

**KOZA POLYESTER SANAYİ VE TİCARET A.Ş.  
FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITORS' REPORT  
FOR THE PERIOD ENDED AT 31 DECEMBER 2023**

**(CONVENIENCE TRANSLATION OF THE REPORT, THE FINANCIAL STATEMENTS  
AND THE EXPLANATORY NOTES ORIGINALLY ISSUED IN TURKISH)**

## INDEPENDENT AUDITOR'S REPORT

Koza Polyester Sanayi ve Ticaret Anonim Şirketi  
Board of Directors

### Audit of the Financial Statements

#### *Opinion*

We have audited the accompanying financial statements of Koza Polyester Sanayi ve Ticaret Anonim Şirketi (The Company) which comprise the statements of financial position as of 31 December 2023 and the statement of profit or loss, statements of comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Koza Polyester Sanayi ve Ticaret Anonim Şirketi as at 31 December 2023, and its financial performance and its cash flows for the year then ended in accordance with Turkish Accounting Standards (TAS).

#### *Basis for Opinion*

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



### Key Audit Matters

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

Key Audit Matters	How to Perform of Matter in Audit
<p><b>Revenue Recognition</b></p> <p>The main revenue gained by the Company consists of polyester chips, plasticizer and polyester fiber sales.</p> <p>Revenue is recognized in the consolidated financial statements upon the fulfillment of the performance obligation and the transfer of control over the goods and services. Net sales are presented by deducting returns, discounts and commissions from the sales of goods from the sales amount of the goods.</p> <p>Recognition of revenue and profit for the accounting period in which the product is sold depends on an appropriate assessment of whether it relates to the product sales contract. Due to the nature of the operations of the Group, the production is completed and the customer is invoiced but the obligation related to the commercial delivery scheme has not been provided yet, there may be cases where the risk and return are not due to the customer. It is also necessary to make evaluations on the correct turn of the revenue of the products in this situation in accordance with the principle of sales revolutions. Because of the complexity of the commercial contracts, accounting for each case is selected and the recognition of revenue as the key consideration is defined as the recognition of revenue to the financial statements in the right period requires significant considerations.</p> <p>Explanations on the Company's accounting policies and amounts are disclosed in Note 2.c and 21.</p>	<p>Our audit procedures for this item include the following:</p> <ul style="list-style-type: none"> <li>i) Evaluation of the effectiveness of key internal controls of revenue in the financial statements,</li> <li>ii) Examination of the risk and return transfers through the sampling method and sales documents obtained for the selected sales transactions to evaluate the appropriateness of the revenue to the accounting policies and the receipt of the financial statements in the appropriate financial reporting period.</li> <li>iii) By examining the provisions regarding the commercial and shipping conditions in the contracts made with the customers; Assessing the timing of revenue recognition for different shipping arrangements.</li> <li>iv) Sending confirmation for selected trade receivables via sampling method and checking compliance with financial statements.</li> <li>v) Performing analytical observations to determine the existence of unusual operations.</li> </ul> <p>As a result of these studies, we did not find any significant value regarding revenue.</p>



<i>Key Audit Matter</i>	<i>How to Perform of Matter in Audit</i>
<p><i>Recoverability of trade receivables</i></p> <p>Trade receivables of constitute a significant portion of the assets of the Company.</p> <p>In addition, impairment losses on trade receivables are recognized based on estimates of past payment performance and creditworthiness of customers and maturity analysis of receivable balances. These estimates are highly sensitive to expected future market conditions. For these reasons, the recoverability of these receivables is an important issue for our independent audit.</p> <p>The Company's accounting policies and amounts related to trade receivables are disclosed in Notes 2.c, 6 and 29.</p>	<p>During our audit, we performed the following audit procedures related to the recoverability of trade receivables;</p> <ol style="list-style-type: none"> <li>i. Understanding the process of collection follow-up of the Company's trade receivables and evaluating the operational effectiveness of the internal controls involved in the process,</li> <li>ii. Analytical analysis of the receivable aging study and comparison of collection turnover rate with previous year,</li> <li>iii. Inquiries with management in relation to any disputes with customers or distributors and written inquiries with the Company's legal counsels on outstanding litigation in relation to trade receivables,</li> <li>iv. Testing of trade receivable balances parties by sending confirmation letters via sample,</li> <li>v. Testing of collections made in the following period via sample,</li> <li>vi. Evaluation of the adequacy of the explanations in the financial statement notes on the recoverability of trade receivables.</li> </ol> <p>As a result of these studies regarding the reusability of non-trade receivables, there are not any significant findings.</p>



<i>Key Audit Matter</i>	<i>How to Perform of Matter in Audit</i>
<p><i>Provision for impairment</i></p> <p>Inventories to in the financial statements are subject to change in value due to changing customer demand, qualitative characteristics of inventories and macroeconomic factors.</p> <p>Furthermore, the calculation of the provision for impairment of inventories includes management estimates and assumptions. These estimates and assumptions include the evaluation of inventories sold slowly, due to qualitative changes in inventories and changing customer demands. For these reasons, inventory impairment is an important issue for our audit.</p> <p>Explanations on accounting policies and amounts related to inventory impairment of the Company are disclosed in Note 2.c and 9.</p>	<p>In the independent audit process, the following audit procedures related to the provision for inventory impairment have been applied;</p> <ol style="list-style-type: none"> <li>Understanding the accounting policy related to inventory impairment and assessing its suitability,</li> <li>Discussion with the management of the Company, changing customer demand, qualitative characteristics of stocks and risk of macroeconomic factors,</li> <li>To evaluate the adequacy of the provision for impairment of the provision for impairment in the current period, compared with the previous year's impairment,</li> <li>Observation of the availability of non-sold flats and commercial areas at year-end stock counts,</li> <li>Testing of sales prices and sales lists by sample.</li> </ol> <p>As a result of these studies, we have not made any significant findings regarding the inventory impairment provision.</p>

*Responsibilities of Management and Those Charged with Governance for the Financial Statements*

The Company's management is responsible for the preparation and fair presentation of these financial statements in accordance with the regulations issued by the Capital Markets Board ("CMB") and Turkish Accounting Standards issued by the Public Oversight Accounting and Auditing Standards Authority ("POA"), and for such internal controls as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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



*Auditor's responsibilities for the audit of the financial statements*

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

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

As part of an independent audit conducted in accordance with SIA, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- i) Identify and assess the risks of material misstatement in the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ii) Assess the internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- iii) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- iv) Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our independent auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- v) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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



### Other Responsibilities Arising From Regulatory Requirements

In accordance with paragraph 4 of Article 402 of the TCC, no significant matter has come to our attention that causes us to believe that the Company's bookkeeping activities for the period. 1 January - 31 December 2023 and financial statements are not in compliance with laws and provisions of the Company's articles of association in relation to financial reporting.

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

The engagement partner on the audit resulting in this independent auditor's report is Abdülkadir Şahin.

İstanbul, 29 Februray 2024

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



Abdülkadir ŞAHİN  
Partner

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**KOZA POLYESTER SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**STATEMENTS OF BALANCE SHEETS**  
**AS OF 31 DECEMBER 2023**  
(Currency - Turkish Lira "TRY" unless expressed otherwise.)

ASSETS	Footnotes	<i>Audited</i>	
		Current Period 31.12.2023	Prior Period 31.12.2022
		<b>3,377.413.454</b>	<b>1.485.483.673</b>
Cash and Cash Equivalents	4	48.786.810	86.910.970
Financial Instruments	5	-	57.686.462
Trade Receivables	6	1.292.067.591	684.468.007
- Due from related parties		531.944.986	239.102.256
- Due from other parties		760.122.605	445.365.751
Other Receivables	7	1.182.079.117	28.233.196
- Due from related parties		1.155.451.175	-
- Due from other parties		26.627.942	28.233.196
Inventories	9	511.797.562	426.184.555
Prepaid Expenses	11	218.477.427	42.665.762
Assets Related to Current Period Tax	13	8.947.476	57.781.711
Other Current Assets	10	115.257.471	101.553.010
<b>Non-Current Assets</b>		<b>2.920.358.994</b>	<b>1.938.950.734</b>
Other Receivables	7	42.391	29.917
Tangible Fixed Assets	14	2.260.525.143	1.431.579.918
Rights of Use Assets	15	225.674.125	152.268.279
Intangible Fixed Assets	16	3.600.646	2.413.894
Prepaid Expenses	11	141.450.639	106.335.325
Deferred Tax Asset	27	289.066.050	246.323.401
<b>TOTAL ASSETS</b>		<b>6.297.772.448</b>	<b>3.424.434.407</b>
<b>LIABILITIES</b>			
<b>Short Term Liabilities</b>		<b>2.267.737.395</b>	<b>1.158.518.104</b>
Short-term Borrowings	5	350.088.053	770.773.114
- Short-term borrowings from other parties		350.088.053	770.773.114
- Bank Loans		350.055.112	770.764.775
- Other Short Term Borrowings		32.941	8.339
Short-term Installments of Long Term Borrowings	5	126.566.981	154.936.526
- Short-term installments of long term borrowings from related parties		1.228.653	724.808
- Payables from Operational Leasing Transactions		1.228.653	724.808
- Short-term installments of long term borrowings from other parties		125.338.328	154.211.718
- Bank Loans		98.540.636	151.543.981
- Payables from Financial Leasing Transactions		22.422.489	-
- Payables from Operational Leasings		4.375.203	2.667.737
Trade Payables	6	1.721.991.160	102.568.123
- Payables to related parties		-	1.733.949
- Payables to other parties		1.721.991.160	100.834.174
Payables for Employee Benefits	8	9.921.145	3.191.706
Other Payables	7	2.005.578	837.914
- Other payables to related parties		4.857	-
- Other payables to unrelated parties		2.000.721	837.914
Deferred Income	12	43.209.596	66.011.693
Period Profit Tax Liability	27	10.708.646	57.772.736
Short Term Provisions		3.246.236	2.426.292
- Provisions for employee benefits	19	1.559.518	739.574
- Other short-term provisions	17	1.686.718	1.686.718
<b>Non-Current Liabilities</b>		<b>926.114.322</b>	<b>545.304.245</b>
Long Term Borrowings	5	386.382.323	286.809.802
- Long term borrowings from related parties		240.422.720	160.921.045
- Payables from Operational Leasings		240.422.720	160.921.045
- Long-term borrowings from unrelated parties		145.959.603	125.888.757
- Bank Loans		120.387.372	121.192.302
- Payables from Financial Leasing Transactions		22.553.430	-
- Payables from Operational Leasings		3.018.801	4.696.455
Other Payables	7	54.362.641	34.529.590
Long Term Provisions		17.571.573	9.397.055
- Provisions for employee benefits	19	17.571.573	9.397.055
Deferred Tax Liabilities	27	467.797.785	214.567.798
<b>Equity</b>		<b>3.103.920.731</b>	<b>1.720.612.058</b>
Paid in Capital	20.1	216.160.000	193.000.000
Share Premiums (Discounts)		530.885.211	-
Accumulated other comprehensive income or expenses not to be reclassified on profit or Loss			
Remeasurement Gains (Losses)			
- Defined Benefit Plans Remeasurement Gains (Losses)	20.3	(116.912)	212.590
Other accumulated comprehensive income or expenses to be reclassified to profit or loss			
- FX currency conversion differences	20.4	1.368.685.017	881.192.695
Retained Earnings or Losses	20.2	646.206.773	201.068.600
Net Profit / Loss for the Period	28	342.100.642	445.138.173
<b>TOTAL LIABILITIES</b>		<b>6.297.772.448</b>	<b>3.424.434.407</b>

**KOZA POLYESTER SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**STATEMENTS OF PROFIT OR LOSS**  
**AS OF 31 DECEMBER 2023**  
(Currency - Turkish Lira "TRY" unless expressed otherwise.)

		<i>Audited</i>	
		Current Period 01.01.- 31.12.2023	Prior Period 01.01.- 31.12.2022
<b>PROFIT OR LOSS</b>	<b>Footnotes</b>		
Revenues	21.1	3,602,526.162	2,907,258.063
Cost of Sales (-)	21.2	(2,941,939.816)	(2,343,408.555)
<b>GROSS PROFIT</b>		<b>660,586.346</b>	<b>563,849.508</b>
General Administrative Expenses (-)	22.1	(27,896.527)	(13,425.622)
Marketing Expenses (-)	22.2	(18,893.442)	(16,058.576)
Other Operating Incomes	24.1	44,806.253	9,612.886
Other Operating Expenses (-)	24.2	(20,556.997)	(23,621.406)
<b>OPERATING PROFIT</b>		<b>638,045.633</b>	<b>520,356.790</b>
Investment Activities Incomes	25.1	58,263.682	3,078.271
Investment Activities Expense (-)	25.2	-	(3,924.781)
<b>OPERATING ACTIVITY PROFIT BEFORE FINANCIAL EXPENSE</b>		<b>696,309.315</b>	<b>519,510.280</b>
Financial Income	26.1	8,497.484	865.774
Financial Expenses (-)	26.2	(167,165.430)	(93,750.710)
<b>OPERATING ACTIVITY PROFIT BEFORE TAXATION</b>		<b>537,641.369</b>	<b>426,625.344</b>
<b>Operating Activity Tax Income / Expense</b>		<b>(195,540.727)</b>	<b>18,512.829</b>
Current Tax Expense / Income	27	(10,708.646)	(57,772.736)
Deferred Tax Expense / Income	27	(184,832.081)	76,285.565
<b>OPERATING ACTIVITY PROFIT (LOSS) FOR THE PERIOD</b>		<b>342,100.642</b>	<b>445,138.173</b>
<b>PROFIT FOR THE PERIOD</b>	<b>28</b>	<b>342,100.642</b>	<b>445,138.173</b>
<b>Earning Per Share</b>	<b>28</b>	<b>1,58</b>	<b>5,64</b>

**KOZA POLYESTER SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
STATEMENTS OF COMPREHENSIVE INCOME  
AS OF 31 DECEMBER 2023  
(Currency - Turkish Lira "TRY" unless expressed otherwise.)

	<u>Audited</u>	<u>Audited</u>
	<u>Current Period</u>	<u>Prior Period</u>
	<u>01.01.-</u>	<u>01.01.-</u>
	<u>Footnotes</u>	<u>31.12.2022</u>
	<u>31.12.2023</u>	<u>31.12.2022</u>
<b>PROFIT FOR THE PERIOD</b>	<b>342.100.642</b>	<b>445.138.173</b>
<b><i>OTHER COMPREHENSIVE INCOME / (EXPENSE)</i></b>		
<b>Not to Be Reclassified to Profit or Loss</b>	<b>(329.502)</b>	<b>(147.402)</b>
Defined Benefit Plans Re-Measurement Gains (Losses)	19 (439.336)	(184.253)
Taxes on Other Comprehensive Income Not to be Reclassified to Profit or Loss	27 109.834	36.851
- <i>Deferred Tax Expense / Income</i>	<i>109.834</i>	<i>36.851</i>
<b>To be reclassified to profit or loss</b>		
FX Currency Conversion Differences	487.492.322	384.954.598
<b>OTHER COMPREHENSIVE INCOME</b>	<b>487.162.820</b>	<b>384.807.196</b>
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>829.263.462</b>	<b>829.945.369</b>

**KOZA POLYESTER SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
**STATEMENT OF CHANGES IN EQUITY FOR THE PERIODS**  
**ENDED AT 31 DECEMBER 2023**  
(Currency - Turkish Lira "TRY" unless expressed otherwise.)

Prior Period	Footnotes	Paid in Capital	Share	Premiums / Discounts	Other Accumulated Comprehensive Income or Expenses Not to be Reclassified to Profit or Loss	Defined Benefit Plans Remeasurement Gains (Losses)	FX Currency Conversion Differences	Accumulated Other Comprehensive Income or Expenses not to be Reclassified on Profit or Loss	Retained earnings or losses	Net Profit for the Period	Total Equity
<b>01 January 2022 balances (beginning of the period)</b>		<b>10.000.000</b>		-		<b>359.992</b>	<b>496.238.097</b>		<b>51.492.826</b>	<b>149.575.774</b>	<b>707.666.689</b>
<i>Increase in Equity</i>											
- Cash		183.000.000		-		-	-		-	-	<b>183.000.000</b>
Transfer		-		-		-	-	149.575.774	-	(149.575.774)	-
Total Comprehensive Income / (Expense)		-		-		(147.402)	384.954.598	-	-	445.138.173	<b>829.945.369</b>
- Period Profit (Loss)	28	-		-		-	-	-	-	445.138.173	<b>445.138.173</b>
- Other Comprehensive Income (Expense)		-		-		(147.402)	384.954.598	-	-	-	<b>384.807.196</b>
<b>31 December 2022 balances</b>		<b>193.000.000</b>		-		<b>212.590</b>	<b>881.192.695</b>		<b>201.068.600</b>	<b>445.138.173</b>	<b>1.720.612.058</b>
<b>31 December 2022 balances</b>		<b>193.000.000</b>		-		<b>212.590</b>	<b>881.192.695</b>		<b>201.068.600</b>	<b>445.138.173</b>	<b>1.720.612.058</b>
<i>Increase in Equity</i>											
- Cash	20.1	23.160.000	530.885.211	-		-	-	-	-	-	<b>554.045.211</b>
Transfer		-	-	-		-	-	445.138.173	-	(445.138.173)	-
Total Comprehensive Income / (Expense)		-	-	-		(329.502)	487.492.322	-	-	342.100.642	<b>829.263.462</b>
- Period Profit (Loss)	28	-	-	-		-	-	-	-	342.100.642	<b>342.100.642</b>
- Other Comprehensive Income (Expense)		-	-	-		(329.502)	487.492.322	-	-	-	<b>487.162.820</b>
<b>31 December 2023 balances</b>		<b>216.160.000</b>	<b>530.885.211</b>			<b>(116.912)</b>	<b>1.368.685.017</b>		<b>646.206.773</b>	<b>342.100.642</b>	<b>3.103.920.731</b>

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

**KOZA POLYESTER SANAYİ VE TİCARET ANONİM ŞİRKETİ**  
STATEMENTS OF CASH FLOW  
AS OF 31 DECEMBER 2023  
(Currency - Turkish Lira "TRY" unless expressed otherwise.)

