DEVA HOLDİNG A.Ş. AND ITS SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2023

(**Convenience translation of consolidated financial statements originally issued in Turkish)**

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DEVA HOLDİNG A.Ş. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF 30 SEPTEMBER 2023
(Amounts expressed in Turkish Lira "TRY" unless otherwise stated.)

	Footnote References	Current Year Unaudited 30 September 2023	Prior Year Audited 31 December 2022
ASSETS			
Current Assets		**9.127.856.690**	**5.464.758.250**
Cash and cash equivalents	4	1.432.509.710	601.243.499
Financial investments	5	1.661.523.813	734.615.057
Trade receivables		3.025.932.473	1.765.455.139
Due from related parties	*7*	*180.631.638*	*86.024.749*
Due from third parties	*8*	*2.845.300.835*	*1.679.430.390*
Other receivables	9	7.411.953	3.870.442
Inventories	10	2.759.013.656	2.008.634.018
Prepaid expenses	11	224.477.604	227.964.505
Assets relating to current tax	12	1.042.893	775.568
Other current assets	21	15.944.588	122.200.022
Non-Current Assets		**3.801.075.306**	**3.159.542.430**
Financial investments	*5*	178.040.445	432.107.872
Property, plant and equipment	13	1.857.704.731	1.648.592.969
Right of use assets	14	483.282.290	102.555.594
Intangible assets		952.575.815	577.298.639
Goodwill	*16*	*1.782.731*	*1.782.731*
Other intangible assets	*15*	*950.793.084*	*575.515.908*
Prepaid expenses	11	167.941.795	293.146.147
Deferred tax assets	29	161.530.230	105.841.209
TOTAL ASSETS		**12.928.931.996**	**8.624.300.680**

(Convenience translation of consolidated financial statements originally issued in Turkish)

DEVA HOLDİNG A.Ş. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF 30 SEPTEMBER 2023
(Amounts expressed in Turkish Lira "TRY" unless otherwise stated.)

	Footnote References	Current Year Unaudited 30 September 2023	Prior Year Audited 31 December 2022
LIABILITIES			
Current Liabilities		**6.433.859.681**	**4.023.286.288**
Short term financial liabilities		4.353.696.384	2.457.258.522
Bank borrowings	*6*	*3.485.325.963*	*2.307.258.522*
Other short-term debts	*6*	*868.370.421*	*150.000.000*
Current portion of long term financial liabilities		382.442.977	436.287.651
Bank borrowings	*6*	*266.332.729*	*324.767.319*
Lease liabilities	*6*	*116.110.248*	*9.959.963*
Debt bond in issue	*6*	-	*101.560.369*
Trade payables		809.806.100	713.706.921
Due to related parties	*7*	*80.619.910*	*22.515.635*
Due to third parties	*8*	*729.186.190*	*691.191.286*
Payables relating to the benefits provided to employees	20	94.043.557	46.065.560
Other payables		30.045.338	2.083.719
Other trade payables	*9*	*30.045.338*	*2.083.719*
Derivative instruments	32	*1.613.539*	-
Government grants and incentives	17	2.121.813	2.246.055
Deferred revenue	11	69.988.000	25.043.179
Current tax payable	29	118.178.831	1.660.332
Short term provisions		553.395.535	328.206.900
Provisions for benefits provided to employees	*20*	*224.472.356*	*126.453.597*
Other provisions	*18*	*328.923.179*	*201.753.303*
Other current liabilities	21	18.527.607	10.727.449
Non-Current Liabilities		**701.255.692**	**664.190.412**
Long term financial liabilities		559.968.682	505.282.590
Bank borrowings	*6*	*168.789.291*	*239.444.412*
Lease liabilities	*6*	*391.179.391*	*265.838.178*
Government grants and incentives	17	48.178.570	48.997.401
Deferred revenue	11	22.292.982	13.547.187
Long term provisions		70.815.458	96.363.234
Provisions for benefits provided to employees	*20*	*70.815.458*	*96.363.234*
EQUITY		**5.793.816.623**	**3.936.823.980**
Equity attributable to equity holders of the parent		**5.793.816.623**	**3.936.823.980**
Paid-in capital	22	200.019.288	200.019.288
Inflation adjustment to share capital	22	140.080.696	140.080.696
Treasury shares (-)	22	(28.847)	(28.847)
Premium in excess of par	22	2.870.803	2.870.803
Other comprehensive expense not to be reclassified to profit or loss		(6.921.152)	(6.921.152)
Actuarial loss arising from defined benefit plans		*(6.921.152)*	*(6.921.152)*
Other comprehensive expense to be reclassified to profit or loss		171.915.420	52.075.076
Currency translation reserve		*171.915.420*	*52.075.076*
Restricted reserves appropriated from profit	22	150.864.955	150.864.955
Accumulated profit	22	3.203.121.345	2.037.638.940
Profit for the period		1.931.894.115	1.360.224.221
TOTAL LIABILITIES AND EQUITY		**12.928.931.996**	**8.624.300.680**

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

(Convenience translation of consolidated financial statements originally issued in Turkish)

DEVA HOLDİNG A.Ş. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE PERIOD ENDED 30 SEPTEMBER 2023
(Amounts expressed in Turkish Lira “TRY” unless otherwise stated.)

	Footnote References	Current Year Unaudited 1 January – 30 September 2023	Prior Year Unaudited 1 January – 30 September 2022	Current Year Unaudited 1 July – 30 September 2023	Prior Year Unaudited 1 July – 30 September 2022
Revenue	23	6.216.840.315	3.054.735.012	2.316.038.576	1.150.756.917
Cost of revenue (-)	23	(2.637.677.973)	(1.469.909.112)	(991.125.720)	(563.404.172)
GROSS PROFIT		**3.579.162.342**	**1.584.825.900**	**1.324.912.856**	**587.352.745**
Marketing, sales and distribution expenses (-)	24	(759.850.385)	(373.509.847)	(285.866.878)	(135.199.085)
General administration expenses (-)	24	(538.735.749)	(258.076.525)	(199.396.985)	(107.195.974)
Research and development expenses (-)	24	(117.418.696)	(116.205.201)	(40.103.260)	(35.462.730)
Other operating income	26	382.421.393	389.258.499	206.419.568	113.406.192
Other operating expenses (-)	26	(61.871.855)	(45.732.831)	(41.096.632)	(8.005.190)
OPERATING PROFIT		**2.483.707.050**	**1.180.559.995**	**964.868.669**	**414.895.958**
Investment income	27	457.214.650	97.065.823	16.043.851	53.679.266
Investment expenses (-)	27	(3.222.317)	(7.056.633)	(3.222.317)	(7.056.633)
PROFIT BEFORE FINANCE EXPENSES		**2.937.699.383**	**1.270.569.185**	**977.690.203**	**461.518.591**
Finance expenses (-)	28	(778.388.478)	(369.003.773)	(335.216.009)	(164.216.095)
PROFIT BEFORE TAXATION		**2.159.310.905**	**901.565.412**	**642.474.194**	**297.302.496**
Tax (expense) / income		**(227.416.790)**	**82.385.161**	**(58.493.947)**	**27.557.753**
Current tax expense (-)	29	(283.105.811)	(4.475.795)	(115.339.045)	(1.331.264)
Deferred tax income	29	55.689.021	86.860.956	56.845.098	28.889.017
Net profit for the period		**1.931.894.115**	**983.950.573**	**583.980.247**	**324.860.249**
Distribution of profit for the period					
Equity holders of the parent		1.931.894.115	983.950.573	583.980.247	324.860.249
		1.931.894.115	**983.950.573**	**583.980.247**	**324.860.249**
Earning per share	**30**	**0,0966**	**0,0492**	**0,0292**	**0,0162**

DEVA HOLDİNG A.Ş. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 30 SEPTEMBER 2023
(Amounts expressed in Turkish Lira "TRY" unless otherwise stated.)

	Footnote References	Current Year Unaudited 1 January – 30 September 2023	Prior Year Unaudited 1 January – 30 September 2022	Current Year Unaudited 1 July – 30 September 2023	Prior Year Unaudited 1 July – 30 September 2022
Net profit for the period		**1.931.894.115**	**983.950.573**	**583.980.247**	**324.860.249**
OTHER COMPREHENSIVE INCOME / (LOSS)					
Items not to be reclassified subsequently to profit or loss		**-**	**-**	**-**	**-**
Actuarial (loss) / gain arising from defined benefit plans	20	-	-	-	-
Tax effect other comprehensive income not to be reclassified to profit or loss	29	-	-	-	-
Items that may be reclassified subsequently to profit or loss		**119.840.344**	**15.621.492**	**20.093.433**	**6.101.978**
Change in foreign currency translation reserve		119.840.344	15.621.492	20.093.433	6.101.978
OTHER COMPREHENSIVE INCOME		**119.840.344**	**15.621.492**	**20.093.433**	**6.101.978**
TOTAL COMPREHENSIVE INCOME		**2.051.734.459**	**999.572.065**	**604.073.680**	**330.962.227**
Total comprehensive income attributable to:		**2.051.734.459**	**999.572.065**	**604.073.680**	**330.962.227**
Equity holders of the parent		2.051.734.459	999.572.065	604.073.680	330.962.227

DEVA HOLDİNG A.Ş. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 SEPTEMBER 2023
(Amounts expressed in Turkish Lira “TRY” unless otherwise stated.)

