Between 7-8 years	29.985.677	23.292.321
Between 8-9 years	18.946.258	22.592.497
Between 9-10 years	18.339.725	14.532.587
Between 10-11 years	17.741.500	14.190.728
Between 11-12 years	7.952.113	13.851.152
Between 12-13 years	-	6.801.422
	840.833.122	**760.160.574**

As of 31 December 2022, effective interest rates for TRY, USD and EUR bank loans are 11,38%, 5,91 % and 4,06% (31 December 2021: TRY 9,78% USD 2,57% and EUR 2,62%).

The Group has guarantee by its shareholders and related companies in lending.

Total amount of mortgage on lands and buildings for fixed assets of the Group given to financial institutions is USD 134.950.000 (TRY 2.527.883.400), EUR 25.000.000 (TRY 499.270.000) and TRY 362.310.000.

As of 31 December 2022 and 2021 the details of financial leasing borrowings of Group are as follows:

	31.12.2022	**31.12.2021**
Short term lease payables	7.506.998	8.713.708
Cost of deferred lease payables (-)	(2.233.338)	(3.005.679)
	5.273.660	**5.708.029**

	31.12.2022	**31.12.2021**
Long term lease payables	13.088.384	20.567.444
Cost of deferred lease payables (-)	(1.701.378)	(3.934.717)
	11.387.006	**16.632.727**

(Currency - Turkish Lira 'TRY' unless expressed otherwise.)

As of 31 December 2022, the repayment schedule of lease payables are as follows:

	Lease payables	Cost of deferred lease payables	Total liabilities
Between 0 – 1 years	7.506.998	(2.233.338)	5.273.660
Between 1 – 2 years	7.479.059	(1.352.854)	6.126.205
Between 2 – 3 years	5.609.305	(348.504)	5.260.801
Between 3 – 4 years	20	(20)	-
	20.595.382	**(3.934.716)**	**16.660.666**

As of 31 December 2021, the repayment schedule of lease payables are as follows:

	Lease payables	Cost of deferred lease payables	Total liabilities
Between 0 – 1 years	8.713.708	(3.005.679)	5.708.029
Between 1 – 2 years	7.479.059	(2.233.339)	5.245.720
Between 2 – 3 years	7.479.060	(1.352.854)	6.126.206
Between 3 – 4 years	5.609.325	(348.524)	5.260.801
	29.281.152	**(6.940.396)**	**22.340.756**

(Currency - Turkish Lira 'TRY' unless expressed otherwise.)

NOTE 9 – OTHER RECEIVABLES AND PAYABLES

Other Current Receivables

	31.12.2022	31.12.2021
Deposit and guarantees given	360.661	445.446
VAT return receivables	8.341.907	8.544.046
Other receivables	473.538	724.005
Other Receivables from Third Parties	**9.176.106**	**9.713.497**
Receivables from shareholders	327.128	152.062.297
Other Receivables From Related Parties	**327.128**	**152.062.297**
Total Other Current Receivables	**9.503.234**	**161.775.794**

Other Non-Current Receivables

	31.12.2022	31.12.2021
Deposits and guarantees given	153.411	142.248
	153.411	**142.248**

Other Current Payables

	31.12.2022	31.12.2021
Deposit and guarantees received	90.535	34.400
Taxes and funds payable	12.426.455	4.080.234
Other various debts	12.453	4.852
Other Payables to Third Parties	**12.529.443**	**4.119.486**
Payables to shareholders	-	247.801
Payables to related parties	-	3.617.418
Other Payables to Related Parties	**-**	**3.865.219**
Total Other Current Payables	**12.529.443**	**7.984.705**

(Currency - Turkish Lira 'TRY' unless expressed otherwise.)

NOTE 10 – DERIVATIVE INSTRUMENTS

None.

NOTE 11 – INVENTORIES

	31.12.2022	31.12.2021
Raw materials	604.441.280	250.764.671
Semi-finished products	108.424.507	206.916.232
Finished goods	747.288.781	69.389.429
Trade goods	-	605.218
Goods in transit	13.736.945	-
Dried agricultural products (Figs, Apricot and Raisin)	232.342.679	155.476.142
	1.706.234.192	**683.151.692**

All inventories of the Group are covered by insurance coverage.

NOTE 12 – BIOLOGICAL ASSETS

Current Biological Assets

	31.12.2022	31.12.2021
Biological assets (Tomato)	29.361.062	9.385.653
	29.361.062	**9.385.653**

The Group's biological assets consist of tomatoes. Tomatoes in growing process have been shown in the consolidated financial statements with their cost and after impairment provisions (if any) since they do not have any active markets.

(Currency - Turkish Lira 'TRY' unless expressed otherwise.)

NOTE 13 – PREPAID EXPENSES AND DEFERRED INCOME

Short Term Prepaid Expenses

	31.12.2022	31.12.2021
Order advances given	8.424.589	19.073.087
Prepaid expenses	9.752.515	1.839.048
Advances given for business purposes	98.293	530.667
	18.275.397	**21.442.802**

Long Term Prepaid Expenses

	31.12.2022	31.12.2021
Advances given for purchases of tangible assets	36.637.116	1.200.829
Prepaid expenses	545.374	485.251
	37.182.490	**1.686.080**

Short Term Deferred Income

	31.12.2022	31.12.2021
Advances received	38.627.150	23.816.691
Deferred income	11.868.902	2.152.240
	50.496.052	**25.968.931**

Long Term Deferred Income

	31.12.2022	31.12.2021
Deferred income	21.073.246	-
	21.073.246	**-**

NOTE 14 – ASSETS RELATED TO CURRENT PERIOD TAX

	31.12.2022	31.12.2021
Prepaid taxes and funds	2.778.947	1.868.281
	2.778.947	**1.868.281**

(Currency - Turkish Lira 'TRY' unless expressed otherwise.)

NOTE 15 – INVESTMENTS VALUED BY EQUITY PICK-UP METHOD

As of 31 December 2022 and 2021 the companies accounted by equity pick up method are as follows:

	31.12.2022	Share (%)	31.12.2021	Share (%)
Aktur İzmir Gayrimenkul A.Ş.	240.244.300	48%	83.566.338	48%
	240.244.300		**83.566.338**	

The total assets, liabilities and owner's equity of the investments which are evaluated by equity pick up method with their summary of income statement related to the periods ended 31 December 2022 and 2021 are as follows:

	31.12.2022	31.12.2021
Current assets	5.111.602	1.593.345
Non-current assets	549.870.435	190.107.092
Total Assets	**554.982.037**	**191.700.437**
Current liabilities	1.702.588	754.852
Non-current liabilities	52.770.490	16.849.047
Parent company's equity	500.508.959	174.096.538
Total Liabilities	**554.982.037**	**191.700.437**
Sales, net	4.280.089	2.005.989
Net profit / (loss)	326.412.420	63.776.442

(Currency - Turkish Lira 'TRY' unless expressed otherwise.)

NOTE 16 – INVESTMENT PROPERTIES

Cost Value	**Lands**	**Total**
01 January 2021 opening balance	79.365.000	79.365.000
Fair value	60.392.592	60.392.592
31 December 2021 closing balance	139.757.592	139.757.592
Fair value	68.868.311	68.868.311
31 December 2022 closing balance	208.625.903	208.625.903
Accumulated Depreciation		
01 January 2021 opening balance	-	-
Additions	-	-
31 December 2022 closing balance	-	-
31.12.2021, Net Book Value	**139.757.592**	**139.757.592**
31.12.2022, Net Book Value	**208.625.903**	**208.625.903**

The Group's investment properties consist of lands with zoning permits. The details of the properties are as follows;

	Manisa	**İzmir**
As of 01 January 2021	3.000.000	76.365.000
Value Decrease/increase	1.230.000	59.162.592
As of 31 December 2021	**4.230.000**	**135.527.592**
Value Decrease/increase	1.570.000	67.298.311
As of 31 December 2022	**5.800.000**	**202.825.903**

As of 31 December 2022, the lands that are shown as investment property are revaluated by Aden Gayrimenkul Değerleme ve Danışmanlık A.Ş. The fair values determined in the valuation studies carried out on 31 December 2022 are reflected in the accompanying consolidated financial statements.

(Currency - Turkish Lira 'TRY' unless expressed otherwise.)

