

**SASA POLYESTER
SANAYİ A.Ş. AND ITS SUBSIDIARIES**

CONSOLIDATED FINANCIAL STATEMENTS
AS OF 30 JUNE 2025 AND
THE LIMITED REVIEW REPORT

(CONVENIENCE TRANSLATION OF THE INDEPENDENT AUDITOR'S
REPORT AND THE CONSOLIDATED FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH)



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with confidence**

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**(CONVENIENCE TRANSLATION OF THE INDEPENDENT AUDITOR'S REPORT AND THE
CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH)**

Report on Review of Interim Consolidated Financial Statements

To the General Assembly of Sasa Polyester Sanayi Anonim Şirketi

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of SASA Polyester Sanayi A. Ş. (the Company) as of June 30, 2025 and the interim condensed consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and the consolidated statement of cash flows for the six-month period then ended, and explanatory notes. The Group's management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with Turkish Accounting Standard 34, Interim Financial Reporting (TAS 34). Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of Limited Review

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

Significant Uncertainty Related to the Going Concern

As of June 30, 2025, the Group's net loss for the period is TL 8,836,549 thousand. We draw attention to note 2.1 to the financial statements, which indicates that the Group's current liabilities exceed its current assets by TL 73,797,343 thousand. This situation indicates the existence of a significant uncertainty that could raise serious doubts about the continuity of the business. The Group management's statements and plans regarding these matters are disclosed in Note 2.1 to the financial statements. However, this matter does not affect the result provided by us.



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Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with TAS 34.

Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi
A member firm of Ernst & Young Global Limited

Bora Tanrısoğan, SMMM
Partner

19 August 2025
Adana, Türkiye

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SASA POLYESTER SANAYİ A.Ş. AND ITS SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2025 AND 31 DECEMBER 2024

(Amounts expressed in thousand TL based on the purchasing power of Turkish Liras as of 30 June 2025, unless otherwise stated.)

		(Reviewed) Current Period 30 June 2025	(Audited) Prior Period 31 December 2024
	Notes		
ASSETS			
Current Assets		29,215,925	30,795,967
Cash and Cash Equivalents	3	3,304,556	2,563,133
Trade Receivables	5	9,290,579	10,025,322
- Trade Receivables from Third Parties	5	8,656,904	9,943,215
- Trade Receivables from Related Parties	27	633,675	82,107
Other Receivables	7	78,538	53,602
- Other Receivables from Third Parties	7	78,538	53,602
Inventories	8	13,392,873	15,387,290
Prepaid Expenses	9	973,831	1,548,667
Other Current Assets	15	2,175,548	1,217,953
Non-current Assets		252,501,233	240,252,960
Other Receivables		81	117
Property, Plant and Equipment	10	181,929,884	172,155,452
Intangible Assets	11	1,450,942	670,114
Prepaid Expenses	9	3,108,416	4,171,612
Deferred Tax Assets	25	66,011,910	63,255,665
TOTAL ASSETS		281,717,158	271,048,927
LIABILITIES			
Current Liabilities		103,013,268	57,820,197
Short Term Borrowings	4	85,685,402	47,042,047
- Bank Loans	4	66,579,635	33,408,477
- Short Term Portion of Long Term Borrowings	4	19,045,725	13,549,011
- Lease Liabilities	4	60,042	84,559
Trade Payables	5	12,234,321	8,831,911
- Trade Payables to Third Parties	5	12,234,321	8,831,911
Liabilities Related to Employee Benefits	6	258,698	225,631
Other Payables	7	116,769	434,885
- Other Payables to Third Parties	7	116,769	434,885
Deferred Income	7	4,694,759	1,257,685
- Deferred Income from Third Parties	7	2,748,343	857,146
- Deferred Income from Related Parties	27	1,946,416	400,539
Short Term Provisions	12	23,319	28,038
- Other Short Term Provisions	12	23,319	28,038
Non-Current Liabilities		47,935,058	72,194,482
Long Term Borrowings	4	35,233,453	63,345,631
- Bank Loans	4	35,105,658	63,200,213
- Lease Liabilities	4	127,795	145,418
Trade Payables	5	1,658,850	2,061,859
- Trade Payables to Third Parties	5	1,658,850	2,061,859
Other Payables		7,185,529	6,519,728
- Other Payables to Related Parties	27	7,185,529	6,519,728
Long Term Provisions	14	339,936	267,264
- Long Term Provisions Related to Employment Benefits	14	339,936	267,264
Deferred Income		3,517,290	-
- Deferred Income from Related Parties	27	3,517,290	-
EQUITY		130,768,832	141,034,248
Paid in Share Capital	16	43,815,615	43,815,615
Differences from Capital Adjustments	16	15,964,153	15,964,153
Repurchased Share	16	(315,250)	(33,280)
Restricted Reserves Appropriated from Profits	16	21,366,259	21,366,259
Premiums Related to Shares	16	16,069,769	16,069,769
Accumulated Other Comprehensive Income / (Expenses) Not To Be Reclassified To Profit Or Loss		7,134,572	7,132,026
- Defined Benefit Plans Remeasurement Losses	16,24	(53,394)	(55,940)
- Revaluation Increase in Property, Plant and Equipment	16,24	7,187,966	7,187,966
Retained Earnings	16	35,570,263	15,392,452
(Net Loss) / Profit for the Period	16	(8,836,549)	21,327,254
TOTAL EQUITY AND LIABILITIES		281,717,158	271,048,927

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

SASA POLYESTER SANAYİ A.Ş. VE AND ITS SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE PERIOD 31 DECEMBER 2024 – 30 JUNE 2025

(Amounts expressed in thousand TL based on the purchasing power of Turkish Liras as of 30 June 2025, unless otherwise stated.)

		Reviewed 1 January - 30 June 2025	Not Reviewed 1 April - 30 June 2025	Reviewed 1 January - 30 June 2024	Not Reviewed 1 April - 30 June 2024
	Notes				
Revenue	17	22,392,374	12,796,015	30,406,516	14,789,417
Cost of Sales (-)	17	(20,424,055)	(11,586,992)	(24,064,106)	(12,312,049)
GROSS PROFIT		1,968,319	1,209,023	6,342,410	2,477,368
General Administrative Expenses (-)	18	(451,558)	(231,129)	(435,867)	(204,734)
Marketing Expenses (-)	18	(1,088,124)	(712,305)	(1,112,304)	(543,770)
Research and Development Expenses (-)	18	(8,331)	(4,645)	(8,414)	(6,716)
Other Income from Operating Activities	19	3,794,250	1,724,178	9,049,296	1,419,093
Other Expenses from Operating Activities (-)	19	(3,791,428)	(1,927,891)	(8,874,834)	(1,606,908)
PROFIT FROM OPERATING ACTIVITIES		423,128	57,231	4,960,287	1,534,333
Income from Investing Activities	21	791	-	6,886	6,429
Expenses from Investing Activities (-)	21	(70,630)	(1,679)	(1,803)	(1,796)
OPERATING PROFIT BEFORE FINANCING EXPENSE		353,289	55,552	4,965,370	1,538,966
Finance Income	22	436,370	227,727	645,392	247,152
Finance Expenses (-)	23	(32,308,669)	(24,462,347)	(10,746,390)	(3,545,969)
Monetary Gain/Loss	29	19,925,367	14,717,219	21,977,737	9,575,705
(LOSS) / PROFIT FROM CONTINUING ACTIVITIES BEFORE TAX		(11,593,643)	(9,461,849)	16,842,109	7,815,854
Tax Income / (Expense), Continuing Activities		2,757,094	(881,260)	1,687,355	(4,989,349)
- Current Period Tax Expense (-)	25	-	-	-	-
- Deferred Tax Income / (Expense)	25	5,511,385	5,445,617	(3,401,633)	(3,401,633)
- Deferred Tax (Expense) / Income within Incentive Certificate	25	(2,754,291)	(6,326,877)	5,088,988	(1,587,716)
(LOSS) / PROFIT FOR THE PERIOD		(8,836,549)	(10,343,109)	18,529,464	2,826,505
Other comprehensive income / (expense)		2,546	2,546	(29,715)	(29,715)
Items not to be Reclassified to Profit or Loss					
Defined Benefit Plans Remeasurement Profit/(Losses)	24	2,546	2,546	(29,715)	(29,715)
Tax Effect of Defined Benefit Plans Remeasurement Profit/(Losses)	24	3,395	3,395	(39,621)	(39,621)
	25	(849)	(849)	9,906	9,906
TOTAL COMPREHENSIVE EXPENSE / INCOME		(8,834,003)	(10,340,563)	18,499,749	2,796,790
Distribution of (Loss) / Profit for the Period:					
Parent Company Shares		(8,836,549)	(10,343,109)	18,529,464	2,826,505
Earnings Per Share	26	(0.2017)	(0.2361)	0.4229	0.0645
Distribution of Total Comprehensive (Expense) / Income					
Owners of Parent		(8,834,003)	(10,340,563)	18,499,749	2,796,790
Non-controlling Interests		-	-	-	-

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

SASA POLYESTER SANAYİ A.Ş. AND ITS SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD 30 JUNE 2025 AND 2024

(Amounts expressed in thousand TL based on the purchasing power of Turkish Liras as of 30 June 2025, unless otherwise stated.)

	Notes	Paid-in Capital	Capital Adjustment Differences	Premiums Related to Shares	Share Repurchase	Other Comprehensive Income or Expenses not to be Reclassified to Profit or Loss	Defined Benefit Plans Remeasurement Losses	Restricted Reserves Appropriated from Profits	Retained Earnings		Total Equity
						Revaluation Increase on Property, Plant and Equipment			Prior Years Profits / (Losses)	Net Profit for the Period	
1 January 2024		5,321,654	19,068,093	6,685,067	(2,409)	7,188,019	(38,181)	1,882,550	40,167,457	30,645,232	110,917,482
Transfers from Retained Earnings		-	-	-	-	-	-	26,481,417	4,163,815	(30,645,232)	-
Total Comprehensive Income		-	-	-	-	-	(29,715)	-	-	18,529,464	18,499,749
Transactions with Non-controlling Interest Shareholders		119,329	34,911	5,870,249	-	-	-	-	-	-	6,024,489
30 June 2024		5,440,983	19,103,004	12,555,316	(2,409)	7,188,019	(67,896)	28,363,967	44,331,272	18,529,464	135,441,720
1 January 2025	16	43,815,615	15,964,153	16,069,769	(33,280)	7,187,966	(55,940)	21,366,259	15,392,452	21,327,254	141,034,248
Transfers from Retained Earnings (*)	16	-	-	-	-	-	-	-	21,327,254	(21,327,254)	-
Total Comprehensive Income		-	-	-	-	-	2,546	-	-	(8,836,549)	(8,834,003)
Decrease Due to Share Repurchase Transactions	16	-	-	-	(281,970)	-	-	-	(1,149,443)	-	(1,431,413)
30 June 2025	16	43,815,615	15,964,153	16,069,769	(315,250)	7,187,966	(53,394)	21,366,259	35,570,263	(8,836,549)	130,768,832

Shares amounting to TL 88,360 issued within the scope of the allocated increase of the Group's issued capital from TL 5,321,654 to TL 5,410,014 were sold to Erdemoğlu Holding A.Ş., the controlling shareholder of the Group, through the allocated sale method on the Borsa Istanbul share market on 24 May 2024 and the capital increase transactions were completed. The application for the amendment of the articles of association within the scope of the decision to increase the Group's issued capital of TL 5,410,014 to TL 43,280,113 with an increase of TL 37,870,099 to be fully covered from internal resources and to give 700% bonus shares to each share held by the shareholders was approved by the Capital Markets Board and registered by Adana Trade Registry Office and announced in the Turkish Trade Registry Gazette dated 23 August 2024 and numbered 11150.

