

SUWEN TEKSTİL SANAYİ PAZARLAMA ANONİM ŞİRKETİ

**CONVENIENCE TRANSLATION INTO ENGLISH OF
CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS FOR THE INTERIM PERIOD
1 JANUARY – 30 SEPTEMBER 2024**

(ORIGINALLY ISSUED IN TURKISH)

CONVENIENCE TRANSLATION INTO ENGLISH OF THE CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY
ISSUED IN TURKISH
SUWEN TEKSTİL SANAYİ PAZARLAMA ANONİM ŞİRKETİ
CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY - 30 SEPTEMBER 2024

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CONVENIENCE TRANSLATION INTO ENGLISH OF THE CONSOLIDATED FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH

SUWEN TEKSTİL SANAYİ PAZARLAMA ANONİM ŞİRKETİ

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2024 AND 31 DECEMBER 2023

(Amounts on tables expressed in Turkish Lira (“TL”) unless otherwise indicated.)

ASSETS	Notes	Unaudited current period 30.09.2024	Audited prior period 31.12.2023
Current Assets			
Cash and Cash Equivalents	6	164.429.748	249.937.384
Trade Receivables	10	66.877.246	57.987.339
<i>Related Parties</i>	10-36	8.305.207	6.667.593
<i>Third Parties</i>	10	58.572.039	51.319.746
Other Receivables	11	16.047	516.060
<i>Third Parties</i>	11	16.047	516.060
Inventories	13	1.061.098.184	676.831.677
Prepaid Expenses	14	88.956.603	87.245.989
<i>Third Parties</i>	14	88.956.603	87.245.989
Other Current Assets	25	21.190.700	19.951.438
Total Current Assets		1.402.568.528	1.092.469.887
Non-Current Assets			
Other Receivables	11	7.565.285	6.226.365
<i>Third Parties</i>	11	7.565.285	6.226.365
Property, Plant and Equipment	17	279.888.999	273.398.702
Right of Use Assets	18	560.082.183	579.925.899
Intangible Assets	19	30.059.489	37.857.578
<i>Other Intangible Assets</i>	19	30.059.489	37.857.578
Total Non-Current Assets		877.595.956	897.408.544
TOTAL ASSETS		2.280.164.484	1.989.878.431

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

CONVENIENCE TRANSLATION INTO ENGLISH OF THE CONSOLIDATED FINANCIAL STATEMENTS
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SUWEN TEKSTİL SANAYİ PAZARLAMA ANONİM ŞİRKETİ

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

AT 30 SEPTEMBER 2024 AND 31 DECEMBER 2023

(Amounts on tables expressed in Turkish Lira ("TL") unless otherwise indicated.)

LIABILITIES	Notes	Unaudited current period 30.09.2024	Audited Prior Period 31.12.2023
Current Liabilities			
Short-Term Borrowings	8	261.978.929	42.598.848
Lease Liabilities	8	170.141.001	176.630.288
Short-Term Portion of Long-Term Borrowings	8	-	28.411.449
Trade Payables	10	190.158.219	180.485.463
<i>Related Parties</i>	10-36	97.416.058	100.250.412
<i>Third Parties</i>	10	92.742.161	80.235.051
Employee Benefits	20	49.118.885	60.817.453
Other Payables	11	2.055.109	1.110.030
<i>Third Parties</i>	11	2.055.109	1.110.030
Deferred Income	14	11.898.732	12.337.540
Current Income Tax Liabilities	34	27.226.423	28.329.714
Short-Term Provisions	21	17.616.843	9.449.306
<i>Short-Term Provisions for Employee Benefits</i>	21	7.262.523	4.679.561
<i>Other Short-Term Provisions</i>	21	10.354.320	4.769.745
Other Current Liabilities	25	13.071.483	20.397.675
Total Current Liabilities		743.265.624	560.567.766
Non-Current Liabilities			
Long-Term Borrowings	8	-	13.590.435
Lease Liabilities	8	203.130.069	211.450.609
Other Payables	11	-	4.492.819
<i>Third Parties</i>	11	-	4.492.819
Deferred Income	14	5.756.113	9.262.850
Long-Term Provisions	23	7.111.928	5.752.861
<i>Long-Term Provisions for Employee Benefits</i>	23	7.111.928	5.752.861
Deferred Tax Liabilities	34	87.225.859	58.454.243
Total Non-Current Liabilities		303.223.969	303.003.817
EQUITY			
Equity Holders of the Parent	26	1.233.674.891	1.126.306.848
Paid-in Share Capital		224.000.000	224.000.000
Adjustment to Share Capital		293.221.523	293.221.523
Treasury Shares (-)		(25.989.900)	(7.464.724)
Share Premium		132.055.511	132.055.511
Other Comprehensive Income or Expenses not to be reclassified to Profit or Loss		(5.024.206)	(3.917.383)
- <i>Gains/(losses) on remeasurements of defined benefit plans</i>		(5.024.206)	(3.917.383)
Currency Translation Differences		(16.903.104)	(10.611.102)
Restricted Reserves		75.309.806	36.677.430
Retained Earnings		361.717.475	202.086.840
Profit for the Period		195.287.786	260.258.753
TOTAL LIABILITIES		1.233.674.891	1.126.306.848
TOTAL LIABILITIES AND EQUITY		2.280.164.484	1.989.878.431

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

**CONVENIENCE TRANSLATION INTO ENGLISH OF THE CONSOLIDATED FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH**

SUWEN TEKSTİL SANAYİ PAZARLAMA ANONİM ŞİRKETİ

**CONSOLIDATED STATEMENTS OF PROFIT OR LOSS
FOR THE INTERIM PERIOD 1 JANUARY – 30 SEPTEMBER 2024 AND 2023**

(Amounts on tables expressed in Turkish Lira (“TL”) unless otherwise indicated.)

	Notes	Unaudited current period 01.01.- 30.09.2024	Unaudited current period 01.07. - 30.09.2024	Unaudited prior period 01.01.- 30.09.2023	Unaudited prior period 01.07. - 30.09.2023
Revenue	27	3.066.881.437	1.273.290.425	2.529.593.835	1.054.133.604
Cost of Sales (-)	27	(1.430.447.422)	(653.021.240)	(1.291.613.290)	(546.476.357)
GROSS PROFIT		1.636.434.015	620.269.185	1.237.980.545	507.657.247
General Administrative Expenses (-)	28-29	(117.620.874)	(38.234.508)	(76.125.283)	(28.247.816)
Marketing, Sales and Distribution Expenses (-)	28-29	(1.148.833.959)	(420.372.550)	(948.188.668)	(362.481.229)
Other Operating Income	30	73.939.858	23.278.756	78.984.815	21.004.627
Other Operating Expenses (-)	30	(49.809.438)	(9.238.544)	(78.916.795)	(21.001.496)
OPERATING PROFIT		394.109.602	175.702.339	213.734.614	116.931.333
Gains from investment activities	31	8.086.759	2.995.870	5.596.839	311.361
OPERATING PROFIT BEFORE FINANCIAL INCOME/(EXPENSE)		402.196.361	178.698.209	219.331.453	117.242.694
Financial Income	32	44.026.688	18.775.330	19.853.026	10.146.016
Financial Expense (-)	32	(293.246.043)	(98.241.403)	(99.929.030)	(39.582.834)
Monetary gains/(losses)		134.674.418	52.116.575	229.047.070	80.780.587
PROFIT BEFORE TAX		287.651.424	151.348.711	368.302.519	168.586.463
Tax income/(expense)		(92.363.638)	(58.230.387)	(162.081.236)	(63.118.035)
Current period tax expense (-)	34	(63.261.413)	(25.259.021)	(113.065.053)	(37.345.264)
Deferred income tax	34	(29.102.225)	(32.971.366)	(49.016.183)	(25.772.771)
PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS		195.287.786	93.118.324	206.221.283	105.468.428
PROFIT FOR THE PERIOD FROM DISCONTINUED OPERATIONS		-	-	-	-
PROFIT FOR THE PERIOD		195.287.786	93.118.324	206.221.283	105.468.428
Attributable to		195.287.786	93.118.324	206.221.283	105.468.428
Non-Controlling Interests		-	-	-	-
Equity Holders of the Parent		195.287.786	93.118.324	206.221.283	105.468.428
Earnings Per Share					
Earnings Per Share From Continuing Operations	35	0,8718	0,4157	1,7330	0,8863
Earnings Per Share From Discontinued Operations		-	-	-	-

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

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SUWEN TEKSTİL SANAYİ PAZARLAMA ANONİM ŞİRKETİ

**CONSOLIDATED STATEMENTS OF OTHER COMPREHENSIVE INCOME
FOR THE INTERIM PERIOD 1 JANUARY – 30 SEPTEMBER 2024 AND 2023**

(Amounts on tables expressed in Turkish Lira (“TL”) unless otherwise indicated.)

	Notes	Unaudited current period 01.01.- 30.09.2024	Unaudited current period 01.07. - 30.09.2024	Unaudited prior period 01.01.- 30.09.2023	Unaudited prior period 01.07. - 30.09.2023
PROFIT FOR THE PERIOD	35	195.287.786	93.118.324	206.221.283	105.468.428
OTHER COMPREHENSIVE INCOME					
Items not to be reclassified to profit or loss		(1.106.823)	(222.844)	(757.300)	(413.563)
Gains/(losses) on remeasurements of defined benefit plans – Actuarial gains/(losses)		(1.437.432)	(289.407)	(983.506)	(537.094)
Deferred tax effect		330.609	66.563	226.206	123.531
Items to be reclassified to profit or loss		(6.292.002)	(3.123.632)	(7.262.906)	285.115
Currency translation differences		(6.292.002)	(3.123.632)	(7.262.906)	285.115
OTHER COMPREHENSIVE INCOME		(7.398.825)	(3.346.476)	(8.020.206)	(128.448)
TOTAL COMPREHENSIVE INCOME		187.888.961	89.771.848	198.201.077	105.339.980
Attributable to					
Non-Controlling Interests		-	-	-	-
Equity Holders of the Parent		187.888.961	89.771.848	198.201.077	105.339.980

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CONVENIENCE TRANSLATION INTO ENGLISH OF THE CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

SUWEN TEKSTİL SANAYİ PAZARLAMA ANONİM ŞİRKETİ

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE INTERIM PERIOD 1 JANUARY – 30 SEPTEMBER 2024 AND 2023

(Amounts on tables expressed in Turkish Lira (“TL”) unless otherwise indicated.)

Audited Prior Period	Paid-in share capital	Adjustment to share capital	Treasury shares	Share premium	Restricted reserves	Prior years' income	Profit for the Period	Items not to be reclassified to profit or loss	Items to be reclassified to profit or loss	Equity holders of the parent	Non-controlling interests	Total equity
								Gains/(losses) on remeasurements	Currency translation differences			
Balances at 1 January 2023 (Beginning of the period)	56.000.000	174.437.222	-	248.134.873	5.897.037	146.731.860	304.637.694	(1.337.743)	108.997	934.609.940	-	934.609.940
Dividends paid	-	-	-	-	-	(47.797.384)	-	-	-	(47.797.384)	-	(47.797.384)
Capital increases – Equity	168.000.000	145.996.760	-	(127.093.926)	-	(186.902.834)	-	-	-	-	-	-
Transfers	-	-	-	-	24.549.022	280.088.672	(304.637.694)	-	-	-	-	-
Gains/(losses) on share-based transactions – Treasury shares	-	-	(1.233.352)	-	-	-	-	-	-	(1.233.352)	-	(1.233.352)
Total comprehensive income	-	-	-	-	-	-	206.221.283	(757.300)	(7.262.906)	198.201.077	-	198.201.077
Balances at 30 September 2023 (End of the period)	224.000.000	320.433.982	(1.233.352)	121.040.947	30.446.059	192.120.314	206.221.283	(2.095.043)	(7.153.909)	1.083.780.281	-	1.083.780.281
Audited Current Period												
Balances at 1 January 2024 (Beginning of the period)	224.000.000	293.221.523	(7.464.724)	132.055.511	36.677.430	202.086.840	260.258.753	(3.917.383)	(10.611.102)	1.126.306.848	-	1.126.306.848
Dividends paid (*)	-	-	-	-	-	(61.995.742)	-	-	-	(61.995.742)	-	(61.995.742)
Transfers	-	-	-	-	38.632.376	221.626.377	(260.258.753)	-	-	-	-	-
Capital increases – Equity	-	-	-	-	-	-	-	-	-	-	-	-
Gains/(losses) on share-based transactions – Treasury shares	-	-	(18.525.176)	-	-	-	-	-	-	(18.525.176)	-	(18.525.176)
Total comprehensive income	-	-	-	-	-	-	195.287.786	(1.106.823)	(6.292.002)	187.888.961	-	187.888.961
Balances at 30 September 2024 (End of the period)	224.000.000	293.221.523	(25.989.900)	132.055.511	75.309.806	361.717.475	195.287.786	(5.024.206)	(16.903.104)	1.233.674.891	-	1.233.674.891

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SUWEN TEKSTİL SANAYİ PAZARLAMA ANONİM ŞİRKETİ

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE INTERIM PERIOD 1 JANUARY – 30 SEPTEMBER 2024 AND 2023
(Amounts on tables expressed in Turkish Lira (“TL”) unless otherwise indicated.)