NOTE 17 – TANGIBLE ASSETS

Cost Value	Land	Land Improvements	Buildings	Property, plant and equipment	Vehicles	Fixtures and fittings	Construction in progress	Special costs	Total
01 January 2021 opening balance	83.849.800	68.801.024	228.897.800	983.741.171	4.373.030	18.028.394	39.069.429	9.175	1.426.769.823
Additions	-	-	-	3.804.549	5.928.833	2.964.232	10.747.077	-	23.444.691
Disposals	-	-	-	(1.589.412)	(554.675)	(12.969)	(312.384)	(9.175)	(2.478.615)
Transfer	-	-	813.696	29.459.958	-	-	(35.966.367)	-	(5.692.713)
Gain on revaluation of property	23.330.200	46.628.976	136.633.504	336.438.734	-	-	-	-	543.031.414
31 December 2021 closing balance	107.180.000	115.430.000	366.345.000	1.351.855.000	9.747.188	20.979.657	13.537.755	-	1.985.074.600
Additions	-	-	23.000.000	3.335.788	2.685.363	123.104	67.444.485	-	96.588.740
Disposals	-	-	(23.000.000)	(25.866)	-	(46.934)	-	-	(23.072.800)
Transfer	-	-	-	44.081.458	-	-	(60.295.573)	-	(16.214.115)
Gain on revaluation of property	289.220.000	260.770.000	583.045.000	1.010.950.620	-	-	-	-	2.143.985.620
31 December 2022 closing balance	396.400.000	376.200.000	949.390.000	2.410.197.000	12.432.551	21.055.827	20.686.667	-	4.186.362.045
Accumulated Depreciation									
01 January 2021 opening balance	-	20.801.386	-	-	1.387.221	13.338.351	-	4.587	35.531.545
Additions	-	8.095.389	7.444.863	92.597.215	666.047	1.618.170	-	1.071	110.422.755
Disposals	-	-	-	(1.168.832)	(480.703)	(8.104)	-	(5.658)	(1.663.297)
Gain on revaluation of property	-	(28.896.775)	(7.444.863)	(91.428.383)	-	-	-	-	(127.770.021)
31 December 2021 closing balance	-	-	-	-	1.572.565	14.948.417	-	-	16.520.982
Additions	-	4.635.974	12.275.753	64.187.323	1.413.888	1.839.256	-	-	84.352.194
Disposals	-	-	(38.333)	(17.883)	-	(46.934)	-	-	(103.150)
Gain on revaluation of property	-	(4.635.974)	(12.237.420)	(64.169.440)	-	-	-	-	(81.042.834)
31 December 2022 closing balance	-	-	-	-	2.986.453	16.740.739	-	-	19.727.192
31.12.2021, Net Book Value	**107.180.000**	**115.430.000**	**366.345.000**	**1.351.855.000**	**8.174.623**	**6.031.240**	**13.537.755**	**-**	**1.968.553.618**
31.12.2022, Net Book Value	**396.400.000**	**376.200.000**	**949.390.000**	**2.410.197.000**	**9.446.098**	**4.315.088**	**20.686.667**	**-**	**4.166.634.853**

(Currency - Turkish Lira 'TRY' unless expressed otherwise.)

As of 31 December 2022, the depreciation expense of tangible assets for the period is TRY 84.352.194 (31 December 2021: TRY 110.422.755)

The valuation company used the Market Value Method in determining the fair values of land, land and buildings. The "Market Values and Cost Method" was used to determine the fair values of land improvements and machinery, plant and equipment.

As of 31 December 2022, fixed assets are insured by TRY 55.084.327, EUR 35.351.000 (TRY 704.718.650), USD 169.590.727 (TRY 3.171.058.291). (31 December 2021: TRY 35.842.498, EUR 37.958.700 (TRY 572.671.519), USD 165.778.010 (TRY 2.210.655.095).

Total amount of mortgage on lands and buildings for fixed assets of the Group given to financial institutions are USD 134.950.000 (TRY 2.527.883.400), EUR 25.000.000 (TRY 499.270.000) and TRY 362.310.000.

As of 31 December 2022, net book value of leasing machines is TRY 55.490.000 (31.12.2021: 62.550.000 TRY).

As of 31 December 2022 and 2021, the Group has no borrowing costs

NOTE 18- RIGHT OF USE ASSETS

Cost Value	**Lands**	**Buildings**	**Plants**	**Vehicles**
01 January 2021 opening balance	419.777	158.360	1.180.687	1.758.824
Additions	-	-	-	-
31 December 2021 closing balance	419.777	158.360	1.180.687	1.758.824
Disposals	(419.777)	(158.360)	(1.180.687)	(1.758.824)
31 December 2022 closing balance	-	-	-	-
Accumulated Depreciation				
01 January 2021 opening balance	419.777	158.360	978.951	1.557.088
Additions	-	-	201.736	201.736
31 December 2021 closing balance	419.777	158.360	1.180.687	1.758.824
Disposals	(419.777)	(158.360)	(1.180.687)	(1.758.824)
31 December 2022 closing balance	-	-	-	-
31.12.2021, Net Book Value	**-**	**-**	**-**	**-**
31.12.2022, Net Book Value	**-**	**-**	**-**	**-**

(Currency - Turkish Lira 'TRY' unless expressed otherwise.)

NOTE 19 – INTANGIBLE ASSETS

Cost Value	**Rights**	**Research and Development Expenses**	**Other Intangible Assets**	**Total**
01 January 2021 opening balance	927.181	15.548.727	1.053.478	17.529.386
Additions	259.677	-	75	259.752
Transfers	-	5.692.713	-	5.692.713
31 December 2021 closing balance	1.186.858	21.241.440	1.053.553	23.481.851
Additions	4.631.573	-	-	4.631.573
Transfers	7.016.655	9.197.460	-	16.214.115
31 December 2022 closing balance	12.835.086	30.438.900	1.053.553	44.327.539
Accumulated Depreciation				
01 January 2021 opening balance	509.551	2.528.535	928.818	3.966.904
Additions	229.180	1.862.495	20.096	2.111.771
31 December 2021 closing balance	738.731	4.391.030	948.914	6.078.675
Additions	1.794.696	2.697.223	12.430	4.504.349
31 December 2022 closing balance	2.533.427	7.088.253	961.344	10.583.024
31.12.2021, Net Book Value	**448.127**	**16.850.410**	**104.639**	**17.403.176**
31.12.2022, Net Book Value	**10.301.659**	**23.350.647**	**92.209**	**33.744.515**

As of 31 December 2022, the amortization expense of intangible assets for the period is TRY 4.504.349 (31 December 2021: TRY 2.111.771)

(Currency - Turkish Lira 'TRY' unless expressed otherwise.)

NOTE 20 – PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

As of 31 December 2022 and 2021, the Group's guarantee / security / mortgage ("GSM") position are as follows:

Guarantees, security and mortgage "(GSM)" given by the Group	**31.12.2022**	**31.12.2021**
A. Total Amount of GSM given on behalf of legal entity	3.772.901.834	3.440.173.456
B. Total Amount of GSM given for partnerships which included in full consolidation	None	None
C. Total Amount of GSM given for the purpose of guaranteeing third party loans to carry the regular trade activities	None	None
D. Total Amount of other GSM given	None	None
i. Total Amount of GSM given for the Parent Group	None	None
ii. Total Amount of GSM Given for Other Group Companies not Included in B and C Clauses	None	None
iii. Total Amount of GSM Given for Third Parties not Included in C Clause	None	None
Total	**3.772.901.834**	**3.440.173.456**

As of 31 December 2022, details of mortgage on lands and buildings given to financial institutions are as follows:

	FX Currency	FX Amount	FX Rate	TRY Equivalent
Türkiye Vakıflar Bankası T.A.O	TRY	97.310.000	1,0000	97.310.000
Türkiye Vakıflar Bankası T.A.O	USD	134.950.000	18,7320	2.527.883.400
Türkiye Vakıflar Bankası T.A.O	EUR	25.000.000	19,9708	499.270.000
Türkiye Cumhuriyeti Ziraat Bankası A.Ş.	TRY	265.000.000	1,0000	265.000.000
				3.389.463.400

(Currency - Turkish Lira 'TRY' unless expressed otherwise.)

As of 31 December 2022, details of the guarantee letters given are as follows:

Details of Guarantee Letters Given	FX Currency	FX Amount	FX Rate	TRY Equivalent
Electricity and Natural Gas Distribution Companies	TRY	11.767.179	1,0000	11.767.179
Energy Market Regulatory Authority	TRY	36.342.239	1,0000	36.342.239
Customs Administration	TRY	26.704.239	1,0000	26.704.239
Credit Guarantee	USD	3.981.250	18,7320	74.576.775
Credit Guarantee	EUR	9.583.860	19,9708	191.397.351
Credit Guarantee	TRY	15.000.000	1,0000	15.000.000
Public Institutions	TRY	5.903.880	1,0000	5.903.880
				361.691.663

As of 31 December 2022, bank details of the guarantee letters given are as follows:

Details of Guarantee Letters Given	FX Currency	FX Amount	FX Rate	TRY Equivalent
Türkiye Vakıflar Bankası T.A.O.	TRY	53.167.537	1,0000	53.167.537
Türkiye Vakıflar Bankası T.A.O.	EUR	6.735.560	19,9708	134.514.522
Türkiye Vakıflar Bankası T.A.O.	USD	2.410.000	18,7320	45.144.120
Halk Bank A.Ş.	TRY	42.500.000	1,0000	42.500.000
Halk Bank A.Ş.	USD	1.571.250	18,7320	29.432.654
Halk Bank A.Ş.	EUR	2.848.300	19,9708	56.882.830
Türkiye Cumhuriyeti Ziraat Bankası A.Ş.	TRY	50.000	1,0000	50.000
				361.691.663

As of 31 December 2022, avals and letter of credits which are given to trade receivables by the Group are as follows:

	FX Currency	FX Amount	FX Rate	TRY Equivalent
Türkiye Vakıflar Bankası T.A.O	USD	10.187.364	18,7320	190.829.702
İşbankası A.Ş	USD	4.330.646	18,7320	81.121.661
				271.951.363

(Currency - Turkish Lira 'TRY' unless expressed otherwise.)