All of the contingent convertible bonds with a nominal amount of TL 3,547,704 issued and sold by Sasa, a Group company, on 22 January 2024 were redeemed by converting them into shares at a conversion price of TL 6,625. The application made to the Capital Markets Board for the amendment of the articles of association in accordance with the board of directors decision taken within the scope of increasing the issued capital of the Group from TL 43,280,113 to TL 43,815,615 after the conversion to shares was approved on 20 December 2024 and registered by Adana Trade Registry Office on 23 December 2024 and announced in the Turkish Trade Registry Gazette dated 23 December 2024 and numbered 1845.

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

SASA POLYESTER SANAYİ A.Ş. AND ITS SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD 30 JUNE 2025 AND 2024

(Amounts expressed in thousand TL based on the purchasing power of Turkish Liras as of 30 June 2025, unless otherwise stated.)

		Reviewed Current Period	Reviewed Prior Period
	Notes	1 January - 30 June 2025	1 January - 30 June 2024
Cash Flows from Operating Activities:			
Continuing Activities Period (Loss) / Profit Before Tax		(11,593,643)	16,842,109
Adjustments Related to Reconciliation of Net Profit /(Loss) for the Period		4,620,762	(2,580,549)
Adjustments for Depreciation and Amortization	10.11	2,180,927	1,048,920
Adjustments Related to Interest Income/Expense		7,337,017	3,968,132
Adjustments Related to Interest Expenses	4.23	7,468,448	4,031,146
Adjustments Related to Interest Income	22	(131,431)	(63,014)
Adjustments Related to Loss (Gain) on Disposal of Property, Plant and Equipment		69,839	(5,083)
Adjustments Related to Loss (Gain) on Disposal of Property, Plant and Equipment	21	69,839	(5,083)
Adjustments Related to Provisions		146,925	201,030
Adjustments Related to Provision for Employee Benefits	14	146,925	201,030
Adjustments Related to Provision for Litigation	12	(3,544)	3,995
Adjustments for Unrealized Foreign Exchange Differences		24,679,121	6,414,028
Monetary Gain		(29,789,523)	(14,211,571)
Changes in Working Capital:		20,948,313	6,598,780
Adjustments Related to (Increase)/ Decrease in Trade Receivables		(7,859,247)	3,754,771
(Increase)/Decrease in Trade Receivables from Third Parties		(7,307,679)	3,636,228
(Increase)/Decrease in Trade Receivables from Related Parties		(551,568)	118,543
Adjustments Related to Increase in Other Receivables Related to Operations		(70,942)	(11,348)
Increase in Other Receivables		(70,942)	(11,348)
Adjustments for Decrease/(Increase) in Inventories		1,994,417	(1,589,975)
Adjustments for Decrease/(Increase) in Prepaid Expenses		1,638,032	(963,575)
Adjustments for Decrease/(Increase) in Other Current Assets		86,299	(288,565)
Adjustments Related to Increase in Trade Payables to Third Parties		12,336,331	5,464,392
Adjustments Related to Increase in Other Payables		5,642,606	-
Adjustments Related to Increase in Deferred Income		6,954,364	114,342
Adjustments Related to Increase in Employee Benefit Payables		226,453	118,738
Cash Flows Generated from Operating Activities:		13,975,432	20,860,340
Payments for Provision Related to Employee Benefits	14	(17,661)	(35,650)
Net Cash Generated from Operating Activities		13,957,771	20,824,690
Cash Flows Used in Investing Activities:			
Cash Outflows from Acquisition of Tangible and Intangible Assets	10.11	(12,807,959)	(24,557,537)
Cash Outflows from Acquisition of Tangible and Intangible Assets	10.11	(12,807,959)	(24,557,537)
Cash Inflows from Sale of Tangible and Intangible Assets	10.11.21	1,933	20,585
Cash Inflows from Sale of Tangible Assets	10.11.21	1,933	20,585
Interest Received	22	131,431	63,014
Net Cash Used in Investing Activities		(12,674,595)	(24,473,938)
Cash Flows from Financing Activities:			
Cash Inflows from Borrowings	4	33,686,542	38,016,593
Cash Inflows from Loans	4	33,686,542	38,016,593
Cash Outflows Related to Debt Payments	4	(29,644,360)	(28,762,960)
Cash Outflows Related to Loan Repayments	4	(29,630,345)	(28,641,539)
Cash Outflows Related to Repayment of Finance Lease Liabilities	4	(14,015)	(121,421)
Interest Paid	4	(3,452,023)	(3,968,945)
Net change related to increase in other payables to related parties	27	665,801	(6,283,652)
Cash Outflows Related to the Acquisition of Own Shares and Other Equity Instruments	16	(1,431,413)	-
Net Cash Used in from Financing Activities		(175,453)	(998,964)
NET CHANGE IN CASH AND CASH EQUIVALENTS		1,107,723	(4,648,212)
NET EFFECT OF MONETARY GAIN			
ON CASH AND ACASH EQUIVALENTS		(366,300)	(1,757,459)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	3	2,563,133	8,862,730
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	3	3,304,556	2,457,059

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

SASA POLYESTER SANAYİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2025

(Amounts expressed in thousand TL based on the purchasing power of Turkish Liras as of 30 June 2025, unless otherwise stated.)

NOTE 1 – ORGANIZATION AND OPERATIONS OF THE GROUP

Sasa Polyester Sanayi A.Ş. (“the Company”) was incorporated on 8 November 1966 in Adana. The Group is mainly engaged in the production and marketing of polyester fiber, yarns and related products and polyester chips. The Group is a subsidiary of Erdemoğlu Holding A.Ş. (“Erdemoğlu Holding”). The Group is controlled by Erdemoğlu Holding. Shares of Sasa Polyester Sanayi A.Ş. are quoted on the BIST 30 index of Borsa Istanbul A.Ş.

The address of the registered office is:

Sarıhamzalı Mahallesi Turhan Cemal Beriker Bulvarı No:559 Seyhan/Adana.

As of 30 June 2025, number of employees of the Company is 3,941 (31 December 2024: 3,804).

Subsidiaries

The Company has founded its subsidiary, Sasa Dış Ticaret A.Ş. (“the Subsidiary”), with TL 2,000 paid in capital owning 100% of shares in accordance with the Board of Directors decision numbered 24 and dated 27 August 2015, in order to gain an effective structure to the Company's export operations.

The Company established its subsidiary Sasa Uluslararası Finansal Yatırım A.Ş. (“the Subsidiary”) with a capital of TL 20,000 in accordance with the decision of the Board of Directors dated 8 November 2022 and numbered 55, in order to provide an effective structure for the Company's activities to access financial resources. The Company owns 100% of Sasa Uluslararası Finansal Yatırım A.Ş. As at the balance sheet date, the Subsidiary has not yet commenced its operations.

Sasa and its subsidiaries, together will be referred to as “the Group”.

Approval of Consolidated Financial Statements

The consolidated financial statements are authorized for issue by the resolution of the Board of Directors dated 19 August 2025. The General Assembly is authorized to amend the consolidated financial statements.

NOTE 2 - BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

2.1 Basis of Presentation

Statement of Compliance to TFRS

The Group's summary consolidated financial statements are prepared in accordance with the provisions of the “Communication on the Principles of Financial Reporting in the Capital Market” (Series II, No. 14.1) published in the Official Gazette dated June 13, 2013 and numbered 28676 (the “Regulation”) and are prepared in accordance with the Turkish Financial Reporting Standards (‘TFRS’) and related supplements and interpretations published by the Public Oversight Accounting and Auditing Standards Authority (‘KGG’) in line with international standards. TFRS is updated through circulars to ensure consistency with changes in International Financial Reporting Standards (‘IFRS’).

The interim summary consolidated financial statements have been presented in accordance with the formats specified in the “Announcement on TFRS Taxonomy” published by the KGG on July 3, 2024, and the Financial Statement Examples and User Guide published by the SPK.

The Group has prepared its summary consolidated financial statements for the interim period ending June 30, 2025 in accordance with TAS 34 Interim Financial Reporting. The interim summary consolidated financial statements do not include all the information required to be included in the annual financial statements and should be read in conjunction with the Group's annual financial statements prepared as of December 31, 2024.

SASA POLYESTER SANAYİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2025

(Amounts expressed in thousand TL based on the purchasing power of Turkish Liras as of 30 June 2025, unless otherwise stated.)

NOTE 2 - BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.1 Basis of Presentation (cont'd)

Statement of Compliance to TFRS (cont'd)

The financial statements are prepared on the historical cost basis, except for the revaluation of land, in which case the historical cost is generally based on the fair value of the consideration paid for the assets.

Currency Used

The individual financial statements of each Group entity are presented in the currency of the primary economic environment in which the entity operates. The results and financial position of each entity are expressed in TL, which is the functional currency of the Group, and the presentation currency for the consolidated financial statements.

Going Concern

Some of the Group's loan agreements contain covenants that must be complied with. As of 30 June 2025, according to these covenants, performance criterion has not been met. Thus, long term borrowings amounting to EUR 575,704 thousand (TL 26,880,354 thousand) are reclassified to short term borrowings. As a result of this reclassification, as of June 30, 2025, current liabilities exceed current assets by TL 73,797,343. In addition, as of June 30, 2025, the Group's net loss for the period is TL 8,836,549 thousand.

The consolidated financial statements are prepared on a going concern basis, with the assumption that the Group will benefit from its assets and fulfill its obligations in the next year and in the natural course of its activities. Management's plans in this regard are described below:

The Group Management is in negotiations with the banks regarding the related loans classified as short-term borrowings. The Group management foresees the continuity of operational profitability according to the business plans. The Group expects an increase in EBITDA and cash generation performance compared to previous periods with the effect of the increase in production and sales volume with the commissioning of new investments.

The Group's liquidity management ensures the Group's ability to meet its payment obligations at any time. Liquidity planning provides information on all cash flows arising from operating and financial activities within the planning framework. The Group obtained loans amounting to TL 3,502,589 thousand in July and August 2025 to finance its financial and operational activities and capital expenditures. The resulting financial requirements are met through the use of appropriate instruments for the liquidity method, such as new bank loans, the existence of existing credit lines and guarantees provided by shareholders.

Basis of Consolidation

As of 30 June 2025 and 2024, the details of the Company's subsidiaries are as follows:

	30 June 2025	31 December 2024
Sasa Dış Ticaret A.Ş.	100%	100%
Sasa Uluslararası Finansal Yatırım A.Ş.	100%	100%

SASA POLYESTER SANAYİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2025

(Amounts expressed in thousand TL based on the purchasing power of Turkish Liras as of 30 June 2025, unless otherwise stated.)

NOTE 2 - BASIS OF PRESENTATION OF THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.1 Basis of Presentation (cont'd)

Basis of Consolidation (cont'd)

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee,
- is exposed, or has rights, to variable returns from its involvement with the investee; and has the ability to use its power to affect its returns.

The Company reassesses whether it controls an investee if facts and circumstances indicate changes in one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

When necessary, accounting policies have been adjusted in the financial statements of subsidiaries in order to match the accounting policies followed by the Group, and all intragroup assets and liabilities, equity, income and expenses and cash flows from transactions between Group companies are eliminated on consolidation.