	Notes	Unaudited current period 30.09.2024	Unaudited prior period 30.09.2023
PROFIT FOR THE PERIOD		195.287.786	206.221.283
Adjustments to reconcile profit for the period to cash generated from operating activities		539.992.333	210.701.592
Depreciation and amortisation	17,18,19	312.063.508	289.429.805
Adjustments for tax income/expense		92.363.638	162.081.236
Adjustments for Provisions	22,23	19.750.778	7.255.408
<i>Adjustments for Provision for Employee Benefits (Reversal)</i>		<i>16.664.483</i>	<i>4.358.956</i>
<i>Adjustments for Provision for lawsuits, litigations and penalties (Reversal)</i>		<i>-</i>	<i>(347.550)</i>
<i>Adjustments for Other Provisions (Reversal)</i>		<i>3.086.295</i>	<i>3.244.002</i>
Adjustments for Impairment Loss (Reversal of impairment loss)	13	(808.694)	1.070.886
Adjustments for Interest Income	32	(43.401.667)	(17.546.038)
Adjustments for Interest Expenses	32	286.016.659	97.476.868
Adjustments for losses/(gains) on disposal of non-current assets		(8.086.759)	(5.596.839)
Other adjustments for reconcile profit for the period	10,18	12.104.200	4.586.241
<i>Discount income from trade payables</i>	30	<i>18.914.580</i>	<i>14.464.357</i>
<i>Discount expenses from trade receivables</i>	30	<i>(6.810.380)</i>	<i>(9.878.116)</i>
<i>Lease contracts</i>	18	<i>-</i>	<i>-</i>
Monetary gains/(losses)		(130.009.330)	(328.055.975)
Changes in Working Capital		(499.886.806)	(112.752.292)
Adjustments for Gains/(Losses) on Trade Receivables	10	(2.079.527)	(16.042.757)
Adjustments for Gains/(Losses) on Other Receivables Related to Operations	11	(838.907)	(1.084.420)
Adjustments for Gains/(Losses) on Other Assets Related to Operations		(1.239.262)	16.395.302
Changes in Inventories	13	(382.101.731)	10.053.446
Adjustments for Gains/(Losses) on Trade Payables	10	(9.241.824)	(182.082.222)
Adjustments for Gains/(Losses) on Other Payables Related to Operations		(10.873.932)	8.254.968
Changes in Prepaid Expenses	14	(1.710.614)	14.533.101
Changes in Deferred Income	14	(3.945.545)	22.293.241
Adjustments for gains/(losses) on payables due to employee benefits	20	(11.698.568)	17.860.819
Adjustments for gains/(losses) on provisions for employee benefits	23	(12.042.979)	(2.933.770)
Income taxes refund/(paid)		(64.113.917)	-
Adjustments for gains/(losses) on other changes in working capital		-	-
Cash Flows from Operating Activities		235.393.313	304.170.583
B) CASH FLOWS FROM INVESTING ACTIVITIES		(27.074.524)	(111.854.606)
Cash inflows from sale of property, plant and equipment and intangible asset	17,19	51.659.164	31.883.852
Cash outflows from purchase of property, plant and equipment and intangible assets	17,19	(122.521.271)	(160.319.168)
Interest received		43.787.583	16.580.710
C) CASH FLOWS FROM FINANCING ACTIVITIES		(293.158.755)	(225.341.611)
Cash outflows from repayments of borrowings	8	(204.046.163)	(211.205.908)
Cash inflows from borrowings	8	398.950.000	235.829.590
Dividends paid		(61.995.742)	(47.797.384)
Cash outflows from lease liabilities	8	(173.709.485)	(133.555.525)
Cash outflows from treasury shares (-)		(18.525.176)	(1.233.352)
Interest paid		(233.832.189)	(67.379.032)
D) NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS BEFORE EFFECT OF EXCHANGE RATE CHANGES		(84.839.966)	(33.025.634)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		(281.751)	2.984.012
Net Increase/(Decrease) in Cash and Cash Equivalents		(85.121.717)	(30.041.622)
E) CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		247.967.127	278.041.338
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		162.845.410	247.999.716

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

SUWEN TEKSTİL SANAYİ PAZARLAMA ANONİM ŞİRKETİ

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY – 30 SEPTEMBER 2024
(Amounts are expressed in Turkish Lira unless otherwise indicated.)

NOTE 1 - GROUP'S ORGANISATION AND NATURE OF OPERATIONS

Suwen Tekstil Sanayi Pazarlama Anonim Şirketi (the "Company" or "Suwen Tekstil") was established on 5 August 2003 in İstanbul with the title of "Ekofer Tesktil Parfümeri Sanayi Pazarlama Limited Şirketi". The title of Ekofer Tesktil Parfümeri Sanayi Pazarlama Limited Şirketi has been changed to "Suwen Tekstil Sanayi Pazarlama Anonim Şirketi" which published in Official Gazzette on 27 July 2018 and numbered 821.

Suwen Tekstil's business activities include ensuring to produce, import, export, domestic purchase and sale of all kinds of raw materials, semi-finished materials and finished products related to textiles written in the articles of the association.

Suwen Tekstil is a retail company that produces and sells to its customers with a wide range of products from underwear to home wear, from socks to corsets, from beach wear collections to puerperal groups with its own brand and design in Turkey.

The registered address of Suwen Tekstil is as follows:

Tatlısu Mahallesi, Göksu Caddesi No:41/1 Ümraniye/İstanbul

As of 30 September 2024 and 31 December 2023, the number of the stores and dealers of the Company is as follows:

	30.09.2024	31.12.2023
Stores	170	165
Dealers	5	6
Foreign stores	9	9
Foreign dealers	9	10

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

Shareholders	30.09.2024 Amount	Share (%)	31.12.2023 Amount	Share (%)
Intilux SARL	31.675.000	14,14%	31.675.000	14,14%
Özcan Sümer	23.561.106	10,52%	13.942.794	6,22%
Biröl Sümer	23.409.164	10,45%	33.034.156	14,75%
Ali Bolluk	23.241.664	10,38%	23.241.664	10,38%
Çiğdem Ferda Arslan	8.113.048	3,62%	8.113.048	3,62%
Other	114.000.018	50,89%	113.993.338	50,89%
Total paid-in share capital	224.000.000	100.00%	224.000.000	100.00%

The subsidiaries ("Subsidiaries"), included in the consolidation scope of Suwen Tekstil, their country of incorporation, nature of business, their effective interests and their respective business segments are as follows:

Effective ownership interests (%)				
Subsidiary	Country of incorporation	30 September 2024	31 December 2023	Nature of business
Suwen Lingerie SRL.	Romania	100.00%	100.00%	Retail sales

For the purpose of the consolidated financial statements and notes to the consolidated financial statements, Suwen Tekstil and its consolidated subsidiary are hereinafter referred to as "the Group".

Total end of period and average number of personnel employed by the Suwen Tekstil is 1.083 (31 December 2023: 1.005).

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

2.1. Basis of presentation

2.1.1 Financial reporting standards

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

The accompanying consolidated financial statements are presented in accordance with the “Announcement regarding to TAS Taxonomy” which was published on 15 April 2019 by POA and the format and mandatory information recommended by CMB.

The Group maintains their books of account and prepares their statutory consolidated financial statements in accordance with the Turkish Commercial Code (“TCC”), tax legislation and the Uniform Chart of Accounts issued by the Ministry of Finance. These consolidated financial statements have been prepared in Turkish Lira under the historical cost conversion except for the financial assets and liabilities presented at fair values. Adjustments and restatements, required for the fair presentation of the consolidated financial statements in conformity with the TFRS, have been accounted for in the statutory financial statements, which are prepared in accordance with the historical cost principle.

These consolidated financial statements as of and for the period ended 30 September 2024 have been approved for issue by the Board of Directors (“BOD”) on 11 November 2024. These consolidated financial statements will be finalised following their approval in the General Assembly.

2.1.2. Functional and presentation currency

Items included in the consolidated financial statements of the Group are measured using the currency of the primary economic environment in which the entity operates (“the functional currency”). The consolidated financial statements are presented in TL, which is Suwen Tekstil’s functional and presentation currency.

2.1.3. Adjustments of financial statements in hyperinflationary periods

Financial Reporting in Hyperinflationary Economies

In accordance with TAS 29 “Financial Reporting in Hyperinflation Economies” which requires entities whose functional currency is that of a hyperinflationary economy to prepare their consolidated financial statements in terms of the measuring unit current at the end of the reporting period. In a hyperinflation economy, it is not meaningful and useful to report operating results and financial position in the local currency without adjustment.

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

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

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

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

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

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

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

- As of the balance sheet date, all items other than those stated in terms of current purchasing power are restated by using the relevant price index coefficients. Prior year amounts are also restated in the same way.
- Monetary assets and liabilities are expressed in terms of the purchasing power at the balance sheet date and are therefore not subject to restatement. Monetary items are cash and items to be received or paid in cash.
- Non-current assets, subsidiaries and similar assets are indexed to their acquisition costs, which do not exceed their market values. Depreciation has been adjusted in a similar manner. Amounts included in equity have been restated by applying general price indices for the periods in which they were contributed to or arose within the Group.
- All items in the statement of profit or loss, except for the effects of non-monetary items in the statement of financial position and in the statement of profit or loss, have been restated by applying the multiples calculated over the periods when the income and expense accounts were initially recognised in the financial statements.
- The gain or loss arising on the net monetary position as a result of general inflation is the difference between the adjustments to non-monetary assets, equity items and profit or loss accounts. This gain or loss on the net monetary position is included in net profit.

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

Restatement of the Statement of Financial Position

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

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

Restatement of the Statement of Profit or Loss

All items in the statement of profit or loss are expressed in terms of the measuring unit current at the end of the reporting period. Therefore, all amounts have been restated by applying changes in the monthly general price index. Cost of inventories sold has been restated using the restated inventory balance. Depreciation and amortisation charges have been restated using the restated balances of property, plant and equipment, intangible assets and right-of-use assets.

Restatement of Statement of Cash Flows

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

Consolidated financial statements

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

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Consolidated financial statements (Continued)

Subsidiaries of the Group whose functional currency is other than Turkish Lira have been translated to the purchasing power of 31 December 2023. If financial statements with different reporting period endings are subject to consolidation, all items, whether monetary or non-monetary, are restated according to the measuring unit in effect at the date of the consolidated financial statements.

Comparative figures

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

2.2. Statement of compliance with TFRS

The accompanying consolidated financial statements as of and for the period ended 30 September 2024 and as of for the year ended 31 December 2023 have been prepared in accordance with Turkish Financial Reporting Standards (“TFRS/TAS”) with additions and interpretations as issued by POA. The accompanying consolidated financial statements and the related notes are presented in accordance with the “Financial Statement Examples and User Guide” published in the Official Gazette No. 28652 dated 20 May 2013.

2.3. Basis of consolidation

The consolidated financial statements include the accounts of the parent company, the Group, and the subsidiary until having the power over investee. Controlling interest is provided by having power over the financial and operational policies of an entity in order to have economic benefit from its operations.

The financial statements of the subsidiaries operating in foreign countries

Financial statements of subsidiaries that are operating in foreign countries are prepared in accordance with the laws and regulations in force in the countries in which they are registered in and required adjustments and reclassifications reflected for the purpose of fair presentation in accordance with the Group’s accounting policies.

The results and financial position of all the group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that statement of financial position,
- Income and expense items for each statement of profit or loss are translated at average exchange rates; and all resulting exchange differences (currency translation differences) are recognized as a separate component of equity and statements of comprehensive income.

When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognized in the statement of profit or loss as part of the gain or loss on sale. Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

Going concern

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

Subsidiaries

Subsidiary is a separate entity controlled by the Group. The Group have controlling interest over the entity when it is exposed to variable returns due to its relationship with a entity or has rights to these returns and has the ability to influence these returns with its controlling interest simultaneously. The financial statements of the subsidiary have been included in the consolidated financial statements from the commencement date of control until the date that it ceases.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Subsidiaries (Continued)

The accounting policies of the subsidiary have been changed when deemed necessary in order to comply with the policies accepted by the Group. Even if the abovementioned matter reversed in non-controlling interests, total comprehensive income is transferred to the parent company's shareholders and non-controlling interests.