As of 31 December 2022, bank details of the general borrowing contracts are as follows:

General Borrowing Contracts:	FX Currency	FX Amount	FX Rate	TRY Equivalent
Denizbank A.Ş	USD	9.000.000	18,7320	168.588.000
Eximbank A.Ş	USD	45.000.000	18,7320	842.940.000
Halk Bankası A.Ş.	TRY	500.000.000	1,0000	500.000.000
Halk Bankası A.Ş.	USD	40.000.000	18,7320	749.280.000
İşbankası A.Ş	USD	9.500.000	18,7320	177.954.000
Şekerbank A.Ş.	EUR	500.000	19,9708	9.985.400
Türkiye Cumhuriyeti Ziraat Bankası A.Ş.	TRY	125.000.000	1,0000	125.000.000
Vakıfbank A.Ş	USD	65.000.000	18,7320	1.217.580.000
Vakıfbank A.Ş	USD	25.000.000	18,7320	468.300.000
Arap Türk Bankası A.Ş.	USD	2.000.000	18,7320	37.464.000
				4.297.091.400

As of 31 December 2022, details of the guarantee notes given are as follows:

Guarantee Notes Given	FX Currency	FX Amount	FX Rate	TRY Equivalent
Türk Eximbank	USD	380.000	18,7320	7.118.160
Türk Eximbank	EUR	732.500	19,9708	14.628.611
				21.746.771

There is no guarantee given by the Group for the loans in favor of related parties. For credit contracts of the Group USD 185.500.000 (TRY 3.474.786.000), EUR 500.000 (TRY 9.985.400) and TRY 625.000.000 guarantee are provided by related parties (Akça Holding and Osman Akça) (31 December 2021: USD 114.250.000 (TRY 1.525.580.250), EUR 7.500.000 (TRY 113.354.250) and TRY 42.500.000).

(Currency - Turkish Lira 'TRY' unless expressed otherwise.)

NOTE 21 – PROVISIONS

Short Term Provisions

	31.12.2022	31.12.2021
Provision for the lawsuits	3.862.721	4.278.300
Provision for unused vacation	16.924.978	9.698.737
	20.787.699	**13.977.037**

	31.12.2022	31.12.2021
Unused vacation provisions at beginning of period	9.698.737	6.213.323
Provisions during the period	7.226.241	3.485.414
Closing balance	**16.924.978**	**9.698.737**

Long Term Provisions for Employee Benefits

	31.12.2022	31.12.2021
Provision for severance pay	118.684.242	78.630.230
	118.684.242	**78.630.230**

For the period of 01 January – 31 December 2022, the average personnel number including subcontractors employed by the Group is 3.477 (01.01-31.12.2021: 3.853). The rate of retirement probability used is 96%. (01.01-31.12.2021: % 96).

For the period ended at 31 December 2022 and 2021 the movement schedule of severance pay provision is as follows:

	31.12.2022	31.12.2021
Balance of 01 January	78.630.230	57.822.309
Increase in the period	46.941.592	32.434.734
Interest cost	2.813.376	2.656.422
Payments during the period	(10.413.384)	(6.709.441)
Actuarial profit/(loss)	712.428	(7.573.794)
Balance at the end of the period	**118.684.242**	**78.630.230**

(Currency - Turkish Lira 'TRY' unless expressed otherwise.)

NOTE 22 – EMPLOYEE BENEFIT LIABILITIES

	31.12.2022	31.12.2021
Due to personnel	52.238.111	20.820.464
Social security deductions payable	14.132.099	5.782.682
	66.370.210	**26.603.146**

NOTE 23 – OTHER CURRENT ASSETS AND LIABILITIES

Other Current Assets

	31.12.2022	31.12.2021
VAT carried forward	93.320.176	85.378.712
	93.320.176	**85.378.712**

NOTE 24 – SHARE CAPITAL

24.1 Paid in Capital

As of 31 December 2022 and 2021, Group's paid in capital was divided into 250.000.000 shares as each valued at TRY 0.01 nominally 25.000.000.000 shares

As of 31 December 2022 and 2021, Group's paid in capital is as follows:

	31.12.2022		31.12.2021	
Shareholders:	**Share (%)**	**TRY**	**Share (%)**	**TRY**
Public Offered Shares	56,26%	140.643.646	46,78%	116.949.944
Akça Holding A.Ş.	41,35%	103.375.799	50,83%	127.069.501
Other	2,39%	5.980.555	2,39%	5.980.555
Total	**100,00%**	**250.000.000**	**100,00%**	**250.000.000**

According to Group's main article of association, more than half of the Members of Board required to be elected from the candidates which are pointed out from A Group shareholders (TRY 100.000).

24.2 Inflation Adjustments of Shareholders' Equity

	31.12.2022	31.12.2021
Inflation adjustment of shareholders' equity	860.487	860.487
	860.487	**860.487**

Adjustment of shareholders' equity is the difference between the total amount of cash additions made to the capital, adjusted according to the TAS/TFRS's published by the POA and the amounts before the adjustment.

(Currency - Turkish Lira ‘TRY’ unless expressed otherwise.)

24.3 Accumulated Other Comprehensive Income/(Expenses) not to be reclassified on Profit or Loss

24.3.1 Gain on revaluation of properties

	31.12.2022	**31.12.2021**
Gain on revaluation of properties	3.078.940.524	1.203.535.433
	3.078.940.524	**1.203.535.433**

The movement schedule for gains/(losses) on revaluation and remeasurement is as follows:

	01.01.-31.12.2022	**01.01.-31.12.2021**
1 January (Beginning of period)	1.203.535.433	638.436.962
Increase in value on fixed asset	2.225.028.454	670.801.435
Transfer to minority shares	(19.608.512)	4.163.890
Deferred tax effect	(330.014.851)	(109.866.854)
	3.078.940.524	**1.203.535.433**

The valuation company used the Market Value Method in determining the fair values of land, land and buildings. The "Market Values and Cost Method" was used to determine the fair values of land improvements and machinery, plant and equipments.

The fair value increases TRY 3.078.940.524 (31 December 2021: TRY 1.203.535.433) from revaluation of tangible assets are recognized in gain on revaluation of properties account which is under equity, after the netting of the deferred tax effect.

Valuation studies of the land and buildings of Aktur İzmir Gayrimenkul A.Ş., which is consolidated by equity pick up method, were carried out by Aden Gayrimenkul Değerleme ve Danışmanlık A.Ş., an organization accredited to the CMB. The group's valuation of machinery, plant and equipments was carried out by Aden Gayrimenkul Değerleme ve Danışmanlık A.Ş., an organization accredited to the CMB
.

(Currency - Turkish Lira 'TRY' unless expressed otherwise.)

24.3.2 Defined Benefit Plans Re-Measurement Gains (Losses)

	31.12.2022	31.12.2021
Defined Benefit Plans Re-Measurement Gains (Losses)	10.837.864	11.386.834
	10.837.864	**11.386.834**

24.4 Other Accumulated Comprehensive Income or Expenses to be Reclassified to Profit or Loss

24.4.1 Shares of Other Comprehensive Income of Investments Valued by Equity Pick Up Method Not to be Classified in Profit or Loss

	31.12.2022	31.12.2021
Shares of Other Comprehensive Income of Investments Valued by Equity Pick Up Method Not to be Classified in Profit or Loss	42.649.562	42.649.562
	42.649.562	**42.649.562**

Increases resulting from the revaluation of the investment properties of Aktur İzmir Gayrimenkul A.Ş., the subsidiary of the Group, which is consolidated with equity pick up method, deferred tax effect on the revaluation increases (decreases) of the investments valued by equity pick up method included in the equity group in the balance sheet. It is recorded as 42.649.562 TRY after clarification.