Restatement of financial statements in hyperinflationary economies

In accordance with the CMB's decision dated December 28, 2023 and numbered 81/1820, issuers and capital market institutions subject to financial reporting regulations applying Turkish Accounting/Financial Reporting Standards are required to apply inflation accounting by applying the provisions of TAS 29 "Financial Reporting in Hyperinflationary Economies" starting from their annual financial reports for the accounting periods ending on December 31, 2023.

The Group has prepared its consolidated financial statements as at and for the period ended June 30, 2025 by applying TAS 29 in accordance with the aforementioned CMB resolution, the announcement made by POA on November 23, 2023 and the "Guidance on Financial Reporting in Hyperinflationary Economies".

Under this standard, financial statements prepared in the currency of a hyperinflationary economy must be prepared in the purchasing power of that currency at the balance sheet date, and prior period financial statements must be restated in terms of the current measurement unit at the end of the reporting period. Therefore, the Group presented its consolidated financial statements as of June 30, 2024, and December 31, 2024, based on the purchasing power basis as of June 30, 2025.

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(Amounts expressed in thousand TL based on the purchasing power of Turkish Liras as of 30 June 2025, unless otherwise stated.)

NOTE 2 - BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.1 Basis of Presentation (cont'd)

Restatement of financial statements during periods of high inflation (cont'd)

The restatements in accordance with TAS 29 have been made using the adjustment factor derived from the Consumer Price Index ("CPI") in Turkey published by the Turkish Statistical Institute ("TURKSTAT"). As of June 30, 2025, the indices and adjustment factors used in the restatement of the interim condensed consolidated financial statements are as follows:

Date	Index	Adjustment coefficient	Three-year cumulative inflation rates
30 June 2025	3,132.17	1.00000	220%
31 December 2024	2,684.55	1.16674	291%
30 June 2024	2,319.29	1.35049	324%

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

- The accompanying condensed consolidated financial statements in TL are expressed in terms of the purchasing power at the balance sheet date and the amounts for previous reporting periods have been restated in accordance with the purchasing power at the end of the reporting period.
- Monetary assets and liabilities are not adjusted because they are currently expressed in terms of their current purchasing power at the balance sheet date. If the inflation-adjusted value of non-monetary items exceeds the recoverable amount or net realizable value, the provisions of IAS 36 Impairment of Assets and IAS 2 Inventories are applied, respectively.
- Non-monetary assets, liabilities and equity items that are not expressed in the current purchasing power at the balance sheet date are restated by applying the relevant conversion factors.
- All items in the statement of comprehensive income, except for the non-monetary items in the statement of financial position that have an impact on the statement of comprehensive income, have been restated by applying the same conversion factors as when the income and expense accounts were initially recognized in the financial statements.
- The effect of inflation on the Group's net monetary asset position in the current period is recognized in the gain/(loss) on net monetary position in the consolidated statement of income (Note 29).

2.2 Offsetting

Financial assets and liabilities are shown in the balance sheet at their net value if there is a legal right to set them off, if net payment or collection is possible, or if the acquisition of the asset and the fulfillment of the liability can occur simultaneously.

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(Amounts expressed in thousand TL based on the purchasing power of Turkish Liras as of 30 June 2025, unless otherwise stated.)

NOTE 2 - BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.3 New and Amended Turkish Financial Reporting Standards

The accounting policies used in the preparation of the consolidated financial statements for the accounting period ending as of 31 December 2025 have been applied consistently with those used in the previous year, except for the new and amended TFRS and TFRS interpretations effective as of 1 January 2025, which are summarized below. The effects of these standards and interpretations on the Group's financial position and performance are explained in the relevant paragraphs.

a) The new standards, amendments and interpretations effective from 1 January 2025

- Amendments to IAS 21 - Non-exchangeability

The standard in question, amendments and interpretations did not have an impact on the consolidated financial position and performance of the Group.

b) New Standards issued but not yet effective and not early adopted:

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

- Amendments to TFRS 10 and TAS 28: Sales or Contributions of Assets by an Investor to its Associate or Joint Venture

The standards, amendments and interpretations did not have an impact on the consolidated financial position and performance of the Group.

- TFRS 17 - New Insurance Contracts Standard;

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

- Amendments to TFRS 9 and TFRS 7 - Classification and Measurement of Financial Instruments:

The effects of the standard on the Group's financial position and performance are being evaluated.

- Amendments to TFRS 9 and TFRS 7 – Contracts Based on Nature-Based Electricity

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

- TFRS 18 - Presentation and Disclosures in New Financial Statements:

The effects of the standard on the Group's financial position and performance are being evaluated.

- IFRS 19 – Subsidiaries that do not have New Public Accountability: Disclosure Standard

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

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(Amounts expressed in thousand TL based on the purchasing power of Turkish Liras as of 30 June 2025, unless otherwise stated.)

NOTE 2 - BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.3 New and Amended Turkish Financial Reporting Standards (cont'd)

c) Amendments issued by the International Accounting Standards Board (IASB) but not issued by POA:

The following Annual Improvements to IFRS Accounting Standards are issued by the IASB but not yet adapted/issued by POA. Therefore, they do not form part of TFRS. The Group will make the necessary changes to its consolidated financial statements after the new standards and amendments are issued and become effective under TFRS.

- Annual Improvements to IFRS Accounting Standards - Amendment 11

The possible effects of these standards, changes and improvements on the Group's financial position and performance are being evaluated.

2.4 Changes in Accounting Policies and Estimates and Errors

The accounting policy changes arising from the first-time application of a new standard are applied retrospectively or prospectively in accordance with the transitional provisions, if any. The changes that take place of any transitional provision, significant changes made optional in accounting policies or determined accounting errors are applied retrospectively by restating prior period financial statements. If changes in accounting estimates are related to only one period, they are applied both in the current period when the amendment is made and for the future periods, both in the current period and in the future.

2.5 Summary of Significant Accounting Policies

The condensed consolidated financial statements for the interim period ending June 30, 2025 have been prepared in accordance with TAS 34 for the preparation of interim financial statements. The significant accounting policies used in the preparation of the condensed consolidated financial statements are consistent with those described in detail in the consolidated financial statements as of December 31, 2024. Accordingly, the condensed consolidated financial statements should be read in conjunction with the financial statements for the year ended December 31, 2024.

SASA POLYESTER SANAYİ A.Ş. AND ITS SUBSIDIARIES**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
AS OF 30 JUNE 2025**

(Amounts expressed in thousand TL based on the purchasing power of Turkish Liras as of 30 June 2025, unless otherwise stated.)

NOTE 3 – CASH AND CASH EQUIVALENTS

	<u>30 June 2025</u>	<u>31 December 2024</u>
Cash	1,687	195
Cash at Banks	3,302,869	2,562,938
-Demand Deposit	3,232,869	1,666,878
-Time Deposit	70,000	896,060
	3,304,556	2,563,133

As of 30 June 2025, the details of the Group's time deposits are as follows (31 December 2024: TL 896,060 maturity date 10 January 2025, interest rate 48%):

<u>Currency</u>	<u>Interest Rate (%)</u>	<u>Maturity</u>	<u>30 June 2025</u>
TL	45.50	1 July 2025	60,000
TL	48.00	1 July 2025	10,000

<u>Currency</u>	<u>Interest Rate (%)</u>	<u>Maturity</u>	<u>31 December 2024</u>
TL	48.00	10 January 2025	896,060

As of 30 June 2025, the Group does not have any blocked deposits with a maturity longer than 3 months. (31 December 2024: None.)

NOTE 4 – FINANCIAL INSTRUMENTS**Financial Borrowings****Short-Term Financial Borrowings**

	<u>30 June 2025</u>	<u>31 December 2024</u>
Short-term bank loans	66,579,635	33,408,477
Short-term portions of long-term borrowings	19,045,725	13,549,011
Lease liabilities	60,042	84,559
	85,685,402	47,042,047

Long-Term Financial Borrowings

	<u>30 June 2025</u>	<u>31 December 2024</u>
Long-term bank loans	35,105,658	63,200,213
Lease liabilities	127,795	145,418
	35,233,453	63,345,631
	120,918,855	110,387,678

SASA POLYESTER SANAYİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2025

(Amounts expressed in thousand TL based on the purchasing power of Turkish Liras as of 30 June 2025, unless otherwise stated.)

NOTE 4 – FINANCIAL INSTRUMENTS (cont'd)

Financial Borrowings (cont'd)

a) Bank loans

As of 30 June 2025 and 31 December 2024, bank loans and interest accruals related to these loans are as follows:

Principal Original Currency	30 June 2025			31 December 2024		
	Weighted average effective interest rate (%)	Original amount (*)	TL	Weighted average effective interest rate (%)	Original amount (*)	TL
TL	25.18	-	4,942,847	22.72	-	4,090,051
US Dollar	8.31	372,938	14,820,855	8.49	636,612	26,252,110
Euro	5.92	2,111,163	98,395,818	5.93	1,804,504	77,483,634
			118,159,520			107,825,795
Interest accrues						
TL	-	-	169,326	-	-	164,428
US Dollar	-	19,539	776,495	-	19,793	816,195
Euro	-	40,907	1,625,677	-	31,470	1,351,283
			120,731,018			110,157,701

(*) Amounts are expressed in EUR 1,000 and USD 1,000.

The repayment schedule of the bank loans as follows:

	<u>30 June 2025</u>	<u>31 December 2024</u>
Within 1 year	85,625,360	46,957,488
Within 1–2 years	6,799,431	24,631,421
Within 2–3 years	10,573,266	9,848,415
Within 3–4 years	8,621,439	8,383,558
Within 4–5 years	5,337,677	6,917,695
5 years and longer	3,773,845	13,419,124
	120,731,018	110,157,701

As of June 30, 2025, the Group has loans amounting to EUR 575,704 thousand (TL 26,880,354 thousand) with conditions to be met. In this context, as of June 30, 2025, long-term borrowings amounting to EUR 426,028 thousand (TL 19,890,861 thousand) as net financial debt/EBITDA cannot be met, EUR 89,846 thousand (TL 4,195,580 thousand) as leverage ratio, debt service coverage ratio and current ratio cannot be met and EUR 59,830 thousand (TL 2,793,913 thousand) as net financial debt/EBITDA, current ratio and debt service coverage ratio cannot be met are presented under short-term financial liabilities.

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NOTE 4 – FINANCIAL INSTRUMENTS (cont'd)

Financial Borrowings (cont'd)

b) Lease liabilities

Distribution of lease liabilities	<u>30 June 2025</u>	<u>31 December 2024</u>
Short-term	60,042	84,559
Long-term	127,795	145,418
	187,837	229,977
Maturity distribution:	<u>30 June 2025</u>	<u>31 December 2024</u>
Within 1 year	60,042	84,559
Within 1–2 years	62,576	56,370
Within 2–3 years	65,219	58,749
Within 3–4 years	-	30,299
	187,837	229,977

The leases relate to the purchase of production equipment with a lease term of 4-5 years. The Group's liabilities regarding financial leasing are secured by the lessor's ownership right on the leased asset. On the contract date, interest rates for financial leasing transactions are fixed for the entire lease period. Average effective contract interest rate is approximately 5.46% annually (2024: 5.44%). Lease contracts currency is Euro.

Cash and non-cash changes in the Group's liabilities arising from financing activities are presented in the table below. Liabilities from financing activities represent cash flows that have been or will be reclassified as cash flows from financing activities in the Group's consolidated statement of cash flows.