	Footnotes	Audited	Audited
		Current Period 01.01.- 31.12.2023	Prior Period 01.01.- 31.12.2022
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
<b>Current Period Profit (Loss)</b>	28	<b>342.100.642</b>	<b>445.138.173</b>
- <i>Period Profit (Loss) from Ongoing Operations</i>		342.100.642	445.138.173
<b>Adjustments to Reconcile Profit/Loss for the period</b>		<b>376.096.553</b>	<b>57.056.600</b>
Adjustments of Amortization and Depreciation Expenses	14-15-16	80.391.741	51.290.311
Adjustments for Impairment (Cancellation)		3.210.173	205.388
- <i>Adjustments for Impairment (Cancellation) of Receivables</i>	6	2.862.454	(735.524)
- <i>Adjustments for Impairment (Cancellation) of Inventories</i>	24.2	347.719	940.912
Adjustments Regarding Provisions		9.637.635	4.914.945
- <i>Adjustments Related to Provisions (Cancellation) for Employee Benefits</i>	19	9.637.635	4.914.945
Adjustments Regarding Interest (Income) and Expenses		77.368.409	73.188.692
- <i>Adjustments Related to Interest Income</i>	26.1	103.369.481	63.311.847
- <i>Adjustments Regarding Interest Expenses</i>	26.2	(26.001.072)	9.876.845
- <i>Deferred Financing Expense from Forward Purchases</i>	24.2	16.234.760	17.450.134
- <i>Unearned Finance Income from Futures Sales</i>	24.1	(42.235.832)	(7.573.289)
Adjustments for fair value losses (gains)		(5.108.577)	(3.020.527)
- <i>Exchange protected deposit account fair value difference income</i>	25.1	(5.108.577)	(3.020.527)
Adjustments Regarding Tax (Income) Expense	27	210.597.172	(69.522.209)
<b>Changes in Working Capital</b>		<b>(351.047.773)</b>	<b>(1.188.616.696)</b>
Regarding the Decrease (Increase) in Financial Instruments	5	62.795.039	(54.665.935)
Adjustments Regarding the Decrease (Increase) in Trade Receivables	6	(568.226.206)	(312.912.857)
- <i>Decrease (Increase) in Trade Receivables from Related Parties</i>		(292.842.730)	(238.339.089)
- <i>Decrease (Increase) in Trade Receivables from Other Parties</i>		(275.383.476)	(74.573.768)
Adjustments Regarding the Decrease (Increase) in Other Receivables Related to Operations	7	(1.153.858.395)	(13.346.178)
- <i>Decrease (Increase) in Other Receivables Related to Operations from Related Parties</i>		(1.155.451.175)	-
- <i>Decrease (Increase) in Other Receivables Related to Operations from Other Parties</i>		1.592.780	(13.346.178)
Adjustments Regarding Decreases (Increases) in Inventories	9	(85.960.726)	(245.109.047)
Decrease (Increase) in Prepaid Expenses	11	(210.926.979)	(105.532.029)
Decrease (Increase) in Other Assets Related to Operations	10	44.077.250	(37.445.692)
Adjustments for Increase/Decrease in Trade Payables	6	1.603.188.277	(70.826.088)
- <i>Decrease (Increase) in Trade Payables to Related Parties</i>		(1.733.949)	1.733.949
- <i>Decrease (Increase) in Trade Payables to Other Parties</i>		1.604.922.226	(72.560.037)
Increase (Decrease) in Debts within the Scope of Employee Benefits	8	6.729.439	1.525.473
Adjustments Regarding the Increase (Decrease) in Other Operating Payables	7	(26.063.375)	(361.520.385)
- <i>Increase (Decrease) in Other Payables Related to Operations to Related Parties</i>		4.857	(394.142.261)
- <i>Increase (Decrease) in Other Payables Related to Operations to Other Parties</i>		(26.068.232)	32.621.876
Increase (Decrease) in Deferred Revenues	12	(22.802.097)	11.216.042
<b>Cash Flows from Operations</b>		<b>(10.029.985)</b>	<b>(58.138.352)</b>
Tax Payments	13	(8.947.476)	(57.781.711)
Payments made within the scope of provision for benefits provided to employees		(1.082.509)	(356.641)
<b>Net Cash (Used)/Obtained From Operating Activities</b>		<b>357.119.437</b>	<b>(744.560.275)</b>
<b>CASH FLOWS FROM INVESTMENT ACTIVITIES</b>			
		<b>(144.806.544)</b>	<b>(137.715.731)</b>
Cash Outflows from the Purchase of Tangible and Intangible Assets		(144.806.544)	(137.763.306)
- <i>Cash Outflows Resulting from the Purchase of Tangible Fixed Assets</i>	14	(144.751.469)	(137.167.389)
- <i>Cash Outflows from the Purchase of Intangible Assets</i>	16	(55.075)	(595.917)
Cash Inflows from Sale of Tangible Fixed Assets		-	47.575
- <i>Cash Inflows from Sale of Tangible Fixed Assets</i>	14	-	47.575
<b>CASH FLOWS FROM FINANCE ACTIVITIES</b>			
		<b>101.193.645</b>	<b>989.017.569</b>
Increase in Equity	20.1	23.160.000	183.000.000
Cash Inflows Resulting from the Issuance of Shares		530.885.211	-
Cash Inflows from Borrowing	5	859.816.265	972.034.755
- <i>Cash Inflows from Loans</i>	5	745.594.446	825.609.837
- <i>Cash Inflows from Other Financial Borrowings</i>		114.221.819	146.424.918
Cash Outflows Related to Debt Payments	5	(1.209.298.350)	(102.705.339)
- <i>Cash Outflows Related to Loan Repayments</i>	5	(1.175.136.465)	(91.709.441)
- <i>Cash Outflows Related to Debt Payments Arising from Rental Agreements</i>		(34.161.885)	(10.995.898)
Interest Paid	26.2	(111.866.965)	(64.177.621)
Interest Received	26.1	8.497.484	865.774
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS BEFORE THE EFFECT OF FOI</b>		<b>313.506.538</b>	<b>106.741.563</b>
Effect of Foreign Currency Translation Differences on Cash and Cash Equivalents		(351.630.698)	(62.389.278)
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>(38.124.160)</b>	<b>44.352.285</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	4	<b>86.910.970</b>	<b>42.558.685</b>
<b>END OF THE PERIOD CASH AND CASH EQUIVALENTS</b>	4	<b>48.786.810</b>	<b>86.910.970</b>

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**NOTE 1 – ORGANIZATION AND NATURE OF ACTIVITIES**

Koza Polyester Sanayi ve Ticaret Anonim Şirketi (“Company” or “Koza Polyester”) was established in Gaziantep, Turkey in 2011. The Company's main field of activity is the production and sale of polyester fiber, polyester chips and plasticizers.

The Company continues its production activities in an area of 72,607 m<sup>2</sup>.

During the accounting period ending on 31 December 2023, the average number of personnel employed by the company is 287 (31 December 2022: 288).

The controlling shareholders of the Company are Saim Akınal and Suat Akınal. The capital structure of the Company as of 31 December 2023 and 2022 is as follows.

Shareholders	31 December 2023		31 December 2022	
	% of Shares	Share amount (TRY)	% of Shares	Share amount (TRY)
Saim Akınal	36,16%	78.165.000	46,00%	88.780.000
Suat Akınal	36,16%	78.165.000	46,00%	88.780.000
Şakire Şeker Filiz Akınal	3,57%	7.720.000	4,00%	7.720.000
Esra Akınal	3,57%	7.720.000	4,00%	7.720.000
Publicly held	20,54%	44.390.000	-	-
<b>Paid Capital</b>	<b>100,00%</b>	<b>216.160.000</b>	<b>100,00%</b>	<b>193.000.000</b>

According to the capacity report of the Gaziantep Chamber of Commerce and Industry dated 4 January 2023 and numbered 201.1/006, the factory's annual production capacity calculated per 3 shifts per 24 hours/day for product is as follows:

Product Name	Unit	3 shift (24 hours )
Polyester Chips/Polymer	Kg/year	113.190.000
Polyester Fiber (*)	Kg/year	107.531.000
Plasticizer	Kg/year	7.125.000

(\*) The production capacity of the Company's polyester fiber line is 142.183.000 kg/year, and when calculating the production capacity stated in the capacity reports, it was assumed that 95% of the maximum amount of polyester chips/polymer could be produced.

The Company's factory address is as follows:

Başpınar (Organize) Osb Mahallesi  
O.S.B. 4. Bölge, 83414 No'lu Cadde No: 30  
Gaziantep / Türkiye

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**NOTE 2 – BASIS OF THE FINANCIAL STATEMENTS**

**2.a Basis of Presentation**

**Compatibility Statement**

The accompanying financial statements are in accordance with the provisions of the Capital Markets Board (“CMB”), Serial II, No. 14.1 “Principles of Financial Reporting in the Capital Markets” (“Communiqué”) published in the Official Gazette dated 13 June 2013 and numbered 28676. It has been prepared in accordance with the Turkish Accounting Standards (TAS) put into effect by the Accounting and Auditing Standards Authority (“KGK”).

The company complies with the principles and conditions issued by the CMB, the Turkish Commercial Code (“TCC”), tax legislation and the Uniform Chart of Accounts issued by the Ministry of Finance in keeping the accounting records and preparing its statutory financial statements. The financial statements have been prepared on the historical cost basis, except for the financial assets and liabilities which are expressed with their fair values and have been prepared by reflecting the necessary adjustments and classifications in order to make the correct presentation in accordance with IFRS to legal records.

The financial statements have been presented in accordance with the formats determined in the “Announcement on TAS Taxonomy” published by the POA on 4 October 2022 and the Financial Statement Examples and User Guide published by the CMB.

**Going Concern**

The accompanying financial statements have been prepared on a going concern basis, with the assumption that the Company will benefit from its assets and fulfill its obligations in the next year and in the natural course of its activities.

**Netting / Offset**

Financial assets and liabilities are shown net when there is a legal right, there is an intention to evaluate these assets and liabilities clearly, or when the acquisition of assets and the fulfillment of liabilities are simultaneous.

**Approval of Financial Statements**

The Company's financial statements were approved by the Board of Directors on 29 February 2023 and authorized for publication. Although there is no such intention, the Company Management and some regulatory bodies have the authority to change the financial statements prepared in accordance with the legal regulations after they are published.

**Functional currency**

The functional currency is the basic economic environment in which a business operates, generally the environment in which it generates and spends cash. Once the valid currency has been determined, it can only be changed in case of changes in transactions, events and conditions.

Although the currency of the country in which it operates is Turkish Lira (TRY), the Company has determined the functional currency as US Dollars (USD) in accordance with the Turkish Accounting Standard No. 21 (“TAS”) “Effects of Exchange Rate Changes”. The significant amount / amount of the Company's purchases and sales was realized in US Dollars (USD), and the currency that most affected its activities was the US Dollar (USD).

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Therefore, the impact of the US dollar (USD) on the Company's operations is significant and reflects the underlying economic essence of the Company's circumstances.

Since the US Dollar (USD) is chosen as the measurement item in the financial statements, all currencies are treated as foreign currencies, except for the US Dollar (USD). Accordingly, the main lines of conversion of foreign currency transactions to US Dollar (USD) are given below:

On each balance sheet date, the following are converted to US Dollar (USD),

- Monetary foreign items, at closing rates,
- Non-monetary foreign items followed in the records with their historical cost, at the exchange rates on the date of the transaction,
- Non-monetary items recorded with their fair value in foreign currency, at the exchange rates on the date their fair values were determined.

It is converted to US Dollars (USD).

### **Reporting currency**

The presentation currency of the Company is “Turkish Lira” (TRY). Financial statements prepared in US Dollars (USD) within the scope of TAS 21 have been converted into TRY using the following methods:

- Assets and liabilities in the balance sheet are converted into TRY using the US Dollar (USD) foreign exchange buying rate announced by the Central Bank of the Republic of Turkey on the balance sheet date. The capital account of the company is shown over the nominal capital amount, all other equity items are kept at historical Turkish Lira values and all differences are accounted for in the foreign currency translation differences account.
- Statement of profit or loss and other comprehensive income has been converted into TRY using average exchange rates.
- All the resulting exchange differences are presented as a separate component of equity under the name of FX Rate Conversion Differences

### **Comparative Information and Previous Period Financial Statements Adjustments**

The financial statements of the Company are prepared comparatively with the previous period in order to enable the determination of the financial situation and performance evaluations. The Company has prepared the statement of financial position dated 31 December 2023, the statement of financial position dated 31 December 2022, the profit or loss and other comprehensive income statement for the period 01 January - 31 December 2023, the cash flow statement and the statement of changes in shareholders' equity for the period 01 January - 31 December 2022. arranged comparatively. In order to comply with the presentation of the current period financial statements, comparative information is reclassified when deemed necessary and significant differences are disclosed.

### **2.b New Standards, Changes and Comments**

A business can only apply accounting policies; can change in the following cases;

If required by a Standard or Interpretation; or it is such that the effects of transactions and events on the financial position, performance or cash flows of the entity are presented more appropriately and reliably in the financial statements.

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Users of financial statements should have the ability to compare an entity's financial statements over time in order to identify trends in the entity's financial position, performance, and cash flow. Therefore, the same accounting policies should be applied in each interim period and in each accounting period, unless a change in accounting policy meets one of the conditions set out in the paragraph above.

### **Changes in Turkish Financial Reporting Standards**

#### **New and revised standards and interpretations**

The accounting policies taken as basis in the preparation of the financial statements for the accounting period ending as of 31 December 2023 have been applied consistently with those used in the previous year, except for the new and amended IFRS and IFRS interpretations valid as of 1 January 2023, which are summarized below. The effects of these standards and interpretations on the financial position and performance of the Company are explained in the relevant paragraphs.

**i) The new standards, amendments and interpretations which are effective as at 01 January 2023 are as follows:**

#### **Amendments to IAS 8 - Definition of Accounting Estimates**

In August 2021, POA published amendments to TAS 8 that introduce a new definition for "accounting forecasts". The amendments published for TAS 8 are valid for annual accounting periods beginning on or after 1 January 2023. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and correction of errors. In addition, the amended standard clarifies that the effects of a change in input or a change in a measurement technique on the accounting estimate are changes in accounting estimates unless they result from a correction for prior period errors. The previous definition of change in accounting estimate stated that changes in accounting estimates could result from new information or new developments. Therefore, such changes are not considered as corrections of errors. This aspect of the definition has been preserved by the UPS. Changes will apply to accounting estimates or accounting policy changes that occur on or after the effective date, with early application permitted. The effects of the said change on the financial position and performance of the Company are being evaluated.

#### **Amendments to IAS 1 - Disclosure of Accounting Policies**

In August 2021, POA published amendments to TAS 1, providing guidance and examples to help businesses apply materiality estimates to accounting policy disclosures. The amendments published in TAS 1 are valid for annual accounting periods beginning on or after 1 January 2023. Due to the lack of a definition of the term "significant" in IFRS, POA has decided to replace this term with "significant" in the context of disclosure of accounting policy information. 'Significant' is a term defined in IFRS and is widely understood by users of financial statements according to POA. When assessing the materiality of accounting policy information, entities need to consider both the size of transactions, other events or conditions, and their nature. In addition, examples of situations in which the entity may consider accounting policy information to be important are included. The effects of the said change on the financial position and performance of the Company are being evaluated.

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

In August 2021, POA published amendments to TAS 12 that narrows the scope of the initial recognition exemption and thus ensures that the exemption is not applied to transactions that result in equal taxable and deductible temporary differences. Amendments to TAS 12 are valid for annual accounting periods beginning on or after 1 January 2023. Changes require a judgment (given applicable tax law) whether such deductions are attributable to the recognized liability (and interest expense) or related asset component (and interest expense) for tax purposes when payments made on a liability are tax deductible. clarifies the issue. This judgment is important in determining whether there is any temporary difference in initial recognition of the asset and liability. Changes apply to transactions that occur at or after the beginning of the earliest period presented comparatively. In addition, at the beginning of the earliest comparatively presented period, deferred tax asset (provided there is sufficient taxable income) and deferred tax liability are recognized for all deductible and taxable temporary differences related to leases and decommissioning, restoration and similar liabilities. The effects of the said change on the financial position and performance of the Company are being evaluated.