24.5 Restricted Reserves

According to the Turkish Commercial Code, the general statutory reserves are allocated as 5% of the annual profit until 20% of the Group 's paid-up capital is reached. The other legal reserves are allocated at a rate of 10% of the total amount to be distributed to the shareholders after paying the shareholders a profit share of five percent. According to the Turkish Commercial Code, general legal reserves can only be used to cover losses, to keep operating at a time when things are not going well, or to take measures to prevent unemployment and mitigate its consequences, if it does not exceed the half of capital or capital removed.

	31.12.2022	31.12.2021
Legal reserves	10.340.261	10.340.261
	10.340.261	**10.340.261**

The legal reserves consist of first and second legal reserves in accordance with the Turkish Commercial Code. The first legal reserve is appropriated out of the statutory profits at the rate of 5 %, until the total reserve reaches a maximum of 20 % of the Group's share capital. The second legal reserve is appropriated at the rate of 10 % of all distributions in excess of 5 % of the Group's share capital. The first and second legal reserves are not available for distribution unless they exceed 50 % of the share capital, but may be used to absorb losses in the event that the general reserve is exhausted.

Profit Distribution

Public companies distribute their profit shares according to the Communiqué No: II-19.1, which is effective from 1 February 2014 of the CMB.

The partnerships distribute their profits within the framework of the profit distribution policies to be determined by the general assemblies and in accordance with the provisions of the related legislation by the decision of the general assembly. Within the scope of the said communiqué, a minimum distribution ratio has not been determined. Companies pay dividends in the manner specified in their articles of incorporation or profit distribution policies. In addition, dividends may be paid in installments of equal or different consistency, and cash dividend advances may be distributed over the profit on the interim period financial statements.

Unless the dividends determined according to the TCC are reserved for the shareholders in the Articles of Association or in the profit distribution policy; the profit share determined for the shareholders cannot be distributed to the shareholders as long as the dividend determined for the shareholders is paid in cash, as it is not decided whether the other reserves will be allocated, the profit will be distributed to the beneficiaries, the members of the board of directors, partnership employees and persons other than the shareholders.

24.6 Retained Earnings/ Losses

The accumulated profits other than net period profit are shown in this item. Extraordinary reserves which are essentially accumulated profits and therefore unrestricted are also considered to be accumulated profits and are shown in this item.

	31.12.2022	**31.12.2021**
Previous Years Profits/(Losses)	(510.871.703)	(243.093.206)
	(510.871.703)	**(243.093.206)**

(Currency - Turkish Lira 'TRY' unless expressed otherwise.)

24.7 Minority Interest

The details of the minority interests as of 31 December 2022 are as follows

31 December 2022	Total Shareholders' Equity	Profit/(Loss) of the Period	Parent Group Share	Minority Interest	Minority part of Shareholders' Equity	Minority part of Profit/(Loss)	Minority Total comprehensive income / (loss)
Smyrna	213.080.883	50.875.707	79,17%	20,83%	44.391.850	10.599.106	30.186.646
					44.391.850	**10.599.106**	**30.186.646**

The details of the minority interests as of 31 December 2021 are as follows:

31 December 2021	Total Shareholders' Equity	Profit/(Loss) of the Period	Parent Group Share	Minority Interest	Minority part of Shareholders' Equity	Minority part of Profit/(Loss)	Minority Total comprehensive income / (loss)
Smyrna	68.184.983	10.986.309	79,17%	20,83%	14.205.204	2.288.814	(1.825.768)
					14.205.204	**2.288.814**	**(1.825.768)**

As of 31 December 2022 and 2021, the details of non-controlling interests are as follows:

	31.12.2022	**31.12.2021**
Shares in capital	2.500.000	2.500.000
Revaluation fund	27.042.251	7.433.739
Actuarial loss / (gain)	54.570	75.542
Shares in accumulated profits / (losses)	4.195.923	1.907.109
Share in profit / (loss) for the period	10.599.106	2.288.814
	44.391.850	**14.205.204**

(Currency - Turkish Lira 'TRY' unless expressed otherwise.)

NOTE 25 – SALES AND COST OF SALES

25.1 Sales

	01.01.-31.12.2022	**01.01.-31.12.2021**
Domestic sales	2.222.666.686	991.141.948
Export sales	2.123.726.156	1.237.660.118
Other sales	13.305.386	12.391.182
	4.359.698.228	**2.241.193.248**
Sales returns	(4.177.244)	(2.150.204)
Other discounts	(236.780.889)	(12.197.392)
Sales Income, (net)	**4.118.740.095**	**2.226.845.652**

(Currency - Turkish Lira 'TRY' unless expressed otherwise.)

25.2 Cost of Sales

	01.01.- 31.12.2022	**01.01.- 31.12.2021**
Direct material expenses	1.510.818.203	915.837.478
Direct labor expenses	216.539.981	213.953.316
General production expenses	617.279.878	111.829.324
Depreciation expenses	43.072.042	67.278.545
Change in semi-finished goods		
1. Beginning semi-finished goods(+)	206.916.232	149.816.954
2. Ending semi-finished goods (-)	(108.424.507)	(206.916.232)
Cost of finished goods produced	2.486.201.829	1.251.799.385
Changes in finished goods inventory		
1. Beginning inventory (+)	69.389.429	52.946.862
2. Ending inventory (-)	(747.288.781)	(69.389.429)
Cost of finished goods sold	1.808.302.477	1.235.356.818
Cost of merchandises		
1. Beginning merchandise inventory (+)	605.218	762.416
2. Purchases during the period (+)	4.027.485	7.803.635
3. Ending merchandise inventory (-)	-	(605.218)
Cost of merchandises sold	4.632.703	7.960.833
Cost of other service rendered	1.721.352	1.143.647
Cost of other sales	707.246.936	466.595.389
Cost of biological assets	87.209.906	41.319.236
Depreciation of biological assets	2.623.652	7.010.507
Energy costs	108.357.734	61.772.818
Energy depreciation	39.251.700	36.687.195
Cost of sales, net	**2.759.346.460**	**1.857.846.443**

(Currency - Turkish Lira 'TRY' unless expressed otherwise.)

As of 01 January – 31 December 2022 and 2021, for each main production group, quantities of goods and services:

	Unit	01.01.-31.12.2022	01.01.-31.12.2021
Yarn	Kg	8.656.103	11.904.559
Raw Clothing	Mt2	87.480.778	117.386.006
Finishing Cloth	Mt2	140.025.130	137.260.663
Lining	Mt2	18.774.713	14.771.561
Linens, Sheets, Curtains, Pillows.	Quantity	13.713.639	18.235.855
Electricity	Kwh	287.991.800	318.677.803
Cotton Waste	Kg	696.759	170.295
Piece of Cloth	Kg	5.446.151	2.753.794
Yarn Waste	Kg	485.878	752.309
Textile Trash Powder	Kg	207.132	179.677
Tomato	Kg	3.078.377	3.039.605
Dried Figs	Kg	6.154.419	8.328.361
Dried Apricot	Kg	769.970	1.038.694
Raisin	Kg	18.483.098	16.696.051
Dry Food By-Product	Kg	1.717.562	-

As of 01 January- 31 December 2022 and 2021, for each main sales group, quantities of goods and services

	Unit	01.01.-31.12.2022	01.01.-31.12.2021
Yarn	Kg	139.970	149.605
Raw Clothing	Mt2	-	47.770
Finishing Cloth	Mt2	15.544.576	16.127.928
Lining	Mt2	18.772.520	15.419.354
Linens, Sheets, Curtains, Pillows	Quantity	13.654.186	18.487.943
Electricity	Kwh	259.522.287	247.190.854
Cotton Waste	Kg	110.950	227.820
Piece of Cloth	Kg	2.047.358	2.922.380
Yarn Waste	Kg	498.715	730.670
Textile Trash Powder	Kg	149.150	173.300
Pepper	Kg	79.139	-
Tomato	Kg	3.854.016	3.589.005
Dried Figs	Kg	6.154.419	8.328.361
Dried Apricot	Kg	769.970	1.038.694
Raisin	Kg	18.483.098	16.696.051
Dry Food By-Product	Kg	1.717.562	-

(Currency - Turkish Lira 'TRY' unless expressed otherwise.)

NOTE 26 – RESEARCH AND DEVELOPMENT GENERAL ADMINISTRATIVE EXPENSES AND MARKETING EXPENSES

	01.01.- 31.12.2022	01.01.- 31.12.2021
Research and development expenses	15.767.239	9.841.817
Marketing, sales and distribution expenses	112.912.140	57.197.885
General administrative expenses	105.797.013	44.907.822
	234.476.392	**111.947.524**

26.1 Research and Development Expenses

	01.01.- 31.12.2022	01.01.- 31.12.2021
Direct Material expenses	651.003	3.381.084
Personnel expenses	14.211.656	5.409.465
Other expenses	904.580	1.051.268
	15.767.239	**9.841.817**

26.2 Marketing Expenses

	01.01.- 31.12.2022	01.01.- 31.12.2021
Personnel expenses	28.008.557	12.550.001
Export expenses	66.612.230	36.450.000
Domestic sales transportation expense	3.557.360	1.922.684
Depreciation expenses	711.492	135.330
Other expenses	8.529.517	6.136.170
Fair expenses	5.492.984	3.700
	112.912.140	**57.197.885**

(Currency - Turkish Lira 'TRY' unless expressed otherwise.)

