

MENDERES TEKSTİL SANAYİ VE TİCARET A.Ş.

**CONSOLIDATED FINANCIAL STATEMENTS
AND AUDITORS' REVIEW REPORT
FOR THE INTERIM PERIOD ENDED AT
30 JUNE 2023**

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**REVIEW REPORT RELATED TO THE INTERIM CONSOLIDATED FINANCIAL
INFORMATION**

Menderes Tekstil Sanayi ve Ticaret Anonim Şirketi
Board of Management

Introduction

1. We have reviewed the accompanying condensed consolidated financial statements of Menderes Tekstil Sanayi ve Ticaret Anonim Şirketi (the Company) and its subsidiaries (the "Group") as of 30 June 2023, which comprise the statement of consolidated financial position and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and the consolidated statement of cash flows with the summary of the important accounting policies and other explanatory notes for the six-month-period then ended. The management of the Company is responsible for the preparation and fair presentation of these interim financial information in accordance with Turkish Accounting Standards. Our responsibility is to express a conclusion on these interim financial information based on our review.

Scope of Review

2. We conducted our review in accordance with the Standard on Review Engagements (SRE) 2410, "Limited Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim consolidated financial information consists of making inquiries, primarily of persons responsible for financial reporting process, and applying analytical and other review procedures. A review of interim financial information is substantially less in scope than an independent audit performed in accordance with the Turkish Independent Auditing Standards and the objective of which is to express an opinion on the financial statements. Consequently, a review on the interim financial information does not provide assurance that the audit firm will be aware of all significant matters which would have been identified in an audit. Accordingly, we do not express an audit opinion.

Basis of Limited Qualified Opinion

3. As of 30 June 2023, the Group has a total of TRY 593.254.595 receivables classified under trade receivables from Osman Akça Tarım Ürünleri İthalat İhracat Sanayi ve Ticaret A.Ş. ("Osman Akça"). As of 30 June 2023, a portion of the trade receivables amounting to TRY 307.951.294 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.

Opinion

4. In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Menderes Tekstil Sanayi ve Ticaret Anonim Şirketi as of 30 June 2023, and of its financial performance and its cash flows for the six months then ended in accordance with the financial reporting standards endorsed by the Turkish Accounting Standards.

Istanbul, 15 August 2023

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



MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ
CONSOLIDATED BALANCE SHEETS AS OF 30 JUNE 2023
(Currency - Turkish Lira ‘TRY’ unless expressed otherwise)

		<i>Unreviewed</i>	<i>Audited</i>
	Footnote	Current Period	Prior Period
ASSETS	References	30.06.2023	31.12.2022
Current Assets		2.988.381.216	2.594.012.935
Cash and Cash Equivalents	4	114.679.403	117.868.895
Financial Investments	5	159.328.448	3.893.423
Trade Receivables		976.236.954	612.777.609
<i>Trade Receivables from Related Parties</i>	<i>6-7</i>	<i>603.705.194</i>	<i>381.617.895</i>
<i>Trade Receivables from Third Parties</i>	<i>7</i>	<i>372.531.760</i>	<i>231.159.714</i>
Other Receivables		31.362.739	9.503.234
<i>Other Receivables from Related Parties</i>	<i>6-9</i>	<i>1.559.309</i>	<i>327.128</i>
<i>Other Receivables from Third Parties</i>	<i>9</i>	<i>29.803.430</i>	<i>9.176.106</i>
Derivative Instruments	10	252.657	-
Inventories	11	1.624.026.537	1.706.234.192
Biological Assets	12	-	29.361.062
Prepaid Expenses	13	18.372.383	18.275.397
Current Tax Assets	14	937.834	2.778.947
Other Current Assets	23	63.184.261	93.320.176
Non-Current Assets		5.159.396.418	5.076.914.328
Other Receivables	9	168.827	153.411
Investments Valued by Equity Pick-up Method	15	241.175.894	240.244.300
Investment Properties	16	208.625.903	208.625.903
Tangible Assets	17	4.151.786.898	4.166.634.853
Intangible Assets	19	34.962.584	33.744.515
Prepaid Expenses	13	68.302.064	37.182.490
Deferred Tax Assets	30	454.374.248	390.328.856
TOTAL ASSETS		8.147.777.634	7.670.927.263

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

MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ
CONSOLIDATED BALANCE SHEETS AS OF 30 JUNE 2023
(Currency - Turkish Lira ‘TRY’ unless expressed otherwise)

		<i>Unreviewed</i>	<i>Audited</i>
	Footnote	Current Period	Prior Period
LIABILITIES	References	30.06.2023	31.12.2022
Current Liabilities		2.492.905.064	2.126.592.052
Short Term Borrowings	8	1.466.896.481	1.127.642.073
Short-term portion of long-term borrowings	8	311.477.936	312.150.770
Trade Payables	7	555.525.703	536.253.306
Employee Benefit Liabilities	22	97.976.284	66.370.210
Other Payables	9	4.907.484	12.529.443
Deferred Income	13	28.265.716	50.496.052
Current Tax Liabilities of Period Profit	30	1.162.474	362.499
Current Provisions		26.692.986	20.787.699
<i>Provision For Employee Benefits</i>	21	20.311.039	16.924.978
<i>Other Current Provisions</i>	21	6.381.947	3.862.721
Non-Current Liabilities		1.847.480.702	1.579.854.557
Long Term Borrowings	8	1.039.703.905	852.220.128
Deferred Income	13	15.232.116	21.073.246
Long Term Provisions		116.578.290	118.684.242
<i>Long Term Provisions for Employee Benefits</i>	21	116.578.290	118.684.242
Deferred Tax Liabilities	30	675.966.391	587.876.941
Equity		3.807.391.868	3.964.480.654
Parent Company's Equity		3.759.636.875	3.920.088.804
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			
<i>Gains / Losses on Revaluation and Remeasurement</i>			
<i>-Increase / Decrease on Revaluation of Tangible Assets</i>	24.3	2.997.901.174	3.078.940.524
<i>-Defined Benefit Plans Re-Measurement Gains / (Losses)</i>	24.3	7.490.399	10.837.864
Accumulated Other Comprehensive Income or Expenses to be Reclassified on Profit or Loss			
<i>Share of Other Comprehensive Income of Investments Accounted for Using The Equity Method That Will Not Be Reclassified to Profit or Loss</i>	24.4	42.649.562	42.649.562
Restricted Reserves		10.340.261	10.340.261
<i>Legal Reserves</i>	24.5	10.340.261	10.340.261
Retained Earnings / Losses	24.6	526.460.106	(510.871.703)
Net Profit / (Loss) for the Period	31	(76.065.114)	1.037.331.809
Non-controlling interests	24.7	47.754.993	44.391.850
TOTAL LIABILITIES AND EQUITY		8.147.777.634	7.670.927.263

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-30 JUNE 2023
(Currency - Turkish Lira 'TRY' unless expressed otherwise.)

		<i>Rewieved</i> Current Period 01.01- 30.06.2023	<i>Rewieved</i> Prior Period 01.01- 30.06.2022	<i>Unrewieved</i> Current Period 01.04- 30.06.2023	<i>Unrewieved</i> Prior Period 01.04- 30.06.2022
	Note				
Revenue	25.1	2.034.420.199	1.803.295.589	1.116.757.125	1.085.995.603
Cost of Sales (-)	25.2	(1.656.760.432)	(1.087.929.938)	(878.626.164)	(668.297.602)
Gross Profit / (Loss)		377.659.767	715.365.651	238.130.961	417.698.001
General Administrative Expenses (-)	26.3	(124.512.487)	(30.046.365)	(26.057.377)	(13.561.370)
Marketing Expenses (-)	26.2	(53.653.665)	(38.842.383)	(30.937.938)	(25.796.602)
Research and Development Expenses (-)	26.1	(20.890.846)	(4.862.022)	(20.890.846)	(2.296.868)
Other Operating Income	27.1	307.939.341	180.904.393	257.178.785	44.568.619
Other Operating Expenses (-)	27.2	(114.723.498)	(117.545.718)	(89.584.892)	(19.537.476)
Operating Profit / (Loss)		371.818.612	704.973.556	327.838.693	401.074.304
Income from Investment Activities	28.1	1.883.153	16.742.160	1.812.319	6.703.760
Shares of Profit/(Loss) from Investments Valued by Equity Pick-up Method	28.3	931.594	530.590	651.592	479.111
Operating Activity Profit/(Loss) Before Financial Expense		374.633.359	722.246.306	330.302.604	408.257.175
Financial Income	29.1	81.229.364	46.999.390	72.694.402	22.632.686
Financial Expenses (-)	29.2	(583.524.944)	(410.766.016)	(481.729.024)	(223.080.970)
Operating Activity Profit/(Loss) Before Taxation		(127.662.221)	358.479.680	(78.732.018)	207.808.891
Operating Activity Tax Income/(Expense)					
Current Tax Income/(Expense)	30	(1.162.474)	(2.670.241)	(273.654)	(706.725)
Deferred Tax Income/(Expense)	30	56.710.342	(55.529.669)	21.178.903	(33.643.145)
Current Period Operating Activity Profit / (Loss)		(72.114.353)	300.279.770	(57.826.769)	173.459.021
Profit/(Loss) for the Period		(72.114.353)	300.279.770	(57.826.769)	173.459.021
Distribution of the Period Income/(Loss)					
Minority Interests	24.7	3.950.761	8.186.195	2.925.748	5.386.603
Parent Company's Shares	31	(76.065.114)	292.093.575	(60.752.517)	168.072.418
Earnings Per Share	31	(0,3043)	1,1684	(0,2430)	0,6723

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-30 JUNE 2023
(Currency - Turkish Lira 'TRY' unless expressed otherwise.)