Subsidiaries included in the scope of the consolidation and their effective interests (%) is as follows:

Subsidiary	Country of incorporation	Effective ownership interests (%)		Nature of business
		30 September 2024	31 December 2023	
Suwen Lingerie SRL.	Romania	100.00%	100.00%	Retail sales

In order to start an operation that the Group will manage within its own structure with store openings and e-commerce sales in Romania, the Group has been established a subsidiary ("Subsidiary") at the registered address of Voluntari City, 1/VI Pipera Blvd. Hyperion Towers building, Tower 2, Ilfov county, in Romania with the title of "Suwen Lingerie S.R.L." which was published in Official Gazette on 3 June 2019. As of 30 September 2024, the Group has 7 stores in Romania.

Consolidation procedures and eliminations

During the preparation of consolidated financial statements, consolidated financial statements eliminate in full intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the group (profits or losses resulting from intragroup transactions that are recognised in assets, such as inventory and non-current assets, are eliminated in full). Consolidated financial statements offset the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary. Unrealized losses are eliminated accordingly as unrealized gains, unless there is evidence of impairment.

Consolidated statement of financial position and profit or loss restatement principles

Full consolidation method

- The paid in share capital and balance sheet items of the Group and the subsidiary are aggregated. In the aggregation, the receivables and payables of the subsidiaries in scope of consolidation from each other eliminated in full.

- The paid in share capital of the consolidated balance sheet is the paid in share capital of the Group; paid in share capital of the subsidiary is not included in the consolidated balance sheet.

- Equity items including paid / issued capital of the subsidiary within the scope of consolidation, less the amounts corresponding to the shares other than the parent company and subsidiaries presented as the "Non-Controlling Interests" after the equity of the group in the consolidated balance sheet.

- Current and non-current assets acquired by the subsidiaries subject to full consolidation method from each other, in principle, are included in the consolidated balance sheet over carried at cost before the sale, by making adjustments to present these assets at the acquisition cost to the subsidiaries subject to the full consolidation method.

- The profit or loss items of the Group and the subsidiary are aggregated separately and the sales of goods and services made by the subsidiaries subject to the full consolidation method to each other in the aggregation process have been deducted from the total sales amount and cost of goods sold. The profit arising from the purchase and sale of goods between these subsidiaries related to the inventories of the subsidiaries subject to the full consolidation method was deducted from the inventories in the consolidated financial statements and added to the cost of the sold goods, the loss was added to the inventories and deducted from the cost of the goods sold.

Income and expense items resulting from the transactions of the subsidiaries subject to full consolidation method with each other have been offset in the relevant accounts.

- Net profit or loss of the subsidiary within the scope of consolidation, the part corresponding to the shares other than the subsidiaries subject to the consolidation method has been presented as the "Non-Controlling Interests" after the net consolidated period profit.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Full consolidation method (Continued)

- The necessary adjustments have been made for the compliance of the financial statements of the subsidiary with the accounting principles applied by other intragroups, when deemed necessary.

2.4. Offsetting

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

2.5. Comparatives and adjustment of prior periods' financial statements

The current period consolidated financial statements of the Group include comparative financial information to enable the determination of the trends in financial position and performance. Comparative figures are reclassified, where necessary, to conform to the changes in the presentation of the current period consolidated financial statements.

Accounting estimates are based on reliable information and reasonable estimation methods. However, estimates are revised as a result of changes in circumstances, estimating new information or additional developments. If changes in accounting forecasts are related to only one period, amendments are made in the current period. If amendments are related to the forthcoming periods, changes are applied in both current period and forthcoming periods.

The nature and amount of a change in the accounting estimate, which has an impact on the outcome of the current period or is expected to have an impact on subsequent periods, is disclosed in the notes to the consolidated financial statements, except when the estimation of the effect on the future periods is not possible. The current period consolidated financial statements of the Group include comparative financial information to enable the determination of the trends in financial position and performance.

2.6. Changes in accounting policies

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

The Group started to apply TFRS 16 Leases standard to annual reporting periods beginning on or after 1 January 2019. As of 1 January 2019, the summary financial statements for leases previously classified as operating leases in accordance with TAS 17, right of-use assets are accounted for at an amount equal to the lease liabilities (adjusted for the amount of prepaid or accrued lease payments) in accordance with the simplified transition method in the related standard.

2.7. Changes in accounting estimates and errors

Accounting estimates are based on reliable information and reasonable estimation methods. However, estimates are revised as a result of changes in circumstances, estimating new information or additional developments. If changes in accounting forecasts are related to only one period, amendments are made in the current period. If amendments are related to the forthcoming periods, changes are applied in both current period and forthcoming periods.

The nature and amount of a change in the accounting estimate, which has a material influence on the outcome of the current period or is expected to have a material influence on subsequent periods, is disclosed in the notes to the consolidated financial statements, except when the estimation of the effect on the future periods is not possible. There are no changes in the accounting estimates expected to have a material influence on the results of operations in the current period.

The Group has applied accounting policies consistent with each other in its consolidated financial statements for the periods presented and has no significant changes in accounting policies other than TFRS 16 in the current period.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.8. Significant accounting judgements, estimates and assumptions

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

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

a) Provision for employment termination benefits is determined by using actuarial assumptions (discount rates, future salary increases and employee exit rates) (**Note 23**).

b) The Group depreciates its property, plant and equipment and intangible assets on a straight-line basis over their useful lives. Expected useful life residual value and amortization method are reviewed every year for possible effects of changes in estimates and are accounted for prospectively if there is a change in estimates. (**Note 17, 19**) .

d) Provision for doubtful receivables reflects the amounts that the Group Management believes will meet future losses as of the balance sheet date. Provision for doubtful receivables represents the amounts that the Group believes will compensate future losses of receivables which are present as of the balance sheet date but which are not subject to collection in current economic conditions. The past performance of borrowers assessed for impairment of receivables impairment, credits on the market and their performance from the balance sheet date to the date of approval of the financial statements are also taken into consideration. As of the balance sheet date, the related provisions are disclosed in **Note 10**.

d) Inventories are valued at the lower of cost or net realisable value.

e) Provision for inventory impairment is recognized when net realisable value less the costs of completion and selling expenses.

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

2.9. Summary of significant accounting policies

Revenue recognition

When a performance obligation is satisfied by transferring promised goods or services to a customer, the Group recognises the revenue as the amount of the transaction price that is allocated to that performance obligation. An entity shall recognise revenue when (or as) the entity satisfies a performance obligation by transferring a promised good or service (i.e. an asset) to a customer. An asset is transferred when (or as) the customer obtains control of that asset.

Revenue is accounted for in the consolidated financial statements within the scope of the five-stage model below.

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

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.9. Summary of significant accounting policies (Continued)

Revenue recognition (Continued)

A contract with a customer will be identified if all the following conditions are met:

- (a) the contract has been approved by the parties to the contract,
 - (b) each party's rights in relation to the goods or services to be transferred can be identified,
 - (c) the payment terms for the goods or services to be transferred can be identified,
 - (d) the contract has commercial substance and,
 - (e) it is probable that the consideration to which the entity is entitled to in exchange for the goods or services will be collected.
- In assessing whether a consideration is likely to be collectible, the entity considers only the customer's intention to pay that amount on time (**Note 27**).

Revenue from goods sold

The Group generates revenue by selling bras, panties, socks, undershirts, dressing gowns, nightgowns, swimsuits, bikinis, pareos, pijamas, tights, underwear and textile products. The revenue is recognised when the goods or services are transferred to the customers.

If Group expects, at contract inception, that the period between when the Group transfers a promised good or service to a customer and when the customer pays for that good or service will be one year or less, the promised amount of consideration for the effects of a significant financing component is adjusted. On the other hand, when the contract effectively constitutes a financing component, the fair value of the consideration is determined by discounting all future receipts using an imputed rate of interest. The difference between the fair value and the nominal amount of the consideration is recognised on an accrual basis and classified under other operating income.

Inventories

Inventories are valued at the lower of cost or net realisable value. Cost of inventories includes; all purchasing costs, covering costs and other costs incurred to make the inventories ready to sell. Cost elements included in inventories are materials, labour and an appropriate amount of factory overheads. Those costs also include systematically distributed costs from fixed and variable general production expenses incurred in covering direct raw material to the goods. The cost of inventories is determined by the weighted average method. Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses.

When the net realisable value of the inventory falls below its cost, the inventories are reduced to their net realisable value and the expense is reflected in the profit or loss statement in the year in which the impairment incurred. In cases where the conditions that previously caused inventories to be reduced to net realizable value lose their validity or there is an increase in the net realizable value due to changing economic conditions, the provision for the impairment is reversed. The reversal is limited to prior impairment amount (**Note 13**).

Cash and cash equivalents

Cash and cash equivalents are carried at cost in the consolidated statement of financial position. Cash and cash equivalents represent cash on hand and demand deposits, deposits held in banks with maturities of 3 months or less, together with short-term, highly liquid investments that are readily convertible to a known amount of cash, and that are subject to an insignificant risk of changes in value (**Note 6**).

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.9. Summary of significant accounting policies (Continued)

Related parties

(a) A person or a close member of that person's family is related to a reporting entity if that person:

- (i) has control or joint control over the reporting entity;
- (ii) has significant influence over the reporting entity; or
- (iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

(b) An entity is related to a reporting entity if any of the following conditions applies:

- (i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- (iii) Both entities are joint ventures of the same third party.
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) The entity is a post-employment defined plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
- (vi) The entity is controlled or jointly controlled by a person identified in (a).
- (vii) A person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

A related party transaction is a transfer of resources, services or obligations between related parties, regardless of whether a price is charged.

According to the explanations above, in accordance with TAS 24, directly or indirectly on the company; Real and legal person partners who have control power alone or together and their close family members (up to second degree) and legal entities controlled directly or indirectly, alone or together by them, and that they have a significant impact and / or legal entities serving as senior management personnel; Subsidiaries of the Group, Board Members, key management personnel and their close family members (up to second degree) and legal entities controlled directly or indirectly, alone or together, are considered as related parties (**Note 36**).

Trade receivables and provision for doubtful receivables

Trade receivables generated by the Group by way of providing goods or services to a buyer are carried at amortized cost. Trade receivables that are not accrued after the unearned finance income are calculated by discounting the amounts to be obtained in the subsequent periods from the original invoice value. Short term receivables with no stated interest rate are measured at cost unless the effect of effective interest is significant (**Note 10**). The effective interest method is that the present value is calculated on the basis of "compound interest basis". The rate used in this method and determined on the basis of compound interest is called as an effective interest rate. Effective interest rate; is the rate that discounts the estimated future cash collections or payments to the present value of the financial asset over the expected useful life of the financial asset.

Considering the Group's normal trading cycle, trade receivables are subject to administrative and / or legal follow-up, secured or unsecured, objective finding, etc., for the trade receivables whose maturities are out of the ordinary business cycle. and evaluates the provision of provision for doubtful receivables. The amount of this provision is the difference between the carrying amount of the receivable and the amount that is available for collection. The recoverable amount is the present value of expected cash inflows, including amounts recoverable from guarantees and collateral, discounted based on the original effective interest rate of the receivable originally formed. The Group management evaluates the provision for doubtful receivables for the receivables that are under administrative and / or legal follow-up, unsecured and collection possibility over the term of the Group's ordinary business cycle.

In case of collecting the provision for the doubtful receivable, in case all or part of the doubtful receivable amount is collected, the collected amount is deducted from the provisioned doubtful receivable and recognized in other operating income.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Financial liabilities and borrowing costs

Financial liabilities are recognized initially at the proceeds received, net of transaction costs incurred. Financial liabilities are subsequently measured at amortized cost using the effective interest method. Any difference between proceeds, net of transaction costs, and the redemption value is recognized in the statement of profit or loss over the period of the borrowings.

Borrowing costs that are directly attributable to the acquisition, construction, or production of a qualifying asset (which is intended to be intended for use and intended for sale over an extended period of time) may be capitalized as part of the cost of that asset. The Group has no capitalized financing costs during the period (**Note 8**).

TFRS 16 “Leases”

Group - as a lessee

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group considers following indicators for the assessment of whether a contract conveys the right to control the use of an identified asset for a period of time or not:

- The contract includes an identified asset (contract includes a definition of a specified asset explicitly or implicitly),
- A capacity portion of an asset is physically distinct or represents substantially all of the capacity of an asset (if the supplier has a substantive right to substitute the asset and obtain economic benefits from use of the asset, then the asset is not an identified asset)
- Group has the right to obtain substantially all of the economic benefits from use of the identified asset,
- Group has the right to direct the use of an identified asset. Group has the right to direct the use of the asset throughout the period of use only if either:
 - a) Group has the right to direct how and for what purpose the asset is used throughout the period of use or
 - b) Relevant decisions about how and for what purpose the asset is used are predetermined
 - i. Group has the right to operate the asset (or to direct others to operate the asset in a manner that it determines) throughout the period of use, without the supplier having the right to change those operating instructions; or
 - ii. Group designed the asset (or specific aspects of the asset) in a way that predetermines how and for what purpose the asset will be used throughout the period of use.

Group recognises a right-of-use asset and a lease liability at the commencement date of the lease following the consideration of the above mentioned factors.