26.3 General administrative expenses

	01.01.-31.12.2022	**01.01.-31.12.2021**
Personnel expenses	43.075.407	29.280.564
Insurance expenses	1.587.392	2.591.183
Education and consultancy expenses	16.270.560	2.869.195
Office expenses	1.524.237	920.604
Repair and maintenance expenses	1.659.199	226.164
Travelling expenses	1.038.700	422.796
Membership expenses	3.287.371	584.987
Tax and duty expenses	2.759.832	1.938.255
Shares in holding cost (*)	456.617	1.023.301
Provision for litigation expenses	614.011	303.265
Provision for severance pay expense	25.751.333	282.257
Provision for unused personnel leave	815.916	-
Provision for doubtful receivables	400	68.928
Depreciation expenses	3.197.657	1.624.685
Other expenses	3.758.381	2.771.638
	105.797.013	**44.907.822**

(*)Regarding expenses consists of personnel expenses reflected to the Group by Akça Holding.

(Currency - Turkish Lira 'TRY' unless expressed otherwise.)

NOTE 27 – OTHER OPERATING INCOME/ (EXPENSES)

27.1 Other Income From Operating Activities

	01.01.-31.12.2022	01.01.-31.12.2021
Power transmission line transfer fee	4.717.150	-
Reversal of unnecessary provision	9.160	-
Carbon credit sales revenues	5.313.357	-
Incentive income	5.773.055	-
License usage right income	1.683.908	393.732
Reclamation income	7.167.651	-
Foreign exchange gains related to commercial activities	245.126.591	227.362.921
Discount income / expenses on payables, net	3.944.631	5.428.936
Maturity difference income	7.641.369	981.956
Turnover premium income	4.781.630	1.793.850
Return of lump sum expense in export	800.312	21.334.074
Rental income	1.894.421	1.053.601
Other income and profit	6.135.188	4.566.712
	294.988.423	**262.915.782**

27.2 Other Expenses From Operating Activities (-)

	01.01.-31.12.2022	01.01.-31.12.2021
Foreign exchange expenses from related parties related to commercial activities	-	8.126.138
Foreign exchange expenses related to commercial activities	145.566.011	59.212.199
Discount income/expenses on receivables, net	7.102.050	5.366.059
Donation expenses	1.311.205	1.664.379
Tax expense	12.797.569	-
Other expenses and losses	3.685.440	4.371.668
	170.462.275	**78.740.443**

(Currency - Turkish Lira 'TRY' unless expressed otherwise.)

NOTE 28 – INVESTMENT ACTIVITIES INCOME / EXPENSE

28.1 Income from Investment Activities

	01.01.- 31.12.2022	01.01.- 31.12.2021
Gain on revaluation of investment properties	68.868.311	60.392.592
Currency protected deposit fair value income (*)	7.277.849	-
Profit on sale of fixed assets	10.041.790	2.838.394
	86.187.950	**63.230.986**

(*)Pursuant to the "Announcement on the Accounting of Currency/Gold Conversion Currency/Price Protected TRY Deposit Accounts" announced by POA on March 1, 2022, the company has classified its currency protected deposits under financial investments and, as a result of the fair value calculation, interest income and future foreign exchange gains are accounted for under income from investment activities.

28.2 Expense from Investment Activities

	01.01.- 31.12.2022	01.01.- 31.12.2021
Loss on sale of fixed assets	-	75.260
	-	**75.260**

28.3 Profit / Loss From Investments Evaluated by Equity Pick-up Method

	01.01.- 31.12.2022	01.01.- 31.12.2021
Shares related with investment valued by equity pick-up method	156.677.962	30.612.691
	156.677.962	**30.612.691**

(Currency - Turkish Lira 'TRY' unless expressed otherwise.)

NOTE 29 – FINANCIAL INCOME / EXPENSES

29.1 Financial Income

	01.01.- 31.12.2022	01.01.- 31.12.2021
Interest income	22.610.770	16.378.110
Foreign exchange income regarding financial activities	52.636.306	103.011.247
Foreign exchange income from forward contracts	-	490.157
	75.247.076	**119.879.514**

29.2 Financial Expenses (-)

	01.01.- 31.12.2022	01.01.- 31.12.2021
Interest expenses	124.649.596	56.879.193
Foreign exchange losses regarding financial activities	616.736.971	924.696.887
Commission expenses of credit	23.144.802	11.861.564
Maturity difference expenses	1.570.016	1.801.972
Foreign exchange losses arising from forward contracts	-	1.875.261
	766.101.385	**997.114.877**

NOTE 30 – TAX ASSETS AND LIABILITIES

Group is liable to corporation tax valid in Turkey. The necessary provisions are made on the attached financial statements for expected tax liabilities related to the group's current period activity results.

Corporation tax rate that will be accrued over corporation tax base is calculated over the tax base that remains after adding expenses recorded as expense in determination of commercial earnings that are non-deductible from tax base and subtracting tax-exempt profit, tax- free income and other deductions (if there are losses from previous years and used investment allowances if preferred).

In accordance with the regulation numbered 7316, published in Official Gazette on 22 April 2021, "Amendment of Law on Collection Procedure of Public Receivables and Other Certain Laws", In the provisional tax return declarations to be submitted after July 1, 2021, corporate tax rate has increased from 20% to 25% and to %23 for the year 2022, it will be applied as 20% from 2023.

The applied effective interest rate in the year of 2022 is 23% (2021: 25%)

Permanent tax is calculated and accrued quarterly in Turkey. As of temporary tax periods, the effective corporation tax rate is 23% in 2022 (2021: 25%).

There is no absolute and certain confirmation procedure related to tax evaluation in Turkey. Companies prepare their tax return between 1-30 Aprils coming after the related year's balancing period (for the companies having special account period, between 1-30 of fourth month following the closing of period). These tax returns and related accounting records may be inspected and changed by tax department in five years.

There are some exceptions on Corporation Tax Law. These exceptions that Group will possibly utilize are explained as below;

Taxable losses
The Premium income provided by the disposing of stocks, formed whiles the establishments of Incorporated Companies or while increasing their capital, below their nominal values is an exemption from Corporation tax.

The Real Estate and Subsidiary Share Sales Gain Exemption

The 75% of income of corporations composed of subsidiary shares, real estates, privilege, and promoter's stock and perpetual bonds are exemptions of Corporation tax as of 31 December 2018 for two years. However, this rate has been decreased from 75% to 50% for the real estate's regarding to new updates over the rule numbered 7061 and the rate shall be used as 50% for the tax declarations as of 2019.

(Currency - Turkish Lira 'TRY' unless expressed otherwise.)

Deferred Tax:
The potential deferred tax assets/(liabilities) of the Group represents the tax effects of temporary differences, arising between the financial statements reported for Communiqué purposes and the statutory tax financial statements. Such differences arise due to the different treatment of certain items of income and expense included in the Communiqué financial statements compared to the local tax return, in accordance with applicable tax laws.

As of balance sheet date, accumulated temporary differences and deferred tax assets and liabilities prepared by using current applicable tax rate is as follows:

	31.12.2022		**31.12.2021**	
	Cumulative temporary differences	**Deferred tax / (liability))**	**Cumulative temporary differences**	**Deferred tax / (liability)**
Deferred tax assets:				
Unearned interests on receivables	4.588.287	917.657	1.860.012	427.803
Transferred R&D discount	-	-	61.983.606	12.396.721
Severance pay provision	118.684.242	23.736.848	78.630.230	15.726.046
Unused vacation provisions	16.924.978	3.384.996	9.698.737	2.230.709
Reversal of capitalized financial expenses (except land, buildings)	203.196.713	40.639.343	131.064.573	26.212.915
Reversal of capitalized financial expenses (land, buildings)	35.281.365	3.528.137	35.281.365	3.528.137
Property, plant and equipment (except land, buildings and depreciation)	1.496.960.295	299.392.059	25.467.954	5.093.591
Adjustments to financial liabilities	3.137.455	627.491	-	-
Deferred maturity difference income	-	-	2.121.611	487.971
Provisions of legal claims	3.270.759	654.152	4.274.001	983.021
Impairment of tangible fixed assets	7.754.809	775.481	7.754.809	775.481
Deductible retained losses	-	-	261.086.031	52.217.206
Foreign exchange	2.575.353	515.071	47.974.351	11.034.101
Deferred income	30.358.642	6.071.728	-	-
Effect of other corrections	50.429.476	10.085.893	35.435.710	8.150.213
Deferred tax assets		**390.328.856**		**139.263.915**
Deferred tax liabilities:				
Tangible assets (land, building, land improvements and depreciations), net	-	-	39.696.919	7.939.384
Difference in revaluation of land and buildings	1.631.968.126	163.196.811	476.359.865	47.635.987
Difference in revaluation of machinery, plant and equipment	2.046.514.324	409.302.864	899.262.124	179.852.423
Unearned interests on payables	2.084.619	416.928	2.513.763	578.166
Adjustments related to financial debts	-	-	1.917.626	441.054
Investment property increase in value	137.416.830	13.741.683	74.248.386	7.424.839
Effect of other corrections	6.093.271	1.218.655	42.800.743	9.844.172
Adjustment of foreign exchange	-	-	269.697	62.030
Deferred tax liabilities		**587.876.941**		**253.778.055**
Deferred tax assets / (liabilities), net		**(197.548.085)**		**(114.514.140)**