	<u>30 June 2025</u>	<u>31 December 2024</u>
Opening balance	110,387,678	110,058,434
Interest expense	7,468,448	4,031,136
Interest paid	(3,452,023)	(3,968,945)
Exchange rate difference	24,679,121	6,414,028
Capitalized borrowing costs (Note 10)	-	3,291,872
Payments for lease liabilities	(14,015)	(121,421)
New loans received	33,686,542	38,016,593
Repayments of loans	(29,630,345)	(28,641,539)
Cash inflows from debt instruments issued	-	4,791,127
Monetary gain	(22,206,551)	(23,166,403)
Closing balance	120,918,855	110,704,882

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2025

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NOTE 5 - TRADE RECEIVABLES AND PAYABLES

Trade Receivables

	<u>30 June 2025</u>	<u>31 December 2024</u>
Trade receivables (*)	5,732,000	6,123,027
Checks received (**)	2,933,280	3,829,961
Provision for doubtful receivables	(8,376)	(9,773)
	8,656,904	9,943,215
Receivables from related parties (Note 27)	633,675	82,107
	9,290,579	10,025,322

(*) As of 30 June 2025, trade receivables are discounted by using monthly 4.42% for TL, 0.77% for US Dollar, 0.60% for Euro (As of 31 December 2024: 4.46% for TL, 0.69% for US Dollar, 0.49% for Euro).

(**) Notes received constitute the notes obtained from customers and kept in a portfolio as a result of trade activities and consist of TL 1,823,719 with maturities of less than three months (31 December 2024: TL 2,288,780).

The table of trade receivables that are past due but not impaired is as follows.

Overdue period	<u>30 June 2025</u>	<u>31 December 2024</u>
Up to 1 month	1,763,971	1,424,272
1 - 3 months	84,125	541,482
More than 3 months	31,568	249,374
	1,879,664	2,215,128

As of 30 June 2025 and 31 December 2024, no provision for receivables has been recognized in these consolidated financial statements due to the existence of direct debit system, bank guarantees, mortgages and customer checks as collaterals for receivables that are past due but not impaired.

The analysis of overdue receivables and provision for doubtful receivables is follows:

Overdue period	<u>30 June 2025</u>	<u>31 December 2024</u>
Over 6 months	8,376	9,773
	8,376	9,773

The Group measures impairment for trade receivables based on lifetime expected credit losses. Expected credit losses on trade receivables are estimated using an allowance matrix that is constructed by analyzing customers' past default history, analyzing their current financial position and considering the general economic conditions of the industry in which the customer operates and the conditions at the reporting date. The Group provides 100% allowance for uncollateralized receivables that are 6 months or more past due based on historical experience of uncollectibility risk.

SASA POLYESTER SANAYİ A.Ş. AND ITS SUBSIDIARIES**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
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NOTE 5 - TRADE RECEIVABLES AND PAYABLES (cont'd)**Trade Receivables (cont'd)**

	1 January – 30 June 2025	1 January – 30 June 2024
Balances as of 1 January	(9,773)	(14,271)
Provision for the period	-	(1,353)
Monetary gain	1,397-	3,898
Balances as of 30 June	(8,376)	(11,726)

Trade Payables (Short-term)

	<u>30 June 2025</u>	<u>31 December 2024</u>
Trade payables (*)	12,234,321	8,831,911
	12,234,321	8,831,911

Trade Payables (Long-term)

	<u>30 June 2025</u>	<u>31 December 2024</u>
Trade payables	1,658,850	2,061,859
	1,658,850	2,061,859

(*) As of 30 June 2025, trade payables are discounted at the rates of TL 4,42%, USD 0,77%, EUR 0,60% (31 December 2024: TL 4,46%, USD 0,69%, EUR 0,49%) per month. The average maturities of trade receivables and trade payables as of 30 June 2025 are 57 days and 136 days, respectively (31 December 2024: 48 days and 138 days).

NOTE 6 – PAYABLES RELATED TO EMPLOYEE BENEFITS

	<u>30 June 2025</u>	<u>31 December 2024</u>
Social security premiums payable	138,042	131,523
Due to personnel	120,656	94,108
	258,698	225,631

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NOTE 7 – OTHER RECEIVABLES, PAYABLES AND DEFERRED INCOME**Other Current Receivables**

	<u>30 June 2025</u>	<u>31 December 2024</u>
Deposits and guaranties given	402	467
Other receivables (*)	78,136	53,135
	78.538	53,602

(*) Other receivables consist of interest VAT receivables, prepaid taxes and funds, business and service advances.

Other Payables

	<u>30 June 2025</u>	<u>31 December 2024</u>
Taxes, duties and fees payable	116,769	434,885
	116,769	434,885

Deferred Income (Short-Term)

	<u>30 June 2025</u>	<u>31 December 2024</u>
Advances received	2,748,343	857,146
Advances received from related parties (Note 27)	1,946,416	400,539
		-
	4,694,759	1,257,685

Deferred Income (Long-Term)

	<u>30 June 2025</u>	<u>31 December 2024</u>
Advances received from related parties (Note 27)	3,517,290	-
	3,517,290	-

NOTE 8 – INVENTORIES

	<u>30 June 2025</u>	<u>31 December 2024</u>
Raw materials	7,741,026	8,232,930
Semi – finished goods	3,112,304	142,029
Finished goods	512,136	3,961,103
Other inventories	160,376	146,461
Spare parts	405,476	323,829
Goods in transit (*)	1,461,555	2,580,938
	13,392,873	15,387,290

(*) This amount consists of raw material purchases that are in transit as of the reporting period.

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NOTE 9 - PREPAID EXPENSES**Prepaid Expenses (Short-Term)**

	<u>30 June 2025</u>	<u>31 December 2024</u>
Prepaid insurance expenses	467,779	956,725
Other prepaid expenses	506,052	591,942
	<u>973,831</u>	<u>1,548,667</u>

Prepaid Expenses (Long-Term)

	<u>30 June 2025</u>	<u>31 December 2024</u>
Given advances for fixed assets (*)	3,108,416	4,171,612
	<u>3,108,416</u>	<u>4,171,612</u>

(*) The balance consists of the advance payments made by the Group for the fixed assets purchases related to its investments.

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2025

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NOTE 10 - PROPERTY, PLANT AND EQUIPMENT

The movement of property, plant and equipment and related accumulated depreciation for the accounting periods ended 30 June 2025 and 2024 are as follows:

	1 January 2025	Additions	Transfers	Disposals	30 June 2025
Cost					
Land	21,618,431	47,451	488,380	-	22,154,262
Land improvements	337,623	-	3,860	(3,334)	338,149
Buildings	6,388,366	15,458	33,228,890	(17,512)	39,615,202
Machinery, plant and equipment	42,262,354	49,225	63,785,089	(192,675)	105,903,993
Vehicles	197,179	174	11,950	-	209,303
Furniture and fixtures	544,526	11,155	301,351	(4,892)	852,140
Construction in progress (*)	120,392,777	12,684,496	(98,705,711)	-	34,371,562
	191,741,256	12,807,959	(886,191)	(218,413)	203,444,611
Accumulated depreciation					
Land improvements	230,758	7,659	-	(3,027)	235,390
Buildings	2,397,857	435,667	-	(15,902)	2,817,622
Machinery, plant and equipment	16,491,445	1,579,273	-	(125,624)	17,945,094
Vehicles	152,294	14,270	-	-	166,564
Furniture and fixtures	313,450	38,695	-	(2,088)	350,057
	19,585,804	2,075,564	-	(146,641)	21,514,727
Net book value	172,155,452				181,929,884

(*) For the period ended 30 June 2025, there is no borrowing cost capitalized in construction in progress (30 June 2024: TL 3,291,872) (Note 4). As of 30 June 2025, the Group has pledged machinery amounting to TL 85,324,227 on its property, plant and equipment (31 December 2024: TL 67,433,160) (Note 13).

SASA POLYESTER SANAYİ A.Ş. AND ITS SUBSIDIARIES**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2025**

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NOTE 10 – PROPERTY, PLANT AND EQUIPMENT (cont'd)

	1 January 2024	Additions	Transfers	Disposals	30 June 2024
Cost					
Land	21,340,501	1,870,167	-	-	23,210,668
Land improvements	306,596	29,751	-	-	336,347
Buildings	6,355,363	25,500	(8,120)	(58)	6,372,685
Machinery, plant and equipment	42,287,134	84,736	8,120	(14,041)	42,365,949
Vehicles	192,757	-	-	(1)	192,756
Furniture and fixtures	525,451	-	-	(1,437)	524,014
Construction in progress (*)	87,156,141	22,540,876	-	-	109,697,017
	158,163,943	24,551,030	-	(15,537)	182,699,436
Accumulated depreciation					
Land improvements	218,886	2,941	-	-	221,827
Buildings	2,188,149	103,263	-	-	2,291,412
Machinery, plant and equipment	14,843,525	847,069	-	(31)	15,690,563
Vehicles	128,602	12,722	-	-	141,324
Furniture and fixtures	257,946	28,335	-	(4)	286,277
	17,637,108	994,330	-	(35)	18,631,403
Net book value	140,526,835				164,068,033

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NOT 10 – PROPERTY, PLANT AND EQUIPMENT (cont'd)

Fair value measurement of the Group's freehold lands

The freehold lands owned by the Group are stated at their revalued amount as of balance sheet date. The fair value of the lands owned by the Group was determined by İdeal Gayrimenkul Değerleme ve Danışmanlık A.Ş., a valuation company independent from the Group, as of 29 September 2023. İdeal Gayrimenkul Değerleme ve Danışmanlık A.Ş. is authorized by the CMB and provides real estate valuation services in accordance with the capital market legislation and has sufficient experience and qualifications in measuring the fair value of real estates in the relevant regions. The fair value of the freehold land was determined based on the market comparable approach that reflects recent transaction prices for similar properties.

Details of the Group's freehold lands and information about the fair value hierarchy as of 30 June 2025 are as follows:

There were no transfers between levels during the period.

Movement of lands which is revalued in Level 3 is as follows:

	1 January – 30 June 2025	1 January – 30 June 2024
Opening balance	21,618,431	21,340,501
Additions	535,831	1,870,167
Fair value increase	-	-
- <i>Recognized in equity</i>	-	-
Closing balance	22,154,262	23,210,668

If the land and plots were presented according to the cost method, the amounts would be as follows:

	<u>30 June 2025</u>	<u>30 June 2024</u>
Land	5,248,711	4,131,747
	<u>5,248,711</u>	<u>4,131,747</u>

As of June 30, 2025 and 2024, total depreciation and amortization expense (property, plant and equipment and intangible assets) and the related income statement accounts are as follows:

	<u>1 January - 30 June 2025</u>	<u>1 January - 30 June 2024</u>
Production cost (Note: 17)	2,116,956	999,601
General administrative expenses (Note: 18)	39,013	28,453
Marketing, selling and distribution expenses (Note: 18)	19,887	16,052
Research expenses (Note: 18)	5,071	4,814
	<u>2,180,927</u>	<u>1,048,920</u>

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NOTE 11 – INTANGIBLE ASSETS

The movement of intangible assets and related accumulated amortization for the periods ended 30 June 2025 and 2024 is as follows:

	1 January 2025	Additions	Transfers (*)	30 June 2025
Cost				
Software and development costs	1,104,797	-	886,191	1,990,988
	1,104,797	-	886,191	1,990,988
Accumulated amortization				
Software and development costs	434,683	105,363	-	540,046
	434,683	105,363	-	540,046
Net book value	670,114			1,450,942

(*) The related amount has been transferred from construction in progress after capitalization.