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

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

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

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

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

In December 2017, POA postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting. Early application of the amendments is still permitted. The Company will wait until the final amendment to assess the impacts of the changes.

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**IFRS 17 - The new Standard for insurance contracts**

POA issued IFRS 17 in February 2019, a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. IFRS 17 model combines a current balance sheet measurement of insurance contract liabilities with the recognition of profit over the period that services are provided. The mandatory effective date of the Standard postponed to accounting periods beginning on or after January 1, 2024 with the announcement made by the POA. The standard is not applicable for the Company and will not have an impact on the financial position or performance of the Company.

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

In January 2021 and January 2023, POA issued amendments to TAS 1 to specify the requirements for classifying liabilities as current or non-current. According to the amendments made in January 2023 if an entity’s right to defer settlement of a liability is subject to the entity complying with the required covenants at a date subsequent to the reporting period (“future covenants”), the entity has a right to defer settlement of the liability even if it does not comply with those covenants at the end of the reporting period. In addition, January 2023 amendments require an entity to provide disclosure when a liability arising from a loan agreement is classified as non-current and the entity’s right to defer settlement is contingent on compliance with future covenants within twelve months. This disclosure must include information about the covenants and the related liabilities. The amendments clarified that the classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement of the liability for at least twelve months after the reporting period. The amendments are effective for periods beginning on or after 1 January 2024. The amendments must be applied retrospectively in accordance with TAS 8. Early application is permitted. However, an entity that applies the 2020 amendments early is also required to apply the 2023 amendments, and vice versa. The amendments are not applicable for the Company and will not have an impact on the financial position or performance of the Company.

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

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

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**Amendments to TAS 7 and IFRS 7 - Disclosures: Supplier Finance Arrangements**

The amendments issued by POA in September 2023 specify disclosure requirements to enhance the current requirements, which are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity’s liabilities, cash flows and exposure to liquidity risk. Supplier finance arrangements are characterized by one or more finance providers offering to pay amounts an entity owes its suppliers and the entity agreeing to pay according to the terms and conditions of the arrangements at the same date as, or a date later than, suppliers are paid. The amendments require an entity to provide information about terms and conditions of those arrangements, quantitative information on liabilities related to those arrangements as at the beginning and end of the reporting period and the type and effect of non-cash changes in the carrying amounts of those liabilities. In the context of quantitative liquidity risk disclosures required by IFRS 7, supplier finance arrangements are also included as an example of other factors that might be relevant to disclose. The amendments will be effective for annual reporting periods beginning on or after 1 January 2024. Early adoption is permitted but will need to be disclosed. Overall, the Company expects no significant impact on its balance sheet and equity.

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

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

**Amendments to IAS 21 - Lack of exchangeability**

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

**2.c Summary of Significant Accounting Policies**

**Cash and Cash Equivalents**

Cash and cash equivalents for the statement of cash flows include cash on hand, bank deposits and highly liquid investments. Cash and cash equivalents are shown as the sum of acquisition costs and accrued interests.

**Financial Instruments**

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

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***Financial Assets***

Financial assets bought and sold in the normal way are recorded or removed on the transaction (delivery date) date.

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

Classification of financial assests

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

- holding the financial asset within the scope of a business model aimed at collecting contractual cash flows; and
- the contractual terms of the financial asset lead to cash flows that include only principal and interest payments arising from the principal balance on certain dates.

Financial assets that meet the following conditions are measured at fair value through other comprehensive income:

- holding the financial asset within a business model that aims to collect contractual cash flows and sell the financial asset; and
- the contractual terms of the financial asset lead to cash flows that include only principal and interest payments arising from the principal balance on certain dates

If a financial asset is not measured at amortized cost or at fair value through other comprehensive income, it is measured at fair value through profit or loss.

(i) Amortized cost and effective interest method

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

Interest income is recognized in profit or loss and shown in the item “finance income – interest income”.

(ii) Financial assets at fair value through profit or loss

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

Financial assets at fair value through profit or loss are measured at fair value at the end of each period and any fair value changes are recognized in profit or loss unless the relevant financial assets form part of hedging transactions (see hedge accounting policy).

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*Impairment of financial assets*

The Company allocates an impairment provision in its financial statements for expected credit losses on debt instruments, trade receivables, assets arising from contracts with customers, as well as investments in financial guarantee contracts, which are carried at amortized cost or measured by reflecting the fair value change to other comprehensive income. The expected credit loss amount is updated at each reporting period to reflect changes in credit risk since the relevant financial asset was first recognized in the financial statements.

The Company uses the simplified approach for trade receivables that do not have significant financing elements and assets arising from contracts made with customers, and calculates impairment provisions in an amount equal to the expected credit loss throughout the life of the relevant financial assets.

The Company recognizes lifetime expected credit losses for all its other financial instruments if there has been a significant increase in credit risk since initial recognition. However, if the credit risk of the financial instrument has not increased significantly since initial recognition, the Company recognizes a loss provision for that financial instrument in the amount of 12-month expected credit loss.

*Measurement and recognition of expected credit losses*

The measurement of expected credit losses is a function of the probability of default, the loss given default (i.e., the magnitude of the loss if there is a default), and the amount at risk given default. The assessment of probability of default and loss given default is based on historical data adjusted for forward-looking information. The risky amount of financial assets in case of default is reflected on the gross book value of the relevant assets at the reporting date.

***Financial Liabilities***

The entity measures the financial liability at fair value when it is first recognized in the financial statements. In the initial measurement of liabilities other than those whose fair value changes are reflected in profit or loss, transaction costs that are directly attributable to their acquisition or issuance are also added to the fair value.

The entity does not reclassify any financial liabilities.

*Derecognition of financial liabilities*

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

***Trade Receivables***

Trade receivables resulting from the provision of products or services to the buyer are accounted for at the amortized value of the receivables, which are recorded at the original invoice value, to be obtained in the following periods using the effective interest method. Short-term receivables with no specified interest rate are shown at the invoice amount unless the effect of the original effective interest rate is significant.

The “simplified approach” is applied within the scope of the impairment calculations of trade receivables (with a maturity of less than 1 year) that are accounted at amortized cost in the financial statements and that do not contain a significant financing component. With this approach, allowances for losses on trade receivables are measured at an amount equal to “lifetime expected credit losses”, in cases where trade receivables are not impaired for specific reasons (other than realized impairment losses).

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Following the provision for impairment, if all or part of the amount of the impaired receivable is collected, the collected amount is deducted from the provision for impairment and recorded in other operating income.

Interest income/expenses related to commercial transactions and foreign exchange gains/losses are accounted for in the “Other Operating Income/Expense” account in the profit or loss statement.

### **Trade payables**

Trade payables represent the payments to be made for goods and services provided from suppliers in ordinary activities. Trade payables are measured initially at fair value and subsequently at amortized cost using the effective interest method.

### **Inventories**

Inventories are valued at the lower of net realizable value or acquisition cost. The cost of acquiring inventories includes all acquisition costs, conversion costs, and other costs incurred in bringing the inventories to their current state and location. The cost is calculated using the weighted average method. Net realizable value is the estimated selling price in the ordinary course of business less the estimated cost of completion and the estimated cost of selling necessary to make the sale.

Inventory impairment provision amounts that reduce inventories to their net realizable value and losses related to inventories are recognized as expense in the period in which the reduction and losses occur. The amount of the inventory impairment loss canceled due to the increase in the net realizable value is accounted for in a way that reduces the accrued selling cost of the period in which the cancellation occurred. At each financial statement period, the net realizable value is reviewed. In cases where the conditions that previously caused the inventories to be reduced to net realizable value no longer apply or an increase in net realizable value is proven due to changing economic conditions, the reserve for impairment is reversed (the amount canceled is limited to the amount of impairment previously allocated).

### **Tangible Fixed Assets**

Property, plant and equipment are presented at cost less accumulated depreciation. Assets subject to depreciation are subject to pro-rata depreciation based on their estimated economic lives over their cost amounts, using the straight-line method of depreciation, taking into account the date they are active. The land is not subject to depreciation as its useful life is considered indefinite.

The depreciation periods of tangible fixed assets, based on their estimated useful lives, are as follows:

	<u>Useful lives</u>
Machinery, plant and equipment	30-40 years
Vehicles	4-5 years
Flooring and fixtures	3-50 years

Maintenance and repair expenses are recorded as expenses in the profit or loss statement of the period in which they are incurred. Costs related to major replacements are added to the cost of the property, plant and equipment when it is expected to provide economic benefits with a better performance than before the replacement. These post-capitalization expenses, added to the cost of the asset, are depreciated over the economic life of the relevant asset. The company removes the carrying values of the parts replaced within the scope of expenditures after capitalization from the statement of financial position, regardless of whether they are depreciated independently from other parts.

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### **Intangible Assets**

Intangible assets consist of rights and are stated at cost. Amortization expenses related to intangible assets are allocated on a pro rata basis, using the normal amortization method over fifteen years and taking into account the date they became active.

### **Borrowing Costs**

Assets that take a significant amount of time to get ready for use and sale are called qualifying assets, and borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are included in the cost of the qualifying asset until the asset is ready for use or sale. Financial investment income obtained by temporarily investing the unspent portion of the investment loan in financial investments is deducted from the borrowing costs eligible for capitalization. All other borrowing costs are recorded in the profit or loss statement in the period in which they are incurred. For the accounting periods ending on 31 December 2023 and 2022, there are no capitalized borrowing costs.

### **Lease Liabilities**

#### **Company - as a tenant**

The Company evaluates whether a contract is a lease or contains lease terms at the beginning of the contract. The Company recognizes right-of-use assets and related lease liabilities for all lease agreements in which it is the lessee, except for short-term leases (leases with a rental period of 12 months or less) and leases of low-value assets. For these leases, the Company recognizes the lease payments as operating expenses on a straight-line basis throughout the lease term, unless there is another systematic basis that better reflects the timing structure in which the economic benefits obtained from the leased assets are used.

In initial recognition, lease obligations are accounted for at the present value of the unpaid lease payments at the contract start date, discounted at the lease rate. If this rate is not previously specified, the Company uses the alternative borrowing rate it will determine.

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

- fixed lease payments (in essence fixed payments) less any lease incentives;
- variable lease payments based on an index or rate, the first measurement of which is made using an index or rate at the date the lease actually begins;
- the amount of debt expected to be paid by the tenant under residual value guarantees;
- the execution price of the payment options in cases where the tenant will reasonably implement the payment options and
- Penalty payment for rental cancellation if there is a right to cancel the rental during the rental period.

The lease liability is presented as a separate line item in the statements of financial position. Lease obligations are subsequently measured by increasing the net book value to reflect interest on the lease obligation (using the effective interest method) and decreasing the net book value to reflect the lease payment made.. The Company remeasures the lease liability (and makes appropriate changes to the relevant right-of-use asset) if:

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- When a change occurs in the lease term or in evaluating the exercise of a purchase option, the lease liability is remeasured by discounting the revised lease payments using the revised discount rate.
- The index is used when a change in lease payments occurs due to changes in the rate or a change in the expected payment in the committed residual value, when the revised lease payments are discounted using the initial discount rate and the lease liability is remeasured (if the change in lease payments is due to a change in the variable interest rate, the revised discount rate is used).

When a lease is modified and the lease modification is not accounted for as a separate lease, the lease obligation is adjusted by discounting the revised lease payments using the revised discount rate.

The company has not made any such changes throughout the periods presented in the financial statements.

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

A provision is recognized in accordance with IAS 37 when the company incurs the costs necessary to dismantle and dispose of a lease asset, to restore the area on which the asset stands, or to restore the principal asset in accordance with the terms and conditions of the lease. These costs are included in the relevant right-of-use asset unless they are incurred to produce inventory.

Right-of-use assets are depreciated based on the shorter of the lease term and useful life of the parent asset. When ownership of the parent asset is transferred in a lease or when the Company plans to exercise a purchase option based on the cost of the right-of-use asset, the associated right-of-use asset is depreciated over the useful life of the parent asset. Depreciation begins on the date the lease actually begins. Right-of-use assets are presented as a separate item in the statement of financial position.

The company applies the TAS 36 standard to determine whether right-of-use assets are impaired and recognizes all identified impairment losses as stated in the 'Tangible Assets' policy.

Variable rents that are not tied to an index or rate are not included in the measurement of the lease liability and right-of-use asset. Related payments are recognized as expenses in the period in which the circumstances or events that pave the way for these payments occur and are included in the 'Other expenses' item in the statement of profit or loss.

As a practical expedient, IFRS 16 permits a lessee not to present non-lease related items separately and to account for all leases and non-lease related items as a single lease agreement. The company did not use this facilitating practice.

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### **Impairment of Assets**

For each asset other than deferred tax assets and financial assets shown with their fair values, the Company evaluates whether there is any indication that there is a loss of value for the said asset at each statement of financial position date. If such an indicator exists, the recoverable amount of that asset is estimated. If the carrying value of the asset or any cash generating unit of that asset is higher than the amount to be recovered through use or sale, an impairment has occurred. Impairment losses are recognized in the profit or loss statement during the relevant period. An impairment loss on an asset is reversed up to a level that does not exceed the amount previously recorded if the subsequent increase in the recoverable amount of that asset can be attributed to an event occurring in the periods following the recognition of the impairment.

The Company considers the following criteria for impairment testing of all financial assets:

- Whether the borrower is in significant financial difficulty,
- The debtor's failure to comply with the terms of the contract, such as non-payment or late payment of principal or interest,
- Whether any privileges are granted to the debtor party due to economic or legal reasons,
- Waiting or going to go to financial restructuring of the debtor party,
- Using independent data, whether there will be significant reductions in the future cash flows of financial assets to the Company.

### **Determination of Fair Values**

The Company's various accounting policies and disclosures require the determination of fair value for both financial and non-financial assets and liabilities. Fair values are determined by the following methods for valuation and/or disclosure purposes. If applicable, the assumptions used in determining fair values are presented as additional information in the notes to the related asset or liability. Valuation methods according to levels are defined as follows:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;

Level 2: Data other than recorded prices in Level 1 that are directly (through prices) or indirectly (derived from prices) observable data in terms of assets or liabilities;

Level 3: Data on assets or liabilities that are not based on observable market data (non-observable data).

### **Taxation**

In the accompanying financial statements, tax expense consists of current period tax provision and deferred tax.

#### *Current period tax provision*

A provision has been made for corporate income tax liabilities arising from the operating results of the period, within the framework of the legal tax rates valid at the date of the statement of financial position. Taxable profit differs from profit reported in the statement of profit or loss in that it excludes items that are taxable or deductible in other years and items that are not taxable or deductible.

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*Deferred tax*

Deferred tax liability or assets are determined by calculating the tax effects of temporary differences between the amounts of assets and liabilities shown in the financial statements and the amounts taken into account in the calculation of the legal tax base, according to the statement of financial position method, taking into account the enacted tax rates. While deferred tax liabilities are calculated for all taxable temporary differences, deferred tax assets consisting of deductible temporary differences are calculated provided that it is highly probable to benefit from these differences by generating taxable profit in the future. The said assets and liabilities are not recognized if they arise from the initial recognition of the temporary difference, goodwill or other assets and liabilities related to the transaction that does not affect the commercial or financial profit/loss.

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

The carrying amount of the deferred tax asset is reviewed as of each statement of financial position date. The carrying value of the deferred tax asset is reduced to the extent that it is not probable that a financial profit will be obtained to allow some or all of the benefit to be obtained.

Deferred tax assets and liabilities are calculated over tax rates (tax regulations) that are expected to be valid in the period when the assets will be realized, or the liabilities will be fulfilled and that have been enacted or substantially enacted as of the statement of financial position date. During the calculation of deferred tax assets and liabilities, the tax results of the methods estimated by the Company to recover the book value of its assets or fulfill its liabilities as of the date of the statement of financial position are taken into account.

Deferred tax assets and liabilities, if there is a legal right to set off current tax assets and current tax liabilities or if such assets and liabilities are associated with income tax collected by the same tax authority or if the Company intends to settle current tax assets and liabilities by netting is deducted.

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

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**Provisions, Contingent Liabilities and Contingent Assets**

Provisions

Provisions are recognized when there is a possible obligation (legal or structural liability) arising from past events, there is a possible decrease in the assets required to fulfill this obligation in the future, and the amount of the liability can be determined reliably. These accrued provisions are reviewed in each balance sheet period and revised to reflect current estimates.

Contingent Liabilities and Contingent Assets

Transactions that give rise to commitments and contingent liabilities refer to situations whose realization depends on the result of one or more events in the future. Therefore, some transactions are recognized as off-balance sheet items in terms of their possible future losses, risks or uncertainties. In the event that an estimate is made for possible future liabilities or losses, these liabilities are considered as expenses and liabilities for the Company. However, the income and profits that seem almost certain to occur in the future and can be measured reliably are reflected in the financial statements.