						Other comprehensive income/(expense) not to be reclassified to profit or loss	Other comprehensive income/(expense) to be reclassified to profit or loss		Accumulated profit			
	Notes	Paid in capital	Inflation adjustment to share capital	Treasury shares (-)	Premium in excess of par	Actuarial loss arising from defined benefit plans	Currency translation reserve	Restricted reserves appropriated from profit	Accumulated profit	Net profit for the period	Total equity attributable to equity holders of the parent	Total shareholder's equity
Balance as of 1 January 2022	22	200.019.288	140.080.696	(28.847)	2.870.803	(5.252.460)	27.972.911	150.864.955	1.041.162.023	1.170.087.476	2.727.776.845	2.727.776.845
Transfer to retained earnings		-	-	-	-	-	-	-	1.170.087.476	(1.170.087.476)	-	-
Profit shares		-	-	-	-	-	-	-	(173.610.559)	-	(173.610.559)	(173.610.559)
Total comprehensive income		-	-	-	-	-	15.621.492	-	-	983.950.573	999.572.065	999.572.065
Currency translation reserve		-	-	-	-	-	*15.621.492*	-	-	-	*15.621.492*	*15.621.492*
Profit for the period		-	-	-	-	-	-	-	-	*983.950.573*	*983.950.573*	*983.950.573*
Balance as of 30 September 2022	22	200.019.288	140.080.696	(28.847)	2.870.803	(5.252.460)	43.594.403	150.864.955	2.037.638.940	983.950.573	3.553.738.351	3.553.738.351
Balance as of 1 January 2023	22	200.019.288	140.080.696	(28.847)	2.870.803	(6.921.152)	52.075.076	150.864.955	2.037.638.940	1.360.224.221	3.936.823.980	3.936.823.980
Transfer to retained earnings		-	-	-	-	-	-	-	1.360.224.221	(1.360.224.221)	-	-
Profit shares *		-	-	-	-	-	-	-	(194.741.816)	-	(194.741.816)	(194.741.816)
Total comprehensive income		-	-	-	-	-	119.840.344	-	-	1.931.894.115	2.051.734.459	2.051.734.459
Currency translation reserve		-	-	-	-	-	*119.840.344*	-	-	-	*119.840.344*	*119.840.344*
Profit for the period		-	-	-	-	-	-	-	-	1.931.894.115	1.931.894.115	*1.931.894.115*
Balance as of 30 September 2023	22	200.019.288	140.080.696	(28.847)	2.870.803	(6.921.152)	171.915.420	150.864.955	3.203.121.345	1.931.894.115	5.793.816.623	5.793.816.623

(*) At the 2022 Ordinary General Assembly Meeting held on April 28, 2023, it was decided that; the shareholders representing TRY 200.019.288 of the capital for 2022, to be paid 15% gross; 13,5% net dividend amounting to a total of TRY 194.741.816 (gross TRY/krs 0,15, net TRY/krs 0,1350 per a share in the amount of TRY 1) depending on their legal status; this dividends to be paid in cash as of May 8, 2023.

DEVA HOLDİNG A.Ş. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30 SEPTEMBER 2023
(Amounts expressed in Turkish Lira "TRY" unless otherwise stated.)

	Footnote References	Current Year Unaudited 1 January – 30 September 2023	Prior Year Unaudited 1 January – 30 September 2022
CASH FLOWS FROM OPERATING ACTIVITIES		**1.238.513.864**	**460.769.413**
Profit for the period		1.931.894.115	983.950.573
Adjustments to Reconcile Profit (Loss)		**1.316.117.838**	**746.773.737**
Adjustments for depreciation and amortisation expense	13,14,15, 23,25	131.920.582	79.818.557
Adjustments for Impairment Loss (Reversal of Impairment Loss)		**305.069.937**	**244.164.572**
Adjustments for Impairement Loss (Reversal of Impairment Loss) of Receivables	8,9	-	(54.376)
Adjustments for Impairment Loss (Reversal of Impairment Loss) of Inventories	10	84.882.676	70.487.880
Adjustments for Impairment Loss (Reversal of Impairment Loss) of Other Intangible Assets	15	220.187.261	173.731.068
Adjustments for Provisions		**534.917.311**	**336.532.365**
Adjustments for (Reversal of) Provisions Related with Employee Benefits	20	189.628.754	86.066.779
Adjustments for (Reversal of) Lawsuit and/or Penalty Provisions	18	16.487.456	11.931.921
Adjustments for (Reversal of) Other Provisions	18	328.801.101	238.533.665
Adjustments for Interest (Income) Expenses		**584.522.559**	**310.086.558**
Adjustments for interest income	26	(82.524.655)	(44.182.817)
Adjustments for interest expense	28	667.047.214	354.269.375
Adjustments for Fair Value (Income) Expenses:		**(328.941.607)**	**(50.982.630)**
Adjustments for Fair Value (Gains) Losses of Financial Investments	27	(328.941.607)	(50.982.630)
Adjustments for Tax (Income) Expenses	29	**227.416.790**	**(82.385.161)**
Other Adjustments for Non-Cash Items	18	**(138.178.754)**	**(71.213.029)**
Adjustments for Losses (Gains) on Disposal of Non-Current Assets		**(18.306.160)**	**(17.607.419)**
Adjustments for Losses (Gains) Arised From Sale of Tangible Assets	27	(18.306.160)	(17.607.419)
Other adjustments for Which Cash Effects are Investing or Financing Cash Flow	6	**22.523.848**	**2.716.009**
Other Adjustments to Reconcile Profit (Loss)		**(4.826.668)**	**(4.356.085)**
Changes in Working Capital		**(1.887.037.156)**	**(1.253.761.366)**
Adjustments for Decrease (Increase) in Trade Accounts Receivable		**(1.258.425.715)**	**(636.313.580)**
Increase in Trade Accounts Receivables from Related Parties	7	(94.606.889)	(16.122.531)
Increase in Trade Accounts Receivables from Other Parties		(1.163.818.826)	(620.191.049)
Adjustments for Increase in Other Receivables Related with Operations		**(3.541.511)**	**(1.610.840)**
Increase in Other Third Party Receivables Related with Operations	9	(3.541.511)	(1.610.840)
Adjustments for Increase in Inventories		**(788.245.348)**	**(735.519.107)**
Decrease in Prepaid Expenses	11	**3.486.901**	**19.668.955**
Adjustments for Increase in Trade Accounts Payable		**96.099.179**	**106.403.044**
Increase in Trade Accounts Payables to Related Parties	8	58.104.275	30.969.888
Increase in Trade Accounts Payables to Unrelated Parties	8	37.994.904	75.433.156
Increase in Employee Benefit Liabilities	20	**47.977.997**	**9.885.453**
Adjustments for Increase (Decrease) in Other Operating Payables		**27.961.619**	**(189.084)**
Increase (Decrease) in Other Operating Payables to Other Parties	9	27.961.619	(189.084)
Increase in Derivative Liabilities	32	1.613.539	-
Increase in Deferred Income	11	53.690.616	4.224.591
Other Adjustments for Other Increase (Decrease) in Working Capital		**(67.654.433)**	**(20.310.798)**
Decrease (Increase) in Other Assets Related with Operations	12,21	105.988.109	(79.557.324)
Increase (Decrease) in Other Payables Related with Operations		(173.642.542)	59.246.526
Cash Flows from (used in) Operations		**1.360.974.797**	**476.962.944**
Interest received	4,26	82.182.201	44.370.634
Payments Related with Provisions for Employee Benefits	20	(124.703.207)	(20.491.266)
Payments Related with Other Provisions	18	(79.939.927)	(40.072.899)

DEVA HOLDİNG A.Ş. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30 SEPTEMBER 2023
(Amounts expressed in Turkish Lira "TRY" unless otherwise stated.)