Right-of-use asset

At the commencement date, the Group measures the right-of-use asset at cost. The cost of the right-of-use asset comprises:

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

When applying the cost model, Group measures the right-of-use asset at cost:

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

Group applies the depreciation requirements in TAS 16 “Property, Plant and Equipment” in depreciating the right-of-use asset.

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

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Right-of-use asset (Continued)

The rate of depreciation applied on right of use assets is 33% for motor vehicles and 10%-50% for buildings.

Lease liability

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

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

- a) Fixed payments, less any lease incentives receivable,
- b) Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date,
- c) Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

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

- a) Increasing the carrying amount to reflect interest on the lease liability,
- b) Reducing the carrying amount to reflect the lease payments made, and
- c) Remeasuring the carrying amount to reflect any reassessment or lease modifications.

The Group recognises the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Variable lease payments

Some lease contracts of the Group contain variable payment terms. Variable lease payments are not in the scope of TFRS 16 Standard and recognised in the statement of income as rent expense in the related period.

Practical expedients

The short-term lease agreements with a lease term of 12 months or less and agreements related to information on low value assets, which are determined by the Group as low value, have been evaluated within the scope of practical expedients introduced by the TFRS 16 Leases Standard and related lease payments are recognised as an expense in the period in which they are incurred.

Group - as a lessor

The Group has no operating and finance leases as a lessor during the period.

Transition to TFRS 16 "Leases"

The Group applied TFRS 16, "Leases", which superseded TAS 17, "Leases", and recognized in the consolidated financial statements by using "cumulative effect method" on the transition date of 1 January 2019. The standard allows a "simplified transition", which does not require restatement of the comparative information and retained earnings of the financial statements.

At the date of initial application of TFRS 16 "Leases", the Group recognised "lease liability" in the financial statements regarding the lease commitments classified as operating leases in accordance with TAS 17 "Leases" before 1 January 2019. Related lease liabilities are measured at their present value by discounting the unrealised lease payments using the Group's incremental borrowing rate at the date of initial application. Right of-use assets are recognized for at an amount equal to the lease liabilities (adjusted for the amount of prepaid or accrued lease payments) in accordance with the simplified transition method in the related standard.

The Group applies TFRS 16 Leases standard to annual reporting periods beginning on or after 1 January 2019. As of 1 January 2019, the summary financial statements for leases previously classified as operating leases in accordance with TAS 17, right of-use assets are accounted for at an amount equal to the lease liabilities (adjusted for the amount of prepaid or accrued lease payments) in accordance with the simplified transition method in the related standard.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Property, plant and equipment and related depreciation

Property, plant and equipment are carried at cost less accumulated depreciation. Depreciation is provided for property, plant and equipment (except land) on a straight-line basis over their estimated useful lives. Land is not depreciated as it is deemed to have an indefinite useful life.

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

	Economic Useful Lives (years)
Plant, Machinery and Equipment	8-15
Motor Vehicles	15
Furniture and Fixtures	2-20
Leasehold Improvements	2-8

Useful life and the depreciation method are constantly reviewed, and accordingly, parallels are sought between the depreciation method and the period and the useful life to be derived from the related asset. Gains or losses on disposals of property, plant and equipment are determined by comparing proceeds with their net carrying amounts and are classified under “gains/(losses) from investing activities” in the current period.

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of the asset’s net selling price or value in use. Recoverable amount of the property, plant and equipment is the higher of future net cash flows from the utilisation of this property, plant and equipment.

Repairs and maintenance expenses are charged to statement of profit or loss during the period in which they are incurred. The cost of major renovations is included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Group. Gains or losses on disposals of property, plant and equipment are determined with respect to the difference between collections received and carrying amounts of property, plant and equipment and are included in the related income and expense accounts, as appropriate.

Intangible assets and related amortisation

Intangible assets acquired before 1 January 2005 are carried at acquisition costs adjusted for inflation; whereas those purchased in and purchased after 2005 are carried forward at their acquisition cost less accumulated amortization.

They are initially recognised at acquisition cost and amortised on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being recognized for on a prospective basis.

Intangible assets acquired are amortised on a straight-line basis over their estimated useful lives. The estimated useful life of intangible assets are vary over 3-15 years.

Foreign currency translation

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

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

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The exchange rates at the end of the interim and annual reporting periods are as follows:

	30.09.2024 Buying	30.09.2024 Selling	31.12.2023 Buying	31.12.2023 Selling
EUR/TL	37.9914	38.1437	32.5511	32.6815
USD/TL	34.0662	34.2027	29.4176	29.5355
GBP/TL	45.5089	45.8469	37.4155	37.6934

Earnings per share

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

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

Events after the reporting period

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

Provisions, contingent liabilities and contingent assets

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

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

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

Taxes on income

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

Current tax

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

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Deferred tax

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

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

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

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

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

Current and deferred tax for the period

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

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

Offsetting in tax assets and liabilities

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

Provision for employment termination benefits

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

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Statement of cash flow

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

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

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

2.10. New and Revised Turkish Financial Reporting Standards

The new standards, amendments, and interpretations

The accounting policies adopted in preparation of the consolidated financial statements for the interim period ended 30 September 2024 are consistent with those of the previous financial year, except for the adoption of new and amended Turkish Accounting Standards ("TFRS/TAS") and interpretations effective as of 1 January 2023 and thereafter. The effects of these standards and interpretations on the Group's financial position and performance have been disclosed in the related paragraphs.

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

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

On 15 January 2021, the POA issued amendments to TAS 1 "Presentation of Financial Statements". The amendments issued to TAS 1 which are effective for periods beginning on or after 1 January 2023, clarify the criteria for the classification of a liability as either current or non-current. Amendments must be applied retrospectively in accordance with TAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors". Early application is permitted.

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

Amendments to TAS 8 - Definition of Accounting Estimates

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

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

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

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

be recognized. The amendments did not have a significant material influence on the financial position or performance of the Group.

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

In September 2023, POA issued amendments to TAS 12, which introduce a mandatory exception in TAS 12 from recognizing and disclosing deferred tax assets and liabilities related to Pillar Two income taxes. This amendment introduces a temporary exception to the accounting for deferred tax assets and liabilities related to Pillar Two income taxes. However, certain disclosure requirements are not required to be applied for any interim period ending on or before 31 December 2023. The amendments did not have a significant material influence on the financial position or performance of the Group.

Standards issued but not yet effective and not early adopted

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

Amendment to TAS 1 – Non-current liabilities with covenants

The standard is effective from annual periods beginning on or after 1 January 2024. These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendments also aim to improve information an entity provides related to liabilities subject to these conditions.

Amendments to TAS 7 and TFRS 7 on Supplier finance arrangements

The standard is effective from annual periods beginning on or after 1 January 2024. These amendments require disclosures to enhance the transparency of supplier finance arrangements and their effects on a company's liabilities, cash flows and exposure to liquidity risk. The disclosure requirements are the IASB's ("International Accounting Standards Board") response to investors' concerns that some companies' supplier finance arrangements are not sufficiently visible, hindering investors' analysis.

Amendment to TFRS 16 – Leases on sale and leaseback

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

TFRS S1, 'General requirements for disclosure of sustainability-related financial information

TSRS 1 sets out overall requirements for sustainability-related financial disclosures with the objective to require an entity to disclose information about its sustainability-related risks and opportunities that is useful to primary users of general-purpose financial reports in making decisions relating to providing resources to the entity. The application of this standard is mandatory for annual reporting periods beginning on or after 1 January 2024 for the entities that meet the criteria specified in POA's announcement dated 5 January 2024 and numbered 2024-5 and for banks regardless of the criteria. Other entities may voluntarily report in accordance with TSRS.

TSRS 2 Climate-related Disclosures

TSRS 2 sets out the requirements for identifying, measuring and disclosing information about climate-related risks and opportunities that is useful to primary users of general-purpose financial reports in making decisions relating to providing resources to the entity. The application of this standard is mandatory for annual reporting periods beginning on or after 1 January 2024 for the entities that meet the criteria specified in POA's announcement dated 5 January 2024 and numbered 2024-5 and for banks regardless of the criteria. Other entities may voluntarily report in accordance with TSRS.

NOTE 3 – BUSINESS COMBINATIONS

As of 30 September 2024 and 31 December 2023, the Group has no business combinations subject to common control and relevant transactions.

NOTE 4 – DISCLOSURE OF INTERESTS IN OTHER ENTITIES

As of 30 September 2024 and 31 December 2023, Suwen Tekstil has no interests in subsidiaries, joint arrangements, associates and unconsolidated “structured entities”.

NOTE 5 – OPERATING SEGMENTS

As of 30 September 2024 and 2023, the Group has no reportable segments considered under operating segments.

NOTE 6 – CASH AND CASH EQUIVALENTS

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

	30.09.2024	31.12.2023
Cash on hand	567.198	1.559.450
Banks	153.061.807	229.500.637
- Time deposit (up to 3 months) (*)	88.810.116	157.711.225
- Demand deposit	64.251.691	71.789.412
Other cash and cash equivalents (**)	10.800.743	18.877.297
Total	164.429.748	249.937.384
Interest accruals	(1.584.338)	(1.970.257)
Cash and cash equivalents, net	162.845.410	247.967.127

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

(*) As of 30 September 2024, 8.202.906 TL of time deposits amounting to 88.810.116 TL consist of money market funds.

(**) Includes credit card (“POS”) receivables.

The details of time deposits are as follows (not includes interest accruals):

Time deposits

Currency	Annual effective interest rate (%)	Effective maturity	30.09.2024
TL	38.00 - 49.00%	0-1 month	87.225.778
Total			87.225.778

Time deposits

Currency	Annual effective interest rate (%)	Effective maturity	31.12.2023
TL	20.00 - 42.00%	0-1 month	155.740.968
Total			155.740.968

NOTE 7 – FINANCIAL INVESTMENTS

As of 30 September 2024 and 31 December 2023, the Group has no short and long-term financial investments.

NOTE 8 - FINANCIAL LIABILITIES

As of 30 September 2024 and 31 December 2023, the details of current and non-current liabilities are as follows:

	30.09.2024	31.12.2023
Short-term borrowings	261.745.325	42.256.468
Short-term lease liabilities (TFRS 16)	170.141.001	176.630.288
Short-term portion of long-term borrowings	-	28.411.449
Other	233.604	342.380
Total short-term borrowings, net	432.119.930	247.640.585

	30.09.2024	31.12.2023
Long-term borrowings	-	13.590.435
Long-term lease liabilities (TFRS 16)	203.130.069	211.450.609
Total long-term borrowings, net	203.130.069	225.041.044

As of 30 September 2024 and 31 December 2023, the repayment schedule of borrowings is as follows:

	30.09.2024	31.12.2023
0-3 months	106.154.905	42.598.848
4-12 months	155.824.024	28.411.448
1-5 years	-	13.590.436
Total	261.978.929	84.600.732

As of 30 September 2024 and 31 December 2023, the breakdown of annual effective interest rates of borrowings in terms of currencies is as follows:

	Annual effective interest rate (%)	30 September 2024		
Currency		Short-term	Long-term	Total
TL	68.27%	261.978.929	-	261.978.929
		261.978.929	-	261.978.929

NOTE 8 - FINANCIAL LIABILITIES (Continued)

Currency	Annual effective	31 December 2023		
	interest rate (%)	Short-term	Long-term	Total
TL	22.29%	71.010.295	13.590.435	84.600.730
		71.010.295	13.590.435	84.600.730

The breakdown and movement of cash and non-cash changes regarding the liabilities arising from financing activities are as follows:

	01.01-30.09.2024	01.01-30.09.2023
Beginning of the period – 1 January	84.600.731	110.130.367
Cash inflows from borrowings	398.950.000	235.829.590
Principal and interest payments	(204.046.163)	(211.205.908)
Interest accruals	4.804.726	(72.099)
Monetary gains/(losses)	(22.330.365)	(60.590.193)
End of the period – 30 September	261.978.929	74.091.757

The movement of short and long-term lease liabilities is as follows:

	01.01-30.09.2024	01.01-30.09.2023
Beginning of the period – 1 January	388.080.897	313.650.711
Payments during the period (-)	(173.709.485)	(133.555.525)
Additions	325.981.020	361.389.107
Disposals (-)	(108.007.627)	(9.191.175)
Interest expenses (-)	46.410.379	29.603.623
Foreign exchange losses (-)	-	-
Monetary gains/(losses)	(105.484.114)	(182.276.918)
End of the period – 30 September	373.271.070	379.619.823

NOTE 9 – OTHER FINANCIAL LIABILITIES

None.