**Income Accruals**

Revenues are accounted for on an accrual basis when they occur. Net sales include invoice amounts of products sold during the period after discounts and returns are deducted.

**Related Parties**

In the presence of one of the following criteria, the party is deemed to be related to the Company:

- (a) that party, directly or indirectly, through one or more of its intermediaries,
- (i) Controls, is controlled by, or is under common control with the entity (including parents, subsidiaries and subsidiaries in the same line of business);
- (ii) Has an interest in the Company that will enable it to have significant influence; or
- (iii) has joint control over the Company;
- (b) The party is an affiliate of the Company,
- (c) The party is a joint venture in which the Company is a venturer,
- (d) The party is a member of the key management personnel of the Company or its parent;
- (e) The party is a close family member of any individual mentioned in (a) or (d),
- (f) the Party; is an entity that is controlled, jointly controlled, or under significant influence or in which any individual referred to in (d) or (e) has a significant voting right, directly or indirectly; or
- (g) The party must have post-employment benefit plans for employees of the entity or an entity that is a related party.

Transaction with related parties is the transfer of resources, services or obligations between related parties, regardless of whether they are paid for. The Company enters into business relations with its related parties within the framework of its ordinary activities (Note 3).

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The summary information about the companies that meet the definition of related parties for the company is as follows:

*Akinal Sentetik Tekstil Sanayi ve Ticaret Anonim Şirketi*

Akinal Sentetik Tekstil Sanayi ve Ticaret Anonim Şirketi (“Company” or “Akinal Sentetik”) was established 1999 in Gaziantep Türkiye. The company’s main field of activity is the sale of non-woven fabrics.

*Aston Synthetics OÜ*

Aston Synthetics OÜ (“Company” or “Aston”) was founded on 12 October 2016 in Estonia. The company's main field of activity is the sale of non-woven fabrics.

*Akinal Holding Anonim Şirketi*

Akinal Holding Anonim Company was established 2016 in Gaziantep Türkiye. It is inactive as of the report date.

*Akinal Enerji Üretim ve Yatırım Anonim Şirketi*

Akinal Enerji Üretim ve Yatırım Anonim Şirketi was established in Gaziantep in 2016 to generate electrical energy and is inactive as of the report date.

*Akınallar Ayakkabı Malzemeleri Sanayi ve Ticaret Limited Şirketi*

Akınallar Ayakkabı Malzemeleri Sanayi ve Ticaret Limited Şirketi was established 1993 in Gaziantep Türkiye. The company is engaged in shoe material trading and is inactive as of the report date.

*Türkerler Jeotermal Enerji Arama ve Üretim Anonim Şirketi*

Türkerler Jeotermal Enerji Arama ve Üretim Anonim Şirketi, operates a geothermal power plant in Alaşehir/Manisa.

**Reporting of Financial Information by Segments**

Industrial divisions are divisions that have different characteristics from other divisions of the Company in terms of providing a particular good or service or company of related goods or services or having different characteristics from other parts of the Company in terms of risk and benefit. Geographical segments are segments of the Company that provide goods or services in a particular economic environment and have different characteristics from other segments operating in another economic environment in terms of risk and benefit.

A reportable segment is an industrial or geographical segment for which segment information is required to be disclosed. The requirement for an industrial or geographical segment to be designated as a reportable segment; The majority of the segment revenue is earned from sales to external customers and the segment revenue from sales to external customers and transactions with other segments constitute at least 10% of the total internal and external revenue for all segments, or the result of the segment resulting in profit or loss. is at least 10% of the absolute largest of the total results of the profit-making segments and the total results of the loss-making segments, or the segment assets constitute at least 10% of the total assets of all segments. The company continues its activities in the same geographical region and in the same sector. For this reason, no reports were made according to the departments.

**Employee Benefits / Severance Pay**

*Severance pay*

In accordance with the current labor law, the company is obliged to pay a certain amount of severance pay to the personnel who quit their job due to retirement after serving at least one year or who are dismissed for reasons other than resignation and bad behavior. This liability is calculated on the basis of 30 days' total gross wage and other benefits, with a maximum of TRY 23.490 (31 December 2022: TRY 15.371) as of 31 December 2022 for each year worked.

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The Company has calculated the severance pay provision in the accompanying financial statements based on the Company's experience in completing the personnel service period and entitlement to severance pay and discounted it with the discount rate resulting from the effective interest and inflation rates at the date of the statement of financial position. All gains and losses other than the calculated actuarial gain / (loss) are reflected in the profit or loss statement, while actuarial gain / (losses) are reflected in the statement of changes in equity.

The ratios of the basic assumptions used on the day of the statement of financial position are as follows:

	31.12.2023	31.12.2022
Real discount rates	3,20%	3,00%

***Social Insurance Bonuses***

The company pays compulsory social insurance premiums to the Social Security Institution. The Company has no other obligations as long as it pays these premiums. These premiums are reflected in the relevant periods as personnel expenses on an accrual basis.

**Paid-in capital**

Common stocks are classified to equity. Costs related to new shares and option issued are shown in equity by deducting the collected amounts whose tax effect was deducted.

**Government incentive and grants**

It is a procedure to assist the companies that are unable to achieve certain businesses. It is to stimulate the businesses with incentives. Government incentives, including those followed at their fair values will be included in the financial statements only if there is reasonable assurance that the Company will fulfill all required conditions and acquire the incentive.

Government incentives, including non-monetary grants at fair value, are included in the financial statements only if there is reasonable assurance that the Company will fulfill all required conditions and acquire the incentive.

**Events After the Reporting Period**

Although post balance sheet 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.

Company, adjusts the amounts in the financial statements if there exists any events that necessitates adjustment. Subsequent events are stated in the notes to financial statements, if they do not need adjustments.

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**Earnings per Share/ (Loss)**

Earnings per share in the income statements are calculated by dividing the net profit for the year by the weighted average number of ordinary shares outstanding during the year. 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.

**Cash Flow Statement**

The Company prepares statements of cash flows to inform users of financial statements about changes in net assets and ability to direct financial structure, amounts and timing of cash flows according to changing situations. In the statement of cash flows, current period cash flows are grouped according to operating, financing, and investing activities. Operating cash flows resulting from activities in scope of The Company's main operating scope. Cash flows related to investing activities are cash flows resulting from investing activities (fixed investments and financial investments) of the company. Cash flows related to financing activities comprise of funds used in financing activities of the Company and their repayments. Cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments which their maturities are three months or less from date of acquisition and that are readily convertible to a known amount of cash and are subject to an insignificant change in value.

**Revenues**

The company has started to use the following five-stage model in revenue recognition in line with IFRS 15 “Revenue from Contracts with Customers”, which entered into force as of January 01, 2018.

- Identification of contracts with customers
- Defining performance obligations in contracts
- Determining the transaction price in the contracts
- Distribution of transaction price to performance obligations
- Revenue recognition

According to this model, first of all, the goods or services promised in each contract with the customers are evaluated and each commitment to transfer the said goods or services is determined as a separate performance obligation. Afterwards, it is determined whether the performance obligations will be fulfilled over time or at a certain moment. If the company transfers the control of a good or service over time and thus fulfills its performance obligations regarding the related sales over time, it measures the progress towards the full fulfillment of the said performance obligations and records the revenue over time.

The Company generates revenue from the production and sale of polyester fiber, polyester chips and plasticizers. Revenue related to performance obligations, which are in the nature of a commitment to transfer goods or services, are recognized when the control of the goods or services is in the hands of the customers.

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While the company evaluates the transfer of control of the sold goods or services to the customer,

- a) Ownership of the Company's right to collect goods or services,
- b) the customer's legal ownership of the goods or services,
- c) transfer of possession of goods or services,
- d) the customer's ownership of the significant risks and rewards of ownership of the goods or services,
- e) takes into account the conditions of the customer's acceptance of the goods or services.

If the Company, at the beginning of the contract, foresees that the period between the transfer date of the promised good or service to the customer and the date the customer pays the price of such good or service will be one year or less, it does not adjust the promised price for the effect of a significant financing component. On the other hand, if there is an important financing element in the revenue, the revenue value is determined by discounting the future collections with the interest rate included in the financing element. The difference is recognized in the relevant periods as other operating income on an accrual basis.

### **Significant Accounting Evaluation, Estimates and Assumptions**

The preparation of financial statements requires making estimations and assumptions that affect the amounts of assets and liabilities reported as of the balance sheet date or the amounts of contingent assets and liabilities disclosed, and the amounts of income and expenses reported during the relevant period. While these estimates are based on management's best judgment and knowledge, actual results may differ from these estimates.

Significant assessments, estimates and assumptions that may have a significant impact on the financial statements and cause significant changes in the carrying values of assets and liabilities in the next year are as follows:

#### *Provision for doubtful receivables / Loss reserve calculation*

Provisions for doubtful receivables reflect the amounts that the Company management believes will cover the future losses of the receivables that exist as of the date of the statement of financial position, but which have the risk of being uncollectible within the current economic conditions. While evaluating whether the receivables are impaired or not, the past performances of the debtors other than the related parties and regular customers, their credibility in the market, their performance from the date of the financial statements to the approval date of the financial statements and the renegotiated conditions are also taken into consideration. As of the date of the statement of financial position, provisions for doubtful receivables are reflected in Note 6.

#### *Provision for inventory impairment*

Regarding the decrease in stock value, the physical and historical background of the stocks is examined, their availability is determined in line with the opinions of the technical personnel, and a provision is made for items that are not expected to be used.

#### *Useful lives of tangible and intangible assets*

The Company allocates depreciation over its tangible and intangible assets, taking into account the useful lives specified in footnote 2.c. Explanations on useful lives are explained in footnote 2.c.

#### *Lawsuit Provisions*

While provisions for lawsuits are set aside, the probability of losing the relevant lawsuits and the consequences if lost are evaluated in line with the opinions of the Company's legal advisors. Explanations on the provision deemed necessary in line with the best estimations made by the company management using the data available are included in Note 17.

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*Provision for severance pay*

Severance pays liability is determined by actuarial calculations based on certain assumptions including discount rates, future salary increases and employee turnover rates. Due to the long-term nature of these plans, these assumptions involve significant uncertainties. Details on provisions for employee benefits are provided in Note 19.

*Deferred tax*

The Company recognizes deferred tax assets and liabilities for temporary timing differences arising from the differences between the tax base legal financial statements and the financial statements prepared in accordance with TAS. These differences are generally due to the tax base amounts of some income and expense items and the different periods in the financial statements prepared in accordance with TAS. The Company has deferred tax assets consisting of deductible temporary differences in the future. The partially or wholly recoverable amount of deferred tax assets has been estimated under current conditions. During the evaluation, future profit projections, losses in current periods, unused losses and expiry dates of other tax assets are taken into consideration. As a result of the assessments made, as of 31 December 2023 and 2022, it has been estimated and recognized that there will be a deferred tax asset for the temporary differences arising from tax deductions as of 31 December 2023 and 2022, for the part that can be foreseen and concluded that the tax deduction right can continue within the framework of tax laws. Details of deferred tax calculations as of the date of the related financial statement table are included in Note 27.

**NOTE 3 – RELATED PARTY**

**i) Due from related parties receivables and payables:**

a) Due from related parties in trade receivables are as following:

	31.12.2023	31.12.2022
Akinal Sentetik Tekstil Sanayi ve Ticaret A.Ş. (*)	536.938.600	246.394.484
Due within 1-30 day	-	70.628.097
Due within 31-60 day	-	78.394.837
Due within 61-91 day	-	28.257.592
Due within 91-120 day	-	69.113.958
	<hr/> 536.938.600	<hr/> 246.394.484
Discount on trade receivables from related parties (-)	(4.993.614)	(7.292.228)
	<hr/> 531.944.986	<hr/> 239.102.256

(\*) As of 31 December 2022, all related party balances under trade receivables consist of notes receivables.

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b) Receivables from related parties in short term other receivables are as following:

	31.12.2023	31.12.2022
Akinal Sentetik Tekstil Sanayi ve Ticaret A.Ş.	1.155.449.363	-
İbrahim Akinal	1.812	-
	1.155.451.175	-

c) Payables to related parties in trade payables are as following:

	31.12.2023	31.12.2022
Akinal Sentetik Tekstil Sanayi ve Ticaret A.Ş.	-	1.742.045
Discount on payables to related parties (-)	-	(8.096)
	-	1.733.949

d) Payables to related parties in other payables are as following:

	31.12.2023	31.12.2022
Suat Akinal	2.482	-
Saim Akinal	2.375	-
	4.857	-

**ii) Rental transactions from related parties:**

a) The company rents the factory building in which the fiber and plasticizer facility is located from Akinal Sentetik Sanayi ve Ticaret A.Ş. The relevant leases are accounted for in the attached financial statements, as of January 1, 2018, within the scope of TFRS 16. The lease period of the facility building is reflected in the attached financial statements based on the same period as the useful life of the facility, which is 30 years. Details are as follows;

Akinal Sentetik	31.12.2023	31.12.2022
<b>Assests</b>		
Right of Use Assets, Net	217.972.308	144.776.582
<b>Obligations</b>		
Payables from short-term operating leases	1.007.537	642.936
Payables from long-term operating leases	239.766.954	160.516.331
<b>Profit/loss statement</b>		
Depreciation expenses	3.417.254	4.974.270
Interest expenses	14.242.935	20.572.727

The company paid rent of TRY 30.506.565 to Akinal Sentetik Tekstil Sanayi ve Ticaret AŞ in the accounting period ending on 31 December 2023 (31 December 2022: TRY 14.422.705).

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b) The Company rents office space from Saim Akınal and Suat Akınal. The leases are accounted for in the attached financial statements within the scope of TFRS 16 as of 1 February 2022, which is the contract date. The lease term of the Office space is reflected in the attached financial statements based on 5 years. Details are as follows;

Private Partners	31.12.2023	31.12.2022
<i>Assests</i>		
Right of Use Assets, Net	770.240	447.292
<i>Obligations</i>		
Payables from short-term operating leases	221.116	81.872
Payables from long-term operating leases	655.766	404.714
<i>Profit/loss statement</i>		
Depreciation expenses	142.422	88.877
Interest expenses	123.164	91.948

The company paid rent of TRY 393.324 to Saim Akınal and Suat Akınal in the accounting period ending on 31 December 2023 (31 December 2022: TRY 167.918).

50% of all balances arising from the relevant rental transaction belong to Saim Akınal and 50% to Suat Akınal.

**ii) Sales, purchases and operations to related parties**

a) Related party transactions in revenue are as follows:

	01.01.- 31.12.2023	01.01.- 31.12.2022
Akınal Sentetik Tekstil Sanayi ve Ticaret A.Ş.	736.686.070	359.725.283
	736.686.070	359.725.283

b) Details of purchases made from related parties in cost of sales are as follows :

	01.01.- 31.12.2023	01.01.- 31.12.2022
Akınal Sentetik Tekstil Sanayi ve Ticaret A.Ş.	3.055.193	6.163.245
	3.055.193	6.163.245

c) Related party transactions in general administrative expenses are as follows:

	01.01.- 31.12.2023	01.01.- 31.12.2022
Akınal Sentetik Tekstil Sanayi ve Ticaret A.Ş.	7.325.121	3.268.482
	7.325.121	3.268.482

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d) Related party transactions in marketing expenses are as follows:

	01.01.- 31.12.2023	01.01.- 31.12.2022
Akinal Sentetik Tekstil Sanayi ve Ticaret A.Ş.	88.903	32.836
	88.903	32.836

e) Related party transactions within the income from investment activities are as follows:

	01.01.- 31.12.2023	01.01.- 31.12.2022
Akinal Sentetik Tekstil Sanayi ve Ticaret A.Ş.	53.155.105	-
	53.155.105	-

(\*) It consists of interest income from financial resources given to related parties.

f) Related party transactions in investment activities are as follows:

	01.01.- 31.12.2023	01.01.- 31.12.2022
Akinal Sentetik Tekstil Sanayi ve Ticaret A.Ş.	-	3.924.781
	-	3.924.781

(\*) It consists of interest expenses paid to financial resources obtained from related parties.

g) Remuneration and similar benefits provided to senior executives are as follows;

	01.01.- 31.12.2023	01.01.- 31.12.2022
Short-term employee benefits	4.088.361	2.107.535
	4.088.361	2.107.535

The Company is within the scope of senior executives; It included the chairman of board directors, deputy chairman of the board of directors and factory manager. Benefits provided to senior managers include attendance fees, gross wages and fuel expenses paid to managers.

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**NOTE 4 – CASH AND CASH EQUIVALENTS**

As of 31 December 2023, and 2022, the details of cash and cash equivalents are as following;

	31.12.2023	31.12.2022
Cash	53.018	48.616
Bank		
Time deposit	11.546.898	32.912.182
Demand deposit	37.186.894	53.950.172
	48.786.810	86.910.970

As of 31 December 2023 and 2022 there are no blocked accounts. As of 31 December 2023, the maturity of time deposits is 1 day, and the weighted average interest rate is 35,50% (31 December 2022: 12,25%).