The Group calculates deferred tax assets and liabilities considering the effect of temporary differences arising from the different evaluations between the statutory financial statements prepared in accordance with TAS / TFRS issued by the Group and its financial statements. These temporary differences usually result from the recognition of income and expenses in different reporting periods according to TAS / TFRS and Tax Code.

(Currency - Turkish Lira 'TRY' unless expressed otherwise.)

For the period ended at 31 December 2022 and 2021 movements of deferred tax assets and liabilities are as follows:

	01.01.- 31.12.2022	**01.01.- 31.12.2021**
Current corporation tax	(362.499)	(1.727.939)
Deferred tax assets/(liabilities), net	246.838.420	78.478.178
	246.475.921	**76.750.239**

Deferred Tax (Asset) / Liability Movements

	01.01.- 31.12.2022	**01.01.- 31.12.2021**
Opening balance	(114.514.140)	(81.610.705)
Deferred tax income / (expense)	246.838.420	78.478.178
Gain on revaluation of properties	(330.014.851)	(109.866.854)
Actuarial (gain) / loss effect prior periods	142.486	(1.514.759)
Closing balance	**(197.548.085)**	**(114.514.140)**

NOTE 31 – EARNINGS PER SHARE

	01.01.- 31.12.2022	**01.01.- 31.12.2021**
Net profit / (loss) for the period	1.037.331.809	(267.778.497)
Weighted-average number of shares outstanding (per share with TRY 1 value)	250.000.000	250.000.000
Simple earnings and divided earnings per share (TRY)	**4,1493**	**(1,0711)**

NOTE 32 – FINANCIAL INSTRUMENTS

Financial assets	**31.12.2022**	**31.12.2021**
Liquid assets	117.868.895	118.035.517
Trade receivables	612.777.609	373.941.123
Other receivables	9.656.645	161.918.042
Financial assets	3.893.423	-
Financial liabilities		
Financial borrowings	2.275.352.305	2.058.322.819
Lease payables	16.660.666	22.340.756
Other payables	12.529.443	7.984.705
Trade payables	536.253.306	293.912.845

(Currency - Turkish Lira 'TRY' unless expressed otherwise.)

NOTE 33 – NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS

Financial Instruments

Credit Risk

Group is subject to credit risk arising from trade receivables related to credit sales and deposits at banks. These risks are managed by limiting the aggregate risk from any individual counterparty and obtaining sufficient collateral where necessary and making only cash based sales to customer considered as having a higher risk. Collect ability of trade receivables are evaluated by management depending on their past experiences and current economic condition, and presented in the financial statements net of adequate doubtful provision.

As of 31 December 2022 and 2021, maximum net credit risk is as follows:

	Trade Receivables		**Other Receivables**		**Bank**
31 December 2022	**Related Party**	**Third Party**	**Related Party**	**Third Party**	**Deposits**
Maximum net credit risk as of balance sheet date (A+B+C+D+E))	381.617.895	231.159.714	327.128	9.329.517	121.691.719
The part of maximum risk under guarantee with collateral	-	-	-	-	-
A. Net book value of financial assets that are neither past due nor impaired	268.623.346	231.159.714	327.128	9.329.517	121.691.719
B. Net book value of financial assets that are renegotiated, if not that will be accepted as past due or impaired	-	-	-	-	-
C. Carrying value of financial assets that are past due but not impaired	112.994.549	-	-	-	-
The part secured by collateral	-	-	-	-	-
D. Net book value of impaired assets	-	-	-	-	-
Past due (gross carrying amount)	-	486.010	-	-	-
Impairment (-)	-	(486.010)	-	-	-
The part of net value under guarantee with collateral etc.	-	-	-	-	-
Not past due (gross carrying amount)	-	-	-	-	-
Impairment (-)	-	-	-	-	-
The part of net value under guarantee with collateral etc.	-	-	-	-	-
The part of maximum risk under guarantee with collateral	-	-	-	-	-

	Trade Receivables		**Other Receivables**		**Bank**
31 December 2021	**Related Party**	**Third Party**	**Related Party**	**Third Party**	**Deposits**
Maximum net credit risk as of balance sheet date (A+B+C+D+E)	188.541.819	185.399.304	152.062.297	9.855.745	117.793.879
The part of maximum risk under guarantee with collateral	-	-	-	-	-
A. Net book value of financial assets that are neither past due nor impaired	188.541.819	185.399.304	22.172.523	9.855.745	117.793.879
B. Net book value of financial assets that are renegotiated, if not that will be accepted as past due or impaired	-	-	-	-	-
C. Carrying value of financial assets that are past due but not impaired	-	-	129.889.774	-	-
The part secured by collateral	-	-	-	-	-
D. Net book value of impaired assets	-	-	-	-	-
Past due (gross carrying amount)	-	494.770	-	-	-
Impairment (-)	-	(494.770)	-	-	-
The part of net value under guarantee with collateral etc.	-	-	-	-	-
Not past due (gross carrying amount)	-	-	-	-	-
Impairment (-)	-	-	-	-	-
The part of net value under guarantee with collateral etc.	-	-	-	-	-
The part of maximum risk under guarantee with collateral	-	-	-	-	-

(Currency - Turkish Lira 'TRY' unless expressed otherwise.)

Liquidity risk

Liquidity risk is the Group's possibility of not fulfilling net funding liabilities. Occurrence of events like deteriorations in markets or decrease in credit score that causes decreases in fund resources, are reasons of liquidity risk.

As of 31 December 2022, Group's liquidity risk table is as follows:

		31 December 2022				
Maturities according to agreement	**Book Value**	**Contractual total cash outflow (=I+II+III+IV)**	**Less than 3 months (I)**	**3 – 12 months (II)**	**1- 5 Years (III)**	**More than 5 Years (IV)**
Financial Liabilities Non Derivatives	**2.978.735.228**	**3.184.849.506**	**562.737.454**	**1.627.656.331**	**777.035.374**	**217.420.347**
Financial borrowings	2.275.352.305	2.475.381.057	*221.236.309*	*1.293.850.657*	*742.873.744*	*217.420.347*
Financial leasing	16.660.666	20.595.382	*1.897.703*	*5.609.295*	*13.088.384*	-
Trade payables	536.253.306	538.404.116	311.143.118	227.260.998	-	-
- Related parties	-	-	-	-	-	-
- Other parties	*536.253.306*	*538.404.116*	*311.143.118*	*227.260.998*	-	-
Other liabilities	150.468.951	150.468.951	28.460.324	100.935.381	21.073.246	-
- Related parties	-	-	-	-	-	-
- Other parties	*150.468.951*	*150.468.951*	*28.460.324*	*100.935.381*	*21.073.246*	-
	2.978.735.228	**3.184.849.506**	**562.737.454**	**1.627.656.331**	**777.035.374**	**217.420.347**

As of 31 December 2021, Group's liquidity risk table is as follows:

Maturities according to agreement	**Book Value**	**Contractual total cash outflow (=I+II+III+IV)**	**Less than 3 months (I)**	**3 – 12 months (II)**	**1- 5 Years (III)**	**More than 5 Years (IV)**
Financial Liabilities Non Derivatives	**2.435.133.202**	**2.578.417.513**	**571.596.855**	**1.109.195.553**	**640.764.642**	**256.860.463**
Financial borrowings	2.058.322.819	2.192.152.973	*365.324.190*	*949.771.122*	*620.197.198*	*256.860.463*
Financial leasing	22.340.756	29.281.152	*2.506.266*	*6.207.442*	*20.567.444*	-
Trade payables	293.912.845	296.426.607	173.078.168	123.348.439	-	-
- Related parties	-	-	-	-	-	-
- Other parties	*293.912.845*	*296.426.607*	*173.078.168*	*123.348.439*	-	-
Other liabilities	60.556.782	60.556.781	30.688.231	29.868.550	-	-
- Related parties	*3.865.219*	*3.865.219*	-	*3.865.219*	-	-
- Other parties	*56.691.563*	*56.691.562*	*30.688.231*	*26.003.331*	-	-
	2.435.133.202	**2.578.417.513**	**571.596.855**	**1.109.195.553**	**640.764.642**	**256.860.463**

(Currency - Turkish Lira 'TRY' unless expressed otherwise.)