NOTE 10 - TRADE RECEIVABLES AND PAYABLES

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

Trade receivables	30.09.2024	31.12.2023
Trade receivables	53.900.073	45.079.339
Cheques and notes received	4.671.966	6.240.407
Doubtful trade receivables	451.454	613.348
Provision for doubtful trade receivables (-)	(451.454)	(613.348)
Due from related parties (Note 36)	8.305.207	6.667.593
Short-term trade receivables, net	66.877.246	57.987.339

Movements of provision for doubtful receivables are as follows:

	01.01 - 30.09.2024	01.01 - 30.09.2023
Beginning of the period – 1 January	613.347	1.010.632
Additions	-	-
Monetary gains/(losses)	(161.893)	(336.226)
End of the period – 30 September	451.454	674.406

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

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

Trade payables	30.09.2024	31.12.2023
Trade payables	70.973.686	55.091.272
Due to related parties (Note 36)	8.055.371	19.540.896
Notes payable	21.768.475	25.143.779
Notes payable due to related parties (Note 36)	89.360.687	80.709.516
Short-term trade payables, net	190.158.219	180.485.463

Libor interest rates were applied as the annual effective interest rate in the calculation of discount (30 September 2024 and 31 December 2023: 49.80% and 43.63%, respectively).

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

NOTE 11 – OTHER RECEIVABLES AND PAYABLES

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

Short-term other receivables	30.09.2024	31.12.2023
Due from tax Office	16.047	516.060
Short-term other receivables, net	16.047	516.060

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

SUWEN TEKSTİL SANAYİ PAZARLAMA ANONİM ŞİRKETİ

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY – 30 SEPTEMBER 2024
(Amounts are expressed in Turkish Lira unless otherwise indicated.)

NOTE 11 – OTHER RECEIVABLES AND PAYABLES (Continued)

Long-term other receivables	30.09.2024	31.12.2023
Deposits and guarantees given	7.565.285	6.226.365
Long-term other receivables, net	7.565.285	6.226.365

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

Short-term other payables	30.09.2024	31.12.2023
Deposits and guarantees received	2.055.109	1.110.030
Short-term other payables, net	2.055.109	1.110.030

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

Long-term other payables	30.09.2024	31.12.2023
Deposits and guarantees received (*)	-	4.492.819
Long-term other payables, net	-	4.492.819

(*) Represents guarantees received for international distribution and foreign sales dealer agreements

NOTE 12 – DERIVATIVE INSTRUMENTS

None.

NOTE 13 – INVENTORIES

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

	30.09.2024	31.12.2023
Merchandise	1.045.441.427	670.074.913
Other inventories (*)	18.841.325	12.106.108
Provision for impairment on inventories (-)	(3.184.568)	(5.349.344)
Total	1.061.098.184	676.831.677

(*) Includes materials such as hangers and mannequins

NOTE 13 – INVENTORIES (Continued)

The movement of provision for impairment on inventories is as follows:

	01.01 - 30.09.2024	01.01 - 30.09.2023
Beginning of the period – 1 January	5.349.343	5.927.825
Additions	(808.694)	1.070.886
Monetary gains/(losses)	(1.356.081)	(2.361.181)
End of the period – 30 September	3.184.568	4.637.530

NOTE 14 - PREPAID EXPENSES AND DEFERRED INCOME

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

	30.09.2024	31.12.2023
Short-term prepaid expenses		
Advances given to third parties	80.727.583	70.302.183
Other	8.229.020	16.943.806
Short-term prepaid expenses, net	88.956.603	87.245.989

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

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

	30.09.2024	31.12.2023
Short-term deferred income		
Advances received	4.088.862	3.285.447
Short-term deferred income (*)	7.809.870	9.052.093
Short-term deferred income, net	11.898.732	12.337.540

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

	30.09.2024	31.12.2023
Long-term deferred income		
Long-term deferred income (*)	5.756.113	9.262.850
Long-term deferred income, net	5.756.113	9.262.850

(*) Represents bank promotions and premiums

NOTE 15 – INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

None.

NOTE 16 – INVESTMENT PROPERTIES

None.

NOTE 17 – PROPERTY, PLANT AND EQUIPMENT

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

30.09.2024

	Opening balance – 1 January 2024	Additions	Disposals (-)	Currency translation differences	Closing balance – 30 September 2024
Cost					
Plant, machinery and equipment	1.282.729	237.475	-	-	1.520.204
Motor vehicles	52.138.645	26.323.144	(42.117.700)	-	36.344.089
Furniture and fixtures	63.064.740	8.874.781	(653.828)	-	71.285.693
Leasehold improvements	392.492.656	79.550.594	(8.209.666)	2.870.628	466.704.212
Total	508.978.770	114.985.994	(50.981.194)	2.870.628	575.854.198
Accumulated depreciation (-)					
Plant, machinery and equipment	(888.020)	(88.772)	-	-	(976.792)
Motor vehicles	(5.701.216)	(5.708.234)	5.225.284	-	(6.184.166)
Furniture and fixtures	(36.309.388)	(7.123.284)	132.190	-	(43.300.482)
Leasehold improvements	(192.681.444)	(54.294.494)	2.051.319	(579.140)	(245.503.759)
Total	(235.580.068)	(67.214.784)	7.408.793	(579.140)	(295.965.199)
Net book value	273.398.702				279.888.999

30.09.2023

	Opening balance – 1 January 2023	Additions	Disposals (-)	Currency translation differences	Closing balance – 30 September 2023
Cost					
Plant, machinery and equipment	1.143.614	-	-	-	1.143.614
Motor vehicles	21.424.488	49.493.921	(22.044.394)	-	48.874.015
Furniture and fixtures	50.012.514	13.085.413	(1.581.617)	-	61.516.310
Leasehold improvements	287.699.959	69.024.363	(5.143.615)	3.432.202	355.012.909
Total	360.280.575	131.603.697	(28.769.626)	3.432.202	466.546.848
Accumulated depreciation (-)					
Plant, machinery and equipment	(815.186)	(57.939)	-	-	(873.125)
Motor vehicles	(909.014)	(3.541.679)	1.233.686	-	(3.217.007)
Furniture and fixtures	(28.230.858)	(6.187.344)	276.082	-	(34.142.120)
Leasehold improvements	(134.845.411)	(42.897.429)	1.816.551	(556.736)	(176.483.025)
Total	(164.800.469)	(52.684.391)	3.326.319	(556.736)	(214.715.277)
Net book value	195.480.106				251.831.571

As of 30 September 2024, the Group has no pledges, mortgages and restrictions on property, plant and equipment.

As of 30 September 2024, total insurance coverage on property, plant and equipment is amounting to TL 1.084.634.212 (31 December 2023: TL 1.039.239.915).

NOTE 18 – RIGHT OF USE ASSETS

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

30.09.2024

	Opening balance – 1 January 2024	Additions	Disposals (-)	Currency translation differences	Closing balance – 30 September 2024
Right of use assets	1.457.190.328	325.981.020	(283.132.904)	(11.612.097)	1.488.426.347
Depreciation and amortisation charges	(877.264.429)	(229.515.358)	175.125.280	3.310.343	(928.344.164)
Net book value	579.925.899				560.082.183

30.09.2023

	Opening balance – 1 January 2023	Additions	Disposals (-)	Currency translation differences	Closing balance – 30 September 2023
Right of use assets	1.094.156.710	361.389.109	(78.356.756)	(16.593.690)	1.360.595.373
Depreciation and amortisation charges	(642.540.689)	(225.904.705)	69.165.581	3.471.325	(795.808.488)
Net book value	451.616.021				564.786.885

NOTE 19 – INTANGIBLE ASSETS

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

30.09.2024

	Opening balance – 1 January 2024	Additions	Disposals (-)	Closing balance – 30 September 2024
Cost				
Rights	69.908.122	7.535.277	-	77.443.399
Total	69.908.122	7.535.277	-	77.443.399
Accumulated depreciation (-)				
Rights	(32.050.544)	(15.333.366)	-	(47.383.910)
Total	(32.050.544)	(15.333.366)	-	(47.383.910)
Net book value	37.857.578			30.059.489

NOTE 19 – INTANGIBLE ASSETS (Continued)

30.09.2023

	Opening balance – 1 January 2023	Additions	Disposals (-)	Closing balance – 30 September 2023
Cost				
Rights	37.155.772	28.715.471	(1.898.328)	63.972.915
Total	37.155.772	28.715.471	(1.898.328)	63.972.915
Accumulated depreciation (-)				
Rights	(16.784.614)	(10.840.709)	1.054.617	(26.570.706)
Total	(16.784.614)	(10.840.709)	1.054.617	(26.570.706)
Net book value	20.371.158			37.402.209

Goodwill

None.

NOTE 20 – EMPLOYEE BENEFITS

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

	30.09.2024	31.12.2023
Due to employees	35.002.426	35.564.118
Social security premiums payable	14.116.459	25.253.335
Total	49.118.885	60.817.453

NOTE 21 – SHORT-TERM PROVISIONS

As of 30 September 2024 and 31 December 2023, the functional breakdown and detailed analysis of short-term provisions, contingent liabilities and contingent assets are as follows:

	30.09.2024	31.12.2023
Short-term provisions		
Provision for unused vacation	7.262.523	4.679.561
Other short-term provisions	10.354.320	4.769.745
Short-term provisions, net	17.616.843	9.449.306

The movement of provision for unused vacation is as follows:

	01.01 - 30.09.2024	01.01 - 30.09.2023
Beginning of the period – 1 January	4.679.561	5.517.409
Additions	3.818.132	2.590.146
Monetary gains/(losses)	(1.235.170)	(1.835.580)
End of the period – 30 September	7.262.523	6.271.975

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NOTE 21 – SHORT-TERM PROVISIONS (Continued)

Other short-term provisions	30.09.2024	31.12.2023
Provision for lawsuits (*)	720.590	1.019.042
Provision for price revision	2.020.680	2.269.335
Provision for sales returns	7.613.050	1.481.368
Other short-term provisions, net	10.354.320	4.769.745

(*) Mainly comprise of employment-related and workplace lawsuits filed against the Group

The movement of other short-term provisions is as follows:

Other short-term provisions	Provision for lawsuits (*)	Provision for price revision	Provision for sales returns	Total
Beginning of the period – 1 January 2024	1.019.042	2.269.335	1.481.368	4.769.745
Additions	-	350.336	6.522.689	6.873.025
Reversals (-)	(36.027)	(2.269.335)	(1.481.368)	(3.786.730)
Monetary gains/(losses)	(262.425)	1.670.344	1.090.361	2.498.280
End of the period – 30 September 2024	720.590	2.020.680	7.613.050	10.354.320

Other short-term provisions	Provision for lawsuits (*)	Provision for price revision	Provision for sales returns	Total
Beginning of the period – 1 January 2023	2.094.632	3.854.959	1.156.016	7.105.607
Additions	-	4.795.346	3.459.631	8.254.977
Reversals (-)	(347.550)	(3.854.959)	(1.156.016)	(5.358.525)
Monetary gains/(losses)	(633.664)	(1.282.502)	(384.593)	(2.300.759)
End of the period – 30 September 2023	1.113.418	3.512.844	3.075.038	7.701.300

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

As of 30 September 2024 and 31 December 2023, the details of guarantees received are as follows:

Currency	30 September 2024		31 December 2023	
	Original currency amount	TL equivalent	Original currency amount	TL equivalent
Letter of guarantee	TL	1.500.000	1.290.673	1.290.673
Letter of guarantee	USD	100.000	100.000	2.953.550
Letter of guarantee	EUR	140.000	120.000	3.921.780
Guarantees received, net		10.260.388		8.166.003

ii) Total mortgages and guarantees on assets

None.

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NOTE 21 – SHORT-TERM PROVISIONS (Continued)

iii) Ratio of guarantees and mortgages to equity

As of 30 September 2024 and 31 December 2023, the breakdown of collateral/pledge/mortgage (“CPM”) position of the Group is as follows:

30 September 2024				31 December 2023	
Currency	Original currency amount	TL equivalent		Original currency amount	TL equivalent
A. Total amount of CPM’s given in the name of its own legal personality				96.678.050	96.678.050
TL	109.426.628	109.426.628			
USD	100.000	3.420.270		218.000	6.438.739
EUR	591.000	22.542.927		55.286	1.806.829
B. Total amount of CPM’s given on behalf of the fully consolidated subsidiaries	-	-		-	-
C. Total amount of CPM’s given on behalf of third parties for ordinary course of business	-	-		-	-
D. Total amount of other CPM’s given	-	-		-	-
Total		135.389.825			104.923.618

NOTE 22 – COMMITMENTS

None.

NOTE 23 – LONG-TERM PROVISIONS

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

Provision for employment termination benefits

Long-term provisions	30.09.2024	31.12.2023
Provision for employment termination benefits	7.111.928	5.752.861
Total	7.111.928	5.752.861

NOTE 23 – LONG-TERM PROVISIONS (Continued)

Under Turkish Labour Law, Suwen Tekstil and its subsidiaries incorporated in Turkey are required to pay termination benefits to each employee who has completed one year of service and whose employment is terminated without due cause, who is called up for military service, dies or retires after completing 25 years of service (20 years for women) and reaches the retirement age (58 for women and 60 for men). As of 30 September 2024, the amount payable consists of one month's salary limited to a maximum of TL 41.828,42 (31 December 2023: TL 35.058,58) for each year of service.