As of 31 December 2023, the details of demand deposits on currency basis are as follows;

Currency	Currency Amount	FX Rate	TRY Amount
TRY	5.341.481	1,0000	5.341.481
USD	1.077.027	29,4382	31.705.736
EUR	4.288	32,5739	139.677
Total			37.186.894

As of 31 December 2022, the details of demand deposits on currency basis are as follows;

Currency	Currency Amount	FX Rate	TRY Amount
TRY	37.412.301	1,0000	37.412.301
USD	875.729	18,6983	16.374.644
EUR	8.188	19,9349	163.227
Total			53.950.172

**NOTE 5 – FINANCIAL INSTRUMENTS**

**Financial Investments**

*Financial assets at fair value through profit or loss*

	31.12.2023	31.12.2022
Currency protected deposits	-	57.686.462
	-	57.686.462

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**Financial Liabilities**

As of 31 December 2023, and 2022 the details of short and long term financial borrowings are as follows;

	31.12.2023	31.12.2022
Short term bank loans	350.055.112	770.764.775
Other financial liabilities (credit cards)	32.941	8.339
<b>Short term borrowings</b>	<b>350.088.053</b>	<b>770.773.114</b>
Payables from operational lease transactions	5.603.856	3.392.545
Short-term installments of long term borrowings	98.540.636	151.543.981
Payables from financial leasing transactions, net	22.422.489	-
<b>Short-term portions of long-term borrowings</b>	<b>126.566.981</b>	<b>154.936.526</b>
Long term bank borrowings	120.387.372	121.192.302
Payables from long-term operational lease transactions	243.441.521	165.617.500
Payables from long-term financial leasing transactions	22.553.430	-
<b>Long term borrowings</b>	<b>386.382.323</b>	<b>286.809.802</b>
<b>Total financial borrowings</b>	<b>863.037.357</b>	<b>1.212.519.442</b>

As of 31 December 2023, the average effective interest rate of bank loans in TRY is 15,11%, 9,36% of EURO loans and 12,04% of USD loans (31 December 2022: TRY-16,60%, EURO- 8,19, USD- 13,01%).

As of 31 December 2023, the Company has export commitments of 1.764.786.190 TRY until 2025 in return for the loans borrowed.

Transactions related to rental transactions are related to building rentals such as factory building, office, liaison office, and warehouses.

In addition, the Company's partners and related parties have sureties in favor of financial institutions in order to guarantee the Company's loans.

The maturity analysis of bank loans as of 31 December 2023 and 2022 is presented below:

	31.12.2023	31.12.2022
To be paid between 0 - 1 year	448.595.748	922.308.756
To be paid between 1 - 2 years	82.128.798	74.264.403
To be paid between 2 - 3 years	38.258.574	32.333.985
To be paid between 3 - 4 years	-	14.593.914
	<b>568.983.120</b>	<b>1.043.501.058</b>

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As of 31 December 2023, the foreign currency position of bank loans are presented below:

Currency Type	Foreign Currency Amount	Exchange Rate	Amount of TRY
TRY	16.688.796	1,0000	16.688.796
USD	6.724.046	29,4382	197.943.811
EUR	10.878.357	32,5739	354.350.513
<b>Total</b>			<b>568.983.120</b>

As of 31 December 2022, the foreign currency position of bank loans are presented below:

Currency Type	Foreign Currency Amount	Exchange Rate	Amount of TRY
TRY	120.287.398	1,0000	120.287.398
USD	10.275.023	18,6983	192.125.463
EUR	36.673.783	19,9349	731.088.197
<b>Total</b>			<b>1.043.501.058</b>

As of 31 December 2023 and 2022, the maturity analysis of the debts from the financial lease transactions is presented below:

	31.12.2023	31.12.2022
To be paid between 0 - 1 year	22.422.489	-
To be paid between 1 - 2 years	20.549.867	-
To be paid between 2 - 3 years	2.003.563	-
<b>Total</b>	<b>44.975.919</b>	<b>-</b>

As of 31 December 2023, the foreign currency position of the debts from the financial lease transactions is presented below:

Currency Type	Foreign Currency Amount	Exchange Rate	Amount of TRY
EUR	1.380.735	32,5739	44.975.919
<b>Total</b>			<b>44.975.919</b>

As of 31 December 2023 and 2022, the maturity analysis of the debts from the operational lease transactions is presented below:

	31.12.2023	31.12.2022
To be paid between 0 - 1 year	5.603.856	3.392.545
To be paid between 1 - 2 years	4.572.165	3.552.752
To be paid between 2 - 5 years	5.445.331	5.197.978
More than 5 years	233.424.025	156.866.770
<b>Total</b>	<b>249.045.377</b>	<b>169.010.045</b>

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As of 31 December 2023, the foreign currency position of the debts from the operational lease transactions is presented below:

Currency Type	Foreign Currency Amount	Exchange Rate	Amount of TRY
TRY	241.651.414	1,0000	241.651.414
USD	251.169	29,4382	7.393.963
<b>Total</b>			<b>249.045.377</b>

As of 31 December 2022, the foreign currency position of the debts from the operational lease transactions is presented below:

Currency Type	Foreign Currency Amount	Exchange Rate	Amount of TRY
TRY	161.645.850	1,0000	161.645.850
USD	393.843	18,6983	7.364.195
<b>Total</b>			<b>169.010.045</b>

**NOTE 6 – TRADE RECEIVABLES AND PAYABLES**

As of 31 December 2023, and 2022 details of trade receivables are as follows;

**Short-term trade receivables**

	31.12.2023	31.12.2022
Trade receivables	388.245.827	139.830.861
Notes receivable	385.225.341	316.715.348
Discount on receivables (-)	(13.348.563)	(11.180.458)
Trade receivables from related parties (Note 3)	536.938.600	-
Rediscount of trade receivables from related parties (-)	(4.993.614)	-
Notes receivables from related parties (Note 3)	-	246.394.484
Rediscount of notes receivables from related parties (-)	-	(7.292.228)
Doubtful trade receivables	5.864.943	1.489.731
Provision for doubtful trade receivables (-)	(5.864.943)	(1.489.731)
	<b>1.292.067.591</b>	<b>684.468.007</b>

As of 31 December 2023, the average maturity of trade receivables is 99 days (31 December 2022: 65).

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As of 31 December 2023 and 2022, the maturity distribution of notes receivables are as follows:

	31.12.2023	31.12.2022
Overdue	26.352.723	9.045.021
Within 1-30	101.619.459	164.529.427
Within 31-60	91.952.367	144.176.776
Within 61-90	67.469.911	89.239.881
Within 91-120	63.553.659	118.024.960
Within 121-150	26.803.481	22.598.261
Within 151-180	6.118.759	9.320.504
Within 181-210	704.986	3.065.007
Within 211-240	574.987	2.864.991
Within 241-270	75.009	230.008
Within 271-300	-	14.996
	385.225.341	563.109.832

Movements of doubtful trade receivables during the period are as follows;

	01.01.- 31.12.2023	01.01.- 31.12.2022
Opening balance	1.489.731	1.639.188
Provisions made during the period	(33.478)	-
Provisions collected/cancelled during the period	2.895.932	(735.524)
FX Rate Conversion Differences	1.512.758	586.067
Balance at end of year	5.864.943	1.489.731

As of 31 December 2023 and 2022, detail of trade payables as follow:

**Short term trade payables**

	31.12.2023	31.12.2022
Trade payables	1.745.199.501	101.942.553
Trade payables due to related parties (Not:3)	-	1.742.045
Unearned interest due to related parties on payables (-)	-	(8.096)
Payables rediscount (-)	(23.208.341)	(1.108.379)
	1.721.991.160	102.568.123

As of 31 December 2023, the average maturity of trade payables is 112 days.(2022: 20).

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**NOTE 7 – OTHER RECEIVABLES AND PAYABLES**

As of 31 December 2023, and 2022, the details of other receivables are as following:

**Other current receivables**

	31.12.2023	31.12.2022
Deposits and guarantees given	2.366.920	1.387.657
Due from related parties	1.155.451.175	-
Tax receivables (*)	24.261.022	26.838.605
Other receivables	-	6.934
	1.182.079.117	28.233.196

(\*) The relevant amount consists of VAT and other tax receivables.

**Other long-term receivables**

	31.12.2023	31.12.2022
Deposits and guarantees given	42.391	29.917
	42.391	29.917

As of 31 December 2023, and 2022, the details of other payables are as following;

**Other current payables**

	31.12.2023	31.12.2022
Taxes and funds payable	1.960.172	797.371
Payables to related parties (Note 3)	4.857	-
Other payables	40.549	40.538
	2.005.578	837.914

**Other long-term debts**

	31.12.2023	31.12.2022
Debt securities issued as advances	54.362.641	34.529.590
	54.362.641	34.529.590

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**NOTE 8 – EMPLOYEE BENEFIT PAYABLES**

As of 31 December 2023, and 2022, the details of employee benefits are as following;

	31.12.2023	31.12.2022
Social security bonuses payable	5.474.063	1.248.803
Due to personnel	4.447.082	1.942.903
	9.921.145	3.191.706

**NOTE 9 – INVENTORIES**

As of 31 December 2023, and 2022, the details of inventories are as follows;

	31.12.2023	31.12.2022
Raw materials	368.508.889	344.206.646
Semi-finished goods	10.622.215	8.141.034
Finished good	126.974.081	70.757.022
Other inventories	8.725.306	5.742.753
Stock impairment provision (-)	(3.032.929)	(2.662.900)
	511.797.562	426.184.555

As of 31 December 2023, there is an insurance coverage of TRY 854.421.400 on inventories. (31 December 2022: TRY 496.895.285)

The movement table of the stock impairment provision is as follows;

	01.01.- 31.12.2023	01.01.- 31.12.2022
Opening balance	2.662.900	1.141.462
Provisions canceled within the period	(1.284.236)	(39.638)
Provision set within the period	347.719	940.912
Conversion Difference	1.306.546	620.164
	3.032.929	2.662.900

The details of the stock impairment provision on the basis of stock are as follows;

	31.12.2023	31.12.2022
Raw materials	3.032.929	2.662.900
	3.032.929	2.662.900

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**NOTE 10 – OTHER CURRENT ASSETS**

As of 31 December 2023 and 2022, the details of other current assets are as follows:

	31.12.2023	31.12.2022
VAT carried forward	115.257.471	101.553.010
	115.257.471	101.553.010

**NOTE 11 – PREPAID EXPENSES**

As of 31 December 2023, and 2022, the details of prepaid expenses are as following:

**Short term prepaid expenses**

	31.12.2023	31.12.2022
Orders advances given	160.286.407	41.387.191
Prepaid expenses for given	57.025.944	736.844
Business advances	604.808	376.434
Work advances granted to personnel	560.268	165.293
	218.477.427	42.665.762

**Long term prepaid expenses**

	31.12.2023	31.12.2022
Advances for the purchase of tangible fixed assets (*)	141.450.639	106.333.829
Prepaid expenses	-	1.496
	141.450.639	106.335.325

(\*) As of 31 December 2023, TRY 95.549.626 of the advances given for the purchase of tangible fixed assets is the amount paid for the land allocated in Gaziantep Organize Sanayi Bölgesi (31 December 2022: TRY 60.690.381).

(\*) As of 31 December 2023, TRY 44.782.272 of the advances given for the purchase of tangible fixed assets is the amount paid for the land allocated in Kilis Polateli Organize Sanayi Bölgesi. (31 December 2022: TRY 28.444.413).

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**NOTE 12 – DEFERRED INCOME**

As of 31 December 2023, and 2022, the details of deferred income are as following:

**Short term deferred incomes**

	31.12.2023	31.12.2022
Order advances received	43.209.596	66.011.693
	43.209.596	66.011.693

**NOTE 13 – CURRENT PERIOD TAX ASSETS**

As of 31 December 2023 and 2022, the details of current tax assets are as follows:

	31.12.2023	31.12.2022
Prepaid taxes and funds	8.947.476	57.781.711
	8.947.476	57.781.711

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**NOTE 14 – TANGIBLE FIXED ASSETS**

As of 31 December 2023 and 2022 the details of tangible fixed assets and movement schedule are as following;

Cost	31 December 2021	Addition	Disposal	Transfer	FX Rate Conversion Difference	31 December 2022	Addition	Transfer	FX Rate Conversion Difference	31 December 2023
Machinery, plant and devices	1.188.391.164	1.674.605	-	5.936.097	531.937.075	1.727.938.941	47.430.823	6.928.879	1.019.147.596	2.801.446.238
Vehicles	7.224.678	6.929.840	(86.500)	349.548	3.353.074	17.770.640	8.105.462	-	14.097.559	39.973.661
Fixtures	3.371.710	842.363	-	-	1.511.010	5.725.083	863.488	1.365.027	3.729.776	11.683.374
Construction in progress	10.101.141	865.012	-	(6.619.071)	(3.477.236)	869.846	7.382.192	(8.293.905)	41.867	--
<b>Total</b>	<b>1.209.088.693</b>	<b>10.311.820</b>	<b>(86.500)</b>	<b>(333.426)</b>	<b>533.323.923</b>	<b>1.752.304.510</b>	<b>63.781.965</b>	<b>-</b>	<b>1.037.016.798</b>	<b>2.853.103.273</b>
Accumulated Depreciation (-)										
Machinery, plant and devices	184.338.354	42.720.766	-	-	86.805.720	313.864.840	66.898.337	-	196.204.347	576.967.524
Vehicles	2.455.719	558.635	(38.925)	-	1.132.120	4.107.549	2.886.636	-	3.046.537	10.040.722
Fixtures	1.503.625	518.452	-	-	730.126	2.752.203	999.027	-	1.818.654	5.569.884
<b>Total</b>	<b>188.297.698</b>	<b>43.797.853</b>	<b>(38.925)</b>	<b>-</b>	<b>88.667.966</b>	<b>320.724.592</b>	<b>70.784.000</b>	<b>-</b>	<b>201.069.538</b>	<b>592.578.130</b>
<b>Net Book Value</b>	<b>1.020.790.995</b>					<b>1.431.579.918</b>				<b>2.260.525.143</b>

Tangible assets are shown in the accompanying financial statements by deducting accumulated depreciation from their acquisition cost (cost method).

As of 31 December 2023, there are no mortgages, pledges or guarantees on the fixed assets of the Company (31 December 2022: None).

As of 31 December 2023, TRY 68.733.963 of depreciation expenses were reported in cost of sales, TRY 1.757.006 in general administrative expenses and TRY 293.031 in marketing expenses. (31 December 2022: cost of sales TRY 43.666.815, general administrative expenses TRY 131.038) (Note 21 ve Note 22).

As of 31 December 2023, the total insurance amount for tangible fixed assets is TRY 2.408.315.294. (31 December 2022: TRY 1.428.082.385).

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**NOTE 15 – RIGHT TO USE ASSET**

As of 31 December 2023, and 2022, the details of the right of use assets are as follows;

Cost	31 December 2021	Addition	FX Rate Conversion Difference	31 December 2022	Addition	FX Rate Conversion Difference	31 December 2023
Buildings	36.132.591	126.855.569	4.071.540	167.059.700	80.969.492	7.643.683	255.672.887
Total	36.132.591	126.855.569	4.071.540	167.059.700	80.969.492	7.643.683	255.672.887
<b>Accumulated depreciation (-)</b>							
Buildings	5.321.411	7.401.316	2.068.694	14.791.421	9.377.268	5.830.073	29.998.762
Total	5.321.411	7.401.316	2.068.694	14.791.421	9.377.268	5.830.073	29.998.762
<b>Net Book Value</b>	<b>30.811.180</b>			<b>152.268.279</b>			<b>225.674.125</b>

As of 31 December 2023, 9.114.077 TRY of depreciation expenses were reported in cost of sales and TRY 263.191 in general administrative expenses. (31 December 2022: cost of sales TRY 7.283.108, general administrative expenses TRY 118.208) (Note 21 ve Note 22).

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**NOTE 16 – INTANGIBLE FIXED ASSETS**

As of 31 December 2023 the details of intangible fixed assets and movement schedule are as following;

Cost	31 December 2021	Addition	Transfer	FX Rate Conversion Difference	31 December 2022	Addition	FX Rate Conversion Difference	31 December 2023
Rights Other Non-Current Assest	986.394	568.375	333.426	739.028	2.627.223	15.300	1.517.507	4.160.030
	12.783	27.542	-	5.729	46.054	39.775	48.498	134.327
<b>Total</b>	<b>999.177</b>	<b>595.917</b>	<b>333.426</b>	<b>744.757</b>	<b>2.673.277</b>	<b>55.075</b>	<b>1.566.005</b>	<b>4.294.357</b>
<b>Accumulated depreciation (-)</b>								
Rights Other Non-Current Assest	104.612	89.917	-	57.786	252.315	223.792	198.204	674.311
	3.945	1.225	-	1.898	7.068	6.681	5.651	19.400
<b>Total</b>	<b>108.557</b>	<b>91.142</b>	<b>-</b>	<b>59.684</b>	<b>259.383</b>	<b>230.473</b>	<b>203.855</b>	<b>693.711</b>
<b>Net Book Value</b>	<b>890.620</b>				<b>2.413.894</b>			<b>3.600.646</b>

As of 31 December 2023, TRY 94.069 of amortization expenses were reported in cost of sales and TRY 136.404 in general administrative expenses. (31 December 2022: cost of sales TRY 65.473, general administrative expenses TRY 25.669) (Note 21 ve Note 22).