	Footnote References	Current Year Unaudited 1 January – 30 September 2023	Prior Year Unaudited 1 January – 30 September 2022
CASH FLOWS FROM INVESTING ACTIVITIES		**(1.206.285.945)**	**(1.759.698.923)**
Proceeds from Sales of Property, Plant, Equipment and Intangible Assets		**21.590.977**	**18.412.053**
Proceeds from Sales of Property, Plant and Equipment	13,27	21.590.977	18.412.053
Purchase of Property, Plant, Equipment and Intangible Assets		**(1.011.226.978)**	**(662.316.322)**
Purchase of Property, Plant and Equipment	13	(332.602.120)	(297.230.956)
Purchase of Intangible Assets (*)	6,14,15,28	(678.624.858)	(365.085.366)
Cash Outflows Arising From Debt Instruments	5,27	(343.899.722)	(945.712.804)
Cash Advances and Loans Made		**125.204.352**	**(172.200.765)**
Other Cash Advances and Loans Made to Other Parties	11	125.204.352	(172.200.765)
Proceeds from Government Grants	17	2.045.426	2.118.915
CASH FLOWS FROM FINANCING ACTIVITIES		**678.855.494**	**686.784.526**
Proceeds from Loans		**3.795.174.117**	**2.816.038.682**
Proceeds from Borrowings	6	3.195.174.117	2.816.038.682
Other short-term debts	6	600.000.000	-
Debt Repayments		**(2.283.346.656)**	**(1.607.430.873)**
Cash outflows regarding repayments of borrowings	6	(2.181.786.287)	(1.477.430.873)
Cash outflows regarding payments of bonds issued	6	(101.560.369)	(130.000.000)
Cash outflows related with payments of lease liabilities	**6**	**(92.367.502)**	**(43.568.999)**
Cash outflows regarding payments of dividend	**22**	**(194.741.816)**	**(173.610.559)**
Interest paid	**6,28**	**(545.862.649)**	**(304.643.725)**
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS BEFORE EFFECT OF EXCHANGE RATE CHANGES		**711.083.413**	**(612.144.984)**
Effect of exchange rate changes on cash and cash equivalents		119.840.344	15.621.492
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**830.923.757**	**(596.523.492)**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	4	**600.671.319**	**1.310.128.102**
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	4	**1.431.595.076**	**713.604.610**

(*) Amount of TRY 128.510.080 advances given for right of use asset purchases are included in the cash outflows item of the purchase of intangible assets.

(Amounts expressed in Turkish Lira "TRY" unless otherwise stated.)

1. ORGANIZATION AND OPERATIONS OF THE GROUP

Deva Holding A.Ş. ("the Company") is operating in İstanbul, Turkey. The Company was incorporated on 22 September 1958. The Company's principal activity is manufacturing and marketing of human pharmaceuticals. The registered office address and its principal place of business are as follows:

Deva Holding A.Ş. Halkalı Merkez Mahallesi Basın Ekspres Caddesi No: 1 K.Çekmece / İstanbul.

The average number of employees working in the Group for the period ended 30 September 2023 is 2.931 (31 December 2022: 2.844).

Eastpharma S.A.R.L. is the main shareholder of the Company. Eastpharma S.A.R.L. was founded in Luxembourg in 2006 and is fully owned by Eastpharma Ltd., which was incorporated in Bermuda in 2006. Eastpharma S.A.R.L. acquired 52,6% of the Company's shares on 27 November 2006. Subsequent to that date EP SARL increased its shareholdings and as of 30 September 2023, it owns 82,2% of the shares of Deva (31 December 2022: 82,2%).

The shares of the Company have been traded on Borsa Istanbul since 24 March 1986.

As of 30 September 2023, the Company's share capital consists of 20.001.928.778 shares with an amount of TRY 0,01 for each (31 December 2022: 20.001.928.778). The Company's nominal capital structure is as follows (Note 22):

Name	(%)	30 September 2023	(%)	31 December 2022
Eastpharma S.A.R.L.	82,2	164.424.760	82,2	164.424.760
Shares held by public	17,8	35.594.528	17,8	35.594.528
Nominal capital	100,0	200.019.288	100,0	200.019.288
Inflation adjustment to share capital		140.080.696		140.080.696
Treasury shares (-)		(28.847)		(28.847)
Adjusted share capital		340.071.137		340.071.137

(Amounts expressed in Turkish Lira "TRY" unless otherwise stated.)

1. ORGANIZATION AND OPERATIONS OF THE GROUP (cont'd)

Subsidiaries

As of 30 September 2023 and 31 December 2022, the details of the subsidiaries ("the Group") in terms of ownership and principal business activities are as follows:

	Effective Ownership (%)		
Company	30 September 2023	31 December 2022	Line of activity
Devatis Ltd	100	100	Distribution and sale of human and veterinary pharmaceuticals in New Zealand and Australia
Devatis Inc	100	100	Distribution and sale of human and veterinary pharmaceuticals in USA
Devatis GmbH	100	100	Distribution and sale of human and veterinary pharmaceuticals in Germany
Devatis PTY Ltd (*)	100	100	Distribution and sale of human and veterinary pharmaceuticals in Australia
Devatis A.G (*)	100	100	Distribution and sale of human and veterinary pharmaceuticals in Switzerland
Devatis de Mexico (*)	100	100	Distribution and sale of human and veterinary pharmaceuticals in Mexico
Devatis Canada Inc. (*)	100	100	Distribution and sale of human and veterinary pharmaceuticals in Canada
Devatis d.o.o Beograde (*)	100	-	Distribution and sale of human and veterinary pharmaceuticals in Serbia

(*) The companies do not have material effect on the consolidated financial statements. Therefore, they are not included in the consolidation.

The Group's subsidiaries operate outside Turkey.

1. ORGANIZATION AND OPERATIONS OF THE GROUP (cont'd)

Subsidiaries (cont'd)

The Company and its subsidiaries operate in the pharmaceutical industry and are one of the branded generic players in the market. The Group has a wide range product portfolio and a country-wide organized sales force. The Group has 4 production facilities in 4 different locations.

The Group has 215 pharmaceutical molecules in 427 pharmaceutical forms. Of these 7 molecules (in 8 presentation forms) are manufactured and marketed by using license rights.

As of 30 September 2023 the business segments are production and sale of human pharmaceuticals, veterinary and agricultural products and other.

The human pharmaceuticals segment derives the majority of its revenues from the sale of branded generic and licensed products. Branded generic products are finished pharmaceutical products that Deva produces and sells under its trademark rather than the chemical name of the active pharmaceutical compound. Licensed products are finished pharmaceutical products that the Company produces and sells under licenses from other pharmaceutical companies that hold the rights to the pharmaceutical compound. The business encompasses a wide range of medicines combating diseases in the musculoskeletal, alimentary, metabolism and cardiovascular system and infections. Corporate expenses and assets are included in the human pharmaceuticals segment.

The human pharmaceuticals segment also contains "API", which mainly derives its revenues from the manufacturing and sale of antibiotic active ingredients to local producers including the Company as well as to foreign pharmaceutical companies. In addition to its manufacturing activities, the Company conducts, at its microbiology laboratories, tests and research on the adaptation of raw materials, selection of micro-organisms, formulation of culture mediums, and executes various test and research fermentations on pilot fermentators.

The income of veterinarians and animal breeders segment is achieved by the sales of 87 pharmaceutical molecules in 128 pharmaceutical forms.

The operations in the other segment include production and sale of cologne products.

Further segment information on the Group operations is presented in Note 3.

Approval of the financial statements

The accompanying financial statements have been approved by the Board of Directors and are authorized for issue on 3 November 2023.

Going Concern

The Group prepared consolidated financial statements in accordance with the going concern assumption.

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

Accounting Standards

The Group maintain their books of accounts and prepare their statutory financial statements in accordance with accounting principles in the Turkish Commercial Code ("TCC") and tax legislation. Subsidiaries operating in foreign countries maintain their books of accounts in the currency of the country in which they operate and prepare their statutory financial statements in accordance with the legislation effective in these countries.

The attached consolidated financial statements are prepared in accordance with the decree Series II No: 14.1 "Principals Relating to the Financial Reporting Standards in Capital Markets" ("Decree") issued by Capital Markets Board ("CMB") on 13 June 2013 and published in the Official Gazette numbered 28676 and are based on the Turkish Accounting Standards/ Turkish Financial Reporting Standards and relating interpretations which became effective with the 5th Article of the Decree in consideration by Public Oversight Accounting and Auditing Standards Authority.

Additionaly, financial statements are presented in the "Announcement on TFRS Taxonomy" published by ("KGK") 4 October 2022 and in accordance with the formats specified in the Financial Statement Examples and User Guide published by the ("SPK").

The group companies maintain their books of account and prepare their statutory financial statements ("Statutory Financial Statements") in accordance with rules and principles published by POA, the Turkish Commercial Code ("TCC"), tax legislation and the Uniform Chart of Accounts issued by the Ministry of Finance. Subsidiaries that are registered in foreign countries maintain their books of account and prepare their statutory statements in accordance with the prevailing accounting principles in their registered countries. These consolidated financial statements have been prepared in Turkish Lira under the historical cost convention.

Presentation and Functional Currency

The individual financial statements of each Group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in Turkish Lira, which is the functional and presentation currency of the Group. Financial statements of subsidiary operating in foreign country (Functional currency of Devatis Ltd is New Zealand Dollar and functional currency of Devatis Inc is U.S. Dollar) translated into presentation currency with the exchange rate prevailing at balance sheet date for balance sheet items except equity. Historical rates are used for the conversion of equity items and average rate for income statement items.