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

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

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

As of 30 September 2024, the provisions in the accompanying consolidated financial statements are calculated by estimating the present value of the future probable obligation of the Group arising from the retirement of the employees. As of 30 September 2024, the provisions at the respective balance sheet dates have been calculated assuming an annual inflation rate of 22% and an interest rate of 25%, resulting in a discount rate of 2.46% (31 December 2023: 2.46%).

The movements of provision for employment termination benefits are as follows:

	01.01 - 30.09.2024	01.01 - 30.09.2023
Beginning of the period – 1 January	5.752.861	3.036.529
Service cost	1.649.788	876.242
Interest cost	969.366	566.311
Actuarial losses	1.437.432	983.506
Loss on remeasurements of defined benefit plans	11.196.564	3.541.782
Payments during the period (-)	(12.042.979)	(2.933.770)
Monetary gains/(losses)	(1.851.104)	(2.190.783)
End of the period – 30 September	7.111.928	3.879.817

NOTE 24 – TAX ASSETS AND LIABILITIES

None.

NOTE 25 – OTHER ASSETS AND LIABILITIES

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

Other current assets	30.09.2024	31.12.2023
Deferred VAT	12.564.700	10.210.585
Advances given to employees	2.851.834	703.031
Other	5.774.166	9.037.822
Other current assets, net	21.190.700	19.951.438

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NOTE 25 – OTHER ASSETS AND LIABILITIES (Continued)

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

Other current liabilities	30.09.2024	31.12.2023
Taxes, duties and charges	10.101.418	15.580.568
Expense accruals	-	850.933
Other	2.970.065	3.966.174
Other current liabilities, net	13.071.483	20.397.675

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

NOTE 26 – EQUITY

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

Shareholders	30.09.2024 Amount	Share (%)	31.12.2023 Amount	Share (%)
Intilux SARL	31.675.000	14,14%	31.675.000	14,14%
Özcan Sümer	23.561.106	10,52%	13.942.794	6,22%
Biröl Sümer	23.409.164	10,45%	33.034.156	14,75%
Ali Bolluk	23.241.664	10,38%	23.241.664	10,38%
Çiğdem Ferda Arslan	8.113.048	3,62%	8.113.048	3,62%
Other	114.000.018	50,89%	113.993.338	50,89%
Total paid-in share capital	224.000.000	100,00%	224.000.000	100,00%

i) Capital reserves

None.

ii) Restricted reserves

The legal reserves consist of first and second legal reserves, appropriated in accordance with the Turkish Commercial Code (TCC). The TCC stipulates that the first legal reserve is appropriated out of historical statutory profits at the rate of 5% per annum, until the total reserve reaches 20% of the Group's historical paid-in share capital. The second legal reserve is appropriated at the rate of 10% per annum of all cash distributions in excess of 5% of the historical paid-in share capital. Under TCC, the legal reserves are not available for distribution unless they exceed 50% of the historical paid-in share capital but may be used to offset losses in the event that historical general reserve is exhausted. As of 30 September 2024 and 31 December 2023, the details of the restricted reserves are as follows:

	30.09.2024	31.12.2023
Legal reserves	49.319.906	29.212.705
Treasury shares (*)	25.989.900	7.464.725
Total	75.309.806	36.677.430

(*) In accordance with the regulations issued by Turkish Commercial Code ("TCC") and the Capital Markets Board ("CMB"), a reserve in an amount for the acquisition cost is allocated for the treasury shares in the accompanying consolidated financial statements. Accordingly, with the consideration of the restricted reserves in the consolidated financial statements, a reserve amounting to TL 25.989.900 including transaction costs has been allocated for the treasury shares for the period ended 30 September 2024.

NOTE 26 – EQUITY (Continued)

iii) Retained earnings

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

	30.09.2024	31.12.2023
Retained earnings	361.717.475	202.086.840
Total	361.717.475	202.086.840

iv) Treasury shares

As the Group repurchase their own equity instruments, these instruments are accounted for as “treasury shares” and deducted from equity. Gain or loss is recognized in the consolidated statement of profit or loss due to the purchase, sale, issue or cancellation of the equity instruments of the Group and the amounts received or paid for these transactions including tax effect are recognized directly in equity. The Group has treasury shares amounting to TL 25.989.900.

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

	30.09.2024	31.12.2023
Treasury shares	(25.989.900)	(7.464.724)
Total	(25.989.900)	(7.464.724)

v) Share premium

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

	30.09.2024	31.12.2023
Share Premium	132.055.511	132.055.511
Total	132.055.511	132.055.511

Expenses incurred during the initial public offering have been deducted from the share premiums.

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

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

	30.09.2024	31.12.2023
Currency translation differences	(16.903.104)	(10.611.102)
Total	(16.903.104)	(10.611.102)

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NOTE 26 – EQUITY (Continued)

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

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

	30.09.2024	31.12.2023
Gains/(losses) on remeasurements of defined benefit plans	(5.024.206)	(3.917.383)
Total	(5.024.206)	(3.917.383)

NOTE 27 – REVENUE AND COST OF SALES

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

	01.01.- 30.09.2024	01.07.- 30.09.2024	01.01.- 30.09.2023	01.07.- 30.09.2023
Domestic sales	3.103.520.751	1.297.271.427	2.561.247.939	1.089.406.777
Foreign sales	71.792.201	25.766.452	71.217.086	20.220.355
Sales returns (-)	(61.823.393)	(27.255.688)	(59.341.307)	(36.896.488)
Other discounts (-)	(46.608.122)	(22.491.766)	(43.529.883)	(18.597.040)
Total	3.066.881.437	1.273.290.425	2.529.593.835	1.054.133.604

	01.01.- 30.09.2024	01.07. - 30.09.2024	01.01.- 30.09.2023	01.07. - 30.09.2023
Cost of merchandise sold	(1.430.447.422)	(653.021.240)	(1.291.613.290)	(546.476.357)
Total	(1.430.447.422)	(653.021.240)	(1.291.613.290)	(546.476.357)

As of 30 September 2024, the Group has gross profit amounting to TL 1.636.435.015 (30 September 2023: TL 1.237.980.545).

The breakdown of channels for the sales of the Group is as follows:

Account Name	01.01.- 30.09.2024	01.07. - 30.09.2024	01.01.- 30.09.2023	01.07. - 30.09.2023
Retail Sales	2.617.547.878	1.081.237.280	2.196.990.931	920.878.056
E-Commerce Sales	402.007.362	178.355.255	287.641.671	118.791.861
Wholesales	26.146.152	5.926.876	24.635.717	4.079.564
Dealer Sales	21.180.045	7.771.014	20.325.516	10.384.123
Sales revenue, net	3.066.881.437	1.273.290.425	2.529.593.835	1.054.133.604

NOTE 28 - GENERAL ADMINISTRATIVE EXPENSES AND MARKETING SALES AND DISTRIBUTION EXPENSES

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

	01.01.- 30.09.2024	01.07.- 30.09.2024	01.01.- 30.09.2023	01.07.- 30.09.2023
Marketing, sales and distribution expenses (-)	(1.148.833.959)	(420.372.550)	(948.188.668)	(362.481.229)
General administrative expenses (-)	(117.620.874)	(38.234.508)	(76.125.283)	(28.247.816)
Total operating expenses (-)	(1.266.454.833)	(458.607.058)	(1.024.313.951)	(390.729.045)

NOTE 29 – EXPENSES BY NATURE

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

Marketing, sales and distribution expenses (-)	01.01.- 30.09.2024	01.07. - 30.09.2024	01.01.- 30.09.2023	01.07. - 30.09.2023
Personnel expenses	(521.634.512)	(181.729.938)	(400.723.709)	(156.500.388)
Depreciation and amortisation charges	(303.840.442)	(107.749.222)	(278.762.076)	(96.386.181)
Rent expenses	(109.518.390)	(48.518.859)	(88.467.906)	(41.929.285)
Advertisement and promotion expenses	(65.693.653)	(24.814.735)	(51.486.941)	(18.171.347)
Transportation and freight costs	(52.984.519)	(23.476.281)	(40.124.617)	(17.124.904)
Common costs	(29.990.021)	(12.341.733)	(27.659.329)	(10.048.188)
Consultancy expenses	(22.013.609)	(9.096.985)	(20.696.650)	(6.198.128)
Travel and accommodation expenses	(15.994.481)	(8.002.481)	(7.696.655)	(2.642.472)
Packaging costs	(10.718.683)	(3.181.153)	(10.403.371)	(4.723.351)
Insurance, maintenance and repair expenses	(7.813.130)	(2.553.692)	(8.474.443)	(3.535.331)
Taxes, duties and charges	(3.857.479)	(1.341.392)	(3.175.112)	(720.841)
Other	(4.775.040)	2.433.921	(10.517.859)	(4.500.813)
Marketing, sales and distribution expenses, net (-)	(1.148.833.959)	(420.372.550)	(948.188.668)	(362.481.229)

General administrative expenses (-)	01.01.- 30.09.2024	01.07.- 30.09.2024	01.01.- 30.09.2023	01.07.- 30.09.2023
Personnel expenses	(85.622.585)	(26.841.378)	(51.973.343)	(19.871.384)
Consultancy expenses	(14.087.459)	(5.818.094)	(6.929.457)	(2.438.893)
Depreciation and amortisation charges	(8.223.066)	(2.630.693)	(10.667.729)	(3.163.114)
Common costs	(1.854.573)	(930.852)	(1.072.193)	(538.693)
Insurance, maintenance and repair expenses	(1.652.004)	(636.539)	(554.974)	(172.121)
Advertisement and promotion expenses	(1.222.544)	(604.226)	-	-
Travel and accommodation expenses	(1.169.388)	(352.436)	(1.549.414)	(546.317)
Transportation and freight costs	(702.152)	141.318	(146.196)	(52.617)
Taxes, duties and charges	(327.817)	(40.846)	(1.677.371)	(919.710)
Packaging costs	(114.140)	-	(8.733)	-
Other	(2.645.146)	(520.762)	(1.545.873)	(544.967)
General administrative expenses, net (-)	(117.620.874)	(38.234.508)	(76.125.283)	(28.247.816)

NOTE 29 – EXPENSES BY NATURE (Continued)

	01.01.- 30.09.2024	01.07.- 30.09.2024	01.01.- 30.09.2023	01.07.- 30.09.2023
Depreciation and amortisation charges				
Marketing, sales and distribution expenses (-)	(303.840.442)	(107.749.222)	(278.762.076)	(96.386.181)
General administrative expenses (-)	(8.223.066)	(2.630.693)	(10.667.729)	(3.163.114)
Depreciation and amortisation charges, net	(312.063.508)	(110.379.915)	(289.429.805)	(99.549.295)

	01.01.- 30.09.2024	01.07.- 30.09.2024	01.01.- 30.09.2023	01.07.- 30.09.2023
Personnel expenses				
Marketing, sales and distribution expenses (-)	(521.634.512)	(181.729.938)	(400.723.709)	(156.500.388)
General administrative expenses (-)	(85.622.585)	(26.841.378)	(51.973.343)	(19.871.384)
Personnel expenses, net	(607.257.097)	(208.571.316)	(452.697.052)	(176.371.772)

NOTE 30 – OTHER OPERATING INCOME/(EXPENSES)

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

	01.01.- 30.09.2024	01.07. - 30.09.2024	01.01.- 30.09.2023	01.07. - 30.09.2023
Other operating income				
Foreign exchange gains	27.656.502	11.447.667	41.489.404	4.721.514
Discount income	18.914.580	3.530.289	14.464.357	6.656.004
Interest income	13.540.237	5.008.397	10.985.979	4.464.873
Income from bank promotion and bonuses	4.578.072	1.577.322	-	-
Income from insurance compensations and claims	1.998.136	1.084.987	2.486.038	2.407.623
Income from incentives	608209	608209	461.716	222.301
Reversals of provisions	32883	32883	347.550	-28.764
Other	6.611.239	-10.998	8.749.771	2.561.076
Toplam	73.939.858	23.278.756	78.984.815	21.004.627

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NOTE 30 – OTHER OPERATING INCOME/(EXPENSES) (Continued)

Other operating expenses (-)	01.01.- 30.09.2024	01.07.- 30.09.2024	01.01.- 30.09.2023	01.07. - 30.09.2023
Interest expenses	(35.505.745)	(9.767.325)	(24.563.242)	(12.093.305)
Discount expenses	(6.810.380)	526.589	(9.878.116)	933.393
Foreign exchange losses	(3.965.187)	(730.834)	(8.603.747)	(1.967.354)
Delay and interest fees and charges	(1.598.759)	-	(22.890.751)	(1.712.711)
Grants and donations	(708.773)	(228.811)	(2.315.971)	581.653
Provision for lawsuits	-	357.711	-	-
Other	(1.220.594)	604.126	(10.664.968)	(6.743.172)
Other operating expenses, net (-)	(49.809.438)	(9.238.544)	(78.916.795)	(21.001.496)

NOTE 31 – GAINS/(LOSSES) FROM INVESTMENT ACTIVITIES

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

Gains from investment activities	01.01.- 30.09.2024	01.07.- 30.09.2024	01.01.- 30.09.2023	01.07.- 30.09.2023
Gain on sale of non-current assets	8.086.759	2.995.870	5.596.839	311.361
Gains from investment activities, net	8.086.759	2.995.870	5.596.839	311.361

As of 30 September 2024 and 2023, the Group has no losses from investment activities.