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**NOTE 17 – PROVISIONS, CONTINGENT ASSETS AND LIABILITIES**

Provisions, contingent assets and liabilities as of 31 December 2023 and 2022 are as follows:

**Short term provisions**

	31.12.2023	31.12.2022
Provision for the lawsuits	1.686.718	1.686.718
	1.686.718	1.686.718

For the periods ended on 31 December 2023 and 2022, movement schedule of provision for the lawsuits are as follows;

	01.01.- 31.12.2023	01.01.- 31.12.2022
Opening balance	1.686.718	767.982
Provisions made during the period	-	813.194
FX Rate Conversion Difference	-	105.542
Balance at end of year	1.686.718	1.686.718

**Contingent Liabilities**

As of 31 December 2023, the table of the Company's guarantee / security/ mortgage (“GSM”) position is as follows:

	31.12.2023			
	TRY Amount	USD Amount	Euro Amount	Total TRY Equivalent
Given GSM (Guarantee-Security-Mortgage) by Company				
<b>A. Total Amount of Gsm Given on Behalf of Legal Entity</b>	<b>51.084.019</b>	-	-	<b>51.084.019</b>
- Mortgage	-	-	-	-
- Letters of guarantee	51.084.019	-	-	51.084.019
- Other (Bail Amount)	-	-	-	-
<b>B. Total Amount of Gsm Given for Partnerships Which are Included in Full Consolidation</b>	-	-	-	-
<b>C. Total Amount of Gsm Given for the Purpose of Guaranteeing Third Party Loans to Carry The Regular Trade Activities</b>	-	-	-	-
<b>D. Total Amount of Other Gsm Given</b>	<b>52.333.333</b>	<b>1.333.333</b>	<b>10.465.956</b>	<b>432.501.261</b>
<i>i. Total Amount of Gsm Given or the Parent Company</i>	-	-	-	-
<i>ii. Total Amount of Gsm Given for Other Group Companies Not Included in B And C Clauses</i>	52.333.333	1.333.333	10.465.956	432.501.261
<i>iii. Total Amount of Gsm Given for Third Parties Not Included in C Clause</i>	-	-	-	-
<b>Total</b>	<b>103.417.352</b>	<b>1.333.333</b>	<b>10.465.956</b>	<b>483.585.280</b>

As of 31 December 2023, the ratio of GSMs given by the Company to the Company's equity is 16% and to the Company's assets is 8%.

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As of 31 December 2022, the table of the Company's guarantee / security/ mortgage (“GSM”) position is as follows:

	<b>31.12.2022</b>			
	TRY Amount	USD Amount	Euro Amount	Total TRY Equivalent
<b>Given GSM (Guarantee-Security-Mortgage) by Company</b>				
<b>A. Total Amount of Gsm Given on Behalf of Legal Entity</b>	<b>1.012.191</b>	-	-	<b>1.012.191</b>
- Mortgage	-	-	-	-
- Letters of guarantee	1.012.191	-	-	1.012.191
- Other (Bail Amount)	-	-	-	-
<b>B. Total Amount of Gsm Given for Partnerships Which are Included in Full Consolidation</b>	-	-	-	-
<b>C. Total Amount of Gsm Given for the Purpose of Guaranteeing Third Party Loans to Carry The Regular Trade Activities</b>	-	-	-	-
<b>D. Total Amount of Other Gsm Given</b>	<b>189.769.241</b>	<b>55.307.656</b>	<b>180.252.052</b>	<b>5.785.513.165</b>
<i>i. Total Amount of Gsm Given or the Parent Company</i>	-	-	-	-
<i>ii. Total Amount of Gsm Given for Other Group Companies Not Included in B And C Clauses</i>	189.769.241	55.307.656	180.252.052	5.785.513.165
<i>iii. Total Amount of Gsm Given for Third Parties Not Included in C Clause</i>	-	-	-	-
<b>Total</b>	<b>190.781.432</b>	<b>55.307.656</b>	<b>180.252.052</b>	<b>5.786.525.356</b>

As of 31 December 2022, the ratio of GSMs given by the Company to the Company's equity is 336% and to total assets is 169%.

**Surety:** – Akınal Sentetik Tekstil Sanayi ve Ticaret A.Ş. (Akınal Sentetik) and Koza's General Credit Agreement (GLA) limits with financial institutions are evaluated jointly. In this context, both companies provide surety and guarantee to each other severally, and the Company's personal partners Saim Akınal and Suat Akınal also have several guarantees in the same GLAs.

As of 31 December 2023, in response to Akınal Sentetik's open risk of TRY 432.501.261 (USD 1.333.333, EUR 10.465.956 and TRY 52.333.333) within the scope of this GLA, Koza has suretyship and guarantor ship amounting to TRY 1.532.939,404 (USD 32.000.000, EUR 10.465.956 and TRY 250.000.000) in favor of Akınal Sentetik (31 December 2022: Open risk - TRY 4.680.076.292 (USD 47.972.298, EUR 180.252.052 and TRY 189.769.241)).

The details of the Company's contingent obligations are as follows;

**Letters of guarantee** – As of 31 December 2023, the amount of letters of guarantee received by the Company from banks and given to suppliers and various institutions is TRY 51.084.019 (31 December 2022: TRY 1.012.191).

As of 31 December 2023, the details of the letters of guarantee are as follows;

	FX Amont	Currency	TRY Equivalent
Social Security Institution Presidency	106.500	TRY	106.500
Gaziantep Organize Sanayi Müdürlüğü	130.000	TRY	130.000
Enforcement Directorates	357.974	TRY	357.974
Eximbank	1.550.000	EUR	50.489.545
			<b>51.084.019</b>

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

	FX Amont	Currency	TRY Equivalent
Social Security Institution Presidency	106.500	TRY	106.500
Gaziantep Organize Sanayi Müdürlüğü	130.000	TRY	130.000
Yumurtalık Serbest Bölge	16.264	USD	304.109
Enforcement Directorates	471.582	TRY	471.582
			1.012.191

As of 31 December 2023, the details of the bank letter of guarantee are as follows;

	FX Amont	Currency	TRY Equivalent
Yapı ve Kredi Bankası A.Ş.	106.500	TRY	106.500
Yapı ve Kredi Bankası A.Ş.	1.550.000	EUR	50.489.545
Türkiye Vakıflar Bankası T.A.O.	289.054	TRY	289.054
Türkiye Halk Bankası A.Ş.	198.920	TRY	198.920
			51.084.019

As of 31 December 2022, the details of the bank from which the letters of guarantee are received are as follows;

	FX Amont	Currency	TRY Equivalent
Türkiye Halk Bankası A.Ş.	283.890	TRY	283.890
Yapı ve Kredi Bankası A.Ş.	106.500	TRY	106.500
Türkiye İş Bankası A.Ş.	16.264	USD	304.109
Türkiye Vakıflar Bankası T.A.O.	317.692	TRY	317.692
			1.012.191

**Lawsuits** – From time to time, lawsuits may be filed against the Company regarding its commercial activities. The realizability of the relevant risks is analyzed by the company management and legal consultancy. As a result of the analysis made, the total provision for lawsuits allocated by the Company management as of 31 December 2023 is TRY 1.686.718.

**Letter of credit**– The Company has letters of credit opened by various financial institutions to suppliers as collateral for foreign imports. As of 31 December 2023, the open letter of credit amount USD 58.120.409 (31 December 2022: USD 9.275.531).

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**NOTE 18 – COMMITMENTS**

**Export Commitments** – As of 31 December 2023, the export amount committed by the Company in return for the export credits used from banks is TRY 1.764.786.190

Bank Name	Commitment term	Currency	FX Amount	TRY Amount
Akbank T.A.Ş.	In 2025	USD	4.835.162	142.338.471
Türkiye Halk Bankası A.Ş.	In 2025	USD	344.384	10.138.054
Yapı Ve Kredi Bankası A.Ş.	In 2025	USD	3.678.928	108.301.010
Yapı Ve Kredi Bankası A.Ş.	In 2025	EUR	3.153.367	102.717.449
Türkiye Vakıflar Bankası T.A.O.	In 2024	USD	1.072.939	31.585.401
Ziraat Bankası A.Ş.	In 2024	USD	3.642.211	107.220.145
Yapı Ve Kredi Bankası A.Ş.	In 2024	USD	8.204.114	241.514.362
Yapı Ve Kredi Bankası A.Ş.	In 2024	EUR	20.412.290	664.907.904
Ziraat Bankası A.Ş.	In 2024	EUR	753.750	24.552.577
Türkiye İş Bankası A.Ş.	In 2024	EUR	7.179.960	233.879.309
Eximbank	In 2025	EUR	1.417.571	46.175.819
Türkiye Finans Katılım Bankası A.Ş.	In 2024	EUR	1.579.660	51.455.689
				1.764.786.190

Export commitments can also be closed by exports made by Akınal Sentetik Tekstil Sanayi ve Ticaret A.Ş. which is a related party of the Company.

**NOTE 19 – PROVISIONS FOR EMPLOYEE BENEFITS**

As of 31 December 2023 and 2022, the provisions for short and long term employee benefits are as follows:

**Provisions for short-term employee benefits:**

	31.12.2023	31.12.2022
Unused leave provisions	1.559.518	739.574
	1.559.518	739.574

**Provisions for long-term employee benefits:**

	31.12.2023	31.12.2022
Severance pay provisions	17.571.573	9.397.055
	17.571.573	9.397.055

The Company's severance pay provision has been calculated as explained in Note 2. As of December 31, 2023, the provision is calculated over a 30-day wage, with a maximum of TRY 23.490 for each year of service, using the rates at the date of retirement or departure.

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In its financial statements for the periods ending on 31 December 2023 and 2022, the Company has reflected on its financial statements the severance pay liability calculated by using the expected inflation rate and real rediscount rate based on the above-mentioned principles. The ratios of the basic assumptions used on the day of the statement of financial position are as follows:

	31.12.2023	31.12.2022
Real discount rates	3,20%	3,00%

As of 31 December 2023 and 2022, the movement table of the provision for severance pay is as follows:

	01.01.- 31.12.2023	01.01.- 31.12.2022
Balance at the beginning of the period	9.397.055	5.010.548
Service cost	7.102.470	3.757.508
Interest cost	227.810	149.415
In-term payments	(1.082.509)	(187.448)
Actuarial difference	439.336	184.253
Conversion difference	1.487.411	482.779
<b>Closing Balance</b>	<b>17.571.573</b>	<b>9.397.055</b>

**NOTE 20 – CAPITAL, RESERVES AND OTHER EQUITY ITEMS**

**20.1 Paid Capital**

As of 31 December 2023, the Company's share capital consists of 216.160.000 shares, each valued at TRY 1.

The capital structure of the Company as of 31 December 2023 and 2022 is as follows:

	31 December 2023		31 December 2022	
	% of Shares	Share Amount (TRY)	% of Shares	Share Amount (TRY)
Shareholders				
Saim Akınal	36,16%	78.165.000	46,00%	88.780.000
Suat Akınal	36,16%	78.165.000	46,00%	88.780.000
Şakire Şeker Filiz Akınal	3,57%	7.720.000	4,00%	7.720.000
Esra Akınal	3,57%	7.720.000	4,00%	7.720.000
Offered to Public	20,54%	44.390.000	-	-
<b>Total</b>	<b>100,00%</b>	<b>216.160.000</b>	<b>100,00%</b>	<b>193.000.000</b>

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**20.2 Retained Earnings / Losses**

	31.12.2023	31.12.2022
Retained earnings	646.206.773	201.068.600
	646.206.773	201.068.600

**20.3 Defined Benefit Plans Remeasurement Gains / (Losses)**

The Company has reflected on its financial statements for the accounting periods ending on 31 December 2023 and 2022, the liability for severance pays calculated by using the expected inflation rate and real discount rate based on the principles explained in Note 2, discounted to the day of the statement of financial position. All gains and losses other than the calculated actuarial gain / (loss) are shown in the profit or loss statement, while actuarial gain / (losses) are shown in the statement of changes in equity.

	31.12.2023	31.12.2022
Defined benefit plans remeasurement gains / (losses)	(116.912)	212.590
	(116.912)	212.590

**20.4 Foreign Currency Conversion Differences**

	31.12.2023	31.12.2022
Foreign currency conversion differences	1.368.685.017	881.192.695
	1.368.685.017	881.192.695

As explained in detail in Note 2, the foreign currency translation differences arising from the conversion of the Company's functional currency, USD, to the reporting currency, TRY, are recorded in equity.

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**NOTE 21 – REVENUE AND COST OF SALES**

**21.1 Revenues**

The details of the revenue amount for the accounting periods ending on 31 December 2023 and 2022 are as follows:

	01.01.- 31.12.2023	01.01.- 31.12.2022
Domestic Sales	3.581.358.706	2.894.793.314
Overseas sales	43.518.284	33.529.282
Other sales	2.693.017	1.069.126
	<u>3.627.570.007</u>	<u>2.929.391.722</u>
Sales returns and discounts	(25.043.845)	(22.133.659)
Sales Revenues (net)	<u>3.602.526.162</u>	<u>2.907.258.063</u>

The revenue details on the basis of product types for the accounting periods ending 31 December 2023 and 2022 are as follows:

	01.01.- 31.12.2023	01.01.- 31.12.2022
Chips Sales	55.386.438	22.337.524
Fiber Sales	2.980.934.659	2.710.492.935
Plasticizer Sales	166.575.846	122.084.702
Other Sales	399.629.219	52.342.902
Sales Revenues (net)	<u>3.602.526.162</u>	<u>2.907.258.063</u>

**21.2 Cost of Sales**

The details of the cost of sales for the accounting periods ending on 31 December 2023 and 2022 are as follows:

	01.01.- 31.12.2023	01.01.- 31.12.2022
Cost of goods sold	2.593.350.379	2.296.368.385
Cost of merchandise sold	348.589.437	47.040.170
	<u>2.941.939.816</u>	<u>2.343.408.555</u>

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**NOTE 22 – GENERAL ADMINISTRATIVE EXPENSES AND MARKETING EXPENSES**

General administrative and marketing expenses for the accounting periods ending on 31 December 2023 and 2022 are presented below;

	01.01.- 31.12.2023	01.01.- 31.12.2022
General and administrative expenses	27.896.527	13.425.622
Marketing expenses	18.893.442	16.058.576
	<b>46.789.969</b>	<b>29.484.198</b>

**22.1 General administrative expenses**

The details of general administrative expenses for the accounting periods ending on 31 December 2023 and 2022 are as follows:

	01.01.- 31.12.2023	01.01.- 31.12.2022
Personnel expenses	4.940.661	2.295.215
Depreciation expenses	2.156.601	274.915
Attendance fee expenses	3.439.244	1.574.420
Consulting and management service expenses	13.530.996	5.164.142
Provision for severance pay	293.150	159.263
Taxes, duties and fees	525.930	2.023.080
Office expenses and subscription fees	454.598	158.021
Insurance expenses	50.241	114.941
Fuel, electricity and water expenses	462.183	135.811
Provisions for lawsuits	-	813.194
Other expenses	2.042.923	712.620
	<b>27.896.527</b>	<b>13.425.622</b>

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**22.2 Marketing expenses**

The details of marketing expenses for the accounting periods ending on 31 December 2023 and 2022 are as follows:

	01.01.- 31.12.2023	01.01.- 31.12.2022
Shipping and export costs	15.816.446	14.117.221
Personnel expenses	2.392.995	937.089
Provision for severance pay	137.742	66.879
Advertising and promotion expenses	-	461.122
Tax and duty expenses	27.915	52.381
Travel and accommodation expenses	75.707	150.607
Depreciation expenses	293.031	-
Other expenses	149.606	273.277
	<hr/> 18.893.442	<hr/> 16.058.576

**NOTE 23 – EXPENSES ACCORDING TO THEIR QUALITIES**

None.