		<i>Rewieved</i>	<i>Rewieved</i>	<i>Unrewieved</i>	<i>Unrewieved</i>
		Current	Prior	Current	Prior
		Period	Period	Period	Period
		01.01-	01.01-	01.04-	01.04-
	Note	30.06.2023	30.06.2022	30.06.2023	30.06.2022
Profit/(Loss) for the Period		(72.114.353)	300.279.770	(57.826.769)	173.459.021
Other Comprehensive Income:					
Income (Expenses) not to be Reclassified					
on Profit or (Loss)					
- Defined Benefit Plans Re-Measurement					
Gains (Losses)	21	(4.220.033)	(3.362.692)	1.430.967	(277.080)
- Deferred Tax Income / (Expense)	30	(80.754.400)	672.539	(81.884.600)	55.416
Other Comprehensive Income		(84.974.433)	(2.690.153)	(80.453.633)	(221.664)
Total Comprehensive Income/(Expense)		(157.088.786)	297.589.617	(138.280.402)	173.237.357
Distribution of Total Comprehensive					
Income					
Minority Interests	24.7	3.363.143	8.104.409	2.376.415	5.338.541
Parent Company's Shares	31	(160.451.929)	289.485.208	(140.656.817)	167.898.816

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

MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ
STATEMENT OF CONSOLIDATED CHANGES IN SHAREHOLDER'S EQUITY FOR THE PERIODS OF
1 JANUARY – 30 JUNE 2023
(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				
				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		Accumulated Profit/Loss	Net Profit/Loss For The Period	Parent Company's Equity	Minority Interests	Total Equity
Balances at 01.01.2022		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)		-	-	-	(2.608.367)	-	-	-	292.093.575	289.485.208	8.104.409	297.589.617
- Profit/(Loss) for the Period	24	-	-	-	-	-	-	-	292.093.575	292.093.575	8.186.195	300.279.770
- Other Comprehensive Income/(Expense)	24	-	-	-	(2.608.367)	-	-	-	-	(2.608.367)	(81.786)	(2.690.153)
Balances at 30.06.2022	24	250.000.000	860.487	1.203.535.433	8.778.467	42.649.562	10.340.261	(510.871.703)	292.093.575	1.297.386.082	22.309.613	1.319.695.695
Balances at 01.01.2023	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
Transfers	24	-	-	-	-	-	-	1.037.331.809	(1.037.331.809)	-	-	-
Total Comprehensive Income/(Loss)		-	-	(81.039.350)	(3.347.465)	-	-	-	(76.065.114)	(160.451.929)	3.363.143	(157.088.786)
- Profit/(Loss) for the Period	24	-	-	-	-	-	-	-	(76.065.114)	(76.065.114)	3.950.761	(72.114.353)
- Other Comprehensive Income/(Expense)	24	-	-	(81.039.350)	(3.347.465)	-	-	-	-	(84.386.815)	(587.618)	(84.974.433)
Balances at 30.06.2023	24	250.000.000	860.487	2.997.901.174	7.490.399	42.649.562	10.340.261	526.460.106	(76.065.114)	3.759.636.875	47.754.993	3.807.391.868

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-30 JUNE 2023
(Currency - Turkish Lira 'TRY' unless expressed otherwise.)

	Footnote Reference	Unreviewed Current Period 01.01- 30.06.2023	Unreviewed Prior Period 01.01- 30.06.2022
CASH FLOWS FROM THE OPERATING ACTIVITIES		43.710.261	(214.580.981)
Profit/(Loss) for the Period			
Current Period Operating Activity Profit / (Loss)		(72.114.353)	300.279.770
Adjustments Related with Net Profit/Loss for The Period		515.705.957	319.720.550
Adjustments for Depreciation and Amortisation Expenses	17-18-19	126.141.074	44.170.881
Adjustments to Impairment (Cancellation)			
- Adjustments to Impairment (Cancellation) in Receivables	7	(13.277.322)	(18.935)
Adjustments Related to the Provisions			
- Adjustments for Employee Termination Benefits	21-30	(5.481.979)	14.831.768
- Adjustment for Provision for Expenses and Lawsuits	21	2.519.226	53.700
- Adjustment for Other Provisions or Reversals	21	3.386.061	6.240.144
Adjustments for Interest Income and Expenses			
- Adjustments for Interest Expenses	8-29	6.898.948	(6.199.165)
- Unearned Income from Futures Sale	27.1	9.952.989	9.242.638
- Deferred Financial Expense Arise from Forward Purchasing	27.2	(9.249.409)	(6.214.947)
Adjustments for Fair Value Profit or Loss			
- Adjustments for Financial Instruments Fair Value Losses /(Profits)	10	(252.657)	(4.860.369)
Adjustments for unrealised foreign exchange losses (gains)	8	453.554.968	208.148.295
Adjustments for Retained Earnings of Investments Subject to Equity Pick-up Method			
- Adjustment for Retained Earnings of Subsidiaries	28.3	(931.594)	(530.590)
Tax payments/returns	30	(57.554.348)	54.857.130
Changes In The Company Capital		(400.681.318)	(835.523.603)
Increase/Decrease in Financial Investments	5	(155.435.025)	(35.057.400)
Adjustments for Increase/Decrease in Trade Receivables			
- Adjustments for Increase/Decrease in Trade Receivables from Related Parties	6-7	(222.087.299)	(142.361.735)
- Adjustments for Increase/Decrease in Trade Receivables from Third Parties	7	(138.047.713)	(158.026.595)
Adjustments for Increase/Decrease in Other Receivables Related to the Operations			
- Adjustments for Increase/Decrease in Other Receivables from Related Parties			
Related to the Operations	6-9	(1.232.181)	55.245.480
- Adjustments for Increase/Decrease in Other Receivables from Third Parties Related to the Operations	9	11.334.288	(38.280.716)
Adjustments for Increase/Decrease in Inventories	11	82.207.655	(770.537.612)
Adjustments Related to the Increase/Decrease in Biological Assets	12	29.361.062	8.039.806
Adjustments for Increase/Decrease in Prepaid Expenses	13	(31.216.560)	(39.450.523)
Adjustments for Increase/Decrease in Trade Payables			
- Adjustments for Increase/Decrease in Trade Payables to Related Parties	6-7	-	641.427
- Adjustments for Increase/Decrease in Trade Payables to Third Parties	7	28.521.806	262.842.214
Increase/Decrease in Employee Benefits Liabilities	22	31.606.074	5.282.380
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	-	(3.434.089)
- Adjustments for Increase/Decrease in Other Payables from Third Parties Related to the Operations	9	(7.621.959)	(963.809)
Increase/Decrease in Deferred Tax	13	(28.071.466)	20.537.569
Cash Flow from Operating Activities		42.910.286	(215.523.283)
Tax Payments/Returns	30	799.975	942.302

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-30 JUNE 2023
(Currency - Turkish Lira 'TRY' unless expressed otherwise.)

	Footnote Reference	<i>Unreviewed Current Period 01.01- 30.06.2023</i>	<i>Unreviewed Prior Period 01.01- 30.06.2022</i>
NET CASH FLOW PROVIDED BY INVESTMENT ACTIVITIES		(112.511.188)	(30.210.438)
Proceeds from Sale of Property, Plant, Equipment and Intangible Assets			
- Proceeds from Sale of Tangible Assets	17	113.742	22.969.650
Proceeds from Purchase of Property, Plant, Equipment and Intangible Assets			
- Proceeds from Purchase of Tangible Assets	17	(112.132.352)	(49.206.515)
- Proceeds from Purchase of Intangible Assets	19	(492.578)	(3.973.573)
CASH FLOW PROVIDED BY FINANCIAL ACTIVITIES		65.611.435	142.577.007
Cash Inflows from Financial Liabilities			
- Cash Inflows from Bank Loans	8	571.957.345	1.220.579.642
Cash Outflows from Financial Liabilities			
- Cash Outflows for Bank Loans	8	(503.815.149)	(1.074.652.373)
Cash Outflows from Finance Leases	8	(2.530.761)	(3.350.262)
NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS BEFORE THE EFFECT OF FOREIGN EXCHANGE CURRENCY DIFFERENCES (A+B+C)		(3.189.492)	(102.214.412)
CASH AND CASH EQUIVALENTS NET INCREASE/DECREASE		(3.189.492)	(102.214.412)
CASH AND CASH EQUIVALENTS AT THE BEGINING OF THE PERIOD	4	117.868.895	118.035.517
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	4	114.679.403	15.821.105

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

MENDERES TEKSTİL SANAYİ VE TİCARET ANONİM ŞİRKETİ
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED AT 30 JUNE 2023

(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.

Menderes Tekstil Sanayi ve Ticaret A.Ş.

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 30 June 2023, 2.600 personnel are employed by the Company and average number of personnel is 2.629 for the period of 01.01-30.06.2023.

Company shares are traded in the Borsa Istanbul since 2000.

Production Capacity (Textile)

According to the capacity report from Denizli Industrial Chamber dated 26 April 2023, numbered 247 and valid until 26 April 2025, 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
Pillowcase	Kg	5.670.000
Sheet	Kg	7.218.750
Quilt	Quantity	180.000
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

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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)
<i>Geothermal</i>				
Baklacı	Menderes	Manisa	Geothermal	155.200.000
Tosunlar	Menderes	Denizli	Geothermal	30.456.000
<i>Wind</i>				
Aliğa	Menderes	İzmir	Wind	57.254.400
Bergama	Menderes	İzmir	Wind	75.816.000
<i>Solar</i>				
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 8 May 2023, numbered 263 and valid until 11 May 2025, The Company production capacity is as follows:

Product	Unit	Quantity
Tomato	Ton	6.499

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

As of 30 June 2023, 295 personnel are employed by the Company and the average number of personnel is 290 for the period of 01.01-30.06.2023

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 İzmir.

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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 TAS 29 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 30 June 2023 in accordance with TAS 29. In this context, TAS 29 is not applied and inflation adjustment has not been reflected in the financial statements as of June 30, 2023.

Approval of Financial Statements

Consolidated financial statements are approved by the Board of Directors and granted authority to publish on 15 August 2023 Boards of Directors have authority to change financial statements

Currency Measurement and Reporting Currency

As of 30 June 2023 and 31 December 2022, 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.

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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	30 June 2023	31 December 2022
Smyrna Seracılık Ticaret A.Ş.	Full Consolidation	79,17%	79,17%

Participations	Consolidation Method	30 June 2023	31 December 2022
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.

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As of 30 June 2023 and 31 December 2022, the capital structure of subsidiaries and participations are as follows

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

	30.06.2023	31.12.2022
	Ratio %	Ratio %
Public Offered Shares	55,22	56,26
Akça Holding A.Ş.	42,39	41,35
Other	2,39	2,39
	%100	%100

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

	30.06.2023	31.12.2022
	Ratio %	Ratio %
Osman Akça Tar. Ürün. İth. İhr. San. ve Tic. A.Ş.	56,67	56,67
Rıza Akça	21,67	21,67
Dilek Göksan	10,83	10,83
Ahmet Bilge Göksan	10,83	10,83
	%100	%100

Smyrna Seracılık Ticaret A.Ş. (Subsidiary)

	30.06.2023	31.12.2022
	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)

	30.06.2023	31.12.2022
	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.

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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 its 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 2022 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 condensed financial statements as of 30 June 2023 are consistent with those of the previous financial year, except for the adoption of new and amended Turkish Accounting Standards (“TAS”)/TFRS and IFRIC interpretation effective as of 01 January 2023. The effects of these standards and interpretations on the Group’s financial position and performance have been disclosed in the related paragraphs.