	1 January 2024	Additions	Transfers	30 June 2024
Cost				
Software and development costs	964,673	6,507	-	971,180
	964,673	6,507	-	971,180
Accumulated amortization				
Software and development costs	361,503	54,590	-	416,093
	361,503	54,590	-	416,093
Net book value	603,170			555,087

The income statement accounts related to the total amortization for the accounting periods ending on 30 June 2025 and 2024 are given in Note 10.

NOTE 12 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

Provision for Litigation

	<u>30 June 2025</u>	<u>31 December 2024</u>
Provision for litigation (*)	23,319	28,038
	23,319	28,038

(*) The related expense provision includes the probable expenses related to the lawsuits filed against the Group by the employees whose employment contracts have been terminated due to the changes in the work organization and the lawsuits filed against the Group for reinstatement and other receivable lawsuits. These lawsuits have not been finalized as of the report date.

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NOTE 12 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (cont'd)

As of 30 June 2025 and 2024, the movement tables of the provision for litigation are as follows:

	1 January – 30 June 2025	1 January – 30 June 2024
Balances as of 1 January	28,038	10,803
Provision for the period	260	4,122
Provision written-off within the period	(3,804)	(127)
Monetary gain	(1,175)	(2,143)
Balances on 30 June	23,319	12,655

NOTE 13 – COMMITMENTS

As of 30 June 2025 and 31 December 2024, the total of commitments was not included in the liabilities:

Commitments based on export incentive certificates

	<u>30 June 2025</u>	<u>31 December 2024</u>
Total amount of export commitment of certificates	98,820,132	103,620,273
Total amount of export commitment of documents which are presently fulfilled but closing transactions are not concluded yet	25,676,592	15,556,384
Total export commitment of open documents registered in the document	73,143,540	88,063,888
Open export incentives	50,392,472	59,028,456
	<u>30 June 2025</u>	<u>31 December 2024</u>
Open Letter of Credits	2,907,947	2,731,678

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NOTE 13 – COMMITMENTS (cont'd)

Collaterals, pledges and mortgages (CPM) given by the Group

	30 June 2025				31 December 2024			
	TL Equivalent	TL	US Dollar	Euro	TL Equivalent	TL	US Dollar	Euro
A. Total CPMs given for Company's Own Legal Entity (*)	95,171,159	5,127,308	35,374	1,898,331	95,442,913	4,846,578	71,468	1,879,387
B. Total CPMs Given on Behalf of Fully Consolidated Companies	-	-	-	-	-	-	-	-
C. CPMs Given in the Normal Course of Business Activities on Behalf of Third Parties	-	-	-	-	-	-	-	-
D. Total Amount of Other CPMs								
- Total Amount of CPMs Given on Behalf of the Parent	-	-	-	-	-	-	-	-
- Total Amount of CPMs Given to on Behalf of Other Group Companies Which are Not in Scope of B and C	-	-	-	-	-	-	-	-
- Total Amount of CPMs Given to on Behalf of Third Parties Which are Not in Scope of C	-	-	-	-	-	-	-	-
Total CPM	95,171,159	5,127,308	35,374	1,898,331	95,442,913	4,846,578	71,468	1,879,387

(*) The amounts are expressed in EUR 1,000 and US Dollar 1,000.

Collaterals mainly consist of guarantees given to suppliers in relation to bank loans used for investments. In addition, there is a pledge of machinery amounting to TL 85,324,227 (31 December 2024: TL 67,433,160).

As of 30 June 2025, the percentage of the other CPM's given by the Group to the total equity is 0% (31 December 2024: 0%).

Guarantees received as of 30 June 2025 and 31 December 2024 are as follows:

	<u>30 June 2025</u>	<u>31 December 2024</u>
Letters of guarantee received	2,684,419	2,827,489
	2,684,419	2,827,489

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NOTE 14 - PROVISIONS FOR EMPLOYEE BENEFITS

Provisions for long-term employee benefits

	<u>30 June 2025</u>	<u>31 December 2024</u>
Provision for employment termination benefits	287,267	232,281
Accumulated provision for unused vacation	52,669	34,983
	339,936	267,264

Provision for unused vacation

The Group grants paid annual leave to its employees on condition that they have worked for at least one year from the day they start to work, including the trial period.

Movements of accumulated provision for unused vacation as of 30 June 2025 and 2024 are as follows:

	<u>1 January – 30 June 2025</u>	<u>1 January – 30 June 2024</u>
Balances as of 1 January	34,983	43,325
Provision for the period	101,430	47,749
Provision released during the period	(78,743)	(33,056)
Monetary gain / loss	(5,001)	(8,591)
Balances on 30 June	52,669	49,427

Provision for Employment Termination Benefits

There are no agreements for pension commitments other than the legal requirement as explained below. Under Turkish Labor Law, the Group is required to pay termination benefits to each employee who has completed one year of service and whose employment is terminated due to retirement, is called up for military service, whose employment is terminated without due cause excluding 25/2 article of labor law, who has fulfilled all requirements other than necessary age limit for retirement pension-pay according to the Social Security Institution, women who ends their employment in one year due to marriage or to lawful heirs of employees who dies. As of 8 December 1999, related labor law was changed and retirement requirements made gradual.

As of 30 June 2025, the maximum amount payable consists of TL 53.92 per month for each year of service (31 December 2024: TL 46.66) is subject to the ceiling.

The provision for severance pay is not legally subject to any funding. The reserve has been calculated by estimating the present value of the future probable obligation of the Group arising from the retirement of the employees. Turkish Financial Reporting Standards require actuarial valuation methods to be developed to estimate the Group's obligation under defined benefit plans. Accordingly, following actuarial assumptions were used in the calculation of the total liability.

	<u>30 June 2025</u>	<u>30 June 2024</u>
Discount rate (%)	3.40	3.40
Retention rate to estimate probability of retirement (%)	95	98

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NOTE 14 - PROVISIONS FOR EMPLOYEE BENEFITS (con'd)

Provisions for long-term employee benefits (con'd)

Discount rate is derived upon the difference of long-term interest rates in TL and the expected inflation rate. The principal assumption is that maximum liability for each year of service will increase in line with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. The maximum amount of TL 46.66 (1 January 2024: TL 35.06), which is expected to be effective from 1 January 2025, has been taken into consideration in calculating the provision for employment termination benefits of the Group:

	1 January – 30 June 2025	1 January – 30 June 2024
Balances on 1 January	232,281	210,613
Provision for the period	124,238	186,337
Payment within the period	(17,661)	(35,650)
Actuarial loss	3,395	(39,621)
Monetary gain / loss	(54,986)	1,279
Balances on 30 June	287,267	322,958

NOTE 15 - OTHER ASSETS AND LIABILITIES

Other Current Assets

	30 June 2025	31 December 2024
VAT return receivables from export and domestic market sales (*)	930,124	973,696
VAT carried forward	1,245,424	244,257
	2,175,548	1,217,953

(*) As of 30 June 2025, the Group has completed the application process for TL 930,124 of the VAT receivable amounting to TL 552,567 and as of the report publication date, TL 351,519 of the refund application has been collected (31 December 2024: TL 231,180).

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NOTE 16 – EQUITY

Sasa Polyester Sanayi A.Ş.'s fully paid-in and issued capital consists of 4,381,561,536,080 shares (31 December 2024: 4,381,561,536,080 shares) with a nominal value of Kr 1 each. The shareholders of the Group and their shareholding percentages as of 30 June 2025 and 31 December 2024 are as follows:

	<u>30 June 2025</u>		<u>31 December 2024</u>	
	Share amount	Share percentage	Share amount	Share percentage
Erdemoğlu Holding A.Ş. (*)	24,666,631	56.30	24,792,253	56.58
Erdemoğlu Global Gayrimenkul A.Ş. (**)	7,617,529	17.39	8,817,529	20.12
Other	11,531,455	26.31	10,205,833	23.30
Share Capital	43,815,615	100	43,815,615	100
Adjustments to share capital	15,964,153		15,964,153	
Total capital	59,779,768		59,779,768	

(*) On 14 May 2025, Erdemoğlu Holding A.Ş. entered into a derivative transaction with an international financial institution regarding Sasa shares. In order to manage the associated with the derivative transaction, the Financial Institution purchased 1,200,000,000 Sasa shares, representing approximately 2.7% of Sasa's issued capital, directly from Erdemoğlu Holding at the closing price of TL 3,79.

(**) On May 14, 2025, 1,200,000,000 (one billion, one hundred million) lots, corresponding to approximately 2.7% of the capital of Sasa Polyester, from the shares of Sasa Polyester, one of the Group companies owned by Erdemoğlu Global Gayrimenkul A.Ş., whose capital is wholly owned by Erdemoğlu Holding A.Ş., were sold to Erdemoğlu Holding A.Ş. at a price of TL 3,71.

Within the scope of the debt-based transaction between Erdemoğlu Holding A.Ş. and an international investment institution located abroad, 125,621,328 shares of Sasa were transferred to the relevant investment institution on 11 June 2025 in order to fulfill the relevant part of the debt of Erdemoğlu Holding A.Ş. in accordance with the agreement subject to the relevant transaction. After the share transfer, Erdemoğlu Holding A.Ş.'s direct shareholding in Sasa was realized as 56.30%.

Shareholders' equity items of Group as of 30 June 2025 and 31 December 2024 prepared in accordance with the Communiqué No: XI-29 are as follows:

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NOTE 16 – EQUITY (Cont'd)

	30 June 2025	31 December 2024
Paid-in Capital	43,815,615	43,815,615
Adjustments to Capital (*)	15,964,153	15,964,153
Repurchased Shares (**)	(315,250)	(33,280)
Restricted Reserves Appropriated from Profit	21,366,259	21,366,259
Share Premiums	16,069,769	16,069,769
Prior Years' Profits	35,570,263	15,392,452
Defined Benefit Plans Remeasurement Losses	(53,394)	(55,940)
Gain on Revaluation of Property, Plant and Equipment	7,187,966	7,187,966
Net (Loss) Profit for the Period	(8,836,549)	21,327,254
Total equity	130,768,832	141,034,248

(*) Adjustment to share capital represents the restatement effect of cash and cash equivalent contributions to share capital restated for the effects of inflation. Adjustment to share capital is not available for any other use except to be added to share capital.

(**) Represents publicly traded shares that are repurchased by the Company.

Restricted Reserves Appropriated from Profit

The restricted reserves set aside from profits consist of the first and second legal reserves set aside in accordance with the Turkish Commercial Code. The first legal reserves are set aside at an annual rate of 5% of the last period's commercial profit until all reserves reach 20% of the historical (non-indexed for inflation) paid-in capital. The second legal reserves are set aside at an annual rate of 10% of all cash dividend distributions after the first legal reserves and dividends.

In accordance with the CMB's requirements which were effective until 1 January 2008, the amount generated from first-time application of inflation adjustments on financial statements and followed under the "accumulated loss" item was taken into consideration as a reduction in the calculation of profit distribution based on the inflation adjusted financial statements within the scope of the CMB's regulation issued on profit distribution. The related amount that was followed under the "accumulated loss" item could also be offset against the profit for the period (if any) and undistributed retained earnings and the remaining loss amount could be offset against capital reserves arising from the restatement of extraordinary reserves, legal reserves and equity items, respectively.

In addition, in accordance with the CMB's requirements which were effective until 1 January 2008, at the first time application of inflation adjustments on financial statements, equity items, namely "Capital issue premiums", "Legal reserves", "Statutory reserves", "Special reserves" and "Extraordinary reserves" were carried at nominal value in the balance sheet and restatement differences of such items were presented in equity under the "Shareholders' equity inflation restatement differences" line item in aggregate. "Shareholders' equity inflation restatement differences" related to all equity items could only be subject to the capital increase by bonus issue or loss deduction, while the carrying value of extraordinary reserves could be subject to the capital increase by bonus issue; cash profit distribution or loss offsetting.