NOTE 32 – FINANCIAL INCOME/(EXPENSES)

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

Financial income	01.01.- 30.09.2024	01.07.- 30.09.2024	01.01.- 30.09.2023	01.07.- 30.09.2023
Foreign exchange gains	625.021	247.412	2.306.988	320.970
Interest income	43.401.667	18.527.918	17.546.038	9.825.046
Financial income, net	44.026.688	18.775.330	19.853.026	10.146.016
Financial expenses (-)	01.01.- 30.09.2024	01.07. - 30.09.2024	01.01.- 30.09.2023	01.07. - 30.09.2023
Foreign exchange losses	(7.229.384)	905.362	(2.452.162)	(1.265.587)
Expenses from finance leases	(46.410.379)	(13.702.956)	(29.603.623)	(6.695.531)
Interest expenses	(97.211.393)	(29.356.283)	(14.981.016)	(5.245.810)
Commission expenses	(142.394.887)	(56.087.526)	(52.892.229)	(26.375.906)
Financial expenses, net (-)	(293.246.043)	(98.241.403)	(99.929.030)	(39.582.834)

NOTE 33 – NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

None.

NOTE 34 – INCOME TAXES

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

	30.09.2024	31.12.2023
Current period tax expense (-)	63.261.413	139.374.816
Earthquake tax	-	20.544.921
Prepaid taxes (-)	(36.034.990)	(131.590.023)
Total tax income/(expense) – Current income tax liability, net	27.226.423	28.329.714

i) Corporate tax

Advance tax in Turkey is calculated and accrued on a quarterly basis. Accordingly, the Group has been calculated tax in accordance with the 2024 and 2023 earnings in the first advance tax period, an advance tax rate of 23%, respectively was calculated on corporate earnings.

Entities whose shares representing at least 20% of the capital are offered to the public for the first time in the Borsa Istanbul Equity Market. The corporate tax rate to be applied to corporate earnings will be applied at a discount of two (2) points for five accounting periods, starting from the accounting period in which the shares are offered to the public for the first time. The tax rate applied in 2024 is 25% but the tax rate applied as 23% since the initial public offering of Suwen Tekstil was completed.

According to Turkish Corporate Tax Law, losses can be carried forward to offset the future taxable income for a maximum period of 5 years. On the other hand, such losses cannot be carried back to offset prior years' profits. According to corporate tax law numbered 5520 and article numbered 24, the corporate tax is imposed by the taxpayer's tax returns. In Turkey, there is no procedure for a final and definitive agreement on tax assessments. Companies file their corporate tax returns between 1-25 April following the close of the accounting year. Tax authorities may, however, examine such returns and the underlying accounting records and may revise assessments within five years.

As of 30 September 2024, the domestic corporate tax rate applied in Romania is 16%. However, the corporate tax rate to be applied due to the grants and incentives of the Group has benefited from in Romania is 1%.

ii) Deferred tax

Suwen Tekstil and its subsidiaries, recognise deferred tax assets and liabilities based upon temporary differences arising between their financial statements prepared in accordance with TFRS and the Turkish tax legislations. These differences usually due to the recognition of revenue and expense items in different reporting periods for the TFRS and tax purposes, the differences explained as below. Temporary differences are result of recognizing certain income and expense items differently for accounting and tax purposes. Temporary differences are calculated off of the property, plant and equipment (except land), intangible assets, inventories, the revaluation of prepaid expenses, discount of receivables, provision for employment termination benefits, and prior years' losses. Every accounting year, the Group reviews the deferred tax asset and in circumstances, where the deferred tax assets cannot be used against the future taxable income, the Group writes-off the recognized deferred tax asset.

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NOTE 34 – INCOME TAXES (Continued)

The breakdown of cumulative temporary differences and deferred tax assets and liabilities provided using principal tax rates are as follows:

	30.09.2024	31.12.2023	30.09.2024	31.12.2023
	Cumulative	Cumulative	Deferred tax	Deferred tax
	temporary	temporary	assets	assets
	differences	differences	/(liabilities)	/(liabilities)
Provision for employment termination benefits	(7.111.928)	(5.752.861)	1.635.743	1.323.158
Provision for unused vacation	(7.262.523)	(4.679.561)	1.670.380	1.076.299
Right of use assets	169.250.636	152.157.374	(39.321.983)	(35.293.618)
Trade and other receivables	(2.057.410)	(1.572.046)	473.204	361.571
Provision for sales returns	(4.122.749)	(1.115.805)	948.232	256.635
Trade payables	14.891.291	6.273.064	(4.041.500)	(1.769.259)
Inventories	159.520.730	50.108.545	(36.733.999)	(11.525.537)
Property, plant and equipment and intangible assets	55.832.362	58.468.210	(12.912.911)	(13.447.688)
Borrowings	(945.857)	(2.198.933)	217.547	505.755
Provision for lawsuits	(720.590)	(1.019.042)	165.736	234.380
Provision for price revisions	(2.020.680)	(2.269.335)	464.756	521.947
Other	(1.134.426)	2.900.466	208.936	(697.886)
Deferred tax assets/(liabilities), net			(87.225.859)	(58.454.243)

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

	01.01 –	01.01 –
	30.09.2024	30.09.2023
Beginning of the period - 1 January	(58.454.243)	(25.464.172)
Defined benefit plans, deferred tax effect	330.609	226.206
Deferred income tax during the period	(29.102.225)	(49.016.183)
End of the period – 30 September	(87.225.859)	(74.254.149)

NOTE 35 - EARNINGS PER SHARE

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

Earnings per share	01.01.-	01.01. -
	30.09.2024	30.09.2023
Profit for the period	195.287.786	206.221.283
Profit attributable to equity holders of the parent	195.287.786	206.221.283
Weighted average number of shares with nominal value of TL 1 each	224.000.000	119.000.000
Earnings per share (TL)	0,8718	1,7330

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NOTE 36 - RELATED PARTY DISCLOSURES

a) Related party balances due from related parties are as follows:

Trade receivables due from related parties (short-term)	30.09.2024	31.12.2023
Eko Tekstil San. ve Tic A.Ş.	8.305.207	6.667.593
Total	8.305.207	6.667.593
Trade payables due to related parties (short-term)	30.09.2024	31.12.2023
Latte Tekstil Sanayi ve Ticaret A.Ş.	-	32.639.801
Livadi Tekstil İth. İhr. Tic. A.Ş.	5.411.526	1.555.361
Eko Tekstil San. ve Tic. A.Ş.	42.742.101	11.001.110
Elmas Çamaşır İth. İhr. Tic. A.Ş.	35.311.485	34.748.417
Moni Tekstil Sanayi Ticaret A.Ş.	1.942.065	12.212.451
Aseyya Tekstil	12.001.597	8.070.575
Netcad Yazılım A.Ş.	7.284	22.697
Total	97.416.058	100.250.412

b) Related party transactions are as follows:

As of 30 September 2024 and 2023, the details of purchases from related parties are as follows:

Purchases

	01.01 - 30.09.2024				
Related parties	Goods	Financial transactions	Other	Services	Total
Eko Tekstil San. Ve Tic A.Ş.	919.663.619	1.598.759	9.629	-	921.272.007
Elmas Çamaşır İth. İhr. Tic. A.Ş.	251.545.023	-	-	-	251.545.023
Latte Tekstil Sanayi ve Ticaret A.Ş.	1.803.789	-	-	-	1.803.789
Moni Tekstil Sanayi Ticaret A.Ş.	115.381.194	-	-	-	115.381.194
Aseyya Tekstil	67.102.241	-	-	-	67.102.241
Livadi Tekstil İth. İhr. Tic. A.Ş.	131.865.302	-	-	-	131.865.302
Netcad Yazılım A.Ş.	-	-	-	265.529	265.529
Total	1.487.361.168	1.598.759	9.629	265.529	1.489.235.085

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NOTE 36 - RELATED PARTY DISCLOSURES (Continued)

b) Related party transactions are as follows (Continued):

Purchases (Continued)

01.01 - 30.09.2023					
Related parties	Goods	Financial transactions	Other	Services	Total
Eko Tekstil San. Ve Tic A.Ş.	405.893.123	20.209.707	-	340.408	426.443.238
Elmas Çamaşır İth. İhr. Tic. A.Ş.	220.489.412	-	-	20.372	220.509.784
Latte Tekstil Sanayi ve Ticaret A.Ş.	198.153.213	-	-	3.276	198.156.489
Moni Tekstil Sanayi Ticaret A.Ş.	121.277.270	-	-	-	121.277.270
Aseyya Tekstil	57.202.632	-	-	1.533	57.204.165
Livadi Tekstil İth. İhr. Tic. A.Ş.	27.716.635	3.062.487	-	-	30.779.122
Netcad Yazılım A.Ş.	-	-	-	262.596	262.596
Total	1.030.732.285	23.272.194	-	628.185	1.054.632.664

Sales

01.01 - 30.09.2024					
Related parties	Goods	Financial transactions	Other	Services	Total
Eko Tekstil San. Ve Tic A.Ş.	-	-	278.760	-	278.760
Elmas Çamaşır İth. İhr. Tic. A.Ş.	-	-	1.034.518	-	1.034.518
Total	-	-	1.313.278	-	1.313.278

01.01 - 30.09.2023					
Related parties	Goods	Financial transactions	Other	Services	Total
Eko Tekstil San. Ve Tic A.Ş.	-	-	295.850	-	295.850
Netcad Yazılım A.Ş.	-	-	-	765.955	765.955
Total	-	-	295.850	765.955	1.061.805

Key management compensation

Total key management compensation incurred by Suwen Tekstil for the period ended 30 September 2024 amounted to TL 23.262.709 (30 September 2023: TL 18.688.322).

NOTE 37 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS

Financial risk management objectives and policies

The Group is exposed to variety of financial risks due to its operations. These risks include credit risk, price risk, foreign exchange risk, interest rate risk and liquidity risk. The Group's overall risk management strategy focuses on the unpredictability of financial markets and targets to minimise potential adverse effects on the Group's financial performance. The Group also has financial instruments such as trade receivables and trade payables that arise directly from its operations.

The Group has financial instruments such as bank borrowings, cash on hand and short-term bank deposits which are applied on foreign exchange risk, interest rate risk, credit risk and liquidity risk. The Group management manages these risks as follows. The Group also monitors the market risk that may arise from the use of financial instruments.

Foreign exchange risk

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

Foreign exchange transactions result in foreign exchange risk arising from foreign exchange denominated assets and liabilities into Turkish Lira. The Group's exposure to foreign exchange risk arises from its trade payables, purchases and sales denominated in foreign currencies. In order to minimize this risk, the Group monitors its financial position and cash inflows/outflows with detailed cash flow statements as of 30 September 2024 and 31 December 2023.