Foreign currency risk

The effects occurring from exchange rate fluctuation, in case of having foreign currency assets, liabilities, off-balance sheet liabilities, are foreign currency risk. Transactions in foreign currencies during the year have been translated at the exchange rate prevailing at dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rates prevailing at the balance sheet dates. Foreign exchange gains or losses arising from the settlement of such transactions and from the translation of monetary assets and liabilities are recognized in the statement of profit/loss. Monetary liabilities of the Group exceed monetary assets of the Group; in case of exchange rate rise, the Group is exposed to foreign currency risk.

As of 31 December 2022, if TRY evaluates / devaluates against foreign currency by 10% and all other variables remains the same, profit before tax which occurs as a result of the foreign exchange loss / gain arising from net foreign exchange exposure would have been TRY 123.611.329 more/less.

Foreign currency risk sensitivity

	Profit/ (Loss)		Shareholders' Equity	
	Appreciation of foreign currency against TRY	Depreciation of foreign currency against TRY	Appreciation of foreign currency against TRY	Depreciation of foreign currency against TRY
	In the case of increasing / losing value of TRY by 10% against USD			
1- USD net asset / liability	(41.466.407)	41.466.407	(41.466.407)	41.466.407
2- Part of hedged from USD risk (-)	-	-	-	-
3- USD net effect (1+2)	(41.466.407)	41.466.407	(41.466.407)	41.466.407
	In the case of increasing / losing value of TRY by 10% against EUR			
4- EUR net asset / liability	(82.146.107)	82.146.107	(82.146.107)	82.146.107
5- Part of hedged from EUR risk (-)	-	-	-	-
6- EUR net effect (4+5)	(82.146.107)	82.146.107	(82.146.107)	82.146.107
	In the case of increasing / losing value of TRY by 10% against GBP			
7- GBP net asset / liability	1.592	(1.592)	1.592	(1.592)
8- Part of hedged from GBP risk (-)	-	-	-	-
9- GBP net effect (7+8)	1.592	(1.592)	1.592	(1.592)
TOTAL (3+6+9)	(123.611.329)	123.611.329	(123.611.329)	123.611.329

(Currency - Turkish Lira 'TRY' unless expressed otherwise.)

As of 31 December 2021, if TRY evaluates / devaluates against foreign currency by 10% and all other variables remains the same, profit before tax which occurs as a result of the foreign exchange loss / gain arising from net foreign exchange exposure would have been TRY 163.575.609 more/less.

Foreign currency risk sensitivity

	Profit/ (Loss)		Shareholders' Equity	
	Appreciation of foreign currency against TRY	Depreciation of foreign currency against TRY	Appreciation of foreign currency against TRY	Depreciation of foreign currency against TRY
	In the case of increasing / losing value of TRY by 10% against USD			
1- USD net asset / liability	(44.064.415)	44.064,415	(44.064.415)	44.064.415
2- Part of hedged from USD risk (-)	-	-	-	-
3- USD net effect (1+2)	(44.064.415)	44.064.415	(44.064.415)	44.064.415
	In the case of increasing / losing value of TRY by 10% against EUR			
4- EUR net asset / liability	(120.853.526)	120.853.526	(120.853.526)	120.853.526
5- Part of hedged from EUR risk (-)	-	-	-	-
6- EUR net effect (4+5)	(120.853.526)	120.853.526	(120.853.526)	120.853.526
	In the case of increasing / losing value of TRY by 10% against GBP			
7- GBP net asset / liability	1.342.332	(1.342.332)	1.342.332	(1.342.332)
8- Part of hedged from GBP risk (-)	-	-	-	-
9- GBP net effect (7+8))	1.342.332	(1.342.332)	1.342.332	(1.342.332)
7- GBP net asset / liability				
TOTAL (3+6+9)	(163.575.609)	163.575.609	(163.575.609)	163.575.609

(Currency - Turkish Lira 'TRY' unless expressed otherwise.)

Interest Rate Risk

The Group's financial liabilities exposure the Group to interest rate risk. The Group's financial liabilities mainly consist of fixed rate borrowings. As of 31 December 2022, according to the current balance sheet position, in the case of 1% decrease / increase and keeping fixed all the variables the Group's net profit will increase / decrease TRY 15.013.945. (31 December 2021: 9.252.444 TRY)

Risk of intensification of sales

During the reporting periods ending on 31 December 2022 and 2021, the risk of intensification of the Group's sales is due to sales from textile sector operations.

The sales activities of the Group are determined according to fluctuations in the domestic and overseas markets and competition conditions. It is taken care of to not to concentrate on a specific sector, country, person and Group in terms of dissolving risks. Even so, as of 31 December 2022, the share of the largest buyer in the revenue from textile sector operations is 41,37% (31 December 2021: 36,76%.). The customer mentioned is a major international supplier and the commercial relation between the customer and the Group has been maintained for many years.

The share of the largest buyers in the revenue from agriculture sector operations is 86,73%.(31 December 2021 89,72%) Domestic sales of dried fruits (risen, fig and apricot) produced by Menderes on contract manufacturing basis are made in accordance with the "Sales Agreement" signed with Osman Akça Tarım Ürünleri İthalat İhracat Sanayi ve Ticaret A.Ş., who is the related party of the Group and Osman Akça exports these products to different customers abroad.

Percentage of total sales of two buyers with the largest share in total sales of the Group is given below:

Textile:

Customer	**01.01.-31.12.2022**	**01.01.-31.12.2021**
A Company	41,37%	36,76%

Agriculture:

Customer	**01.01.-31.12.2022**	**01.01.-31.12.2021**
B Company	86,73%	89,72%

(Currency - Turkish Lira 'TRY' unless expressed otherwise.)

As of 31 December 2022, amounts of assets and liabilities of the Group in foreign currency are as follows:

31 December 2022	**TRY equivalent functional currency**	**USD**	**EUR**	**GBP**	**CHF**
1. Trade Receivables	500.829.119	19.647.350	6.693.872	685	-
2a. Monetary Financial Assets (including cash and banks)	63.841.803	3.184.242	215.771	23	-
2b. Non-monetary financial assets	-	-	-	-	-
3. Other	-	-	-	-	-
4. Current Assets (1+2+3)	**564.670.922**	**22.831.592**	**6.909.643**	**708**	**-**
5. Trade Receivables	-	-	-	-	-
6a. Monetary financial receivables	32.880.624	-	1.649.400	-	-
6b. Non-monetary financial assets	-	-	-	-	-
7. Other	-	-	-	-	-
8. Non-Current Assets (5+6+7)	32.880.624	**-**	**1.649.400**	**-**	**-**
9. Total Assets (4+8)	**597.551.546**	**22.831.592**	**8.559.043**	**708**	**-**
10. Trade Payables	293.481.926	15.287.170	356.450	-	200
11. Financial Liabilities	726.558.722	21.180.793	16.514.116	-	-
12a. Other monetary financial liabilities	2.010.367	72.733	32.444	-	-
12b. Other non-monetary financial liabilities	-	-	-	-	-
13. Current Liabilities (10+11+12)	**1.022.051.015**	**36.540.696**	**16.903.010**	**-**	**200**
14. Trade Payables	-	-	-	-	-
15. Financial Liabilities	811.613.818	8.386.489	32.773.755	-	-
16a. Other monetary financial liabilities	-	-	-	-	-
16b. Other non-monetary financial liabilities	-	-	-	-	-
17. Non-Current Liabilities (14+15+16)	**811.613.818**	**8.386.489**	**32.773.755**	**-**	**-**
18. Total Liabilities	**1.833.664.833**	**44.927.185**	**49.676.765**	**-**	**200**
19. Net asset/(liabilities) position of off-balance sheet derivative instruments(19a-19b)	**-**	**-**	**-**	**-**	**-**
19a. Off-balance sheet foreign currency derivative assets	-	-	-	-	-
19b. Off-balance sheet foreign currency derivative liabilities	-	-	-	-	-
20. Net foreign currency asset / liabilities (9-18+19)	**(1.236.113.287)**	**(22.095.593)**	**(41.117.722)**	**708**	**(200)**
21. Net foreign currency asset / liability position of monetary items (IFRS 7.B23) (=1+2a+5+6a-10-11-12a-14-15-16a)	(1.236.113.287)	(22.095.593)	(41.117.722)	708	(200)
22. Fair value of derivative instruments used in foreign currency hedge	**-**	**-**	**-**	**-**	**-**
23. Exports	**2.123.265.376**	**94.014.814**	**30.825.236**	**474.981**	**-**
24. Imports	**1.319.679.528**	**77.597.397**	**3.296.793**	**4.616**	**600**

(Currency - Turkish Lira ‘TRY’ unless expressed otherwise.)