**NOTE 24 – OTHER OPERATING INCOME / (EXPENSES)**

**24.1 Income from main operations**

Other operating income for the accounting periods ending on 31 December 2023 and 2022 is as follows:

	01.01.- 31.12.2023	01.01.- 31.12.2022
Provisions that are no longer relevant	33.478	735.524
Rediscount income	42.235.832	7.573.289
Other income	2.536.943	1.304.073
	<hr/> 44.806.253	<hr/> 9.612.886

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**24.2 Main operating expenses**

Other operating expenses for the accounting periods ending on 31 December 2023 and 2022 are as follows:

	01.01.- 31.12.2023	01.01.- 31.12.2022
Rediscount expenses	16.234.760	17.450.134
Provisions for doubtful receivables	2.895.932	-
Donations and aids	-	1.612.387
Provision for impairment of inventories	347.719	940.912
Other expenses	1.078.586	3.617.973
	<hr/> 20.556.997	<hr/> 23.621.406

**NOTE 25 - INVESTMENT ACTIVITIES INCOME / (EXPENSES)**

**25.1 Income from investment activities**

Income from investment activities for the accounting periods ending on 31 December 2023 and 2022 are as follows:

	01.01.- 31.12.2023	01.01.- 31.12.2022
Interest income	53.155.105	-
Fixed asset sales profits	-	57.744
Exchange rate protected deposit account is real appropriate value difference income (*)	5.108.577	3.020.527
	<hr/> 58.263.682	<hr/> 3.078.271

Based on the "Announcement on the Accounting of Foreign Exchange/Gold Converted Exchange Rate/Price Protected TL Deposit Accounts" announced by the POA on 1 March 2022, the company classified its exchange rate protected deposits under financial investments and as a result of the fair value calculation, interest income and future risks the exchange rate difference income was accounted under income from investment activities.

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**25.2 Expenses from investment activities**

Expenses from investment activities for the accounting periods ending on 31 December 2023 and 2022 are as follows:

	01.01.- 31.12.2023	01.01.- 31.12.2022
Interest Expenses	-	3.924.781
	-	3.924.781

**NOTE 26 – FINANCE INCOME / (EXPENSES)**

**26.1 Finance income**

Financial income for the accounting periods ending on 31 December 2023 and 2022 is as follows:

	01.01.- 31.12.2023	01.01.- 31.12.2022
Interest income	8.497.484	865.774
	8.497.484	865.774

**26.2 Financing expenses**

Financial expenses for the accounting periods ending on 31 December 2023 and 2022 are as follows:

	01.01.- 31.12.2023	01.01.- 31.12.2022
Foreign exchange expenses - applicable currency conversion	6.476.580	29.357.490
Loan interest expenses	87.675.583	43.197.379
TFRS 16 interest expenses	24.191.382	20.980.242
Other financial expenses	48.821.885	215.599
	167.165.430	93.750.710

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**NOTE 27 –INCOME TAXES (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES)**

**Deferred Tax**

The Company's deferred tax assets and liabilities consist of temporary differences between the financial statements prepared in accordance with TAS and the Company's legal records. These differences arise from the taxation of income and expenses in different reporting periods in TAS and tables prepared for tax purposes.

The effective tax rate applied as of 31 December 2023 will be applied as 25% for corporate earnings in 2023, with the amendment to the Corporate Tax Law that came into force after being published in the Official Gazette No. 32249 dated 15 July 2023. For this reason, as of 31 December 2023, the rate of 25% was taken into account in the deferred tax calculation.

In the deferred tax calculation, a tax rate of 25% is used for temporary differences expected to be realized/closed in 2023, and 20% for temporary differences expected to be realized/closed in 2023 and after.

While deferred tax liability is calculated for all taxable temporary differences, deferred tax assets consisting of deductible temporary differences are calculated provided that it is highly probable to benefit from these differences by generating taxable profit in the future.

**Corporation tax**

The company is subject to corporate tax valid in Turkey. Necessary provisions have been made in the accompanying financial statements for the estimated tax liabilities of the Company regarding the current period operating results.

The corporate tax rate to be accrued on taxable corporate income, the addition of non-deductible expenses from the tax base in the determination of business income, and the deduction of tax-exempt gains, non-taxable incomes and other deductions (past year losses, if any, and investment allowances used if preferred). calculated on. The effective tax rate applied in 2023 is 25%. (2022: 23%)

In Turkey, provisional tax is calculated and accrued on a quarterly basis. The temporary tax rate that should be calculated on corporate earnings during the taxation phase of 2023 corporate earnings as of the temporary tax periods is 20-25%

There is no definitive and definitive agreement procedure regarding tax assessment in Turkey. Companies prepare their tax returns between April 1-25 of the year following the closing period of the relevant year (between 1-25 of the fourth month following the closing of the period for those with a special accounting period). These declarations and the accounting records based on them can be reviewed and changed within 5 years by the Tax Office.

As of 31 December 2023 and 2022, tax provision has been made in accordance with the applicable tax legislation.

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The breakdown of the accumulated temporary differences and deferred tax assets and liabilities as of the date of the statement of financial position, using the applicable tax rates, is as follows:

	31 December 2023		31 December 2022	
	Total temporary differences	Deferred tax asset/(liability)	Total temporary differences	Deferred tax asset/(liability)
<i>Deferred tax assets:</i>				
Provision for severance pay	17.571.573	4.392.886	9.397.055	1.879.404
Adjustments related to inventories	-	-	2.662.900	532.584
Trade receivables discounts	18.342.177	4.585.559	18.472.686	3.694.541
Provision for doubtful debt	5.864.943	1.466.228	1.489.731	297.939
Interest accruals	975.994	244.013	688.322	137.657
Provisions for unused personnel leave	1.559.518	389.880	739.574	147.922
Provisions for litigations	1.686.721	421.673	1.686.718	337.336
Right of use assets	23.371.252	5.842.806	16.741.766	3.348.361
Tax incentives (*)	894.924.342	223.731.085	895.077.505	179.015.505
Cancellation of capitalized finance expenses	190.931.190	47.732.805	121.274.014	24.254.799
Revaluation reversal	-	-	162.297.654	32.459.538
Impact of other adjustments	1.036.460	259.115	1.089.096	217.815
<b>Deferred tax assets</b>		<b>289.066.050</b>		<b>246.323.401</b>
<i>Deferred tax liabilities:</i>				
Adjustments related to inventories	110.489.307	27.622.334	-	-
Differences to tangible and intangible assets	1.710.624.099	427.656.032	1.054.655.847	210.931.166
Advances given for land purchase	26.869.364	6.717.356	17.066.649	3.413.337
Trade payables discount	23.208.341	5.802.063	1.116.475	223.295
<b>Deferred tax liabilities</b>		<b>467.797.785</b>		<b>214.567.798</b>
<b>Deferred tax assets / (liabilities), net</b>		<b>(178.731.735)</b>		<b>31.755.603</b>

(\*) The company has made a revaluation within the scope of Provisional Article 32 in the financial statements prepared in accordance with the Tax Procedure Law (VUK), and the relevant valuation differences are not reflected in the attached TFRS financial statements. The temporary difference between the financial statements prepared in accordance with the Tax Procedure Law and the IFRS financial statements that will affect the tax base is reflected in the attached financial statements as a deferred tax asset.

(\*\*) The Company benefits from reduced corporate tax depending on the new investment and modernization investment incentive certificates numbered 104046, 125695 and 544475.

The tax income/expenses for the accounting periods ending on 31 December 2023 and 2022 are as follows:

	01.01.- 31.12.2023	01.01.- 31.12.2022
Period Tax Income / (Expense)	(10.708.646)	(57.772.736)
Deferred Tax Income / (Expense)	(184.832.081)	76.285.565
<b>Tax income / (expense), net</b>	<b>(195.540.727)</b>	<b>18.512.829</b>

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The movement table of deferred tax income / (expense) for the accounting periods ending on 31 December 2023 and 2022 is as follows;

	01.01.- 31.12.2023	01.01.- 31.12.2022
Opening balance at the beginning of the period	31.755.603	(37.803.457)
Deferred tax recognized in equity	109.834	36.851
Deferred tax assets / (liabilities), net	(184.832.081)	76.285.565
Conversion difference	(25.765.091)	(6.763.356)
<b>Deferred tax income / (expense), net</b>	<b>(178.731.735)</b>	<b>31.755.603</b>

As of 31 December 2023 and 2022, the Company's current profit tax liability is as follows;

	31.12.2023	31.12.2022
Corporate tax provision	10.708.646	57.772.736
	<b>10.708.646</b>	<b>57.772.736</b>

**Government incentive and grants**

As a result of the incentive certificate applications made to the T.C. General Directorate of Incentive Implementation and Foreign Capital of the Ministry of Economy, the Company was granted various investment incentives. On 23 October 2017 incentive numbered G104046 was granted for the raw material manufacturing facility investment, on 05 November 2021 incentive numbered D125695 was granted for the facility modernization investment, on 21 November 2022 incentive numbered 544475 was granted for solar power plant investment.

Details of the investment contribution amount for the relevant investment incentive certificates are as follows;

Available Investment Contribution Amount	Contribution Amount Used During the Period	Investment Transferred to the next Period Contribution Amount
263.716.502	39.985.417	223.731.085

The Company has deferred tax assets of TRY 223.731.085, which can be deducted from future profits within the scope of investment incentive certificates. The partially or fully recoverable amount of deferred tax assets has been estimated under current conditions.

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During the evaluation, future profit projections and expiration dates of other tax assets and tax planning strategies that can be used when necessary were taken into consideration. The following assumptions were used when calculating the recoverable value of deferred tax assets as of 31 December 2023:

- There is no time limit on the incentive in question.
- Profit projections prepared by the management were used.
- A long-term inflation expectation range of 15% - 25% was used in the prepared profit projections. The long-term exchange rate increase expectation for the end of 2023 was used as an average of 20%.

As a result of the evaluations made according to the current analyses, the Company Management has concluded that the deferred tax asset calculated within the scope of the incentive certificate is recoverable. It is anticipated that these deferred tax assets will be recovered within 5 years starting from 2024. Even if there is a 10% deviation in the profitability in the projections, there will be no change in this anticipated recovery period.

**NOTE 28 – EARNINGS / (LOSSES) PER SHARE**

Earnings / (losses) per share with a nominal value of 1 TRY for the accounting periods ending between 01 January – 31 December 2023 and 2022 are as follows:

	01.01.- 31.12.2023	01.01.- 31.12.2022
Net profit / (loss) for the period	342.100.642	445.138.173
Total number of shares	216.160.000	78.876.374
<hr/>		
Simple and split earnings per share / (loss) (TRY)	1,58	5,64

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**NOTE 29 – EXPOSURE TO FINANCIAL RISKS DUE TO FINANCIAL INSTRUMENT**

**Financial Instruments**

**Credit risk**

The risk of financial loss to the Company due to the failure of one of the parties to the financial instrument to fulfill its contractual obligations is defined as credit risk. The Company is exposed to credit risk due to its trade receivables arising from forward sales and deposits held in banks. The company management reduces the credit risk related to its receivables from customers by determining credit limits separately for each customer and by taking collateral if necessary, and by selling only through cash collection to customers it deems risky. The Company's collection risk may arise mainly from its trade receivables. Trade receivables are evaluated by the Company management, taking into account the past experience and current economic situation, and are shown clearly in the statement of financial position after the appropriate amount of doubtful receivables provision is set aside.

As of 31 December 2023, the credit risks that the Company is exposed to by types of financial instruments are as follows:

31.12.2023	Trade receivables		Other receivables		Deposit in Banks
	Related Party	Other Party	Related Party	Other Party	
<b>Maximum exposure to credit risk as of reporting date (A+B+C+D+E) (*)</b>	<b>531.944.986</b>	<b>760.122.605</b>	<b>1.155.451.175</b>	<b>26.670.333</b>	<b>48.733.792</b>
The part whose maximum risk is secured by collateral, etc.	-	-	-	-	-
A. Net book value of financial assets that are not overdue or impaired	531.944.986	733.769.882	1.155.451.175	26.670.333	48.733.792
B. Book value of financial assets whose conditions have been renegotiated and would otherwise be considered overdue or impaired	-	-	-	-	-
C. Net book value of overdue but not impaired assets	-	26.352.723	-	-	-
-The part secured by collateral etc.	-	-	-	-	-
D. Net book values of impaired assets	-	-	-	-	-
-Overdue (gross book value)	-	5.864.943	-	-	-
- Impairment (-)	-	(5.864.943)	-	-	-
The portion of the net worth secured by collateral, etc.	-	-	-	-	-
Not overdue (gross book value)	-	-	-	-	-
Impairment (-)	-	-	-	-	-
- The portion of the net worth secured by collateral, etc.	-	-	-	-	-
E. Elements containing credit risk outside the statement of financial position	-	-	-	-	-

(\*) This field represents the sum of rows A, B, C, D and E in the table. While determining the amount in question, factors that increase credit reliability, such as the guarantees received, were not taken into account.

As of 31 December 2023, the aging of overdue receivables is as follows;

	Receivables		Banks Deposit	Other
	Trade Receivables	Other Receivables		
1-2 days past due	26.352.723	-	-	-

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As of 31 December 2022, the credit risks incurred by the Company in terms of financial instrument types are as follows:

31.12.2022	Trade receivables		Other receivables		Bank
	Related Party	Other Party	Related Party	Other Party	Deposit
<b>Maximum exposure to credit risk as of reporting date (A+B+C+D+E) (*)</b>	<b>239.102.256</b>	<b>445.365.751</b>	<b>-</b>	<b>28.263.113</b>	<b>86.862.354</b>
The part whose maximum risk is secured by collateral, etc.	-	-	-	-	-
A. Net book value of financial assets that are not overdue or impaired	239.102.256	436.320.730	-	28.263.113	86.862.354
B. Book value of financial assets whose conditions have been renegotiated and would otherwise be considered overdue or impaired	-	-	-	-	-
C. Net book value of overdue but not impaired assets	-	9.045.021	-	-	-
-The part secured by collateral etc.	-	-	-	-	-
D. Net book values of impaired assets	-	-	-	-	-
-Overdue (gross book value)	-	1.489.731	-	-	-
- Impairment (-)	-	(1.489.731)	-	-	-
The portion of the net worth secured by collateral, etc.	-	-	-	-	-
Not overdue (gross book value)	-	-	-	-	-
Impairment (-)	-	-	-	-	-
- The portion of the net worth secured by collateral, etc.	-	-	-	-	-
E. Elements containing credit risk outside the statement of financial position	-	-	-	-	-

(\*) This field represents the sum of A, B, C, D and E rows in the table. In determining the said amount, factors that increase credit reliability, such as guarantees received, are not taken into account.

As of 31 December 2022, the aging of overdue receivables is as follows;

	Receivables		Banks	Other
	Trade Receivables	Other Receivables	Deposits	
1-2 days past due	9.045.021	-	-	-

### Interest rate risk

Fluctuations in the values of financial instruments may occur due to changes in prices in the market. These fluctuations may be caused by price changes in securities or factors specific to the issuer or factors that affect the entire market. The Company's interest rate risk mainly depends on bank loans.

Although the interest rate of interest-bearing financial debts varies, interest-bearing financial assets have a fixed interest rate and the cash flow in the coming years does not change with the size of these assets. The Company's risk exposure to changes in market interest rates primarily depends on the Company's debt obligations with variable interest rates. The policy of the Company in this regard is to manage the interest costs by using fixed and variable interest rate debts.

### Analysis of Sensitivity to Interest Rate Risk

If the interest rate of loans divided into floating rate TRY, USD and EURO were 100 basis points (1%) higher/lower, all other variables held, the profit before tax for the period would be calculated as of 31 December 2023 due to higher/lower interest expenses. 2.095.041 TL would have been lower / higher in the accounting period ended (31 December 2022: 4.710.706 TRY).

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The Company's interest position table is as follows;

	31.12.2023	31.12.2022
<b>Fixed rate financial instruments</b>		
Financial liabilities	359.479.009	572.430.432
<b>Variable rate financial instruments</b>		
Financial liabilities	209.504.111	471.070.626

**Liquidity risk**

Liquidity risk is the possibility of the Company not fulfilling its net funding obligations. The occurrence of events that result in a decrease in fund resources, such as deterioration in the markets or a decrease in the credit score, causes the formation of liquidity risk. The company management manages the liquidity risk by allocating funds and keeping sufficient cash and similar resources to fulfill its current and potential liabilities.