2023 and 2022, the details for the year end and average US dollar, Euro and New Zealand dollar are as follows:

	Period ended		**Average**	
	30 September 2023	**31 December 2022**	**30 September 2023**	**30 September 2022**
USD/TRY	27,3767	18,6983	22,1887	15,8812
EUR/TRY	29,0305	19,9349	24,0526	16,8359
NZD/TRY	16,5148	11,8776	13,6846	10,2408

Preparation of Financial Statements in Hyperinflationary Periods

The CMB decision No: 11/367 issued at 17 March 2005 requires all companies operating in Turkey and preparing their financial statements in accordance with the Turkey Accounting Standards (including companies adopting TAS/ TFRS) to cease the inflation accounting application as of 1 January 2005. Based on this requirement, the application of TAS 29 "Financial Reporting in Hyperinflationary Economies" is ceased as of 1 January 2005.

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (con’d)

Preparation of Financial Statements in Hyperinflationary Periods (con’d)

POA made an announcement on 20 January 2022 regarding the application of TAS 29, “Financial Reporting in Hyperinflationary Economies” (IAS 29 Financial Reporting in Hyperinflationary Economies) for entities adopting Turkish Financial Reporting Standards (“TFRS”)) for the year ended 31 December 2021. The announcement stated that, entities that apply TFRS should not adjust their financial statements in accordance with TAS 29 - Financial Reporting in Hyperinflationary Economies for the year ended 31 December 2021. As of the date of this report, POA has not made any further announcements regarding the scope and application of TAS 29. As a result, no inflation adjustment was made to the accompanying consolidated financial statements as of 30 September 2023 in accordance with TAS 29.

Reclassification of Comparative Amounts

In the current year, the Group had reclassified certain comparative balances in order to conform to current year’s presentation. The nature, amount and reasons for each of the reclassifications are described below:

- In 2022, the Group had presented ‘Commercial papers’ in the amount of TRY 150.000.000 within bank borrowings on the face of the consolidated statement of financial position. In the current year, this amount is classified in the ‘Other short-term debts’ as a separate line item.

There is no profit or loss effect related to this reclassification.

Basis of Consolidation

The consolidated financial statement incorporate the financial statements of the company and the entities (including structure entities) controlled by Group. Control is achieved when the Group:

- Has power of the investee
- Is exposed, or has rights ,to variable returns from its involvement with the investee and
- Has the ability to use its power to affect its returns

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Group has less than a majority of the voting of the rights of an investee, it has power of the investee when the voting rights are sufficient to give it practical ability to direct the relevant activities of the investee unilaterally. The company considers all relevant facts and circumstances in assessing whether or not the Company’s voting rights in an investee are sufficient to give it power, including.

- The size of the Group‘s holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- Potential voting rights held by the Group, other vote holders or other parties ;
- Rights arising from other contractual agreements ;and
- Any additional facts and circumstances that indicate that the Group has ,or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholder’ meetings.

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

(Amounts expressed in Turkish Lira "TRY" unless otherwise stated.)

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

Preparation of Financial Statements in Hyperinflationary Periods (con'd)

Basis of Consolidation (con'd)

Profit or loss and each component of other comprehensive income are attributed to the owners of the company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the company and to the non-controlling interests even if this result in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

2.1 Changes in the Accounting Estimates and Errors

If changes in the accounting estimates are related to only one period, they are applied in the current year; if they are related to the future period, they are applied both in current and future periods. The Group has no significant changes to the accounting estimates in the current period. When a significant accounting error occurs, it is corrected retrospectively and the prior year financial statements are restated.

2.2 New and Revised Turkish Financial Reporting Standards

The accounting policies adopted in preparation of the consolidated financial statements as at September 30, 2023 are consistent with those of the previous financial year, except for the adoption of new and amended TFRS and TFRIC interpretations effective as of January 1, 2022. The effects of these standards and interpretations on the Group's financial position and performance have been disclosed in the related paragraphs.

i) <u>Amendments that are mandatorily effective from 2023:</u>

Amendments to TAS 1	Disclosure of Accounting Policies
Amendments to TAS 8	Definition of Accounting Estimates
Amendments to TAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to TFRS 17	Initial Application of TFRS 17 and TFRS 9 — Comparative Information (Amendment to TFRS 17)

Amendments to TAS 1 Disclosure of Accounting Policies

The amendments require that an entity discloses its material accounting policies, instead of its significant accounting policies.

Amendments to TAS 1 are effective for annual reporting periods beginning on or after 1 January 2023 and earlier application is permitted.

Amendments to TAS 8 Definition of Accounting Estimates

With this amendment, the definition of "a change in accounting estimates" has been replaced with the definition of "an accounting estimate", sample and explanatory paragraphs regarding estimates have been added, and the differences between application of an estimate prospectively and correction of errors retrospectively have been clarified.

Amendments to TAS 8 are effective for annual reporting periods beginning on or after 1 January 2023 and earlier application is permitted.

(Amounts expressed in Turkish Lira "TRY" unless otherwise stated.)

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.2 New and Revised Turkish Financial Reporting Standards (cont'd)

i) <u>Amendments that are mandatorily effective from 2023 (cont'd)</u>

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

The amendments clarify that the initial recognition exemption does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition.

Amendments to TAS 12 are effective for annual reporting periods beginning on or after 1 January 2023 and earlier application is permitted.

Amendments to TFRS 17 Insurance Contracts and Initial Application of TFRS 17 and TFRS 9 — Comparative Information

Amendments have been made in TFRS 17 in order to reduce the implementation costs, to explain the results and to facilitate the initial application.

The amendment permits entities that first apply TFRS 17 and TFRS 9 at the same time to present comparative information about a financial asset as if the classification and measurement requirements of TFRS 9 had been applied to that financial asset before.

Amendments are effective with the first application of TFRS 17.

The Group assessed that the adoption of these amendments that are effective from 2023 do not have any effect on the Group's consolidated financial statements.

ii) <u>New and revised TFRSs in issue but not yet effective</u>

The Group has not yet adopted the following standards and amendments and interpretations to the existing standards:

TFRS 17	Insurance Contracts
Amendments to TFRS 4	Extension of the Temporary Exemption from Applying TFRS 9
Amendments to TAS 1	Classification of Liabilities as Current or Non-Current
Amendments to TFRS 16	Lease Liability in a Sale and Leaseback
Amendments to TAS 1	Non-current Liabilities with Covenants

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.2 New and Revised Turkish Financial Reporting Standards (cont'd)

iii) <u>New and revised TFRSs in issue but not yet effective (cont'd)</u>

TFRS 17 Insurance Contracts

TFRS 17 requires insurance liabilities to be measured at a current fulfillment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. TFRS 17 supersedes TFRS 4 Insurance Contracts as of 1 January 2024 for insurance and reinsurance and pension companies.

Amendments to TFRS 4 Extension of the Temporary Exemption from Applying TFRS 9

The amendment changes the fixed expiry date for the temporary exemption in TFRS 4 Insurance Contracts from applying TFRS 9, so that insurance and reinsurance and pension companies would be required to apply TFRS 9 for annual periods beginning on or after 1 January 2024 with the deferral of the effective date of TFRS 17.

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

The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current.

Amendments to TAS 1 are effective for annual reporting periods beginning on or after 1 January 2024 and earlier application is permitted.

Amendments to TFRS 16 Lease Liability in a Sale and Leaseback

Amendments to TFRS 16 clarify how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements in TFRS 15 to be accounted for as a sale.

Amendments are effective from annual reporting periods beginning on or after 1 January 2024.

Amendments to TAS 1 Non-current Liabilities with Covenants

Amendments to TAS 1 clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability.

Amendments are effective from annual reporting periods beginning on or after 1 January 2024.

The Group evaluates the effects of these standards, amendments and improvements on the consolidated financial statements.

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.3 Summary of Significant Accounting Policies

a. Revenue

The Group recognizes revenue when the goods or services are transferred to the customer and when performance obligation is fulfilled. Goods are counted to be transferred when the control belongs to the customer.

The Group recognizes revenue based on the following five main principles:

(a) Identification of customer contracts
(b) Identification of performance obligations
(c) Determination of transaction price in the contract
(d) Allocation of price to performance obligations
(e) Recognition of revenue when the performance obligations are fulfilled

Pharmacy warehouses are the customers whose normal operating output is obtained by the Group. Revenues are obtained from product sales to these distribution warehouses. Revenue is recognized on an accrual basis at the fair value of the consideration expected to be received or received as a result of delivery, reliable determination of the amount of revenue and the probable economic benefits to be transferred to the Group. There are no separate contracts with pharmaceutical warehouses that owned by same company and the warehouses are considered as a single group.

The Group, which has a single performance obligation within the scope of the goods and services decomposition, does not make a distinction in terms of individual performance criteria and obligations.

Pharmaceuticals prices are determined in accordance with the Communiqué on the Pricing of Pharmaceuticals for Human Use published by the Ministers. Gross sales; includes sales discounts, sales volume discounts and free product incentives. These variables are deducted from the proceeds at the first registration stage.

Sales discounts are issued instantly with a fixed percentage and the period is deducted from sales revenue. Sales discount percentage varies according to the product sold.