As of 31 December 2021, amounts of assets and liabilities of the Group in foreign currency are as follows:

31 December 2021	**TRY equivalent functional currency**	**USD**	**EUR**	**GBP**	**CHF**
1. Trade Receivables	327.209.773	16.932.416	6.307.854	353.593	-
2a. Monetary Financial Assets (including cash and banks)	129.655.309	7.248.650	1.721.227	393.529	-
2b. Non-monetary financial assets	-	-	-	-	-
3. Other	-	-	-	-	-
4. Current Assets (1+2+3)	**456.865.082**	**24.181.066**	**8.029.081**	**747.122**	**-**
5. Trade Receivables	-	-	-	-	-
6a. Monetary financial receivables	498.709	29.945	6.600	-	-
6b. Non-monetary financial assets	-	-	-	-	-
7. Other	-	-	-	-	-
8. Non-Current Assets (5+6+7)	498.709	**29.945**	**6.600**	**-**	**-**
9. Total Assets (4+8)	**457.363.791**	**24.211.011**	**8.035.681**	**747.122**	**-**
10. Trade Payables	155.804.866	10.382.169	1.136.157	-	-
11. Financial Liabilities	1.190.385.985	37.180.435	45.912.414	-	-
12a. Other monetary financial liabilities	2.052.650	22.487	115.945	-	-
12b. Other non-monetary financial liabilities	-	-	-	-	-
13. Current Liabilities (10+11+12)	**1.348.243.501**	**47.585.091**	**47.164.516**	**-**	**-**
14. Trade Payables	-	-	-	-	-
15. Financial Liabilities	744.876.384	9.582.041	40.818.544	-	-
16a. Other monetary financial liabilities	-	-	-	-	-
16b. Other non-monetary financial liabilities	-	-	-	-	-
17. Non-Current Liabilities (14+15+16)	**744.876.384**	**9.582.041**	**40.818.544**	**-**	**-**
18. Total Liabilities	**2.093.119.885**	**57.167.132**	**87.983.060**	**-**	**-**
19. Net asset/(liabilities) position of off-balance sheet derivative instruments(19a-19b)	**-**	**-**	**-**	**-**	**-**
19a. Off-balance sheet foreign currency derivative assets	-	-	-	-	-
19b. Off-balance sheet foreign currency derivative liabilities	-	-	-	-	-
20. Net foreign currency asset / liabilities (9-18+19)	**(1.635.756.093)**	**(32.956.121)**	**(79.947.379)**	**747.122**	**-**
21. Net foreign currency asset / liability position of monetary items (IFRS 7.B23) (=1+2a+5+6a-10-11-12a-14-15-16a)	(1.635.756.093)	(32.956.121)	(79.947.379)	747.122	-
22. Fair value of derivative instruments used in foreign currency hedge	**-**	**-**	**-**	**-**	**-**
23. Exports(*)	**1.237.660.119**	**52.829.210**	**42.088.921**	**5.919.394**	**-**
24. Imports(**)	**567.722.891**	**60.212.200**	**3.371.225**	**1.633**	**26.280**

(*) The Group has TRY 216.374.620 export for the period of 01.01.-31.12.2021.

(**) The Group has TRY 5.985 import for the period of 01.01.-31.12.2021.

NOTE 34 – FINANCIAL INSTRUMENTS (FAIR VALUE DISCLOSURES AND HEDGE ACCOUNTING DISCLOSURES)

Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced sale or liquidation, and is best evidenced by a quoted market price, if one exists. The estimated fair values of financial instruments have been determined by the Group using available markets information in Turkey and appropriate valuation methodologies. However, judgment is necessarily required to interpret market data to estimate the fair value. Accordingly, the estimates presented here in are not necessarily indicative of the amounts the Group could realize in a current market exchange.

The following methods and assumptions are utilized for the current values of financial instruments which are predictable in practice;

<u>Financial Assets</u>
Monetary assets for which fair value approximates carrying value:

-Balances denominated in foreign currencies are converted at period exchange rates.
-The fair value of certain financial assets carried at cost, including cash and cash equivalents are considered to approximate their respective carrying amounts in the financial statements.
-The carrying value of trade receivables, net of allowances for possible non-recovery of uncollectible are considered to approximate their fair values

<u>Financial Liabilities</u>
Monetary liabilities for which fair value approximates carrying value:

- The fair value of short-term bank loans and other monetary liabilities are considered to approximate their respective carrying values due to their short-term nature.
-The fair values of long-term bank borrowings, which are denominated in foreign currencies and converted at period exchange rates, are considered to approximate their carrying values.
-The carrying amount of accounts payable and accrued expenses reported in the financial statements for estimated third party payer set TRY amounts approximates its fair values.

(Currency - Turkish Lira 'TRY' unless expressed otherwise.)

Capital Risk Management
In capital management, the Group aims at enhancing profitability while keeping a reasonable leverage, on the other hand rendering sustainability in its operations.

The Group follows capital by using debt to equity ratio. This rate is found by dividing net debt to total equity. Net debt is calculated by deducting cash and cash equivalents from total payable amount (as shown in balance sheet, trade and other payables and loans). Total capital, as shown in balance sheet, is calculated by adding up equity and net debt.

As of 31 December 2022 and 2021, net debt / total equity ratio is as follows:

	31.12.2022	**31.12.2021**
Total debts	3.706.446.609	2.783.246.463
Liquid assets	(117.868.895)	(118.035.517)
Net debt	3.588.577.714	2.665.210.946
Total equity	3.964.480.654	1.022.106.078
Total capital	7.553.058.368	3.687.317.024
Net Debt/Total Capital	48%	72%

Fair Value Estimate

Classification of the group's financial assets and liabilities measured at fair value is represented below:

Level 1: Market price valuation techniques for the determined assets and liabilities traded in markets (unadjusted);

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly;

Level 3: Inputs for the asset or liability that are not based on observable market (unobservable inputs).

The group's assets/(liabilities) measured at fair value are presented below:

31.12.2022	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets				
Lands	-	396.400.000	-	396.400.000
Underground and above ground layouts	-	376.200.000	-	376.200.000
Buildings	-	949.390.000	-	949.390.000
Machinery, plant and devices	-	2.410.197.000	-	2.410.197.000

31.12.2021	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets				
Lands	-	107.180.000	-	107.180.000
Underground and above ground layouts	-	115.430.000	-	115.430.000
Buildings	-	366.345.000	-	366.345.000
Machinery, plant and devices	-	1.351.855.000	-	1.351.855.000

(Currency - Turkish Lira 'TRY' unless expressed otherwise.)

As of 31 December 2022, the classes and fair values of financial instruments are as follows;

31.12.2022	Financial assets and liabilities shown at amortized value	Financial assets at fair value differences in income statement	Book Value	Note
Financial Assets				
Cash and cash equivalents	117.868.895	-	117.868.895	4
Financial investments	-	3.893.423	3.893.423	5
Trade receivables	612.777.609	-	612.777.609	7
Other receivables	9.656.645	-	9.656.645	9
Financial Liabilities				
Financial borrowings	2.292.012.971	-	2.292.012.971	8
Trade payables	536.825.897	-	536.825.897	7
Other payables	12.529.443	-	12.529.443	9

As of 31 December 2021, the classes and fair values of financial instruments are as follows;

31.12.2021	Financial assets and liabilities shown at amortized value	Financial assets at fair value differences in income statement	Book Value	Note
Financial Assets				
Cash and cash equivalents	118.035.517	-	118.035.517	4
Trade receivables	373.941.123	-	373.941.123	7
Other receivables	161.918.042	-	161.918.042	9
Financial Liabilities				
Financial borrowings	2.080.663.575	-	2.080.663.575	8
Trade payables	293.912.845	-	293.912.845	7
Other payables	7.984.705	-	7.984.705	9

NOTE 35 – FEES FOR SERVICES RECEIVED FROM INDEPENDENT AUDITOR / INDEPENDENT AUDIT FIRMS

The Company's explanation regarding the fees for the services received from the independent audit firms, which is based on the letter of POA dated August 19,2021, the preparation principles of which are based on the Board Decision published in the Official Gazette on 30 March 2021, are as follows

Independent audit fee for the reporting period	**01.01.- 31.12.2022**	**01.01.- 31.12.2021**
Audit and assurance fee	582.500	325.000
Fees for other assurance services	13.000	2.500
	595.500	**327.500**