Standards, amendments, and interpretations applicable as of 30 June 2023

Narrow scope amendments to IAS 1, Practice statement 2 and IAS 8; effective from annual periods beginning on or after 1 January 2023. The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies.

Amendment to IAS 12 - Deferred tax related to assets and liabilities arising from a single transaction; effective from annual periods beginning on or after 1 January 2023. These amendments require companies to recognise deferred tax on transactions that, on initial recognition give rise to equal amounts of taxable and deductible temporary differences.

Amendment to IAS 12 - International tax reform - pillar two model rules; The deferred tax exemption and disclosure of the fact that the exception has been applied, is effective immediately. The other disclosure requirements are effective annual periods beginning on or after January 1, 2023. These amendments give companies temporary relief from accounting for deferred taxes arising from the Organization for Economic Co-operation and Development’s (OECD) international tax reform. The amendments also introduce targeted disclosure requirements for affected companies.

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Standards, amendments, and interpretations that are issued but not effective as of 30 June 2023:

Amendment to IAS 1 - Non current liabilities with covenants; effective from annual periods beginning on or after 1 January 2024. These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability.

Amendment to IFRS 16 - Leases on sale and leaseback; effective from annual periods beginning on or after 1 January 2024. These amendments include requirements for sale and leaseback transactions in IFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted.

Amendments to IAS 7 and IFRS 7 on Supplier finance arrangements; effective from annual periods beginning on or after January 1, 2024. These amendments require disclosures to enhance the transparency of supplier finance arrangements and their effects on a company’s liabilities, cash flows and exposure to liquidity risk. The disclosure requirements are the IASB’s response to investors’ concerns that some companies’ supplier finance arrangements are not sufficiently visible, hindering investors’ analysis.

IFRS S1, ‘General requirements for disclosure of sustainability-related financial information; effective from annual periods beginning on or after January 1, 2024. This is subject to endorsement of the standards by local jurisdictions. This standard includes the core framework for the disclosure of material information about sustainability-related risks and opportunities across an entity’s value chain.

IFRS S2, ‘Climate-related disclosures’; effective from annual periods beginning on or after January 1, 2024. This is subject to endorsement of the standards by local jurisdictions. This is the first thematic standard issued that sets out requirements for entities to disclose information about climate-related risks and opportunities.

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.

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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.

Interest Income

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.

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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.

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).

Tangible fixed assets are presented at cost adjusted for the effects of inflation for tangible fixed assets purchased before 01 January 2005, and for items purchased after 01 January 2005, their acquisition cost minus accumulated depreciation and permanent impairment.

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:

	Year
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.

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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.

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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 readily 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.

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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 or 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.

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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” 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.

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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.

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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.

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 30 June 2023, such payments are calculated on the basis of 30 days’ pay limited to a maximum of TRY 19.983 (31 December 2022: TRY 15.371) 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:

	30.06.2023	31.12.2022
Discount rate	3,92%	3,65%

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.

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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.

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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).

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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 Akçasaraylı Tekstil San. ve Tic. Ltd. Şti. Regarding to this signed contract, Akçasaraylı 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 the 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.

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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.

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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.

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NOTE 3 – SEGMENT REPORTING

30 June 2023	Textile Sector	Agricultural Sector	Energy Sector	Elimination	Total
Revenue	1.032.395.581	752.321.657	249.702.961	-	2.034.420.199
Cost of Sales (-)	(865.456.367)	(672.008.962)	(121.306.169)	2.011.066	(1.656.760.432)
GROSS PROFIT/LOSS	166.939.214	80.312.695	128.396.792	2.011.066	377.659.767
General Administrative Expenses (-)	(115.867.626)	(4.769.106)	(3.889.700)	13.945	(124.512.487)
Marketing Expenses (-)	(49.952.732)	(3.700.933)	-	-	(53.653.665)
Research and Development Expenses (-)	(20.890.846)	-	-	-	(20.890.846)
Other Operating Income	138.226.993	171.079.096	658.263	(2.025.011)	307.939.341
Other Operating Expenses (-)	(108.908.999)	(5.794.818)	(19.681)	-	(114.723.498)
OPERATING PROFIT/LOSS	9.546.004	237.126.934	125.145.674	-	371.818.612
Income from Investing Activities	1.044.560	838.593	-	-	1.883.153
Shares of Profit/(Loss) from Investments Valued by Equity Pick-up Method	931.594	-	-	-	931.594
OPERATING PROFIT/LOSS BEFORE FINANCING EXPENSES	11.522.158	237.965.527	125.145.674	-	374.633.359
Financial Income (+)	78.171.458	4.859.117	-	(1.801.211)	81.229.364
Financial Expenses (-)	(246.238.497)	(1.737.689)	(337.349.969)	1.801.211	(583.524.944)
OPERATING ACTIVITY PROFIT/(LOSS) BEFORE TAXATION	(156.544.881)	241.086.955	(212.204.295)	-	(127.662.221)
Operating Activity Tax Income / (Expense)					
- Income/Expense Tax for the period	-	(1.162.474)	-	-	(1.162.474)
- Deferred Tax Income/Expense	53.872.321	2.838.021	-	-	56.710.342
PROFIT/(LOSS) FOR THE PERIOD	(102.672.560)	242.762.502	(212.204.295)	-	(72.114.353)

30 June 2022	Textile Sector	Agricultural Sector	Energy Sector	Elimination	Total
Revenue	1.131.592.043	484.127.770	187.575.776	-	1.803.295.589
Cost of Sales (-)	(719.228.618)	(302.718.734)	(67.023.494)	1.040.908	(1.087.929.938)
GROSS PROFIT/LOSS	412.363.425	181.409.036	120.552.282	1.040.908	715.365.651
General Administrative Expenses (-)	(26.573.155)	(1.770.168)	(1.710.637)	7.595	(30.046.365)
Marketing Expenses (-)	(36.993.451)	(1.848.932)	-	-	(38.842.383)
Research and Development Expenses (-)	(4.862.022)	-	-	-	(4.862.022)
Other Operating Income	93.906.887	79.953.524	8.092.485	(1.048.503)	180.904.393
Other Operating Expenses (-)	(117.326.891)	(1.836.823)	(20.098)	1.638.094	(117.545.718)
OPERATING PROFIT/LOSS	320.514.793	255.906.637	126.914.032	1.638.094	704.973.556
Income from Investing Activities	16.742.160	-	-	-	16.742.160
Shares of Profit/(Loss) from Investments Valued by Equity Pick-up Method	530.590	-	-	-	530.590
OPERATING PROFIT/LOSS BEFORE FINANCING EXPENSES	337.787.543	255.906.637	126.914.032	1.638.094	722.246.306
Financial Income (+)	34.602.667	8.542.255	5.492.562	(1.638.094)	46.999.390
Financial Expenses (-)	(270.765.299)	(665.451)	(139.335.266)	-	(410.766.016)
OPERATING ACTIVITY PROFIT/(LOSS) BEFORE TAXATION	101.624.911	263.783.441	(6.928.672)	-	358.479.680
Operating Activity Tax Income / (Expense)					
- Income/Expense Tax for the period	-	(2.670.241)	-	-	(2.670.241)
- Deferred Tax Income/Expense	(63.152.556)	7.622.887	-	-	(55.529.669)
PROFIT/(LOSS) FOR THE PERIOD	38.472.355	268.736.087	(6.928.672)	-	300.279.770

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30 June 2023	Textile Sector	Agricultural Sector	Energy Sector	Elimination	Total
Total Assets	5.645.986.076	1.095.610.934	1.531.529.374	(125.348.750)	8.147.777.634
Total Liabilities	2.651.953.115	642.588.115	1.099.761.965	(53.917.429)	4.340.385.766
Assets by Segments					
Investment Property	208.625.903	-	-	-	208.625.903
Total Tangible Assets (Net Book Value)	2.409.603.551	210.934.466	1.531.248.881	-	4.151.786.898
Total Intangible Assets (Net Book Value)	34.680.759	1.332	280.493	-	34.962.584
Purchases of Tangible and Intangible Assets	8.720.480	47.606.354	56.298.096	-	112.624.930
Depreciation Expenses	69.470.097	4.750.986	51.919.991	-	126.141.074
Detail of the Group's foreign currency assets and liabilities by segments					
Total Assets	1.032.871.559	20.261.020	-	-	1.053.132.579
Total Liabilities	821.912.699	11.282	1.099.761.965	-	1.921.685.946
Net Foreign Currency Asset/ Liabilities	210.958.860	20.249.738	(1.099.761.965)	-	(868.553.367)
Detail of the Group's financial liabilities by division in currency					
Financial Payables	1.647.969.867	70.346.490	1.099.761.965	-	2.818.078.322
- USD	406.420.171	-	217.176.916	-	623.597.087
- EUR	106.050.392	-	882.585.049	-	988.635.441
- TRY	1.135.499.304	70.346.490	-	-	1.205.845.794
Export	671.760.064	169.971.579	-	-	841.731.643
Import	243.208.650	1.900.547	-	-	245.109.197
Total Debt	2.651.953.115	642.588.115	1.099.761.965	(53.917.429)	4.340.385.766
Cash Equivalents	(264.833.276)	(9.174.575)	-	-	(274.007.851)
Net Debt	2.387.119.839	633.413.540	1.099.761.965	(53.917.429)	4.066.377.915
Total Equity	2.491.312.604	453.022.819	934.487.766	(71.431.321)	3.807.391.868
Total Capital	4.878.432.443	1.086.436.359	2.034.249.731	(125.348.750)	7.873.769.783
Net Debt/Total Capital Ratio	48,93%	58,30%	54,06%		51,64%

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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 in Foreign Currency	571.916.623	25.634.923	-	-	597.551.546
Total Liabilities in Foreign Currency	947.987.306	76.746	885.600.781	-	1.833.664.833
Net Asset / (Liability) Position of Foreign Currency	(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	(114.209.706)	(7.552.612)	-	-	(121.762.318)
Net Debt	2.356.155.706	356.020.200	885.600.781	(13.092.396)	3.584.684.291
Total Equity	2.569.230.715	532.193.494	934.487.766	(71.431.321)	3.964.480.654
Total Capital	4.925.386.421	888.213.694	1.820.088.547	(84.523.717)	7.549.164.945
Net Debt/Total Capital Ratio	47,84%	40,08%	48,66%		47,48%

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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.- 30.06.2023	01.01.- 30.06.2022
Germany	48%	41%
Italy	23%	18%
U.S.A.	10%	22%
Netherland	7%	5%
France	2%	2%
Switzerland	2%	2%
U.A.E.	1%	1%
Poland	1%	4%
Macedonia	1%	0%
Austria	1%	0%
Other	4%	5%
	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 30 June 2023, the share of the largest buyer in the revenue from textile sector operations is 41,24% (30 June 2022: 37,95%). 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 69,90%.(30 June 2022: 83,34%) 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 contractor of Group for dried fruits.