Volume discount is determined by a fixed percentage of sales during the period and total sales made during the period. Volume discount percentages vary according to pharmaceutical warehouses. Estimates of volume discounts are based on a fixed rate of realized invoiced sales in each period and the period is deducted from sales revenue.

There is no application in the form of a refund with the pharmaceutical warehouses for the recovery of the products that have short expiry dates. At the end of the period, if such products are available and possible, they are sent to the pharmaceutical warehouse via free product incentive instead of refund implementation.

In addition, the Group provides incentives in the form of free products to pharmaceutical warehouses. The free product incentives provide the distribution of the products provided by the pharmaceutical warehouses to the customers free of charge. At the end of each period, pharmaceutical warehouses shall inform the Group of the total amount of free products they provide to their customers. The discount amount (the amount to be deducted from the debt of the pharmaceutical store) is estimated and deducted from the income according to the amount of free products given within the period.

The Group recognizes revenue from its customers only when all of the following criteria are met:

(a) The parties to the contract have approved the contract (in writing, orally or in accordance with other customary business practices) and are committed to perform their respective obligations,
(b) Group can identify each party's rights regarding the goods or services to be transferred,
(c) Group can identify the payment terms for the goods or services to be transferred;
(d) The contract has commercial substance,
(e) It is probable that Group will collect the consideration to which it will be entitled in exchange for the goods or services that will be transferred to the customer. In evaluating whether collectability of an amount of consideration is probable, an entity shall consider only the customer's ability and intention to pay that amount of consideration when it is due.

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.3 Summary of Significant Accounting Policies (cont'd)

a. Revenue (cont'd)

Cost of sales - free of charge goods

Free goods provided to distributors are estimated based on the actual number of free products given by the distributors to its customers during the period and the cost of the free goods are included as part of cost of sales.

Interest revenue

Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

b. Inventories

Inventories are stated at the lower of cost and net realizable value. Costs, including an appropriate portion of fixed and variable overhead expenses, are assigned to inventories held by the method most appropriate to the particular class of inventory, with being valued on standard costing basis. At the end of the each reporting period, the standard costs are updated based on the actual costs. Net realizable value represents the estimated selling price less all estimated costs of completion and costs necessary to make a sale. The Group exterminates the products in its inventory that have been expired and cannot be reused based on R&D and quality evaluations, and allocates provision in the inventory accounts for the related products in the financial statements. As of 30 September 2023, the total amount of extermination and diminishing value of these provisions is TRY 208.588.168 (31 December 2022: TRY 123.705.492) (Note 10).

c. Property, Plant and Equipment

Property, plant and equipment are carried at cost less accumulated amortization and any impairment loss. Properties in the course of construction for production, rental or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognized impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalized in accordance with the Group's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences by straight-line method when assets are ready for their intended use, as their useful lifes explained in Note 13.

The carrying amount of an item of property, plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising from the derecognition of an item of property, plant and equipment is included in net income or loss as investment income or expense, but not classified as revenue, when the item is derecognised (unless TAS 16 requires otherwise on a sale and leaseback).

If an entity recognises in the carrying amount of an item of property, plant and equipment the cost of a replacement for part of the item, then it derecognises the carrying amount of the replaced part regardless of whether the replaced part had been depreciated separately. If it is not practicable for an entity to determine the carrying amount of the replaced part, it may use the cost of the replacement as an indication of what the cost of the replaced part was at the time it was acquired or constructed. The gain or loss arising from the derecognition of an item of property, plant and equipment shall be determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

d. Intangible Assets

Intangible assets acquired separately

Intangible assets acquired separately are reported at cost less accumulated amortization and accumulated impairment losses. Amortization is charged 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 accounted for on a prospective basis.

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (cont’d)

2.3 Summary of Significant Accounting Policies (cont’d)

d. Intangible Assets (cont’d)

Internally-generated intangible assets – research and development costs

Research costs are recognised as expense in the period in which it is incurred. An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale;
- The intention to complete the intangible asset and use or sell it;
- The ability to use or sell the intangible asset;
- How the intangible asset will generate probable future economic benefits;
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- The ability to measure reliably the expenditure attributable to the intangible asset during its development.

The Group has development activities related to licenses of new medicines. The amount initially recognised for internally-generated intangible assets is the sum of expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development cost is charged to profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are recognized at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets acquired separately.
Impairment losses related to these are recognised in the "Research and Development Expenses" account in the statement profit or loss.

Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

e. Right-of-use assets

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

The cost of right-of-use assets includes:
a) the amount of lease liabilities recognised,
b) lease payments made at or before the commencement date less any lease incentives received,
c) initial direct costs incurred.

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

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.3 Summary of Significant Accounting Policies (cont'd)

f. Lease liabilities

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

At the commencement date of the lease, the measurement of the lease liabilities includes:
The lease payments include
(a) fixed payments (including in-substance fixed payments) less any lease incentives receivable,
(b) The variable lease payments that depend on an index,
(c) The amounts expected to be paid under residual value guarantees,
(d) The exercise price of a purchase option reasonably certain to be exercised by the Group,
(e) Payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate.

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

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

g. Impairment of Non-Financial Assets

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

h. Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization. All other borrowing costs are recorded in the income statement in the period in which they are incurred. Assets that necessarily take a substantial period of time to get ready for intended use or sale of the Group are license development costs. Transformation of these costs to be ready for sale state may take more than one financial year. Borrowing costs incurred for development costs are added to cost of the related asset until it is ready for sale. During the period ended 30 September 2023, TRY 32.775.756 (30 September 2022: TRY 16.769.315) amount was capitalized on these qualifying assets (Note 15). The weighted average capitalization rate on funds borrowed is 8,2% for nine months (30 September 2022: 9% for nine month period).

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.3 Summary of Significant Accounting Policies (cont'd)

i. Financial Instruments

(i) Financial assets

Classification

The Group classifies its financial assets in three categories; through amortization, through fair value difference reflected in other comprehensive income and through financial assets at fair value through profit and loss. The classification is based on the business model used by the entity for the management of financial assets and the characteristics of the contractual cash flows of the financial assets. The Group classifies its assets at the date of the purchase. Financial assets are not reclassified after initial recognition unless the business model that the Group uses in the management of financial assets change, and in case of a change in business model, the financial assets are reclassified on the first day of the following reporting period.

Recognition and Measurement

Financial assets measured at amortised cost is a non-derivative financial asset that is held as part of a business model that aims to collect contractual cash flows and that have cash flows that include interest payments on principal dates and principal balances on certain dates under contractual terms. The Group's financial assets which are recognized at amortised cost include, "cash and cash equivalents", "trade receivables", "trade payables", "other receivables", "financial investments. The aforementioned assets are measured at their fair values in the initial recognition of financial assets and discounted values by using the effective interest rate method in the subsequent accounting. Gains and losses resulting from the valuation of non-derivative financial assets measured at amortised cost are recognized in the consolidated statement of profit and loss.

"Financial assets whose fair value difference is reflected in other comprehensive income", is a non-derivative financial asset that includes cash flows that are held only on principal dates and interest on certain dates under contractual terms and that are held within a business model aimed at collecting contractual cash flows and selling the financial assets. Gains or losses arising from the aforementioned financial assets are recognized in other comprehensive income with the exception of impairment gain or loss and foreign exchange gain or loss. For investments in equity-based financial assets, the Group may irrevocably choose the method of reflecting the subsequent changes in the fair value of other comprehensive income in the financial statements for the first time. In the event that such preference is made, dividends received from related investments are recognized in the consolidated statement of profit and loss. Financial assets at fair value through profit and loss are comprised of financial assets measured at amortized cost except for the financial assets at fair value through profit and loss. Gains and losses arising from the valuation of the aforementioned assets are recognized in the consolidated income statement.

Derecognition of Financial Assets and Liabilities

The Group derecognizes a financial asset when the Group discontinues its rights to cash flows in accordance with the contract for financial assets or, when the related rights are transferred by a trading transaction to the ownership of all risks and rewards of the financial asset. Any rights created or held by the Group in respect of the financial assets transferred by the Group are recognized as a separate asset or liability.

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.3 Summary of Significant Accounting Policies (cont'd)

i. Financial Instruments (cont'd)

***(i) Financial assets* (cont'd)**

Impairment

Impairment on financial assets and contractual assets is calculated by using a method called Expected Loan Loss (ELL). This impairment model is applied to amortised cost financial assets and contractual assets.

Loss provisions were measured on the following basis;

12 month ELL; is the ELL of the possible default events within 12 months of the reporting date.
Lifetime ELL; is the expected loss of loans resulting from all possible default events during the expected life of a financial instruments.

The expected lifetime loan loss measurement is applied when the credit risk associated with a financial asset is significantly increased at the reporting date. In all other cases where the related increase has not occurred, 12-Month ELL calculation has been applied. The Group may determine that the credit risk of the financial asset does not increase significantly if the credit risk of the financial asset has a low credit risk at the reporting date. Nevertheless, the ELL measurement (with a simplified approach) is always applicable to trade receivables and contract assets without a significant financing element.