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NOTE 37 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (Continued)

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

	30 September 2024				31 December 2023			
	TL equivalent	EUR	USD	GBP	TL equivalent	EUR	USD	GBP
1. Trade Receivables	84.812.891	2.232.198	251	-	53.330.879	1.611.939	29.251	-
2a. Monetary Financial Assets	76.735.595	1.570	2.250.792	-	67.049.990	2.286	2.276.718	-
2b. Non-Monetary Financial Assets	-	-	-	-	-	-	-	-
3. Other	-	-	-	-	-	-	-	-
4. Total Current Assets (1+2+3)	161.548.486	2.233.768	2.251.043	-	120.380.869	1.614.225	2.305.969	-
5. Trade Receivables	-	-	-	-	-	-	-	-
6a. Monetary Financial Assets	-	-	-	-	-	-	-	-
6b. Non-monetary financial assets	-	-	-	-	-	-	-	-
7. Other	1.444.918	2.300	39.850	-	1.243.085	1.000	41.150	-
8. Total Non-Current Assets (5+6+7)	1.444.918	2.300	39.850	-	1.243.085	1.000	41.150	-
9. Total Assets (4+8)	162.993.404	2.236.068	2.290.893	-	121.623.954	1.615.225	2.347.119	-
10. Trade Payables	2.913.204	57.240	10.334	8.210	1.238.203	28.418	-	8.210
11. Financial Liabilities	-	-	-	-	1.476.775	-	50.000	-
12a. Other Monetary Liabilities	-	-	-	-	-	-	-	-
12b. Other Non-Monetary Liabilities	-	-	-	-	-	-	-	-
13. Total Current Liabilities (10+11+12)	2.913.204	57.240	10.334	8.210	2.714.978	28.418	50.000	8.210
14. Trade Payables	-	-	-	-	3.306.939	56.000	50.000	-
15. Financial Liabilities	-	-	-	-	-	-	-	-
16a. Other Monetary Liabilities	-	-	-	-	-	-	-	-
16b. Other Non- Monetary Liabilities	-	-	-	-	-	-	-	-
17. Total Non-Current Liabilities (14+15+16)	-	-	-	-	3.306.939	56.000	50.000	-
18. Total Liabilities (13+17)	2.913.204	57.240	10.334	8.210	6.021.917	84.418	100.000	8.210
19. Off-Balance Sheet Derivative Instruments Net Asset / (Liability) Position (19a-19b)	-	-	-	-	-	-	-	-
19a. Total Asset Amount of Hedged	-	-	-	-	-	-	-	-
19b. Total Liabilities Amount of Hedged	-	-	-	-	-	-	-	-
20. Net Foreign Exchange Asset / (Liability) Position (9-18+19)	160.080.200	2.178.828	2.280.559	(8.210)	115.602.037	1.530.807	2.247.119	(8.210)
21. Monetary Items Net Foreign Exchange Asset / (Liabilities) Position (1+2a+3+5+6a-10-11-12a-14-15-16a)	-	-	-	-	-	-	-	-
22. Export	8.304.117	-	-	-	19.395.662	-	-	-
23. Import	115.586.846	-	-	-	41.714.453	-	-	-

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NOTE 37 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (Continued)

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

Exchange rate sensitivity analysis		
30 September 2024		
	Profit/Loss	
	Appreciation of foreign currency	Depreciation of foreign currency
Change in USD against TL by 10%		
1- USD Net Asset/Liability	7.768.858	(7.768.858)
2- Hedged portion of USD Risk (-)	-	-
3- USD Net Effect (1+2)	7.768.858	(7.768.858)
Change in EUR against TL by 10%		
4- EUR Net Asset/Liability	8.276.802	(8.276.802)
5- Hedged portion of EUR Risk (-)	-	-
6- EUR Net Effect (4+5)	8.276.802	(8.276.802)
Change in GBP against TL by 10%		
7- GBP Net Asset/Liability	(37.640)	37.640
8- Hedged portion of GBP Risk (-)	-	-
9- GBP Net Effect (7+8)	(37.640)	37.640
Total (3+6+9)	16.008.020	(16.008.020)
Exchange rate sensitivity analysis		
31 December 2023		
	Profit/Loss	
	Appreciation of foreign currency	Depreciation of foreign currency
Change in USD against TL by 10%		
1- USD Net Asset/Liability	6.609.306	(6.609.306)
2- Hedged portion of USD Risk (-)	-	-
3- USD Net Effect (1+2)	6.609.306	(6.609.306)
Change in EUR against TL by 10%		
4- EUR Net Asset/Liability	4.981.844	(4.981.844)
5- Hedged portion of EUR Risk (-)	-	-
6- EUR Net Effect (4+5)	4.981.844	(4.981.844)
Change in GBP against TL by 10%		
7- GBP Net Asset/Liability	(30.946)	30.946
8- Hedged portion of GBP Risk (-)	-	-
9- GBP Net Effect (7+8)	(30.946)	30.946
Total (3+6+9)	11.560.204	(11.560.204)

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NOTE 37 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (Continued)

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Group attempts to control credit risk by monitoring credit exposures, limiting transactions with specific counterparties, and continually assessing the creditworthiness of counterparties. Total credit risk is presented in consolidated the statement of financial position.

Concentrations of credit risk arise when a number of counterparties are engaged in similar business activities or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. The Group seeks to manage its credit risk exposure through diversification of sales activities to avoid undue concentrations of risks with individuals or groups of customers in specific locations or businesses. The Group also obtains security when appropriate. It is the Group's policy to enter into financial instruments with a diversity of creditworthy counterparties.

The exposure of consolidated financial assets to credit risk is as follows:

30 September 2024	Receivables				Bank deposits	Financial assets and derivative instruments	Other
	Trade receivables		Other receivables				
	Related party	Other	Related party	Other			
Maximum exposure to credit risk as of reporting date (A+B+C+D)	8.305.207	58.572.039	-	7.581.331	153.061.807	-	-
- Maximum risk secured with guarantees and collaterals	-	-	-	-	-	-	-
A. Net book value of neither past due nor impaired financial assets	8.305.207	58.572.039	-	7.581.331	153.061.807	-	-
B. Net book value of past due but not impaired financial assets	-		-	-	-	-	-
C. Net book value of impaired assets	-	-	-	-	-	-	-
Past due (gross book value)	-	451.455	-	-	-	-	-
Impairment (-)	-	(451.455)	-	-	-	-	-
Secured with guarantees and collaterals	-	-	-	-	-	-	-
Not past due (gross book value)	-	-	-	-	-	-	-
Impairment (-)	-	-	-	-	-	-	-
Secured with guarantees and collaterals	-	-	-	-	-	-	-
D. Off-balance sheet expected credit losses	-	-	-	-	-	-	-

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NOTE 37 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (Continued)

31 December 2023	Receivables				Bank deposits	Financial assets and derivative instruments	Other
	Trade receivables		Other receivables				
	Related party	Other	Related party	Other			
Maximum exposure to credit risk as of reporting date (A+B+C+D)	6.667.593	51.319.746	-	6.742.425	229.500.637	-	-
- Maximum risk secured with guarantees and collaterals	-	-	-	-	-	-	-
A. Net book value of neither past due nor impaired financial assets	6.667.593	51.319.746	-	6.742.425	229.500.637	-	-
B. Net book value of past due but not impaired financial assets	-		-	-	-	-	-
C. Net book value of impaired assets	-	-	-	-	-	-	-
Past due (gross book value)	-	613.348	-	-	-	-	-
Impairment (-)	-	(613.348)	-	-	-	-	-
Secured with guarantees and collaterals	-	-	-	-	-	-	-
Not past due (gross book value)	-	-	-	-	-	-	-
Impairment (-)	-	-	-	-	-	-	-
Secured with guarantees and collaterals	-	-	-	-	-	-	-
D. Off-balance sheet expected credit losses	-	-	-	-	-	-	-

Liquidity risk

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

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

Non-derivative financial liabilities					
	Carrying value	Total contractual cash outflows (I+II+III)	Demand or up to 3 months (I)	3-12 months (II)	1-8 years (III)
30.09.2024					
Borrowings	261.978.929	312.796.900	113.256.810	199.540.089	-
Trade payables	190.158.219	205.921.732	140.101.281	65.820.451	-
Lease liabilities	373.271.070	548.573.364	53.242.197	141.137.122	354.194.045
	825.408.218	1.067.291.996	306.600.288	406.497.662	354.194.045

SUWEN TEKSTİL SANAYİ PAZARLAMA ANONİM ŞİRKETİ

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY – 30 SEPTEMBER 2024
(Amounts are expressed in Turkish Lira unless otherwise indicated.)

NOTE 37 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (Continued)

31.12.2023	Carrying value	Total contractual cash outflows (I+II+III)	Demand or up to 3 months (I)	3-12 months (II)	1-5 years (III)
Borrowings	84.600.732	99.887.581	46.458.940	33.213.095	20.215.546
Trade payables	180.485.463	187.569.363	182.325.935	5.243.428	-
Lease liabilities	388.080.897	512.743.928	63.190.016	141.767.957	307.785.955
	653.167.092	800.200.872	291.974.891	180.224.480	328.001.501

Interest rate risk

The Group is exposed to interest rate risk arising from the rate changes on interest-bearing liabilities and assets. The Group manages this risk by balancing the repricing terms of interest-bearing assets and liabilities with fixed and floating interest rate financial instruments and short-long term nature of borrowings.

As of 30 September 2024 and 31 December 2023, interest position of Suwen Tekstil is as follows:

Interest position statement	30.09.2024	31.12.2023
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Fixed-interest rate financial instruments

Financial assets	87.225.778	155.740.968
Financial liabilities	292.712.065	472.681.629
- Borrowings	261.978.929	84.600.732
- Lease liabilities	30.733.136	388.080.897

As of 30 September 2024 and 31 December 2023, the Group has no floating-interest rate financial instruments.

Price risk

Price risk include foreign exchange risk, interest rate and market risk. The Group manages this risk by balancing the repricing terms of interest-bearing assets and liabilities with fixed-floating interest. Market risk have been determined by the Group by using available market information and appropriate valuation methodologies.

Capital risk management

The Group's main objectives for capital management are to keep the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The capital structure of the Group consists of cash and cash equivalents, borrowings and equity items containing respectively issued share capital, capital reserves, profit reserves and profits of previous years.

Risks, associated with each capital class, and the senior management evaluates the capital cost. It is aimed that the capital structure will be stabilized by means of new borrowings or repaying the existing debts as well as dividend payments and new share issuances based on the senior management evaluations.

General strategy based on the Group's equity does not differ from the prior period.

Consolidated net financial debt/invested capital ratio as of 30 September 2024 and 31 December 2023 are as follows:

SUWEN TEKSTİL SANAYİ PAZARLAMA ANONİM ŞİRKETİ

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY – 30 SEPTEMBER 2024
(Amounts are expressed in Turkish Lira unless otherwise indicated.)

NOTE 37 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (Continued)

Capital risk management (continued)

	30.09.2024	31.12.2023
Borrowings (except for TFRS 16)	261.978.929	84.600.732
Total borrowings	635.249.999	472.681.629
Less: Cash and cash equivalents	164.429.748	249.937.384
Net financial debt	470.820.251	222.744.245
Invested capital	1.233.674.891	1.126.306.848
Net financial debt/invested capital ratio	38,16%	19,78%

Fair value of financial assets and liabilities

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

Foreign currency denominated receivables and payables are translated with the exchange rates prevailing as of the date of the financial statements.

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

Financial assets

Carrying values of cash and cash equivalents, accrued interests and other financial assets are approximate to their fair values due to their short-term nature and insignificant credit risk. The carrying values of receivables estimated that reflecting the fair value with the less provision for doubtful receivables.

Financial liabilities

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

SUWEN TEKSTİL SANAYİ PAZARLAMA ANONİM ŞİRKETİ

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM PERIOD 1 JANUARY – 30 SEPTEMBER 2024

(Amounts are expressed in Turkish Lira unless otherwise indicated.)

NOTE 38 – FINANCIAL INSTRUMENTS (FAIR VALUE DISCLOSURES AND HEDGE ACCOUNTING)

		Other financial assets at amortised costs	Loans and receivables	Financial assets at fair value through profit or loss	Other financial liabilities at amortised costs	Book value	Fair value
30.09.2024	Notes						
Financial Assets		164.429.748	66.877.246	-	-	231.306.994	231.306.994
Cash and Cash Equivalents	6	164.429.748	-	-	-	164.429.748	164.429.748
Trade Receivables	10	-	66.877.246	-	-	66.877.246	66.877.246
Financial Investments		-	-	-	-	-	-
Financial Liabilities		-	190.158.219	-	635.249.999	825.408.218	825.408.218
Financial Liabilities	8	-	-	-	635.249.999	635.249.999	635.249.999
<i>Borrowings</i>	8	-	-	-	261.978.929	261.978.929	261.978.929
<i>Lease liabilities</i>	8	-	-	-	373.271.070	373.271.070	373.271.070
Other Financial Liabilities	9	-	-	-	-	-	-
Trade Payables	10	-	190.158.219	-	-	190.158.219	190.158.219
31.12.2023							
Financial Assets		249.937.384	57.987.339	-	-	307.924.723	307.924.723
Cash and Cash Equivalents	6	249.937.384	-	-	-	249.937.384	249.937.384
Trade Receivables	10	-	57.987.339	-	-	57.987.339	57.987.339
Financial Investments		-	-	-	-	-	-
Financial Liabilities		-	180.485.463	-	472.681.629	653.167.092	653.167.092
Financial Liabilities	8	-	-	-	472.681.629	472.681.629	472.681.629
<i>Borrowings</i>	8	-	-	-	84.600.732	84.600.732	84.600.732
<i>Lease liabilities</i>	8	-	-	-	388.080.897	388.080.897	388.080.897
Other Financial Liabilities	9	-	-	-	-	-	-
Trade Payables	10	-	180.485.463	-	-	180.485.463	180.485.463

NOTE 39 – EVENTS AFTER THE REPORTING PERIOD

None.

**NOTE 40 - THE OTHER MATTERS WHICH SUBSTANTIALLY AFFECT THE CONSOLIDATED FINANCIAL
STATEMENTS OR ARE REQUIRED TO BE DESCRIBED IN TERMS OF MAKING THE CONSOLIDATED
FINANCIAL STATEMENTS CLEAR, INTERPRETABLE AND UNDERSTANDABLE**

None.