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NOTE 4 – CASH AND CASH EQUIVALENTS

As of 30 June 2023 and 31 December 2022 the details of cash and cash equivalents are as follows:

	30.06.2023	31.12.2022
Cash	265.255	70.599
Banks	114.414.148	117.798.296
<i>Demand deposits</i>	<i>111.005.376</i>	<i>68.166.658</i>
<i>Time deposits</i>	<i>3.408.772</i>	<i>49.631.638</i>
	114.679.403	117.868.895

As of 30 June 2023 and 31 December 2022 maturity schedule of time deposits in the cash and cash equivalents are as follows:

	30.06.2023	31.12.2022
Within 1 month	3.408.772	49.631.638
	3.408.772	49.631.638

As of 30 June 2023, effective interest rates of time deposits in TRY 36,82%(31 December 2022: TRY 18,66%).

As of 30 June 2023, there is no deposit pledge on the Group's bank deposits. (31 December 2022: None.)

NOTE 5 - FINANCIAL INVESTMENTS

Short Term Financial Investments

Financial assets at fair value through profit or loss

	30.06.2023	31.12.2022
Currency-protected deposit	2.836.180	3.893.423
Investment fund	156.492.268	-
	159.328.448	3.893.423

As of 30 June 2023, the annual interest rates of currency protected deposits %20

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NOTE 6 – RELATED PARTY TRANSACTIONS

i) Due from / to related parties:

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

	30.06.2023	31.12.2022
Osman Akça Tar. Ürün. İth. İhr. San. ve Tic. A.Ş.	593.254.595	364.802.642
Akçasaraylı Tekstil Sanayi ve Ticaret Ltd. Şti.	15.287.742	20.090.463
Rediscount	(4.837.143)	(3.275.210)
	603.705.194	381.617.895

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

	30.06.2023	31.12.2022
Osman Akça Tar. Ürün. İth. İhr. San. ve Tic. A.Ş.	1.559.309	327.128
	1.559.309	327.128

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

a) Sales to related parties:

	01.01.- 30.06.2023	01.01.- 30.06.2022	01.04.- 30.06.2023	01.04.- 30.06.2022
Osman Akça Tar. Ürün. İth. İhr. San. ve Tic. A.Ş.	535.537.360	397.575.668	282.396.414	241.778.040
Akçasaraylı Tekstil Sanayi ve Ticaret Ltd. Şti.	15.279.623	7.922.920	6.013.280	2.876.482
	550.816.983	405.498.588	288.409.694	244.654.522

a) Purchases from related parties:

	01.01.- 30.06.2023	01.01.- 30.06.2022	01.04.- 30.06.2023	01.04.- 30.06.2022
Osman Akça Tar. Ürün. İth. İhr. San. ve Tic. A.Ş.	101.600.429	54.579.570	50.792.568	31.218.533
Akçasaraylı Tekstil Sanayi ve Ticaret Ltd. Şti.	944	23.816	944	23.816
Aktur Araç Muayene İstasyonları İşletmeciliği A.Ş.	-	4.174	-	2.395
	101.601.373	54.607.560	50.793.512	31.244.744

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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.- 30.06.2023	01.01.- 30.06.2022	01.04.- 30.06.2023	01.04.- 30.06.2022
Benefits provided to senior management	2.587.236	1.024.657	1.348.622	424.344
	2.587.236	1.024.657	1.348.622	424.344

b) Service expenses paid to related parties:

	01.01.- 30.06.2023	01.01.- 30.06.2022	01.04.- 30.06.2023	01.04.- 30.06.2022
Akça Holding A.Ş.	582.113	309.053	252.854	153.931
Ak-San Sigorta Aracılık Hizmetleri Ltd. Şti.	933.834	722.142	641.505	481.306
Osman Akça Tar. Ürün. İth. İhr. San. ve Tic. A.Ş.	52.489.571	-	52.426.987	-
Akçasaraylı Tekstil Sanayi ve Ticaret Ltd. Şti.	28.450	1.528	-	1.528
	54.033.968	1.032.723	53.321.346	636.765

c) Rent income from related parties:

	01.01.- 30.06.2023	01.01.- 30.06.2022	01.04.- 30.06.2023	01.04.- 30.06.2022
Osman Akça Tar. Ürün. İth. İhr. San. ve Tic. A.Ş.	187.897	79.993	91.795	23.748
Akça Holding A.Ş.	167.989	97.490	83.995	48.745
Akçasaraylı Tekstil Sanayi ve Ticaret Ltd. Şti.	151.329	87.824	75.665	43.912
Menderes Tekstil Pazarlama A.Ş.	-	3.356	-	1.342
Akçamen Tekstil Sanayi Ticaret A.Ş.	-	3.356	-	1.342
	507.215	272.019	251.455	119.089

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d) Service income from related parties:

	01.01.- 30.06.2023	01.01.- 30.06.2022	01.04.- 30.06.2023	01.04.- 30.06.2022
Akçasaraylı Tekstil Sanayi ve Ticaret Ltd. Şti.	128.600	229.403	48.651	221.458
Osman Akça Tar. Ürün. İth. İhr. San. ve Tic. A.Ş.	321.849	48.230	256.936	40.430
Akça Holding A.Ş.	39.295	-	706	-
	489.744	277.633	306.293	261.888

e) Foreign exchange income from related parties:

	01.01.- 30.06.2023	01.01.- 30.06.2022	01.04.- 30.06.2023	01.04.- 30.06.2022
Osman Akça Tar. Ürün. İth. İhr. San. ve Tic. A.Ş.	27.820.087	72.927.669	17.828.973	46.240.587
	27.820.087	72.927.669	17.828.973	46.240.587

f) Maturity difference received from related parties:

	01.01.- 30.06.2023	01.01.- 30.06.2022	01.04.- 30.06.2023	01.04.- 30.06.2022
Osman Akça Tar. Ürün. İth. İhr. San. ve Tic. A.Ş.	6.687.281	3.155.785	3.831.223	1.645.554
Akçasaraylı Tekstil Sanayi ve Ticaret Ltd. Şti.	806.294	35.493	460.378	35.493
	7.493.575	3.191.278	4.291.601	1.681.047

g) Interest income from related parties:

	01.01.- 30.06.2023	01.01.- 30.06.2022	01.04.- 30.06.2023	01.04.- 30.06.2022
Osman Akça Tar. Ürün. İth. İhr. San. ve Tic. A.Ş.	282.849	14.426.138	94.261	31.125
Akça Holding A.Ş.	-	4.431	-	781
	282.849	14.430.569	94.261	31.906

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h) Interest expenses paid to related parties:

	01.01.- 30.06.2023	01.01.- 30.06.2022	01.04.- 30.06.2023	01.04.- 30.06.2022
Osman Akça Tar. Ürün. İth. İhr. San. ve Tic. A.Ş.	-	608.373	-	362.933
Selin Tekstil Sanayi ve Ticaret A.Ş.	-	244.456	-	244.456
	-	852.829	-	607.389

i) Rent expenses paid to related parties

	01.01.- 30.06.2023	01.01.- 30.06.2022	01.04.- 30.06.2023	01.04.- 30.06.2022
Osman Akça Tar. Ürün. İth. İhr. San. ve Tic. A.Ş.	485.974	-	222.872	-
	485.974	-	222.872	-

j) Other financial expenses from related parties

	01.01.- 30.06.2023	01.01.- 30.06.2022	01.04.- 30.06.2023	01.04.- 30.06.2022
Osman Akça Tar. Ürün. İth. İhr. San. ve Tic. A.Ş.	323.722	-	156.110	-
	323.722	-	156.110	-

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NOTE 7 – TRADE RECEIVABLES AND TRADE PAYABLES

Short Term Trade Receivables

	30.06.2023	31.12.2022
Trade receivables	333.788.784	169.835.998
Cheques and notes	4.289.656	10.182.815
Unearned interest on trade receivables	(2.327.647)	(1.313.077)
Doubtful trade receivables	486.010	486.010
Provision for doubtful receivables (-)	(486.010)	(486.010)
Income accruals	36.780.967	52.453.978
Trade Receivables From Third Parties	372.531.760	231.159.714
Trade receivables from related parties	608.307.412	384.893.105
Income accruals from related parties	234.925	-
Unearned interests on related party receivables	(4.837.143)	(3.275.210)
Trade Receivables From Related Parties	603.705.194	381.617.895
Total Short-Term Trade Receivables	976.236.954	612.777.609

As of 30 June 2023, the average maturity of trade receivables are 70 days (31 December 2022: 43 days).

Maturity schedule of notes receivables as of 30 June 2023 and 31 December 2022 are as follows:

	30.06.2023	31.12.2022
1-30 days	20.191	417.000
31-60 days	750.000	2.255.893
61-90 days	1.000.000	3.404.236
91-120 days	2.519.465	-
121-150 days	-	4.105.686
	4.289.656	10.182.815

As of 30 June 2023 and 31 December 2022 provision for doubtful receivables movement schedule is as follows:

	30.06.2023	31.12.2022
Opening balance	486.010	494.770
Collections made during the period	-	(9.160)
Provisions made during the period	-	400
Closing Balance	486.010	486.010

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Short Term Trade Payables

	30.06.2023	31.12.2022
Trade payables	459.652.907	418.094.801
Notes payables	51.735.652	18.296.181
Unearned interests on payables	(5.364.702)	(2.084.619)
Expense accruals	49.501.846	101.946.943
Total Short Term Trade Payables	555.525.703	536.253.306

As of 30 June 2023, the average maturity of trade payables are 59 days (31 December 2022: 54 days).

As of 30 June 2023, the surety bond amounting to USD 97.240 (TRY 2.515.560) were given for trade payables of the Group by bank. In addition, there is letter of credit balance amounting to USD 9.899.403 (TRY 256.093.596) in trade payables (Note 20).