Recognition and Measurement

Financial assets that are purchased and sold normally are recorded at the date of sale. The date of the purchase is the date is the date which the Group commits to purchase or sell the asset. Financial assets except for financial assets at fair value through profit and loss are initially recognized at fair value plus transaction costs. When the cash flow purchase rights arising from financial assets expire or are transferred and the Group transfers all the risks and rewards, the financial assets are excluded from the balance sheet. Financial assets that are available for sale are subsequently accounted for at their fair values. Loans and receivables are carried at amortised cost using the effective interest method.

(ii) Financial liabilities

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

Financial liabilities are classified as either financial liabilities at FVTPL or other financial liabilities.

Financial assets at FVTPL

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term. Derivatives are also categorised as held for trading unless they are designated as hedges. The Group does not have any financial asset at fair value through profit or loss as of balance sheet date.

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.3 Summary of Significant Accounting Policies (cont'd)

i. Financial Instruments (cont'd)

(ii) Financial liabilities (cont'd)

Bonds issued

Bonds issued, including borrowings, are initially measured at fair value, net of transaction costs and are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period (Note 6).

Derivative financial instruments

Derivative financial instruments are initially recognised at the acquisition cost reflecting the fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. The derivative instruments of the Group mainly consist of foreign exchange forward contracts. These derivative transactions, even though providing effective economic hedges under the Group risk management position, do not generally qualify for hedge accounting under the specific rules and are therefore treated as derivatives held for trading in the consolidated financial statements. The fair value changes for these derivatives are recognised in the consolidated income statement.

j. Business Combinations

The acquisition of subsidiaries and businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognized in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognized at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with TAS 12 Income Taxes and TAS 19 Employee Benefits respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with TFRS 2 Share-based Payment at the acquisition date; and
- assets (or disposal groups) that are classified as held for sale in accordance with TFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.3 Summary of Significant Accounting Policies (cont'd)

j. Business Combinations (cont'd)

Non-controlling interests that represent the shareholder shares and give the owners the right to exercise a certain share of the net assets of the enterprise in the event of liquidation are first measured at their fair values or at the amount of the identifiable net assets of the acquired entity that are accounted for in the non-controlling interests. The measurement basis is determined by each process. Other types of non-controlling interests are measured at fair value, or, where applicable, in accordance with the procedures specified in another TFRS standard. Where the price transferred by the Group in a business combination also includes the contingent consideration, the contingent consideration is measured at its fair value on the acquisition date and included in the consideration transferred in the business combination. If adjustments are required to be made in the fair value of the contingent consideration as a result of additional information generated during the measurement period, this correction is corrected retrospectively from goodwill. The measurement period is the period after which the acquirer can correct the temporary amounts recognized by the acquirer in the business combination. This period cannot be more than 1 year from the date of purchase.

The subsequent recognition of changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments shall vary according to the classification for the contingent consideration.

Contingent consideration that is classified as equity is not remeasured and the subsequent payment is recognized in equity. If the contingent consideration classified as an asset or a liability is a financial instrument and is within the scope of TAS 39 Financial Instruments: Recognition and Measurement, the contingent consideration is measured at fair value and the gain or loss arising from the change is recognized in profit or loss or other comprehensive income. Those who are not included in TAS 39 are accounted for in accordance with TAS 37 Provisions, Contingent Liabilities and Assets or other appropriate TFRS.

In a progressive business combination, the Group is re-measured at the date of acquisition (i.e. on the date of control of the Group) to bring the equity share held by the Group at fair value to the fair value and, if any, the gain / loss arising, if any, in profit / loss It accounted for. Amounts arising from the share of the acquired entity recognized prior to the acquisition date in other comprehensive income are transferred to profit / loss under the assumption that such shares are disposed.

Where the acquisition accounting for a business combination cannot be completed at the end of the reporting period at which the merger occurred, the Group reports temporary amounts for items for which the accounting transaction could not be completed. These provisional reported amounts are adjusted in the measurement period or additional assets or liabilities are recognized to reflect the new information that may have an impact on the amounts recognized at the date of acquisition and related to the events and circumstances that occurred at that time.

Business combinations that took place prior to 1 January 2010 were accounted for in accordance with the previous version of TFRS 3.

k. Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary/associate at the date of the acquisition.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination. A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss in the consolidated income statement. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable to amount of goodwill is included in the determination of the profit or loss on disposal.

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.3 Summary of Significant Accounting Policies (cont'd)

l. Treasury Shares

If an entity reacquires its own equity instruments, those instruments ("treasury shares") are deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of an entity's own equity instruments. Such treasury shares may be acquired and held by the entity or by other members of the consolidated group. Consideration paid or received is recognised directly in equity. Following the Deva-Vetaş merger that realized as of 30 December 2016, Deva's A group shares with nominal value of 0,013-TRY and Deva's B group shares with a nominal value of 0,01-TRY and Deva's C group shares with 28.847-TRY nominal value which are owned by Vetaş have been transferred to Deva.

m. Foreign Currency Transactions

The individual financial statements of each Group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in TRY, which is the functional currency of the Company, and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than TRY (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss in the period in which they arise except for:

- Exchange differences which relate to assets under construction for future productive use, which are included in the cost of those assets where they are regarded as an adjustment to interest costs on foreign currency borrowings;
- Exchange differences on transactions entered into in order to hedge certain foreign currency risks; and;
- Exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur, which form part of the net investment in a foreign operation, and which are recognized in the foreign currency translation reserve and recognized in profit or loss on disposal of the net investment.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are expressed in TRY using exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are classified as equity and transferred to the Group's translation reserve. Such exchange differences are recognized in profit or loss in the period in which the foreign operation is disposed of.

n. Earnings per Share

Earnings per share disclosed in the accompanying consolidated statement of profit or loss is determined by dividing net income by the weighted average number of shares in existence during the year concerned.

In Turkey, companies can raise their share capital by distributing "Bonus Shares" to shareholders from retained earnings. In computing earnings per share, such "bonus share" distributions are assessed as issued shares. Accordingly, the retrospective effect for those share distributions is taken into consideration in determining the weighted-average number of shares outstanding used in this computation.

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.3 Summary of Significant Accounting Policies (cont'd)

o. Subsequent Events

Subsequent events comprise events between the balance sheet date and the publication date of the balance sheet even if they emerge after any announcement or declaration related with the financial results or other selected financial information. 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 financial statements, they are disclosed in the notes to the consolidated financial statements.

p. Provisions, Contingent Liabilities, Contingent Assets

Provisions are recognized when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is actually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

r. Related Parties

A party is related to the Company if:

(a) Directly, or indirectly through one or more intermediaries, the party:

(i) controls, is controlled by, or is under common control with, the entity (this includes parents, subsidiaries and fellow subsidiaries);
(ii) has an interest in the entity that gives it significant influence over the entity; or
(iii) has joint control over the entity;

(b) the party is an associate of the entity;

(c) the party is a joint venture in which the entity is a venturer;

(d) the party is a member of the key management personnel of the entity or its parent;

(e) the party is a close member of the family of any individual referred to in (a) or (d);

(f) the party is an entity that is controlled, jointly controlled or significantly influenced by or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (d) or (e); or

(g) the party is a post-employment benefit plan for the benefit of employees of the entity, or of any entity that is a related party 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.

In the accompanying consolidated financial statements, EastPharma Ltd., EastPharma S.A.R.L., EastPharma İlaç Üretim Pazarlama A.Ş. and Saba İlaç Sanayi ve Ticaret A.Ş, the key management personnel and Board of Directors, close members of the family of any individual who directly or indirectly controls the Company are considered and referred to as related parties.

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.3 Summary of Significant Accounting Policies (cont'd)

s. Segment Information

The Group classifies its operations into three business segments: production and sale of human pharmaceuticals, veterinary products and other. These segments are prepared according to the TFRS 8. The Group does not have any significant asset outside Turkey.

t. Share Capital and Dividends

Ordinary and preferred shares are classified as equity. Dividends distributed on ordinary shares and preferred stocks are recognised less any retained earnings in the period in which they are announced.

u. Taxation and Deferred Tax

Turkish tax legislation does not permit a parent company and its subsidiary to file a consolidated tax return. Therefore, provisions for taxes, as reflected in the accompanying consolidated financial statements are calculated on a separate-entity basis.

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is recognized on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases which is used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the entity is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.3 Summary of Significant Accounting Policies (cont'd)

u. Taxation and Deferred Tax (cont'd)

Deferred tax (cont'd)

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

v. Employment Termination Benefits

Under Turkish law and union agreements, lump sum payments are made to employees retiring or involuntarily leaving the Group. Such payments are considered as being part of defined retirement benefit plan as per Turkish Accounting Standard No: 19 (revised) "Employee Benefits" ("TAS 19"). The retirement benefit obligation recognised in the balance sheet represents the present value of the defined benefit obligation as adjusted for unrecognised actuarial gains and losses.

y. Statement of Cash Flows

In statement of cash flow, cash flows are classified as from operating, investment and finance activities. Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments.

z. Government Grants and Incentives

Grants from the government are recognized at their fair value by accrual basis, where there is a reasonable assurance that the grant will be received and the group will comply with all attached conditions.