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NOTE 16 – EQUITY (Cont'd)

Restricted Reserves Appropriated from Profit (cont'd)

In accordance with the Communiqué No: XI-29 and related announcements of CMB, effective from 1 January 2008, “Share capital”, “Restricted Reserves Appropriated from Profit” and “Share Premiums” shall be carried at their statutory amounts. The valuation differences (such as differences arising from inflation adjustments) shall be disclosed as follows:

- If the difference is arising due to the inflation adjustment of “Paid-in capital” and not yet been transferred to capital should be classified under the “Inflation adjustment to share capital”.
- If the difference is due to the inflation adjustment of “Restricted reserves appropriated from profit” and “Share premium” and the amount has not been utilized in dividend distribution or capital increase yet, it shall be classified under “Prior years’ profits / losses”. Other equity items are presented at amounts that are valued under Turkish Accounting Standards.

There is no other usage other than the addition of capital adjustment differences to the capital.

Dividend Distribution

Listed companies shall distribute their profit in accordance with the Capital Market Board’s Communiqué on Dividends II-19.1 which is effective from 1 February 2014.

Companies should distribute their profits as part of the profit distribution policies to be determined by their general assemblies and in accordance with the related regulation provisions. The Group has adopted the principle of distributing 50% of the distributable profit to shareholders as cash dividend. of profit available for distribution according to dated 2013 Ordinary General Assembly decision which occurred on 24 March 2014.

Dividends shall be distributed to all existing shares equally, as soon as possible, regardless of their issuance and acquisition dates. In addition to the aforementioned, dividends shall be distributed to the shareholders on the date determined by the General Assembly following the approval of the General Assembly within the specified legal periods. Distribution of advanced dividends to the shareholders is also possible by the decision of the Board of Directors, if the General Assembly authorizes, in accordance with the Group’s Articles of Association.

Resources that can be Subject to Profit Distribution:

As of the reporting date, the Group has no profit for the period in its statutory records which can be subject to profit distribution.

In accordance with the Turkish Commercial Code (TCC), no decision may be made to set aside other reserves, to transfer profits to the subsequent year or to distribute dividends to the holders of a usufruct right certificate, to the members of the board of directors or to the employees unless the required reserves and the dividend for shareholders as determined in the main agreement or in the dividend distribution policy of the Group are set aside; and no dividend can be distributed to these persons unless the determined dividend for shareholders is paid in cash.

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NOTE 17 - REVENUE AND COST OF SALES

The Group fulfills its performance obligations at a certain point in time by transferring goods. The amount that the Company will be entitled to recognize in the future from the remaining performance obligations is TL 4,694,759 (31 December 2024: TL 1,257,685) (Note 7). The Group expects to recognize this revenue in the financial statements within one year.

Revenue

	1 January- 30 June 2025	1 April- 30 June 2025	1 January- 30 June 2024	1 April- 30 June 2024
Polyester Chips (SPC)	9,530,941	6,038,848	10,930,926	5,616,919
<i>Domestic</i>	3,799,127	1,938,302	7,190,225	3,669,514
<i>Foreign</i>	5,731,814	4,100,546	3,740,701	1,947,405
Polyester Fiber	7,219,022	4,542,683	10,311,448	5,570,357
<i>Domestic</i>	3,680,523	2,035,298	6,260,792	3,011,486
<i>Foreign</i>	3,538,499	2,507,385	4,050,656	2,558,871
Polyester Yarn (Filament)	3,689,679	1,353,714	5,102,187	1,970,359
<i>Domestic</i>	3,656,090	1,340,738	5,069,126	1,962,444
<i>Foreign</i>	33,589	12,976	33,061	7,915
Poy (Filament)	1,724,469	657,150	3,666,522	1,587,981
<i>Domestic</i>	1,705,979	656,887	3,658,935	1,587,981
<i>Foreign</i>	18,490	263	7,587	-
Other	228,263	203,620	395,433	43,801
<i>Domestic</i>	220,388	198,256	48,340	29,977
<i>Foreign</i>	7,875	5,364	347,093	13,824
Revenue	22,392,374	12,796,015	30,406,516	14,789,417

Cost of Sales

	1 January- 30 June 2025	1 April- 30 June 2025	1 January- 30 June 2024	1 April- 30 June 2024
Direct raw materials expense	14,427,924	8,966,106	18,155,516	9,930,428
Energy expenses	1,265,001	829,348	1,147,660	570,225
Personnel expenses	1,344,277	780,225	1,409,442	707,376
Depreciation and amortization expenses (Note 10)	1,609,001	1,257,421	526,145	415,376
Spare parts and maintenance expenses	237,893	146,181	262,106	122,023
Insurance expenses	369,984	267,080	223,783	117,620
Usage of semi-finished goods	(66,392)	(119,939)	27,516	1,009
Other expenses	292,416	189,444	374,396	182,631
Period Production Expense	19,480,104	12,315,866	22,126,564	12,046,688
Change in finished goods inventory during the period	(177,056)	(1,466,366)	950,451	(500,776)
Cost of waste sold	71,244	46,664	55,605	33,824
Other idle period expense	541,808	322,140	458,030	270,185
Depreciation and amortization for the idle period (Note 10)	507,955	368,688	473,456	462,128
Cost of Goods Sold During the Period	20,424,055	11,586,992	24,064,106	12,312,049

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NOTE 18 - MARKETING, GENERAL ADMINISTRATIVE AND RESEARCH & DEVELOPMENT EXPENSES**General Administrative Expenses**

	1 January- 30 June 2025	1 April- 30 June 2025	1 January- 30 June 2024	1 April- 30 June 2024
Personnel expenses	208,478	109,926	128,431	25,896
Consultancy expenses	40,453	18,543	110,203	72,204
Depreciation and amortization expenses (Note 10)	39,013	24,179	28,453	23,474
Insurance expenses	39,710	18,947	56,460	26,214
Severance and notice pay	29,599	10,934	40,285	31,352
Supplies, repair and maintenance expenses	24,291	7,234	23,642	9,365
Auxiliary service expenses	18,874	13,587	6,622	716
Energy expenses	915	366	2,200	1,048
Other expenses	50,225	27,413	39,571	14,465
	451,558	231,129	435,867	204,734

Marketing Expenses

	1 January- 30 June 2025	1 April- 30 June 2025	1 January- 30 June 2024	1 April- 30 June 2024
Export and freight expenses	898,675	628,321	897,320	427,300
Personnel expenses	86,015	43,376	87,401	44,021
Taxes and duties expenses	30,022	12,290	18,483	11,152
Depreciation and amortization expenses (Note 10)	19,887	11,784	16,052	16,520
Insurance expenses	19,362	5,148	30,961	14,304
Other expenses	34,163	11,386	62,087	30,473
	1,088,124	712,305	1,112,304	543,770

Research and Development Expenses

	1 January- 30 June 2025	1 April- 30 June 2025	1 January- 30 June 2024	1 April- 30 June 2024
Depreciation and amortization expenses (Note 10)	5,071	2,649	4,814	4,687
Labor and personnel expenses	917	734	2,205	1,274
Other expenses	2,343	1,262	1,395	755
	8,331	4,645	8,414	6,716

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NOTE 19 - OTHER INCOME / EXPENSE FROM OPERATING ACTIVITIES**Other Operating Income**

	1 January- 30 June 2025	1 April- 30 June 2025	1 January- 30 June 2024	1 April- 30 June 2024
Foreign exchange income on trade receivables/payables	3,480,231	1,595,741	8,301,049	1,326,952
Income on miscellaneous sales	138,137	22,052	76,862	44,086
Raw materials sales income	84,415	76,828	30,440	26,141
Profits from insurance events	31,774	72	1,423	662
Other income (*)	59,693	29,485	639,522	21,252
	3,794,250	1,724,178	9,049,296	1,419,093

(*) Other income consists of spare parts sales income, penalty income and income from return invoices.

Other Operating Expenses

	1 January- 30 June 2025	1 April- 30 June 2025	1 January- 30 June 2024	1 April- 30 June 2024
Foreign exchange losses on trade receivables/payables	3,440,312	1,679,783	8,051,434	1,408,710
Cost of miscellaneous sales	109,509	94,166	24,137	12,226
Taxes, duties and charges	52,273	21,362	31,750	16,857
Other expenses	189,334	132,580	767,513	169,115
	3,791,428	1,927,891	8,874,834	1,606,908

NOTE 20 – EXPENSES BY NATURE

	1 January- 30 June 2025	1 January- 30 June 2024
Direct raw materials expense	14,427,924	18,155,516
Depreciation and amortization expenses (Note 10)	2,180,927	1,048,919
Labor and personnel expenses	1,639,687	1,627,479
Energy expenses	1,265,916	1,149,860
Export and freight costs	898,675	897,320
Other idle period expense	541,808	458,030
Insurance expenses	429,056	311,204
Spare parts and maintenance expenses	237,893	262,106
Cost of waste goods sold	71,244	55,605
Consultancy expenses	40,453	110,203
Taxes and duties expenses	30,022	18,483
Severance and notice pay	29,599	40,285
Material maintenance and repair expenses	24,291	23,642
Auxiliary service expenses	18,874	6,622
Usage of semi-finished product	(66,392)	27,516
Usage of finished goods	(177,056)	950,451
Other expenses	379,147	477,450
	21,972,068	25,620,691

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NOTE 21 - INCOME / (EXPENSES) FROM INVESTING ACTIVITIES

	1 January- 30 June 2025	1 April- 30 June 2025	1 January- 30 June 2024	1 April- 30 June 2024
Profit from sales of property, plant and equipment (*)	791	-	6,886	6,429
Loss from sales of property, plant and equipment (*)	(70,630)	(1,679)	(1,803)	(1,796)
	(69,839)	(1,679)	5,083	4,633

(*) Includes the sale of various machinery and equipment which are idle in the Group.

NOTE 22 - FINANCE INCOME

	1 January- 30 June 2025	1 April- 30 June 2025	1 January- 30 June 2024	1 April- 30 June 2024
Foreign exchange income	304,939	182,668	582,378	846,551
Interest income	131,431	45,059	63,014	148,153
	436,370	227,727	645,392	247,152

NOTE 23 - FINANCE EXPENSES

	1 January- 30 June 2025	1 April- 30 June 2025	1 January- 30 June 2024	1 April- 30 June 2024
Foreign exchange expenses	24,679,121	18,155,326	6,414,044	1,027,989
Interest expenses	7,468,448	6,222,507	4,031,146	2,478,045
Commission and other bank cost expenses	161,100	84,514	301,200	39,935
	32,308,669	24,462,347	10,746,390	3,545,969

NOTE 24 – ANALYSIS OF OTHER COMPREHENSIVE INCOME ITEMS

	30 June 2025	31 December 2024
Property, plant and equipment revaluation fund	7,187,966	7,187,966
Defined benefit plans remeasurement gain	(53,394)	(55,940)
	7,134,572	7,132,026

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NOTE 24 – ANALYSIS OF OTHER COMPREHENSIVE INCOME ITEMS (cont'd)

Property, plant and equipment revaluation fund

	1 January- 30 June 2025	1 January- 31 December 2024
Balances at the beginning of the period	7,187,966	7,187,966
Revaluation of property, plant and equipment (Note 10)	-	-
Arising from revaluation transaction deferred tax liabilities (Note 25)	-	-
Balances at the end of the period	7,187,966	7,187,966

Property, plant and equipment revaluation fund arises as a result of the revaluation of buildings and lands. In case of disposal of a revalued building or land, the portion of the revaluation fund associated with the sold asset is transferred directly to retained earnings.