As of 30 June 2023 and 31 December 2022 maturity breakdown of notes payables are as follows:

	30.06.2023	31.12.2022
1 – 30 days	20.556.107	11.774.421
31 – 60 days	18.366.510	6.113.031
61 – 90 days	9.601.102	160.560
91 – 120 days	2.376.411	248.169
151 – 180 days	835.522	-
	51.735.652	18.296.181

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NOTE 8 – FINANCIAL BORROWINGS

	30.06.2023	31.12.2022
Short Term Borrowings:		
TRY borrowings	1.055.587.013	691.602.502
USD borrowings	376.792.212	312.118.679
EUR borrowings	31.535.193	121.794.234
Direct debit system and credit card liabilities (TRY)	2.982.063	2.126.658
Short Term Financial Borrowings	1.466.896.481	1.127.642.073
Lease Payables:		
TRY lease payables, net	5.687.213	5.273.660
Bank Borrowings:		
TRY borrowings	45.690.518	14.231.317
USD borrowings	74.579.107	84.639.927
EUR borrowings	185.521.098	208.005.866
Current Installments of Long-Term Borrowings	311.477.936	312.150.770
Long Term Lease Payables:		
TRY lease payables, net	8.442.692	11.387.006
Long Term Bank Borrowings:		
TRY borrowings	87.456.295	29.219.295
USD borrowings	172.225.768	157.095.713
EUR borrowings	771.579.150	654.518.114
Long Term Financial Borrowings	1.039.703.905	852.220.128
Total Financial Liabilities	2.818.078.322	2.292.012.971

As of 30 June 2023 and 31 December 2022 maturity analysis of borrowings and other financial borrowings are as follows:

	30.06.2023	31.12.2022
Within 3 months	224.938.026	218.884.152
Between 3 - 12 months	1.547.749.178	1.215.635.031
Between 1 - 5 years	816.911.591	656.328.745
More than 5 years	214.349.622	184.504.377
	2.803.948.417	2.275.352.305

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As of 30 June 2023 and 31 December 2022 maturity schedule of long term bank borrowings are as follows:

	30.06.2023	31.12.2022
Between 1-2 years	302.347.461	251.186.684
Between 2-3 years	231.975.031	176.206.182
Between 3-4 years	168.174.205	126.744.209
Between 4-5 years	114.414.902	102.191.665
Between 5-6 years	59.958.592	60.449.067
Between 6-7 years	43.523.814	31.090.042
Between 7-8 years	34.777.562	29.985.677
Between 8-9 years	26.547.683	18.946.258
Between 9-10 years	25.690.032	18.339.725
Between 10-11 years	23.851.931	17.741.500
Between 11-12 years	-	7.952.113
	1.031.261.213	840.833.122

As of 30 June 2023, effective interest rates for TRY, USD and EUR bank loans are 11,17 %, 6,36 % and 3,51% (31 December 2022: TRY 11,38% USD 5,91% and EUR 4,06%).

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

Total amount of mortgage on lands and buildings of the Group given to financial institutions are USD 134.950.000 (TRY 3.491.102.520), EUR 25.000.000 (TRY 705.120.000) and TRY 362.310.000.

As of 30 June 2023 and 31 December 2022 the details of financial leasing borrowings of Group are as follows:

	30.06.2023	31.12.2022
Short term lease payables	7.497.432	7.506.998
Cost of deferred lease payables (-)	(1.810.219)	(2.233.338)
	5.687.213	5.273.660
	30.06.2023	31.12.2022
Long term lease payables	9.348.854	13.088.384
Cost of deferred lease payables (-)	(906.162)	(1.701.378)
	8.442.692	11.387.006

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As of 30 June 2023, the repayment schedule of lease payables are as follows:

	Lease payables	Cost of deferred lease payables	Total liabilities
Between 0 – 1 years	7.497.432	(1.810.219)	5.687.213
Between 1 – 2 years	7.479.060	(858.461)	6.620.599
Between 2 – 3 years	1.869.794	(47.701)	1.822.093
	16.846.286	(2.716.381)	14.129.905

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

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NOTE 9 – OTHER RECEIVABLES AND PAYABLES

Other Current Receivables

	30.06.2023	31.12.2022
Deposit and guarantees given	612.321	360.661
VAT return receivables	27.872.121	8.341.907
Other receivables	1.318.988	473.538
Other Receivables from Third Parties	29.803.430	9.176.106
Receivables from shareholders	1.559.309	327.128
Other Receivables From Related Parties	1.559.309	327.128
Total Other Current Receivables	31.362.739	9.503.234

Other Non-Current Receivables

	30.06.2023	31.12.2022
Deposits and guarantees given	168.827	153.411
	168.827	153.411

Other Current Payables

	30.06.2023	31.12.2022
Deposit and guarantees received	247.284	90.535
Taxes and funds payable	4.648.200	12.426.455
Other various debts	12.000	12.453
Total Other Current Payables	4.907.484	12.529.443

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NOTE 10 – DERIVATIVE INSTRUMENTS

	30.06.2023	31.12.2022
Income accrual from forward exchange	252.657	-
	252.657	-

NOTE 11 – INVENTORIES

	30.06.2023	31.12.2022
Raw materials	503.707.754	604.441.280
Semi-finished products	149.409.265	108.424.507
Finished goods	781.543.720	747.288.781
Goods in transit	64.298.153	13.736.945
Dried agricultural products (Figs, Apricot and Raisin)	125.067.645	232.342.679
	1.624.026.537	1.706.234.192

All inventories of the Group are under insurance coverage.

NOTE 12 – BIOLOGICAL ASSETS

Current Biological Assets

	30.06.2023	31.12.2022
Biological assets (Tomato)	-	29.361.062
	-	29.361.062

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.

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NOTE 13 – PREPAID EXPENSES AND DEFERRED INCOME

Short Term Prepaid Expenses

	30.06.2023	31.12.2022
Order advances given	10.954.028	8.424.589
Prepaid expenses	7.314.921	9.752.515
Advances given for business purposes	103.434	98.293
	18.372.383	18.275.397

Long Term Prepaid Expenses

	30.06.2023	31.12.2022
Advances given for purchases of tangible assets	67.773.081	36.637.116
Prepaid expenses	528.983	545.374
	68.302.064	37.182.490

Short Term Deferred Income

	30.06.2023	31.12.2022
Advances received	16.476.986	38.627.150
Deferred income	11.788.730	11.868.902
	28.265.716	50.496.052

Long Term Deferred Income

	30.06.2023	31.12.2022
Deferred income	15.232.116	21.073.246
	15.232.116	21.073.246

NOTE 14 – ASSETS RELATED TO CURRENT PERIOD TAX

	30.06.2023	31.12.2022
Prepaid taxes and funds	937.834	2.778.947
	937.834	2.778.947

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NOTE 15 – INVESTMENTS VALUED BY EQUITY PICK-UP METHOD

As of 30 June 2023 and 31 December 2022 the companies accounted by equity pick up method are as follows:

	30.06.2023	Pay (%)	31.12.2022	Pay (%)
Aktur İzmir Gayrimenkul A.Ş.	241.175.894	48%	240.244.300	48%
	241.175.894		240.244.300	

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 30 June 2023 and 31 December 2022 are as follows:

	30.06.2023	31.12.2022
Current assets	7.971.157	5.111.601
Non-current assets	550.053.993	549.870.435
Total Assets	558.025.150	554.982.036
Current liabilities	1.804.542	1.702.588
Non-current liabilities	53.770.829	52.770.490
Parent company’s equity	502.449.779	500.508.958
Total Liabilities	558.025.150	554.982.036
Sales, net	2.986.664	4.280.089
Net profit / (loss)	1.940.821	326.412.420

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NOTE 16 – INVESTMENT PROPERTIES

Cost Value	Lands	Total
01 January 2022 opening 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
Additions	-	-
30 June 2023 closing balance	208.625.903	208.625.903
31.12.2022, Net Book Value	208.625.903	208.625.903
30.06.2023, 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 2022	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
Additions	-	-
As of 30 June 2023	5.800.000	202.825.903

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.

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NOTE 17 – TANGIBLE ASSETS

Cost Value	Land	Land Improvements	Buildings	Property, plant and equipment	Vehicles	Fixtures and fittings	Construction in progress	Total
01 January 2022 opening 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
Additions	-	-	30.000	2.015.392	4.100.001	-	105.986.959	112.132.352
Disposals	-	-	-	(50.365)	(191.591)	(18.832)	-	(260.788)
Transfer	-	-	-	3.990.348	-	-	(9.098.531)	(5.108.183)
30 June 2023 closing balance	396.400.000	376.200.000	949.420.000	2.416.152.375	16.340.961	21.036.995	117.575.095	4.293.125.426
Accumulated Depreciation								
01 January 2022 opening 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
Additions	-	17.772.749	16.487.702	85.832.133	919.060	746.738	-	121.758.382
Disposals	-	-	-	(50.365)	(79.823)	(16.858)	-	(147.046)
30 June 2023 closing balance	-	17.772.749	16.487.702	85.781.768	3.825.690	17.470.619	-	141.338.528
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
30.06.2023, Net Book Value	396.400.000	358.427.251	932.932.298	2.330.370.607	12.515.271	3.566.376	117.575.095	4.151.786.898

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As of 30 June 2023, the depreciation expense of tangible assets for the period is TRY 121.758.382 (31 December 2022: TRY 84.352.194)

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 30 June 2023, fixed assets are insured by TRY 98.371.166, EUR 20.159.375 000 (TRY 567.567.044), USD 264.410.447 (TRY 6.827.897.414). (31 December 2022: TRY 55.084.327, EUR 35.351.000 (TRY 704.718.650), USD 169.590.727 (TRY 3.171.058.291).

Total amount of mortgage on lands and buildings for fixed assets of the Group given to financial institutions are USD 134.950.000 (TRY 3.491.102.520), EUR 25.000.000 (TRY 705.120.000) and TRY 362.310.000.

As of 30 June 2023, net book value of leasing machines is TRY 54.033.333 (31.12.2022: 55.490.000 TRY).

As of 30 June 2023 and 31 December 2022, the Group has no borrowing costs

The structures in the production facility located in Denizli Sarayköy, which is accounted for with the revaluation model in TAS 16 Property, Plant and Equipment, currently have a closed area of 172.168,67 m2. The parcels subject to valuation in the production facility are in common use and 78.289,67 m2 of them have building use permit certificates; 49.450 m2 of them have building registration certificates and the remaining 44.429 m2 of them have not yet been licensed. If the legal processes of the 49.450 m2 of buildings with building registration certificates are completed, 127.739,67 m2 of the buildings in the production facility will be licensed, leaving 44.429 m2 of buildings that need to be licensed. As of December 31, 2022, the structures, the fair value of which is determined by an independent valuation firm accredited by the Capital Markets Board ("CMB") as TRY 804.400.000 according to the current situation (TRY 370.700.000 according to the legal situation), have been carried in the accompanying consolidated financial statements with the revaluation model.

NOTE 18- RIGHT OF USE ASSETS

None.