Government grants relating to costs are deferred and recognized in the income statement over the period necessary to match them with the costs that they are intended to compensate. Government grants relating to property, plant and equipment and intangible assets are included current and non-current liabilities as deferred government grants and are credited to the income statement on a straight-line basis over the expected lives of the related assets.

The Group receives assistance from Scientific and Technological Research Council of Turkey ("TUBITAK"). TUBITAK runs a program to organize and regulate the Republic of Turkey's support to encourage research and technology development activities of the industries in Turkey. Within the framework of this program, a certain portion of the development expenditures of the industrial companies are reimbursed.

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.3 Summary of Significant Accounting Policies (cont'd)

aa. Critical Accounting Judgments and Key Sources of Estimation Uncertainty

Critical judgments in applying the entity's accounting policies

In the process of applying the entity's accounting policies, the Group Management has made the following judgments that have the most significant effect on the amounts recognised in the financial statements.

Recoverability of internally-generated intangible assets

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognized only if the technical feasibility and the intention to complete the intangible asset, the ability to use or sell the intangible asset are demonstrated, how the intangible asset will generate probable future economic benefits is determined, adequate technical, financial and other resources to complete the development and to use or sell the intangible asset is available and the expenditure attributable to the intangible asset during its development can be reliably measured. Other development expenditures that do not meet these criteria are recognized as expense when incurred.

During the period, management reconsidered the recoverability of its internally-generated intangible assets. Management believes the projects will continue as expected and based on this analysis management continues to anticipate similar revenues from the projects. Management is confident that the carrying amount of the assets will be recovered in full, even if estimated revenues are reduced. This situation is closely monitored by management, and adjustments made in future periods if future market activity indicates that such adjustments are appropriate. During the period ended 30 September 2023, the Group Management has recognized net book value of TRY 220.187.261 an impairment loss, and written-off the impaired amount from capitalized development costs and product licenses and rights (30 September 2022: TRY 173.731.068) (Note 15).

Intangible asset recognized on business combination

The acquisition of subsidiaries and businesses are accounted for using the purchase method. The cost of the acquisition is measured at the aggregate of the fair value, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. Valuation was conducted to serve as a basis for allocation of the purchase price to the various classes of assets acquired in accordance with TFRS 3 "Business Combinations" and TAS 38 "Intangible Assets". For TFRS 3 and TAS 38 purposes, the standard of value is fair value defined as the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties. In determining the fair value of the intangible assets, the three traditional approaches to valuation were considered: the cost approach, the market approach and the income approach. The cost approach was utilized in the valuation of the Group's customer relationships as well as in valuing the total assembled workforce, which is not considered as a separately identifiable intangible asset for financial reporting purposes. The income approach was utilized in arriving at the value of the acquired product rights, license and supply agreement.

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.3 Summary of Significant Accounting Policies (cont'd)

aa. Critical Accounting Judgments and Key Sources of Estimation Uncertainty (cont'd)

Deferred tax assets

Deferred tax assets and liabilities are recorded using substantially enacted tax rates for the effect of temporary differences between book and tax bases of assets and liabilities. Currently, there are deferred tax assets resulting from operating loss carry-forwards and deductible temporary differences, all of which could reduce taxable income in the future. Based on available evidence, both positive and negative, it is determined whether it is probable that all or a portion of the deferred tax assets will be realised. The main factors which are considered include future earnings potential; cumulative losses in recent years; history of loss carry-forwards and other tax assets expiring; the carry-forward period associated with the deferred tax assets; future reversals of existing taxable temporary differences; tax-planning strategies that would, if necessary, be implemented, and the nature of the income that can be used to realise the deferred tax asset. If based on the weight of all available evidence, it is the Group's belief that taxable profit will not be available sufficient to utilise some portion of these deferred tax assets, then some portion of or all of the deferred tax assets are not recognised. As of 30 September 2023 and 31 December 2022, as a result of the assessment made, the Group has recognized deferred tax assets because it is probable that taxable profit will be available sufficient to recognize deferred tax assets.

Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit (CGU) and a suitable discount rate in order to calculate present value. The recoverable amounts of the CGUs are determined from value in use calculations. The key assumptions for the value in use calculations are the discount rates, growth rates and expected changes to selling prices and direct costs during the period.

The Group estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGUs. The growth rates are based on industry growth forecasts. Changes in selling prices and direct costs are based on past practices and expectations of future changes in the market.

As of 31 December 2022, the recoverable amount of the cash-generating units is determined based on the value in use calculation which uses cash flow projections based on financial budgets approved by management covering a five-year period, and a discount rate of 16,1% per annum. Cash flows beyond that five-year period have been extrapolated by using a steady real growth rate of 7,9% which inflation rate forecast between the years 2027-2031 for Turkey. The impairment testing is performed annually.

For the impairment testing the Company considered the higher of the fair value less costs to sell of the cash-generating unit or its value in use. The fair value less costs to sell is determined by using market approach which included guideline company method, guideline transaction method and publicly traded stock of the cash-generating unit. Fair value less cost to sell also incorporated the value in use calculated from the cash flow projections approved by the management. Weighting factors were utilized to conclude on the fair value of the cash-generating unit.

Goodwill for impairment is tested annually at the end of the each year. As at 30 September 2023, there were no indicators of impairment. No impairment loss is recognized in the accompanying consolidated financial statements.

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (cont’d)

2.3 Summary of Significant Accounting Policies (cont’d)

aa. Critical Accounting Judgments and Key Sources of Estimation Uncertainty (cont’d)

Net realizable value

Inventories are stated at the lower of cost and net realizable value. Costs, including an appropriate portion of fixed and variable overhead expenses, are assigned to inventories held by the method most appropriate to the particular class of inventory, with being valued on standard costing basis. At the end of the each reporting period, the standard costs are updated based on the actual costs. Net realizable value represents the estimated selling price less all estimated costs of completion and costs necessary to make a sale.

When the net realizable value of inventory is less than its cost, the inventory is written down to the net realizable value and the expense is included in statement of income / (loss) in the period the write-down or loss occurred. According to the calculations based on the management’s assumptions, a part of the inventories are written down to their net realizable value since the net realizable value of these inventories is less than their cost.

Provision for litigations

In determining of provision for litigations, the Group considers the probability of legal cases to be resulted against the Group and in case it is resulted against the Group considers its consequences based on the assessments of legal advisor. The Group management makes its best estimates using the available data are provided in Note 18.

Expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets’ gross carrying amount at the reporting date.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

The expected credit losses are mentioned in the Note 8.

(Amounts expressed in Turkish Lira "TRY" unless otherwise stated.)

3. SEGMENT INFORMATION

Group started to apply TFRS 8 as of 1 January 2009 and determined operating segments based on internal reports that are regularly reviewed by the Group's decision-making authority. Group's decision-making authority is Group Management.

The Group's decision-making authority examines the results and activities on the basis of product types in order to make decisions regarding the resources to be allocated to the departments and to evaluate the performance of the departments. The business segments are production and sale of human pharmaceuticals, veterinary products and other. Other segment includes sale of cologne and other products.

30 September 2023	**Human pharma**	**Veterinary products**	**Other**	**Total**
External sales	5.927.832.222	252.798.905	36.209.188	6.216.840.315
Cost of sales	(2.436.912.150)	(177.609.536)	(23.156.287)	(2.637.677.973)
Operating expenses	(1.376.179.815)	(37.192.860)	(2.632.155)	(1.416.004.830)
Segment results	2.114.740.257	37.996.509	10.420.746	2.163.157.512
Other operating income				382.421.393
Other operating expenses (-)				(61.871.855)
Investment income				457.214.650
Investment expenses (-)				(3.222.317)
Finance expenses (-)				(778.388.478)
Tax expense (-)				(227.416.790)
Profit for the period				**1.931.894.115**

Distribution of the Group's products by the predominately two largest wholesalers in the Turkish market corresponded to approximately 26% and 37% of the revenues of the Human Pharmaceuticals business line derived from Turkey (30 September 2022: 25% and 35%).

Group management has emphasised segmental reporting on operational profit, therefore the Group does not allocate its other expenses on segment base.

(Amounts expressed in Turkish Lira "TRY" unless otherwise stated.)