Defined benefits plan remeasurement gain

	1 January- 30 June 2025	1 January- 31 December 2024
Balances at the beginning of the period	(55,940)	(38,181)
Increase during the period (Note 14)	3,395	(39,621)
Deferred tax effect (Note 25)	(849)	9,906
Balances at the end of the period	(53,394)	(67,896)

NOTE 25 - TAX ASSETS AND LIABILITIES

Deferred Taxes

The Group calculates its deferred income tax assets and liabilities by considering the effects of temporary differences that arise as a result of different evaluations in the financial statements prepared in accordance with the Turkish Accounting Standards and the financial statements prepared in accordance with the Turkish Commercial Code and tax laws. These differences usually result in the recognition of revenue and expenses in different reporting periods for Turkish Financial Reporting Standards and tax purposes. Tax rate used in the calculation of deferred tax assets and liabilities was 25%.

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NOTE 25 - TAX ASSETS AND LIABILITIES (cont'd)

Deferred Taxes (cont'd)

The composition of cumulative temporary differences and the related deferred tax assets and liabilities in respect of items for which deferred income tax has been provided as of 30 June 2025 and 31 December 2024 using the enacted tax rates are as follows:

	Cumulative temporary difference		Deferred tax asset /(liability)	
	30 June 2025	31 December 2024	30 June 2025	31 December 2024
Net difference between recorded value of property, plant and equipment and intangible assets and tax value	5,981,416	(13,009,585)	(1,495,354)	3,252,158
Property, plant and equipment revaluation difference	9,584,912	9,584,912	(2,395,988)	(2,395,988)
Investment incentives deduction to be used (*)	(59,419,837)	(62,174,128)	59,419,837	62,174,128
Deductible carry forward tax losses (**)	(37,123,460)	-	9,280,865	-
Provision for employment termination benefits	(287,268)	(232,280)	71,817	58,070
Valuation differences of inventories	(524,748)	(483,717)	131,187	120,930
Adjustment of sales cut off	(41,036)	(36,161)	10,259	9,040
Provision for unused vacation	(52,668)	(55,546)	13,167	8,746
Provision for litigation	(23,320)	(28,037)	5,830	7,010
Provision for doubtful receivables	(8,376)	(9,773)	2,094	2,443
Provision for export expense	(52,228)	(31,291)	13,057	7,823
Adjustments for foreign currency exchange difference	(837,248)	(216,834)	209,312	11,305
Loan interest accrual and net present value discount effect	(2,983,308)	-	745,827	-
Deferred tax assets	-	-	69,903,252	65,651,653
Deferred tax liabilities	-	-	(3,891,342)	(2,395,988)
Deferred tax asset, net			66,011,910	63,255,665

(*) The related amount is explained in the section of government incentives and grants.

(**) The deferred tax effect of carry forward tax losses is calculated separately for each company within the scope of consolidation. As of June 30, 2025, the Group has deferred tax assets amounting to TL 9,280,865 to be used in the next 5 years from carry forward tax losses.

The details of the Group's available prior year losses by maturity as of June 30, 2025 are as follows:

	<u>30 June 2025</u>	<u>31 December 2024</u>
Expired in 2030	-	-
	37.123.460	-

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NOTE 25 - TAX ASSETS AND LIABILITIES (cont'd)**Deferred Taxes (cont'd)**

Allocation of deferred tax on the group company basis is as follows:

	30 June 2025	30 June 2024
Sasa Polyester San. A.Ş.	65,997,463	63,604,896
Sasa Dış Ticaret A.Ş.	14,447	16,730
	66,011,910	63,621,626

Movement table of deferred tax is as follows:

	1 January - 30 June 2025	1 January - 30 June 2024
Balances on 1 January	63,255,665	61,924,365
Deferred tax expense for the period	5,511,385	(3,401,633)
Deferred tax income from incentive certificate	(2,754,291)	5,088,988
Deferred tax expense recognized under other comprehensive income (Note 25)	(849)	9,906
Balances on 30 June	66,011,910	63,621,626

Tax Reconciliation

	1 January – 30 June 2025	1 January – 30 June 2024
(Loss) / Profit before tax from operating activities	(11,593,643)	16,842,109
Income tax rate: 25% (2024: 25%)	2,898,411	(4,210,527)
Tax effects:		
-Non-deductible expenses	87,547	(131,042)
-Effects of reduced corporate tax application	(2,754,291)	5,088,988
-Exemption used within the scope of the incentive certificate	-	1,168,792
-Other adjustments and monetary gain / (loss)	2,525,427	(228,856)
Tax provision income in the income statement	2,757,094	1,687,355

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NOTE 25 - TAX ASSETS AND LIABILITIES (cont'd)

Corporate Tax

The Group is subject to Turkish corporate taxes. Provision is made in the accompanying financial statements for the estimated charge based on the Group's results for the years and periods. Turkish tax legislation does not permit a parent company and its subsidiary to file a consolidated tax return. Therefore, provisions for taxes, as reflected in the accompanying consolidated financial statements, have been calculated on a separate-entity basis.

Corporate tax is applied on taxable corporate income, which is calculated from the statutory accounting profit by adding back non-deductible expenses, and by deducting dividends received from resident companies, other exempt income and other incentives (prior year's losses if any and investment incentives used if preferred) utilized.

The effective tax rate in 2025 is 25% (2024: 25%).

Corporate tax rate is applied to the taxable profit which is calculated by adding non-taxable expenses and deducting some exemptions taken place in tax laws (exemptions for participation revenues) and discounts (R&D discount) from accounting profit of the Group. No additional taxes are paid unless profit is distributed (except 19.8% withholding tax paid over used investment incentives according to the Income Tax Law 61 temporary article).

The corporate tax rate in Türkiye is 25% (2023: 25%). Corporate tax is declared by the evening of the last day of the fourth month following the end of the relevant accounting period and is paid in a single installment until the end of the same month. The tax legislation requires advance tax to be calculated %25 and paid based on earnings generated for each quarter, the amounts thus calculated and paid are offset from the final tax computed over the earnings of the year.

The temporary tax paid during the year belongs to that year and is deducted from the corporate tax to be calculated over the corporate tax return to be submitted in the following year. If the amount of temporary tax paid remains despite the deduction, this amount can be refunded in cash or set off against any other financial liabilities to the government.

In Türkiye, there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax returns within the 30th of the fourth month following the close of the financial year to tax office which they relate. However, tax returns are open for five years from the beginning of the year that follows the date of filing during which time the tax authorities have the right to audit tax returns, and the related accounting records on which they are based and may issue re-assessments based on their findings.

Corporate tax is applied on taxable corporate income, which is calculated from the statutory accounting profit by adding back non-deductible expenses, and by deducting dividends received from resident companies, other exempt income and other incentives (prior year's losses if any and investment incentives used if preferred) utilized.

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NOTE 25 - TAX ASSETS AND LIABILITIES (cont'd)

Corporate Tax (cont'd)

Government Grants and Incentives

As a result of, a Company of the Group, Sasa Polyester Sanayi A.Ş.'s application to Ministry of Economy General Directorate of Incentive Practices and Foreign Capital for incentive certificate, the incentive application related to the Polymer Production Facility Investment is included in the Project-Based Government Incentives for Investments that is enacted with the resolution of the Council of Ministers, and it is approved by the 30 April 2018 dated Council of Ministers and published on the 23 June 2018 dated Official Gazette. The investment amount related to the incentive is TL 2,906,598 (thousand), and the incentives for the investment are as follows:

- Corporate Tax Reduction (tax reduction rate: 100%, investment contribution rate: 104%, available rate of the investment contribution amount for the investment period: 100%),
- VAT Exemption,
- Custom Duty Exemption,
- VAT Return,
- Employer's National Insurance Contribution (10 years without a minimum amount limit),
- Income Tax Withholding Contribution (10 years),
- Qualified Personnel Contribution (maximum TL 10,000),
- Interest and/or Dividend Contribution (maximum 10 years as of loan usage date providing not exceeding TL 105,000),
- Energy Contribution (50% of energy consumption up to 10 years from the startup date providing not exceeding TL 300,000)

As a result of, a Company of the Group, Sasa Polyester Sanayi A.Ş.'s application to Ministry of Economy General Directorate of Incentive Practices and Foreign Capital for incentive certificate, on 4 January 2021, it received an investment incentive certificate for PTA and Polymer Chips Production Facilities Investment.

The amount of investment subject to incentive has reached to TL 55,978,232 (December 31, 2024: TL 52,185,276) as of the report date after the revisions made and the incentive elements benefited by the investment are as follows.

- Custom Duty Exemption,
- VAT Exemption,
- VAT Return,
- Corporate Tax Reduction (tax reduction rate: 100%, investment contribution rate: 85%, available rate of the investment contribution amount for the investment period: 100%),
- Employer's National Insurance Contribution (10 years without a minimum amount limit),
- Income Tax Withholding Contribution (10 years),
- Qualified Personnel Contribution (maximum TL 30,000),
- Energy Contribution (50% of energy consumption up to 10 years from the startup date providing not exceeding TL 50,000),

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NOTE 25 - TAX ASSETS AND LIABILITIES (cont'd)

Corporate Tax (cont'd)

Government Grants and Incentives

As a result of a Company of the Group, Sasa Polyester Sanayi A.Ş.'s application to the General Directorate of Incentive Implementation and Foreign Capital of the Ministry of Industry and Technology, it received an investment incentive certificate for Fiber Production Facility Investment on 13 September 2023.

The amount of investment subject to incentive has reached to TL 9,924,423 (December 31, 2024: TL 9,399,037) as of the report date after the revisions made and the incentive elements benefited by the investment are as follows.

- Custom Duty Exemption,
- VAT Exemption,
- VAT Return,
- Corporate Tax Reduction (tax reduction rate: 80%, investment contribution rate: 40%)
- Employer's National Insurance Contribution (7 years),
- Interest Support (5 points will be applied for TL loan/dividend share, 2 points will be applied for foreign currency or foreign currency indexed loan/dividend share).

As a result of a Company of the Group, Sasa Polyester Sanayi A.Ş.'s application to the General Directorate of Incentive Implementation and Foreign Capital of the Ministry of Industry and Technology, it received an investment incentive certificate for Solar Power Plant (SPP) Investment on 5 September 2023.

The investment amount related to the incentive is TL 336,066 (31 December 2024: TL 333,066) and the incentives for the investment are as follows.

- VAT Exemption,
- Corporate Tax Reduction (tax reduction rate: 70%, investment contribution rate: 30%)
- Employer's National Insurance Contribution (6 years),

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NOTE 25 - TAX ASSETS AND LIABILITIES (cont'd)

Corporate Tax (cont'd)

Government Grants and Incentives (cont'd)

As a result of the incentive certificate application submitted by Sasa Polyester Sanayi A.Ş., one of the group companies, to the Incentive Application and Foreign Capital of the Ministry of Industry and Technology of the Republic of Turkey, it received investment incentive certificates for its Solar Power Plant (SPP) Investment on February 20 and 25, 2025.

The amount of investment subject to incentive has reached to TL 816,634 as of the report date after the revisions made and the incentive elements benefited by the investment are as follows.

- VAT Exemption,
- Corporate Tax Reduction (tax reduction rate: 70%, investment contribution rate: 30%)
- Employer's National Insurance Contribution (6 years),

As of 30 June 2025, the Group has TL 59,419,837 tax deduction right to be used in the following periods (2024: TL 62,174,128).