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NOTE 19 – INTANGIBLE ASSETS

Cost Value	Rights	Research and Development Expenses	Other Intangible Assets	Total
01 January 2022 opening 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
Additions	492.578	-	-	492.578
Transfers	1.311.075	3.797.108	-	5.108.183
30 June 2023 closing balance	14.638.739	34.236.008	1.053.553	49.928.300
Accumulated Depreciation				
01 January 2022 opening 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
Additions	2.178.693	2.199.585	4.414	4.382.692
30 June 2023 closing balance	4.712.120	9.287.838	965.758	14.965.716
31.12.2022, Net Book Value	10.301.659	23.350.647	92.209	33.744.515
30.06.2023, Net Book Value	9.926.619	24.948.170	87.795	34.962.584

As of 30 June 2023, the amortization expense of intangible assets for the period is TRY 4.382.692 (31 December 2022: TRY 4.504.349)

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NOTE 20 – PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

As of 30 June 2023 and 31 December 2022, the Group's guarantee / security / mortgage (“GSM”) position are as follows:

Guarantees, security and mortgage “(GSM)” given by the Group	30.06.2023	31.12.2022
A. Total Amount of GSM given on behalf of Group’s own legal entity	5.079.148.562	3.772.901.834
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	5.079.148.562	3.772.901.834

As of 30 June 2023, 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	25,8696	3.491.102.520
Türkiye Vakıflar Bankası T.A.O.	EUR	25.000.000	28,2048	705.120.000
Türkiye Cumhuriyeti Ziraat Bankası A.Ş.	TRY	265.000.000	1,0000	265.000.000
				4.558.532.520

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As of 30 June 2023, 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	19.188.055	1,0000	19.188.055
Energy Market Regulatory Authority	TRY	36.342.239	1,0000	36.342.239
Customs Administration	TRY	29.770.582	1,0000	29.770.582
Credit Guarantee	USD	1.349.250	25,8696	34.904.558
Credit Guarantee	EUR	2.893.200	28,2048	81.602.127
Credit Guarantee	TRY	228.712.000	1,0000	228.712.000
Electricity and Natural Gas Distribution Companies	USD	85.000	25,8696	2.198.916
Public Institutions	TRY	7.897.564	1,0000	7.897.564
				440.616.042

As of 30 June 2023, 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	134.041.669	1,0000	134.041.669
Türkiye Vakıflar Bankası T.A.O.	EUR	2.893.200	28,2048	81.602.127
Türkiye Vakıflar Bankası T.A.O.	USD	1.363.000	25,8696	35.260.265
Halk Bank A.Ş.	TRY	187.812.000	1,0000	187.812.000
Halk Bank A.Ş.	USD	71.250	25,8696	1.843.209
Ziraat Bankası A.Ş.	TRY	56.772	1,0000	56.772
				440.616.042

As of 30 June 2023, 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	4.645.600	25,8696	120.179.814
İşbankası A.Ş.	USD	4.575.263	25,8696	118.360.224
Ziraat Bankası A.Ş.	USD	775.780	25,8696	20.069.118
				258.609.156

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As of 30 June 2023, 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	25,8696	232.826.400
Eximbank A.Ş.	USD	45.000.000	25,8696	1.164.132.000
Halk Bankası A.Ş.	TRY	500.000.000	1,0000	500.000.000
Halk Bankası A.Ş.	USD	40.000.000	25,8696	1.034.784.000
İşbankası A.Ş.	USD	9.500.000	25,8696	245.761.200
Şekerbank A.Ş.	EUR	500.000	28,2048	14.102.400
Türkiye Cumhuriyeti Ziraat Bankası A.Ş.	TRY	125.000.000	1,0000	125.000.000
Vakıfbank A.Ş.	USD	65.000.000	25,8696	1.681.524.000
Vakıfbank A.Ş.	USD	25.000.000	25,8696	646.740.000
Arap Türk Bankası A.Ş.	USD	2.000.000	25,8696	51.739.200
				5.696.609.200

As of 30 June 2023, bank details of the bonds are as follows:

Bond	FX Currency	FX Amount	FX Rate	TRY Equivalent
Türkiye Cumhuriyeti Merkez Bankası	TRY	80.000.000	1,0000	80.000.000
				80.000.000

There is no guarantee given by the Group for the loans in favor of related parties. For credit contracts of the Group USD 195.500.000 (TRY 5.057.506.800), EUR 500.000 (TRY 14.102.400) and TRY 625.000.000 guarantee are provided by related parties (Akça Holding and Osman Akça) (31 December 2022: USD 185.500.000 (TRY 3.437.786.000), EUR 500.000 (TRY 9.985.400) and TRY 625.000.000).

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NOTE 21 – PROVISIONS

Short Term Provisions

	30.06.2023	31.12.2022
Provision for the lawsuits	6.381.947	3.862.721
Provision for unused vacation	20.311.039	16.924.978
	26.692.986	20.787.699
	30.06.2023	31.12.2022
Unused vacation provisions at beginning of period	16.924.978	9.698.737
Provisions during the period/reversal	3.386.061	7.226.241
Closing balance	20.311.039	16.924.978

Long Term Provisions for Employee Benefits

	30.06.2023	31.12.2022
Provision for severance pay	116.578.290	118.684.242
	116.578.290	118.684.242

For the period of 01 January – 30 June 2023, the average number of personnel, including subcontractors employed by the Group is 2.919 (01.01-31.12.2022:3.477). The rate of retirement probability used is 96%. (01.01-31.12.2022: % 96).

For the period ended at 30 June 2023 and 31 December 2022 the movement schedule of severance pay provision is as follows:

	30.06.2023	31.12.2022
Balance of 01 January	118.684.242	78.630.230
Increase in the period	31.718.470	46.941.592
Interest cost	2.149.932	2.813.376
Payments during the period	(40.194.387)	(10.413.384)
Actuarial profit/(loss)	4.220.033	712.428
Balance at the end of the period	116.578.290	118.684.242

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NOTE 22 – EMPLOYEE BENEFIT LIABILITIES

	30.06.2023	31.12.2022
Due to personnel	81.741.605	52.238.111
Social security deductions payable	16.234.679	14.132.099
	97.976.284	66.370.210

NOTE 23 – OTHER CURRENT ASSETS AND LIABILITIES

Other Current Assets

	30.06.2023	31.12.2022
VAT carried forward	63.184.261	93.320.176
	63.184.261	93.320.176

NOTE 24 – SHARE CAPITAL

24.1 Paid in Capital

As of 30 June 2023 and 31 December 2022, the issued capital of the Company is TRY 250.000.000, divided into 25.000.000.000 shares each with a nominal value of 1 (one) KR.

As of 30 June 2023 and 31 December 2022, Group’s paid in capital is as follows:

	30.06.2023		31.12.2022	
Shareholders:	Share (%)	TRY	Share (%)	TRY
Public Offered Shares	55,22%	138.056.176	56,26%	140.643.646
Akça Holding A.Ş.	42,39%	105.963.269	41,35%	103.375.799
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

	30.06.2023	31.12.2022
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. Capital adjustment differences have no use other than to be added to the capital.

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

24.3.1 Gain on revaluation of properties

	30.06.2023	31.12.2022
Gain on revaluation of properties	2.997.901.174	3.078.940.524
	2.997.901.174	3.078.940.524

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

	01.01.- 30.06.2023	01.01.- 31.12.2022
1 January (Beginning of period)	3.078.940.524	1.203.535.433
Increase in value on fixed asset	-	2.225.028.454
Transfer to minority shares	559.056	(19.608.512)
Deferred tax effect	(81.598.406)	(330.014.851)
	2.997.901.174	3.078.940.524

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 2.997.901.174 (31 December 2022: TRY 3.078.940.524) 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.

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24.3.2 Defined Benefit Plans Re-Measurement Gains (Losses)

	30.06.2023	31.12.2022
Defined Benefit Plans Re-Measurement Gains (Losses)	7.490.399	10.837.864
	7.490.399	10.837.864

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

	30.06.2023	31.12.2022
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 TRY 42.649.562 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.

	30.06.2023	31.12.2022
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.

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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.

	30.06.2023	31.12.2022
Previous Years Profits/(Losses)	526.460.106	(510.871.703)
	526.460.106	(510.871.703)

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24.7 Minority Interest

The details of the minority interests as of 30 June 2023 are as follows:

30 June 2023	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	229.223.968	18.963.651	79,17%	20,83%	47.754.993	3.950.761	3.363.143
					47.754.993	3.950.761	3.363.143

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

As of 30 June 2023 and 31 December 2022, the details of non-controlling interests are as follows:

	30.06.2023	31.12.2022
Shares in capital	2.500.000	2.500.000
Revaluation fund	26.483.195	27.042.251
Actuarial loss / (gain)	26.008	54.570
Shares in accumulated profits / (losses)	14.795.029	4.195.923
Share in profit / (loss) for the period	3.950.761	10.599.106
	47.754.993	44.391.850

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NOTE 25 – SALES AND COST OF SALES

25.1 Sales

	01.01.- 30.06.2023	01.01.- 30.06.2022	01.04.- 30.06.2023	01.04.- 30.06.2022
Domestic sales	1.265.607.891	891.537.067	618.349.992	517.525.062
Export sales	842.307.657	948.152.877	513.497.663	594.506.556
Other sales	4.946.969	5.523.240	2.531.249	1.863.701
	2.112.862.517	1.845.213.184	1.134.378.904	1.113.895.319
Sales returns	(1.143.310)	(552.674)	(675.904)	(157.114)
Other discounts	(77.299.008)	(41.364.921)	(16.945.875)	(27.742.602)
Sales Income, (net)	2.034.420.199	1.803.295.589	1.116.757.125	1.085.995.603

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25.2 Cost of Sales

	01.01.- 30.06.2023	01.01.- 30.06.2022	01.04.- 30.06.2023	01.04.- 30.06.2022
Direct material expenses	444.286.800	896.466.888	248.957.847	548.499.937
Direct labor expenses	132.022.407	107.893.083	73.375.285	52.101.674
General production expenses	294.002.013	216.717.041	150.074.022	108.412.550
Depreciation expenses	66.480.752	21.299.744	34.743.759	10.670.278
<u>Change in semi-finished goods</u>				
1. Beginning semi-finished goods (+)	108.424.507	46.029.527	-	-
2. Ending semi-finished goods (-)	(149.409.265)	(185.483.557)	(19.310.309)	(48.772.184)
Cost of finished goods produced	895.807.214	1.102.922.726	487.840.604	670.912.255
<u>Changes in finished goods inventory</u>				
1. Beginning inventory (+)	750.247.573	330.386.688	-	-
2. Ending inventory (-)	(781.543.720)	(726.752.505)	(11.478.704)	(219.083.383)
Cost of finished goods sold	864.511.067	706.556.909	476.361.900	451.828.872
<u>Cost of merchandises</u>				
1. Beginning merchandise inventory (+)	-	-	-	-
2. Purchases during the period (+)	1.171.741	3.280.334	614.763	2.576.140
3. Ending merchandise inventory (-)	-	(317.018)	-	(317.018)
Cost of merchandises sold	1.171.741	2.963.316	614.763	2.259.122
Cost of other service rendered	4.804.643	992.955	-	992.955
Cost of other sales	528.391.469	257.855.116	278.238.624	151.039.138
Cost of biological assets	131.824.357	51.225.645	65.180.016	28.317.012
Depreciation of biological assets	4.750.986	1.312.503	2.375.857	655.830
Energy costs	69.454.450	47.397.990	29.949.604	23.392.097
Energy depreciation	51.851.719	19.625.504	25.905.400	9.812.576
Cost of sales, net	1.656.760.432	1.087.929.938	878.626.164	668.297.602