The tables showing the liquidity risk of the Company as of 31 December 2023 are as follows;

As per contract / expected maturities	Book Value	Total cash outflows in accordance with the contract (=I+II+III+IV)	Less than 3 Months (I)	3 - 12 Months (II)	1- 5 Years (III)	More than 5 years (IV)
<b>Non-Derivative Financial Liabilities</b>						
Financial liabilities	569.016.061	608.106.766	143.643.345	324.577.773	139.885.648	-
Lease obligations	249.045.377	909.756.432	10.290.590	30.871.769	148.594.073	720.000.000
Finance lease obligations	44.975.919	49.002.063	5.510.271	17.589.304	25.902.488	-
Trade payables	1.721.991.160	1.745.199.501	1.723.209.825	21.989.676	-	-
Employee Benefits Payables	9.921.145	9.921.145	9.921.145	-	-	-
Other Payables	56.368.219	56.368.219	1.965.042	40.536	54.362.641	-
- Other payables to related parties	4.857	4.857	4.857	-	-	-
- Other payables to unrelated parties	56.363.362	56.363.362	1.960.185	40.536	54.362.641	-
	2.651.317.881	3.378.354.126	1.894.540.218	395.069.058	368.744.850	720.000.000

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The tables showing the liquidity risk of the Company as of 31 December 2022 are as follows;

As per contract / expected maturities	Book Value	Total cash outflows in accordance with the contract (=I+II+III+IV)	Less than 3 Months (I)	3 - 12 Months (II)	1- 5 Years (III)	More than 5 years (IV)
<b>Non-Derivative Financial Liabilities</b>						
Financial liabilities	1.043.509.397	1.096.115.549	252.753.558	705.175.181	138.186.810	-
Finance lease obligations	169.010.045	633.233.493	6.804.234	20.412.701	101.896.558	504.120.000
Trade payables	102.568.123	103.684.598	82.331.149	21.353.449	-	-
- Trade payables to related parties	1.733.949	1.742.045	1.742.045	-	-	-
- Trade payables to other parties	100.834.174	101.942.553	80.589.104	21.353.449	-	-
Employee Benefits Payables	3.191.706	3.191.706	3.191.706	-	-	-
Other Payables	35.367.499	35.367.499	797.376	40.538	34.529.590	35.367.499
	1.353.646.770	1.871.592.845	345.878.023	746.981.869	274.612.958	504.120.000

**Currency risk**

The effects that will arise from exchange rate movements in the case of foreign currency assets, liabilities and liabilities off the balance sheet are called currency risk. Foreign currency transactions realized during the period are translated at the exchange rates prevailing on the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rates prevailing at the end of the period. Exchange gains or losses arising from the translation of monetary assets and liabilities denominated in foreign currency are reflected in the profit/loss statement. The Company's monetary foreign currency liabilities exceed its monetary foreign currency receivables, and the Company is exposed to foreign currency risk in case of an increase in exchange rates.

As of 31 December 2023, the foreign currency denominated assets and liabilities owned by the Company are as follows:

	31 December 2023		
	TRY equivalent (Valid currency USD)	TRY	EUR
<b>1. Trade Receivables</b>	386.002.068	386.002.068	-
2 a. Monetary Financial Assets (including cash, bank accounts)	17.081.448	16.941.771	4.288
2b. Non-monetary financial assets	57.025.944	57.025.944	-
3. Other	312.286.197	312.286.197	-
<b>4. Current Assets (1+2+3)</b>	<b>772.395.657</b>	<b>772.255.980</b>	<b>4.288</b>
5. Trade Receivables	-	-	-
6a. Monetary Financial Assets	-	-	-
6b. Non-monetary financial assets	-	-	-
7. Other	1.014.352	874.284	4.300
<b>8. Fixed Assets (5+6+7)</b>	<b>1.014.352</b>	<b>874.284</b>	<b>4.300</b>
<b>9. Total Assets (4+8)</b>	<b>773.410.009</b>	<b>773.130.264</b>	<b>8.588</b>

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	31 December 2023		
	TRY equivalent (Valid currency USD)	TRY	EUR
10. Trade Payables	58.010.358	33.455.892	753.808
11. Financial Liabilities	289.450.061	22.325.612	8.200.567
12a. Other monetary obligations	26.207.112	26.207.112	-
12b. Other non-monetary obligations	-	-	-
<b>13. Current liabilities (10+11+12)</b>	<b>373.667.531</b>	<b>81.988.616</b>	<b>8.954.375</b>
14. Trade Payables	-	-	-
15. Financial Liabilities	372.624.738	240.422.751	4.058.525
16a. Other monetary obligations	-	-	-
16b. Other non-monetary obligations	-	-	-
<b>17. Long-term liabilities (14+15+16)</b>	<b>372.624.738</b>	<b>240.422.751</b>	<b>4.058.525</b>
<b>18. Total liabilities</b>	<b>746.292.269</b>	<b>322.411.367</b>	<b>13.012.900</b>
<b>19. Net Asset / (Liability) position of Foreign Currency Derivative Instruments outside the Statement of Financial Position (19a-19b)</b>	-	-	-
19a. Amount of Derivative Products in Foreign Currency with Active Character	-	-	-
19b. Amount of Foreign Currency Derivative Products Out of the Financial Position Statement with Liable Character	-	-	-
<b>20. Net foreign currency asset/liability position (9-18+19)</b>	<b>27.117.740</b>	<b>450.718.897</b>	<b>(13.004.312)</b>
<b>21. Monetary Items Net foreign currency asset/liability position (IFRS 7.B23) (=1+2a+5+6a-10-11-12a-14-15-16a)</b>	<b>(343.208.753)</b>	<b>80.532.472</b>	<b>(13.008.612)</b>

As of 31 December 2022, the foreign currency denominated assets and liabilities owned by the Company are as follows:

	31 December 2022		
	TRY equivalent (Valid currency USD)	TRY	EUR
1. Trade Receivables	617.871.150	616.314.374	78.093
2 a. Monetary Financial Assets (including cash, bank accounts)	12.849.864	12.686.637	8.188
2b. Non-monetary financial assets	736.844	736.844	-
3. Other	187.758.979	187.757.962	51
<b>4. Current Assets (1+2+3)</b>	<b>819.216.837</b>	<b>817.495.817</b>	<b>86.332</b>
5. Trade Receivables	-	-	-
6a. Monetary Financial Assets	-	-	-
6b. Non-monetary financial assets	-	-	-
7. Other	1.594.029	221.292	68.861
<b>8. Fixed Assets (5+6+7)</b>	<b>1.594.029</b>	<b>221.292</b>	<b>68.861</b>
<b>9. Total Assets (4+8)</b>	<b>820.810.866</b>	<b>817.717.109</b>	<b>155.193</b>

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	31 December 2022		
	TRY equivalent (Valid currency USD)	TRY	EUR
10. Trade Payables	75.269.147	29.757.152	2.283.031
11. Financial Liabilities	730.916.445	121.020.539	30.594.380
12a. Other monetary obligations	63.633.699	63.633.699	-
12b. Other non-monetary obligations	-	-	-
<b>13. Current liabilities (10+11+12)</b>	<b>869.819.291</b>	<b>214.411.390</b>	<b>32.877.411</b>
14. Trade Payables	-	-	-
15. Financial Liabilities	282.113.339	160.921.048	6.079.403
16a. Other monetary obligations	-	-	-
16b. Other non-monetary obligations	-	-	-
<b>17. Long-term liabilities (14+15+16)</b>	<b>282.113.339</b>	<b>160.921.048</b>	<b>6.079.403</b>
<b>18. Total liabilities</b>	<b>1.151.932.630</b>	<b>375.332.438</b>	<b>38.956.814</b>
<b>19. Net Asset / (Liability) position of Foreign Currency Derivative Instruments outside the Statement of Financial Position (19a-19b)</b>	<b>57.686.462</b>	<b>57.686.462</b>	<b>-</b>
19a. Amount of Derivative Products in Foreign Currency with Active Character	57.686.462	57.686.462	-
19b. Amount of Foreign Currency Derivative Products Out of the Financial Position Statement with Liable Character	-	-	-
<b>20. Net foreign currency asset/liability position (9-18+19)</b>	<b>(273.435.302)</b>	<b>500.071.133</b>	<b>(38.801.621)</b>
<b>21. Monetary Items Net foreign currency asset/liability position (IFRS 7.B23) (=1+2a+5+6a-10-11-12a-14-15-16a)</b>	<b>(521.211.616)</b>	<b>253.668.573</b>	<b>(38.870.533)</b>

The details of the import and export figures of the Company as of 01 January - 31 December 2023 and 2022 on the basis of relevant currencies are as follows;

	31.12.2023		31.12.2022	
	Import	Export	Import	Export
USD	94.788.007	1.552.229	111.005.991	1.521.136
EUR	1.791.568	124.497	5.334.147	478.042

**Currency Risk Sensitivity Analysis**

According to the foreign currency position of the statement of financial position as of 31 December 2023, if the Turkish Lira had appreciated / lost 10% against foreign currencies and all other variables had remained constant, the exchange rate difference consisting of foreign currency assets and liabilities in the accounting period ending on the same date. net loss as a result of profit / loss would have been higher / lower by TRY (34.320.826).

	Profit / (Loss)		Equities	
	Increase in value of Foreign Currency	Decrease in value of Foreign Currency	Increase in value of Foreign Currency	Decrease in value of Foreign Currency
In case of 10% change in value of TRY against the US dollar;				
1-Turkish Lira net asset / liability	8.053.247	(8.053.247)	8.053.247	(8.053.247)
2- The portion protected from the Turkish Lira risk (-)	-	-	-	-
<b>3-Turkish Lira Net Impact (1+2)</b>	<b>8.053.247</b>	<b>(8.053.247)</b>	<b>8.053.247</b>	<b>(8.053.247)</b>
In case of 10% change in value of Euro against the US dollar;				
4-Euro net asset / liability	(42.374.123)	42.374.123	(42.374.123)	42.374.123
5-Part protected from Euro risk (-)	-	-	-	-
<b>6-Euro Net effect (4+5)</b>	<b>(42.374.123)</b>	<b>42.374.123</b>	<b>(42.374.123)</b>	<b>42.374.123</b>

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TOTAL (3+6)	(34.320.876)	34.320.876	(34.320.876)	34.320.876
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According to the foreign currency position of the statement of financial position as of 31 December 2022, if the Turkish Lira had appreciated / lost 10% against foreign currencies and all other variables had remained constant, the exchange rate difference consisting of foreign currency assets and liabilities in the accounting period ending on the same date. As a result of the profit / loss, the net loss would be (52.121.162) TRY higher / lower.

	Profit / (Loss)		Equities	
	Increase in value of Foreign Currency	Decrease in value of Foreign Currency	Increase in value of Foreign Currency	Decrease in value of Foreign Currency
In case of 10% change in value of TRY against the US dollar;				
1-Turkish Lira net asset / liability	25.366.857	(25.366.857)	25.366.857	(25.366.857)
2- The portion protected from the Turkish Lira risk (-)	-	-	-	-
3-Turkish Lira Net Impact (1+2)	25.366.857	(25.366.857)	25.366.857	(25.366.857)
In case of 10% change in value of Euro against the US dollar;				
4-Euro net asset / liability	(77.488.019)	77.488.019	(77.488.019)	77.488.019
5-Part protected from Euro risk (-)	-	-	-	-
6-Euro Net effect (4+5)	(77.488.019)	77.488.019	(77.488.019)	77.488.019
TOTAL (3+6)	(52.121.162)	52.121.162	(52.121.162)	52.121.162

### Capital risk management

While managing the capital, the Company's objectives are to maintain the most appropriate capital structure in order to ensure the continuation of the Company's operations and reduce the cost of capital in order to provide returns for its shareholders and benefits for other shareholders.

The company monitors its capital management using the debt/equity ratio. This ratio is found by dividing net debt by total capital. Net debt is calculated by deducting cash and cash equivalents from the total debt amount (includes short-term and long-term liabilities as shown in the financial position table). Liquid assets consist of cash and cash equivalents and financial investments. Total capital is calculated as equity plus net debt as shown in the statement of financial position.

As of 31 December 2023 and 2022, the net debt to total capital ratio is as follows:

	31.12.2023	31.12.2022
Total liabilities	3.193.851.717	1.703.822.349
Minus: Liquid assets	48.786.810	86.910.970
Net debt	3.145.064.907	1.616.911.379
Total equity	3.103.920.731	1.720.612.058
Total capital	6.248.985.638	3.337.523.437
Net Debt/Total Equity ratio	50%	48%

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**Concentration risk related to the sales**

In the accounting period ending on 31 December 2023 and 2022, the concentration risk regarding the Company’s sales, which are among its main activities.

When looking at the Company's sales and customers within the accounting period ending on 31 December 2023 and 2022, there is a significant concentration risk due to the high share of some customers in sales. According to the IFRS 8 the standard of activity sector, if revenue which is gained from the only a customer, out of the Company, is equal to the 10% of the Company revenue or more than, this situation is explained as the total amount of the revenue that is gained similar customers and explained which part or parts reported the revenues by the Company.

The customers who generated the 10% or more than of the revenues and its ratios for the period ended at the 31 December 2022 and 2023 are as follows;

Custom	Share in revenue	
	01.01.- 31.12.2023	01.01.- 31.12.2022
Akinal Sentetik Tekstil Sanayi ve Ticaret A.Ş.	%23,75	%12,68
	%23,75	%12,68

According to TFRS 8 Operating Segments standard; The entity does not need to disclose the identity of the major customer or the amount of revenue each segment reports from that customer. It is disclosed because the relevant company is a related party.

**NOTE 30 – FINANCIAL INSTRUMENTS (FAIR VALUE DISCLOSURES AND HEDGE ACCOUNTING DISCLOSURES)**

Fair value refers to the price of a financial instrument that is traded between willing parties in a current transaction, except in cases such as forced sales or liquidation. The quoted market price, if any, is the value that best reflects the fair value of a financial instrument. The fair values of the Company's financial instruments have been estimated to the extent that relevant and reliable information can be obtained from the financial markets in Turkey. The estimates presented here may not reflect the amounts that the Company could acquire in a market transaction. The following methods and assumptions have been used in estimating the fair values of the Company's financial instruments.

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

**Financial Assets**

Monetary assets whose fair value approaches book value:

- Foreign currency balances are translated at the period-end exchange rate.
- It is assumed that the fair values of some financial assets (cash-bank) shown at cost in the statement of financial position are approximate to the values of the statement of financial position.
- The fair value of trade receivables is estimated to be close to their carrying value after provisions have been made.

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**Financial Liabilities**

Monetary liabilities whose fair value approximates book value:

- - The fair values of short-term loans and other monetary liabilities are assumed to approximate their carrying values due to their short-term nature.
- It is assumed that the fair value of long-term debts denominated in foreign currency and translated at period-end rates is equal to their book value.

It is assumed that the book values of trade payables and accrued expenses, which represent estimated amounts to be paid to third parties, are approximate to their market values.

**Fair value measurements hierarchy table**

The Company classifies the fair value measurements of financial instruments reflected at fair value in the financial statements according to the source of the inputs of each financial instrument class, using a three-level hierarchy, as follows.

First level: Financial assets and liabilities are valued at stock prices traded in active markets for identical assets and liabilities.

Second level: Financial assets and liabilities are valued from the inputs used to find the directly or indirectly observable market price of the related asset or liability other than the market price specified in the first level.

Third level: Financial assets and liabilities are valued from inputs that are not based on market observable data used to determine the fair value of the asset or liability.

As of 31 December 2023, the classes and fair values of financial instruments are as follows;

31 December 2023	Financial assets and liabilities shown at amortized value	Financial assets at fair value differences in income statement	Book value	NOTE
<b>Financial assets</b>				
Cash and cash equivalents	48.786.810	-	48.786.810	4
Trade receivables	1.292.067.591	-	1.292.067.591	6
Other receivables	1.182.121.508	-	1.182.121.508	7
<b>Financial liabilities</b>				
Financial borrowings	863.037.357	-	863.037.357	5
Trade payables	1.721.991.160	-	1.721.991.160	6
Other payables	56.368.219	-	56.368.219	7

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

31 December 2022	Financial assets and liabilities shown at amortized value	Financial assets at fair value differences in income statement	Book Value	NOTE
<b>Financial Assets</b>				
Cash And Cash Equity	86.910.970	-	86.910.970	4
Financial Investment	-	57.686.462	57.686.462	5
Trade Receivables	684.468.007	-	684.468.007	6
Other Receivables	28.263.113	-	28.263.113	7
<b>Financial obligations</b>				
Financial borrowings	1.212.519.442	-	1.212.519.442	5
Trade payables	102.568.123	-	102.568.123	6
Other payables	35.367.499	-	35.367.499	7

**NOTE 31 – OTHER MATTERS THAT MAY AFFECT THE FINANCIAL STATEMENTS OR MUST BE EXPLAINED FOR THE FINANCIAL STATEMENTS TO BE CLEAR, INTERPRETABLE AND UNDERSTANDABLE**

While preparing its financial statements dated 31 December 2023, the Company evaluated the possible effects of the earthquakes that occurred on 6 February 2023, with epicenters in Gaziantep and Kahramanmaraş, on its financial statements and reviewed the estimates and assumptions used in the preparation of the financial statements. In order to prevent its employees from being affected by the earthquakes in question, the Company completely shut down the entire facility in a controlled manner without any problems on 10 February 2023. Repairs and maintenance that were expected to be routine during the production shutdown were also carried out. By ensuring the necessary controls by the relevant engineers and experts, the raw material supply for the production was made on February 20, 2023, and the final product, polyester fiber, started to be produced on 23 February 2023. As of the report date, the Company continues its activities without any problems.

**NOTE 32 – FEES FOR SERVICES RECEIVED FROM INDEPEDENT AUDITOR’S**

The explanation regarding the fees for services provided by independent audit firms prepared based on the POA's Decision No. 1755 dated 25 March 2021 and Decision No. 1771 dated 26 March 2021 published in the Official Gazette No. 31439 dated 30 March 2021 (Repeated) is as follows:

	01.01.- 31.12.2023	01.01.- 31.12.2022
Independent audit fee for the reporting period	31.12.2023	31.12.2022
Legal and voluntary independent audit services	1.000.000	505.000
<b>Total</b>	<b>1.000.000</b>	<b>505.000</b>

**NOTE 33 – POST BALANCE SHEET EVENTS**

None.