The Group 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 TFRS. These differences are generally because the tax-based amounts of some income and expense items take place in different periods in the legal financial statements and the financial statements prepared in accordance with TFRS. The Group has deferred tax assets amounting to TL 59,419,837 that can be deducted from future profits. The partially or wholly recoverable amount of deferred tax assets has been estimated under current conditions.

The main factors which are considered include future earnings potential and other tax assets expiring; the carry forward period associated with the deferred tax assets and tax-planning strategies that would, if necessary, be implemented. As of 30 June 2025, the following assumptions were used in the calculation of the recoverable amount of deferred tax assets:

- There is no time restriction on this incentive.
- Based on the consolidated tax profit projections prepared by the management. The Company's growth assumptions are based on 2025 when the investment is planned to be completed.
- Long-term inflation expectation of 21% was used in the prepared profit projections. The 2024 year-end exchange rate expectation is % and the long-term exchange rate increase expectation is 10% - 12% (in USD basis).
- Possible tax planning strategies have been considered.

As a result of the assessments made according to the available 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 the deferred tax assets in question will be recovered within 5 years starting from 2025. In the probability of 10% deviation in the profitability of the projections, there is no change in this predicted recovery period.

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NOTE 26 - EARNINGS PER SHARE

Earnings per share disclosed in the consolidated statement of profit or loss are determined by dividing net income by the weighted average number of shares in existence during the year concerned. In Türkiye, companies can increase their share capital by making a pro-rata distribution of shares (“bonus shares”) to shareholders from retained earnings. Such “bonus share” distributions are treated as issued shares in earnings per share computations. Accordingly, the weighted average number of shares used in earnings per share computations is calculated by taking into consideration the retrospective effect of such share distributions. As of 30 June 2025, the Company is not presenting the diluted earnings per share since the convertible debt is antidilutive.

	1 January- 30 June 2025	1 April- 30 June 2025	1 January- 30 June 2024	1 April- 30 June 2024
Net profit	(8,836,549)	(10,343,109)	18,529,464	2,826,505
Weighted average number of shares:				-
Weighted average number of ordinary shares	43,815,615,361	43,815,615,361	43,815,615,361	43,815,615,361
Earnings per share with a nominal value of 1 TL (full TL)	(0.2017)	(0.2361)	0.4229	0.0645

NOTE 27 - RELATED PARTY DISCLOSURES

a) Trade receivables from related parties:

The Group's receivables from related parties consist of trade receivables arising from product sales to related parties.

	30 June 2025	31 December 2024
Özerdem Mensucat San. Tic. A.Ş.	554,332	82,107
Zeki Mensucat Sanayi ve Tic. A.Ş.	78,689	-
Akal İplik Tekstil San Tic. A.Ş.	654	-
	633,675	82,107

b) Deferred income from related parties:

Deferred income from related parties is comprised of from taken order advances received for future sales orders of the Group.

Short-term deferred incomes	30 June 2025	31 December 2024
Merinos Halı San. Tic. A.Ş.	1,946,416	153,905
Zeki Mensucat Sanayi ve Tic. A.Ş.	-	246,634
	1,946,416	400,539

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NOTE 27 - RELATED PARTY DISCLOSURES (cont'd)**b) Deferred income from related parties (cont'd):**

Long-term deferred incomes	30 June 2025	31 December 2024
Merinos Halı San. Tic. A.Ş.	3,517,290	-
	3,517,290	-

c) Other payables to related parties:

	30 June 2025	31 December 2024
Erdemoğlu Holding A.Ş. (*)	7,185,529	310,049
Merinos Halı San. Tic. A.Ş.		6,209,679
	7,185,529	6,519,728

Monthly interest is accrued on the amount lent to the Group by Erdemoğlu Holding A.Ş.

d) Sales to related parties:

The Group sells chips, fiber, yarn and poy products to its related parties.

	1 January – 30 June 2025	1 April – 30 June 2025	1 January – 30 June 2024	1 April – 30 June 2024
	Product	Product	Product	Product
Merinos Halı San. Tic. A.Ş.	884,017	524,950	1,352,440	833,057
Özerdem Mensucat San. Tic. A.Ş.	614,061	259,013	888,244	414,331
Zeki Mensucat Sanayi ve Tic. A.Ş.	613,543	415,038	764,504	439,971
Akal İplik Tekstil San Tic. A.Ş.	1,010	764		-
	2,112,631	1,199,765	3,005,188	1,687,359

e) Purchases from related parties:

	1 January – 30 June 2025	1 April – 30 June 2025	1 January – 30 June 2024	1 April – 30 June 2024
	Product	Product	Product	Product
Erdemoğlu Holding A.Ş.	151,961	41,474	100,652	95,162
Merinos Halı San. Tic. A.Ş.	125,228	119,950	571	218
Zeki Mensucat Sanayi ve Tic. A.Ş.	336	336	-	-
	277,525	161,760	101,223	95,380

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NOTE 27 - RELATED PARTY DISCLOSURES (cont'd)

f) Foreign exchange difference and interest income from related parties:

	1 January – 30 June 2025	1 April – 30 June 2025	1 January – 30 June 2024	1 April – 30 June 2024
	Product	Product	Product	Product
Özerdem Mensucat San. Tic. A.Ş.	31,820	14,607	13,428	5,600
Merinos Halı San. Tic. A.Ş.	2,215	150	5,634	1,473
Zeki Mensucat Sanayi ve Tic. A.Ş.	33	-	485	270
Akal İplik Tekstil San Tic. A.Ş.	4	2	-	-
	34,072	14,759	19,547	7,343

g) Remuneration of the Board of Directors and key management personnel amounts:

As of 30 June 2025 and 2024, remuneration of the Board of Directors and key management personnel amounts are as follows:

	1 January – 30 June 2025	1 April – 30 June 2025	1 January – 30 June 2024	1 April – 30 June 2024
Short-term benefits provided to key management	39,297	19,511	38,492	20,222
	39,297	19,511	38,492	20,222

NOTE 28 - NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

Financial Risk Management

Financial risk factors

The Group is exposed to various financial risks due to its activities. These risks are market risk (currency risk, interest rate risk), credit risk, liquidity risk and funding risk. The Group's wholesale risk management program focuses on the unpredictability of financial markets and aims to minimize potential adverse effects on the Group's financial performance.

Financial Risk management is carried out by the Group's Finance Unit, within the framework of policies approved by the Management, excluding receivables. The Finance department establishes close cooperation with the other units of the Group and ensures that financial risks are identified, evaluated and protected from risk.

The Group is exposed to foreign exchange risk arising from exchange rate fluctuations due to the conversion of amounts owed or receivable in foreign currencies into Turkish lira. This foreign exchange risk is monitored by analyzing the foreign exchange position and is limited by foreign currency sales.

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NOTE 28 - NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont'd)

Foreign exchange risk management

Assets and liabilities denominated in foreign currencies as of 30 June 2025 and 31 December 2024 are as follows:

	30 June 2025		
	US Dollar	Euro	TL Equivalent
Trade receivables	103,635	65,724	7,194,697
Monetary financial assets (Including cash and banks))	12,476	33,655	2,068,095
Other	79,033	6,302	3,440,742
Current assets	195,144	105,681	12,703,534
Total assets	195,144	105,681	12,703,534
Trade payables (including other payables)	128,698	40,962	7,036,345
Financial liabilities	209,675	1,594,485	82,796,242
Other	98,115	42,310	5,881,703
Current liabilities	436,488	1,677,757	95,714,290
Trade payables (including other payables)	41,667	-	1,658,863
Financial liabilities	182,802	561,615	33,500,321
Other	280,485	-	11,166,781
Non-current liabilities	504,954	561,615	46,325,965
Total liabilities	941,442	2,239,372	142,040,255
Net foreign currency position	(746,298)	(2,133,691)	(129,336,721)

	31 December 2024		
	US Dollar	Euro	TL Equivalent
Trade receivables	90,893	57,937	6,235,932
Monetary financial assets (Including cash and banks))	12,802	7,072	831,583
Other	81,013	3,045	3,471,510
Current assets	184,708	68,054	10,539,025
Total assets	184,708	68,054	10,539,025
Trade payables (including other payables)	115,361	43,771	6,636,629
Financial liabilities	437,296	622,597	44,766,570
Other	35,393	31,928	2,830,465
Current liabilities	588,050	698,296	54,233,664
Trade payables (including other payables)	50,000	-	2,061,860
Financial liabilities	219,109	1,218,733	61,366,626
Other	158,054	-	6,517,704
Non-current liabilities	427,163	1,218,733	69,946,190
Total liabilities	1,015,213	1,917,029	124,179,854
Net foreign currency position	(830,505)	(1,848,975)	(113,640,829)

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NOTE 28 - NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont'd)

Foreign currency sensitivity

As of 30 June 2025;	<u>Profit / (Loss)</u>	
	<u>Appreciation of foreign currency</u>	<u>Depreciation of foreign currency</u>
20% change in US Dollar/TL parity:		
US Dollar net asset	(5,942,383)	5,942,383
US Dollar net hedged amount	-	-
US Dollar Net Effect	(5,942,383)	(5,942,383)
20% change in EUR/TL parity:		
EUR net asset	(19,924,961)	19,924,961
EUR net hedged amount	-	-
EUR Net Effect	(19,924,961)	(19,924,961)
Total	(25,867,344)	25,867,344

As of 31 December 2024;	<u>Profit / (Loss)</u>	
	<u>Appreciation of foreign currency</u>	<u>Depreciation of foreign currency</u>
20% change in US Dollar/TL parity:		
US Dollar net asset	(6,849,540)	6,849,540
US Dollar net hedged amount	-	-
US Dollar Net Effect	(6,849,540)	6,849,540
20% change in EUR/TL parity:		
EUR net asset	(15,878,630)	15,878,630
EUR net hedged amount	-	-
EUR Net Effect	(15,878,630)	15,878,630
Total	(22,728,170)	22,728,170

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NOTE 29 - DISCLOSURES ON NET MONETARY POSITION GAINS/LOSSES

Non-monetary items	1 January- 30 June 2025
Statement of financial position items	10,114,935
Inventories	147,973
Prepaid Expenses	12,486
Property, plant and equipment	29,279,699
Intangible Assets	234,665
Deferred income	3
Paid-in Capital	(10,648,986)
Restricted Reserves	(3,624,743)
Share Premiums	(2,296,539)
Accumulated losses not to be reclassified to profit or loss	
Other Comprehensive Income / (Expenses)	(269,951)
Retained Earnings	(2,719,672)
Statement of Profit or Loss Items	9,810,432
Revenue	(911,397)
Cost of Sales (-)	879,648
General Administrative Expenses (-)	20,407
Marketing Expenses (-)	7,955
Research and Development Expenses (-)	339
Other Operating Income	(68,683)
Other Operating Expenses (-)	222,481
Income/Expenses from Investing Activities	(74)
Financing Revenues	(14,938)
Finance Expenses (-)	635,385
Deferred Tax Income/Expense	9,039,309
Gains / Losses on Net Monetary Position	19,925,367

NOTE 30 - EVENTS AFTER THE BALANCE SHEET DATE

The Presidential Decree numbered 10205 regarding the declaration of the first phase of the area where the Petrochemical and Refinery Facilities and Port Project investments, with a total investment value of 25 Billion USD, planned to be made by Sasa Polyester Sanayi A.Ş., one of the Group Companies, in Adana Yumurtalık, will be located as a "Special Industrial Zone" was published in the Official Gazette numbered 32988, dated 16 August 2025.