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As of 01 January – 30 June 2023 and 2022, for each main production group, quantities of goods and services:

	Unit	01.01.- 30.06.2023	01.01.- 30.06.2022
Yarn	Kg	3.086.999	5.019.431
Raw Clothing	Mt2	26.292.793	52.580.077
Finishing Cloth	Mt2	60.292.078	82.891.338
Lining	Mt2	9.747.770	8.124.843
Linens, Sheets, Curtains, Pillows.	Quantity	4.823.347	7.269.396
Electricity	Kwh	125.849.889	144.204.931
Cotton Waste	Kg	240.107	408.103
Piece of Cloth	Kg	810.343	1.133.292
Yarn Waste	Kg	130.806	303.828
Textile Trash Powder	Kg	95.869	140.178
Tomato	Kg	2.317.161	2.056.266
Dried Figs	Kg	3.293.221	3.251.759
Dried Apricot	Kg	191.033	371.704
Raisin	Kg	9.481.765	9.023.545
Dry Fruits By-Product	Kg	3.853.077	825.494

As of 01 January- 30 June 2023 and 2022, for each main sales group, quantities of goods and services:

	Unit	01.01.- 30.06.2023	01.01.- 30.06.2022
Yarn	Kg	2.320	134.304
Finishing Cloth	Mt2	6.148.617	9.469.555
Lining	Mt2	10.021.923	8.768.144
Linens, Sheets, Curtains, Pillows	Quantity	4.415.557	6.222.914
Electricity	Kwh	116.547.564	125.717.132
Cotton Waste	Kg	39.800	131.670
Piece of Cloth	Kg	612.452	1.120.670
Yarn Waste	Kg	123.085	273.160
Textile Trash Powder	Kg	87.640	11.420
Pepper	Kg	-	66.948
Tomato	Kg	3.619.050	2.601.445
Dried Figs	Kg	3.293.221	3.251.759
Dried Apricot	Kg	191.033	371.704
Raisin	Kg	9.481.765	9.023.545
Dry Fruits By-Product	Kg	3.853.077	825.494

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

	01.01.- 30.06.2023	01.01.- 30.06.2022	01.04.- 30.06.2023	01.04.- 30.06.2022
Research and development expenses	20.890.846	4.862.022	20.890.846	2.296.868
Marketing, sales and distribution expenses	53.653.665	38.842.383	30.937.938	25.796.602
General administrative expenses	124.512.487	30.046.365	26.057.377	13.561.370
	199.056.998	73.750.770	77.886.161	41.654.840

26.1 Research and Development Expenses

	01.01.- 30.06.2023	01.01.- 30.06.2022	01.04.- 30.06.2023	01.04.- 30.06.2022
Personnel expenses	17.426.064	3.885.235	17.426.064	1.969.168
Direct material expenses	1.364.965	619.494	1.364.965	189.884
Other expenses	2.099.817	357.293	2.099.817	137.816
	20.890.846	4.862.022	20.890.846	2.296.868

26.2 Marketing Expenses

	01.01.- 30.06.2023	01.01.- 30.06.2022	01.04.- 30.06.2023	01.04.- 30.06.2022
Personnel expenses	19.888.183	9.475.653	11.447.974	4.287.976
Export expenses	21.693.252	20.194.841	15.208.795	14.804.054
Domestic sales transportation expense	2.997.555	2.458.030	17.189	1.869.797
Depreciation expenses	335.623	351.843	(188.629)	176.259
Other expenses	5.226.992	3.610.977	2.886.718	2.063.887
Fair expenses	3.512.060	2.751.039	1.565.891	2.594.629
	53.653.665	38.842.383	30.937.938	25.796.602

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26.3 General administrative expenses

	01.01.- 30.06.2023	01.01.- 30.06.2022	01.04.- 30.06.2023	01.04.- 30.06.2022
Personnel expenses	16.601.987	7.802.366	5.978.001	3.766.262
Insurance expenses	1.548.327	391.325	843.440	214.151
Education and consultancy expenses	4.205.489	3.015.159	1.718.701	604.712
Office expenses	714.946	380.367	380.841	356.386
Repair and maintenance expenses	960.783	235.714	473.551	122.210
Travelling expenses	1.096.781	267.473	382.036	202.395
Membership expenses	2.132.408	1.584.786	887.955	747.717
Tax and duty expenses	2.206.852	1.517.122	749.564	540.783
Shares in holding cost (*)	582.113	266.548	252.854	111.426
Provision for litigation expenses	3.583.434	342.168	3.133.560	328.621
Provision for severance pay expense	105.159	110.270	50.643	(124.534)
Provision for unused personnel leave	-	168.898	-	(600.410)
Depreciation expenses	2.721.994	1.581.287	365.848	792.158
Severance pay expenses	86.538.042	8.911.967	9.939.152	4.452.817
Other expenses	1.514.172	3.470.915	901.231	2.046.676
	124.512.487	30.046.365	26.057.377	13.561.370

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

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NOTE 27 – OTHER OPERATING INCOME/ (EXPENSES)

27.1 Other Income From Operating Activities

	01.01.- 30.06.2023	01.01.- 30.06.2022	01.04.- 30.06.2023	01.04.- 30.06.2022
Reversal of unnecessary provision	13.277.322	18.935	(2.547.631)	18.935
Carbon credit sales revenues	-	5.313.357	-	-
Incentive income	10.002.369	-	8.533.308	-
Foreign exchange gains related to commercial activities	252.774.591	154.110.409	234.960.005	37.829.076
Discount income / expenses on payables, net	9.952.989	9.242.638	3.249.789	1.987.245
Maturity difference income	7.493.575	3.191.278	4.291.601	1.681.047
Rental income	1.637.469	946.652	893.320	435.935
Other income and profit	12.801.026	8.081.124	7.798.393	2.616.381
	307.939.341	180.904.393	257.178.785	44.568.619

27.2 Other Expenses From Operating Activities (-)

	01.01.- 30.06.2023	01.01.- 30.06.2022	01.04.- 30.06.2023	01.04.- 30.06.2022
Foreign exchange expenses related to commercial activities	85.603.326	108.629.617	77.206.698	16.906.579
Discount income/expenses on receivables, net	9.249.409	6.214.947	604.506	1.204.762
Donation expenses	8.000.672	547.421	647.282	278.421
Additional corporate tax expense	7.886.316	-	7.886.316	-
Other expenses and losses	3.983.775	2.153.733	3.240.090	1.147.714
	114.723.498	117.545.718	89.584.892	19.537.476

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NOTE 28 – INVESTMENT ACTIVITIES INCOME / EXPENSE

28.1 Income from Investment Activities

	01.01.- 30.06.2023	01.01.- 30.06.2022	01.04.- 30.06.2023	01.04.- 30.06.2022
Currency protected deposit fair value income (*)	901.946	6.700.370	838.103	6.700.370
Profit on sale of fixed assets	981.207	10.041.790	974.216	3.390
	1.883.153	16.742.160	1.812.319	6.703.760

(*) 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

None.

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

	01.01.- 30.06.2023	01.01.- 30.06.2022	01.04.- 30.06.2023	01.04.- 30.06.2022
Shares related with investment valued by equity pick-up method	931.594	530.590	651.592	479.111
	931.594	530.590	651.592	479.111

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NOTE 29 – FINANCIAL INCOME / EXPENSES

29.1 Financial Income

	01.01.- 30.06.2023	01.01.- 30.06.2022	01.04.- 30.06.2023	01.04.- 30.06.2022
Interest income	9.404.945	15.480.193	3.940.174	(271.342)
Foreign exchange income regarding financial activities	71.571.762	26.658.828	68.501.571	19.733.241
Foreign exchange income from forward contracts	252.657	4.860.369	252.657	3.170.787
	81.229.364	46.999.390	72.694.402	22.632.686

29.2 Financial Expenses (-)

	01.01.- 30.06.2023	01.01.- 30.06.2022	01.04.- 30.06.2023	01.04.- 30.06.2022
Interest expenses	99.400.052	42.802.084	47.978.740	26.284.552
Foreign exchange losses regarding financial activities	473.270.452	356.278.569	427.463.179	190.567.080
Commission expenses of credit	10.854.440	11.685.363	6.287.105	6.229.338
	583.524.944	410.766.016	481.729.024	223.080.970

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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 tax rate in the year of 2023 is 20% (2022: 23%)

Permanent tax is calculated and accrued quarterly in Turkey. As of temporary tax periods, the effective corporation tax rate is 20% in 2023 (2022: 23%).

There is no absolute and certain confirmation procedure related to tax evaluation in Turkey. Companies prepare their tax return between 1-30 April 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

According to the Turkish tax legislation, financial losses on the declaration can be deducted from the corporate income for the period, provided that they do not exceed 5 years. However, financial losses can not be offsetted from last year's profits.

The Real Estate and Subsidiary Share Sales Gain Exemption

75% of the gains arising from the sale of participation shares, founders' shares, redeemed shares and preemptive rights held by corporations for at least two full years are exempt from corporate tax. However, according to the CTL (Corporate Tax Law) numbered 5520; 25% of the gains arising from the sale of properties (in assets before 15.07.2023) that have been in assets for at least two full years are exempt from corporate tax.

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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:

	30.06.2023		31.12.2022	
	Cumulative temporary differences	Deferred tax / (liability))	Cumulative temporary differences	Deferred tax / (liability)
<u>Deferred tax assets:</u>				
Unearned interests on receivables	7.164.790	1.432.958	4.588.287	917.657
Severance pay provision	116.578.290	23.315.658	118.684.242	23.736.848
Unused vacation provisions	20.311.039	4.062.208	16.924.978	3.384.996
Reversal of capitalized financial expenses (except land, buildings)	203.196.713	40.639.343	203.196.713	40.639.343
Reversal of capitalized financial expenses (land, buildings)	35.281.365	5.292.205	35.281.365	3.528.137
Expensing of Research and Development expenditures	28.482.072	5.696.414	12.920.436	2.584.087
Property, plant and equipment (except land, buildings and depreciation)	1.769.790.474	353.958.095	1.496.960.295	299.392.059
Adjustments to financial liabilities	-	-	3.137.455	627.491
Provisions of legal claims	6.381.947	1.276.389	3.270.759	654.152
Impairment of tangible fixed assets	7.754.809	1.163.221	7.754.809	775.481
Foreign exchange	3.080.991	616.198	2.575.353	515.071
Deferred income	24.960.887	4.992.177	30.358.642	6.071.728
Effect of other corrections	59.646.903	11.929.382	37.509.040	7.501.806
Deferred tax assets	454.374.248		390.328.856	
<u>Deferred tax liabilities:</u>				
Difference in revaluation of land and buildings	1.631.968.126	244.795.217	1.631.968.126	163.196.811
Difference in revaluation of machinery, plant and equipment	2.046.514.324	409.302.864	2.046.514.324	409.302.864
Unearned interests on payables	5.364.702	1.072.941	2.084.619	416.928
Investment property increase in value	137.416.830	20.612.525	137.416.830	13.741.683
Effect of other corrections	914.209	182.844	6.093.271	1.218.655
Deferred tax liabilities	675.966.391		587.876.941	
Deferred tax assets / (liabilities), net	(221.592.143)		(197.548.085)	

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.

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For the period ended at 30 June 2023 and 31 December 2022 movements of deferred tax assets and liabilities are as follows:

	01.01.- 30.06.2023	01.01.- 30.06.2022
Current corporation tax	(1.162.474)	(2.670.241)
Deferred tax assets/(liabilities), net	56.710.342	(55.529.669)
	55.547.868	(58.199.910)

Deferred Tax (Asset) / Liability Movements

	01.01.- 30.06.2023	01.01.- 31.12.2022
Opening balance	(197.548.085)	(114.514.140)
Deferred tax income / (expense)	56.710.342	246.838.420
Gain on revaluation of properties	(81.598.406)	(330.014.851)
Actuarial (gain) / loss effect prior periods	844.006	142.486
Closing balance	(221.592.143)	(197.548.085)

NOTE 31 – EARNINGS PER SHARE

	01.01.- 30.06.2023	01.01.- 30.06.2022
Net profit / (loss) for the period	(76.065.114)	292.093.575
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)	(0,3043)	1,1684

NOTE 32 – FINANCIAL INSTRUMENTS

Financial assets	30.06.2023	31.12.2022
Liquid assets	114.679.403	117.868.895
Trade receivables	976.236.954	612.777.609
Other receivables	31.531.566	9.656.645
Financial assets	159.328.448	3.893.423
Financial liabilities		
Financial borrowings	2.803.948.417	2.275.352.305
Lease payables	14.129.905	16.660.666
Other payables	4.907.484	12.529.443
Trade payables	555.525.703	536.253.306

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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 30 June 2023 and 31 December 2022 maximum net credit risk is as follows:

	Trade Receivables		Other Receivables		Bank
	Related	Third	Related	Third	Deposits
30 June 2023	Party	Party	Party	Party	
Maximum net credit risk as of balance sheet date (A+B+C+D+E))	603.705.194	372.531.760	1.559.309	29.972.257	117.250.328
The part of maximum risk under guarantee with collateral	-	-	-	-	-
A. Net book value of financial assets that are neither past due nor impaired	295.753.900	372.531.760	1.559.309	29.972.257	117.250.328
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	307.951.294	-	-	-	-
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.	-	-	-	-	-
E. The part of maximum risk under guarantee with collateral	-	-	-	-	-
	Trade Receivables		Other Receivables		Bank
	Related	Third	Related	Third	Deposits
31 December 2022	Party	Party	Party	Party	
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.	-	-	-	-	-
E. The part of maximum risk under guarantee with collateral	-	-	-	-	-

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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 30 June 2023, Group’s liquidity risk table is as follows:

30 June 2023						
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	3.519.985.625	3.742.715.287	507.055.620	1.843.228.589	1.144.651.122	247.779.956
Financial borrowings	2.803.948.417	3.018.596.996	227.946.651	1.614.595.661	928.274.728	247.779.956
Financial leasing	14.129.905	16.846.286	1.888.137	5.609.295	9.348.854	-
Trade payables	555.525.703	560.890.405	273.087.637	96.007.344	191.795.424	-
Other liabilities	146.381.600	146.381.600	4.133.195	127.016.289	15.232.116	-
	3.519.985.625	3.742.715.287	507.055.620	1.843.228.589	1.144.651.122	247.779.956

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

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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 30 June 2023, 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 86.855.337 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	(14.094.493)	14.094.493	(14.094.493)	14.094.493
2- Part of hedged from USD risk (-)	-	-	-	-
3- USD net effect (1+2)	(14.094.493)	14.094.493	(14.094.493)	14.094.493
In the case of increasing / losing value of TRY by 10% against EUR				
4- EUR net asset / liability	(72.925.430)	72.925.430	(72.925.430)	72.925.430
5- Part of hedged from EUR risk (-)	-	-	-	-
6- EUR net effect (4+5)	(72.925.430)	72.925.430	(72.925.430)	72.925.430
In the case of increasing / losing value of TRY by 10% against GBP				
7- GBP net asset / liability	164.586	(164.586)	164.586	(164.586)
8- Part of hedged from GBP risk (-)	-	-	-	-
9- GBP net effect (7+8)	164.586	(164.586)	164.586	(164.586)
TOTAL (3+6+9)	(86.855.337)	86.855.337	(86.855.337)	86.855.337

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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

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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 30 June 2023, 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 16.473.941. (31 December 2022: TRY 15.013.945)

Risk of intensification of sales

During the reporting periods ending on 30 June 2023 and 2022, 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 30 June 2023, the share of the largest buyer in the revenue from textile sector operations is 41,24% (30 June 2022: 37,95%). 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 69,90% (30 June 2022 83,34%). 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.- 30.06.2023	01.01.- 30.06.2022
A Company	41,24%	37,95%

Agriculture:

Customer	01.01.- 30.06.2023	01.01.- 30.06.2022
B Company	69,90%	83,34%

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As of 30 June 2023, amounts of assets and liabilities of the Group in foreign currency are as follows:

30.06.2023	TRY equivalent functional currency	USD	EUR	GBP	CHF
1. Trade Receivables	890.047.270	28.931.091	5.023.013	46.907	-
2a. Monetary Financial Assets (including cash and banks)	116.985.097	1.087.378	3.154.034	3.260	-
2b. Non-monetary financial assets	-	-	-	-	-
3. Other	-	-	-	-	-
4. Current Assets (1+2+3)	1.007.032.367	30.018.469	8.177.047	50.167	-
5. Trade Receivables	-	-	-	-	-
6a. Monetary financial receivables	46.100.212	124.346	1.523.379	-	-
6b. Non-monetary financial assets	-	-	-	-	-
7. Other	-	-	-	-	-
8. Non-Current Assets (5+6+7)	46.100.212	124.346	1.523.379	-	-
9. Total Assets (4+8)	1.053.132.579	30.142.815	9.700.426	50.167	-
10. Trade Payables	302.761.839	11.172.851	486.607	-	-
11. Financial Liabilities	668.427.606	17.447.943	7.695.722	-	-
12a. Other monetary financial liabilities	6.691.586	258.666	-	-	-
12b. Other non-monetary financial liabilities	-	-	-	-	-
13. Current Liabilities (10+11+12)	977.881.031	28.879.460	8.182.329	-	-
14. Trade Payables	-	-	-	-	-
15. Financial Liabilities	943.804.915	6.657.458	27.356.306	-	-
16a. Other monetary financial liabilities	-	-	-	-	-
16b. Other non-monetary financial liabilities	-	-	-	-	-
17. Non-Current Liabilities (14+15+16)	943.804.915	6.657.458	27.356.306	-	-
18. Total Liabilities	1.921.685.946	35.536.918	35.538.635	-	-
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)	(868.553.368)	(5.394.103)	(25.838.209)	50.167	-
21. Net foreign currency asset / liability position of monetary items (IFRS 7.B23) (=1+2a+5+6a-10-11-12a-14-15-16a)	(868.553.368)	(5.394.103)	(25.838.209)	50.167	-
22. Fair value of derivative instruments used in foreign currency hedge	-	-	-	-	-
23. Exports	841.731.643	24.828.882	15.633.920	67.899	-
24. Imports	245.109.197	12.000.824	569.037	-	100

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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

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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;

Financial Assets

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

Financial Liabilities

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.

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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 30 June 2023 and 31 December 2022, net debt / total equity ratio is as follows:

	30.06.2023	31.12.2022
Total debts	4.340.385.766	3.706.446.609
Liquid assets	(274.007.851)	(121.762.318)
Net debt	4.066.377.915	3.584.684.291
Total equity	3.807.391.868	3.964.480.654
Total capital	7.873.769.783	7.549.164.945
Net Debt/Total Capital	52%	47%

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:

30.06.2023	Level 1	Level 2	Level 3	Total
Assets				
Lands	-	396.400.000	-	396.400.000
Underground and above ground layouts	-	358.427.251	-	358.427.251
Buildings	-	932.932.298	-	932.932.298
Machinery, plant and devices	-	2.330.370.607	-	2.330.370.607
Derivative instruments	-	252.657	-	252.657
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

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As of 30 June 2023, the classes and fair values of financial instruments are as follows;

30.06.2023	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	114.679.403	-	114.679.403	4
Financial investments	-	159.328.448	159.328.448	5
Trade receivables	976.236.954	-	976.236.954	7
Other receivables	31.531.566	-	31.531.566	9
Financial Liabilities				
Financial borrowings	2.818.078.322	-	2.818.078.322	8
Trade payables	555.525.703	-	555.525.703	7
Other payables	4.907.484	-	4.907.484	9

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

NOTE 35 – POST BALANCE SHEET EVENTS

The issued capital of Menderes Tekstil Sanayi ve Ticaret A.Ş. increased from TRY 250.000.000 to TRY 277.292.576 by Akça Holding AŞ. Total nominal value of TRY 27.292.576 was added by the allocated sale of shares procedure at a price of TRY 9,16 per share (TRY 9,16 x 27.292.576 Shares) on August 14, 2023, within the scope of wholesale purchase and sale transactions. Akça Holding AŞ was transferred the full amount (TRY 250.000.000) at the same date.