3. SEGMENT INFORMATION (cont'd)

30 September 2022	Human pharma	Veterinary products	Other	Total
External sales	2.840.934.109	182.643.706	31.157.197	3.054.735.012
Cost of sales	(1.319.978.301)	(128.937.750)	(20.993.061)	(1.469.909.112)
Operating expenses	(725.335.730)	(20.278.910)	(2.176.933)	(747.791.573)
Segment results	795.620.078	33.427.046	7.987.203	837.034.327
Other operating income				389.258.499
Other operating expenses (-)				(45.732.831)
Investment income				97.065.823
Investment expenses (-)				(7.056.633)
Finance expenses (-)				(369.003.773)
Tax income				82.385.161
Profit for the period				**983.950.573**

4. CASH AND CASH EQUIVALENTS

	30 September 2023	31 December 2022
Petty cash	213.596	352.089
Cash in banks	1.431.381.480	600.319.230
Demand deposits	*656.372.625*	*242.894.246*
Time deposits- maturity less than three months	*775.008.855*	*357.424.984*
Cash and cash equivalents in cash flow statement	1.431.595.076	600.671.319
Interest income accruals	914.634	572.180
	1.432.509.710	601.243.499

As of 30 September 2023, the Group has Euro, US Dollar and TRY time deposits. The average interest rate for, Euro time deposit is 1,18%, US Dollar time deposit is 3,13% and TRY time deposit is 32,74% (The Group has Euro, US Dollar and TRY time deposit as of 31 December 2022 and it's average interest rate for Euro time deposit is 1,66% US Dollar time deposit is 2,28% and TRY time deposit is 14,90%). Financial investments are long term and short term and have a maturity of one month.

The Group does not have any blocked deposits as of 30 September 2023 and 31 December 2022.

5. FINANCIAL INVESTMENTS

	Short term		**Long term**	
	30 September 2023	31 December 2022	30 September 2023	31 December 2022
Investments in financial assets classified as FVTPL				
Currency protected deposit	786.808.393	498.847.629	-	-
Other securities	9.698.169	5.301.510	-	-
	796.506.562	504.149.139	-	-
Financial assets are measured at amortised cost				
Usdbond	865.017.251	230.465.918	178.040.445	432.107.872
	865.017.251	230.465.918	178.040.445	432.107.872
	1.661.523.813	734.615.057	178.040.445	432.107.872

The Group has invested in fixed-income usdbonds issued by the treasuary for the purpose of earning returns, and the annual interest yields of these usdbonds vary between 5,60% and 7,25% with maturities between December 2023 and November 2024.

(Amounts expressed in Turkish Lira "TRY" unless otherwise stated.)

6. FINANCIAL LIABILITIES

	30 September 2023	31 December 2022
Short term bank loans	3.485.325.963	2.307.258.522
Current portion of long term loans	266.332.729	324.767.319
Current portion of leases	116.110.248	9.959.963
Current portion of bonds issued	-	101.560.369
Commercial paper	868.370.421	150.000.000
Total short term financial liabilities	4.736.139.361	2.893.546.173
Long term portion of bank loans	168.789.291	239.444.412
Long term portion of leases	391.179.391	265.838.178
Total long term financial liabilities	559.968.682	505.282.590
Total financial liabilities	5.296.108.043	3.398.828.763

Repayment schedule of bank borrowings is as follows:

	30 September 2023	31 December 2022
Less than 1 year or to be paid on demand	4.736.139.361	2.893.546.173
To be paid between 1-2 years	492.896.293	417.785.852
To be paid between 2-3 years	35.170.675	39.936.146
To be paid between 3-4 years	9.877.438	21.131.459
To be paid between 4-5 years	22.024.276	26.429.133
	5.296.108.043	3.398.828.763

(Amounts expressed in Turkish Lira "TRY" unless otherwise stated.)

6. FINANCIAL LIABILITIES (cont'd)

i) Bank loans

Short term bank loans consist of the following:

Currency Type	Weighted Average Effective Interest Rate	Principal	30 September 2023	Currency Type	Weighted Average Effective Interest Rate	Principal	31 December 2022
TRY	30,73%	3.268.500.182	3.268.500.182	TRY	20,68%	2.169.437.187	2.169.437.187
TRY	-	84.873.269	84.873.269	TRY	-	42.496.689	42.496.689
Accrued interest			131.952.512	Accrued interest			95.324.646
			3.485.325.963				2.307.258.522

The Group has spot loans amounting to TRY 3.268.500.182 (2022: TRY 2.169.437.187), with an average interest of 30,73% and TRY 84.373.269 used to loans with no interest. (2022: 42.496.689). The principal amount and interest paid on due date.

Short term borrowings consist of spot and revolving line of credits with several banks. As of 30 September 2023 and 31 December 2022, the total available lines of credits are TRY 6.639.535.826 and TRY 4.958.492.109, respectively. The principal and interest is paid on the maturity. The agreements have no expiration date unless there is a breach of contract which would include nonpayment of interest and principal within the maturity.

Short term portion of long term bank loans consists of the following:

Currency Type	Weighted Average Effective Interest Rate	Principal	30 September 2023	Currency	Weighted Average Effective Interest Rate	Principal	31 December 2022
TRY	20,60%	250.485.044	250.485.044	TRY	16,89%	307.881.668	307.881.668
Accrued interest			15.847.685	Accrued interest			16.885.651
			266.332.729				324.767.319

(Amounts expressed in Turkish Lira "TRY" unless otherwise stated.)

6. FINANCIAL LIABILITIES (cont'd)

i) Bank loans (cont'd)

Long term bank loans consist of the following:

Currency Type	Weighted Average Effective Interest Rate	Principal	30 September 2023	Currency Type	Weighted Average Effective Interest Rate	Principal	31 December 2022
TRY	22,64%	168.789.291	168.789.291	TRY	14,41%	239.444.412	239.444.412
			168.789.291				239.444.412

The Group uses its notes receivables as collaterals for its revolving loans. As of 30 September 2023, the amount of the notes receivables given as collateral is TRY 675.305.557 (31 December 2022: TRY 647.491.050). These loans are also secured by the Group's headquarter building and Group's factory buildings that are located Çerkezköy and Kartepe mortgages at respectively amounts of TRY 55.000.000, TRY 20.000.000, TRY 35.000.000, TRY 34.000.000, TRY 8.400.000, TRY 16.200.000, TRY 12.900.000 (Note 19).

Loan movement:

	2023	2022
Beginning of the year - 1 January	2.871.470.253	1.325.216.789
Additons	3.195.174.117	2.816.038.682
Repayments of borrowings	(2.181.786.287)	(1.477.430.873)
Currency translation differences	-	(372.208)
Changes in interest accruals	35.589.900	66.394.965
End of the period - 30 September	**3.920.447.983**	**2.729.847.355**

(Amounts expressed in Turkish Lira "TRY" unless otherwise stated.)

6. FINANCIAL LIABILITIES (cont'd)

ii) Lease liabilities

Short term portion of long term lease liabilities consists of the following:

Currency Type	Weighted Average Effective Interest Rate	Principal	30 September 2023	Currency Type	Weighted Average Effective Interest Rate	Principal	31 December 2022
TRY	20,11%	85.316.683	85.316.683	TRY	16,81%	1.690.246	1.690.246
Accrued interest			30.793.565	Accrued interest			8.269.717
			116.110.248				9.959.963

Long term lease liabilities consist of the following:

Currency Type	Weighted Average Effective Interest Rate	Principal	30 September 2023	Currency Type	Weighted Average Effective Interest Rate	Principal	31 December 2022
TRY	21,77%	391.179.391	391.179.391	TRY	18,21%	265.838.178	265.838.178
			391.179.391				265.838.178

The Group recognizes right-of-use assets at the commencement date of the lease in accordance with TFRS 16; when the underlying asset is available for use. Since the fixed asset which is subject to the leasing agreement, amounting to Euro 4.850.000, Euro 3.695.000 are partially and Euro 2.490.000 are not available for use as at the balance sheet date; the Company has not recognized the total amount of right-of-use asset and lease liability in the consolidated financial statements in 30 September 2023. The Group has only recognized the advance payment by the leasing company under the lease contract in 2022 and 2023 on behalf of Deva Holding. The advance payment, amounting to TRY 73.379.095 (2022: TRY 201.023.908) (Note 11), has been recognized in long term prepaid expenses and lease liabilities. The commencement dates of the lease contracts are 21 December 2020, 22 April 2022 and 18 May 2022; and termination dates are 15 December 2026, 22 April 2027 and 18 May 2027. The total borrowing amount of the lease contract is TRY 249.682.495.

Lease liabilities movement:

	2023	2022
Beginning of the year - 1 January	275.798.141	170.149.384
Additons	301.335.152	77.090.961
Repayments of borrowings	(92.367.502)	(43.568.999)
Changes in interest accruals	22.523.848	9.698.202
End of the period - 30 September	**507.289.639**	**213.369.548**

(Amounts expressed in Turkish Lira "TRY" unless otherwise stated.)

6. FINANCIAL LIABILITIES (cont'd)

iii) Debt bond in issue

Short term portion of long term debt bonds issued consists of the following:

Currency Type	Weighted Average Effective Interest Rate	Principal	30 September 2023	Currency Type	Weighted Average Effective Interest Rate	Principal	31 December 2022
TRY	-	-	-	TRY	18,27%	99.559.304	99.559.304
Accrued interest			-	Accrued interest			2.001.065
			-				101.560.369

Bonds issued movement:

	2023	2022
Beginning of the year - 1 January	101.560.369	238.814.855
Repayments of borrowings	(101.560.369)	(130.000.000)
Changes in interest accruals	-	(6.609.985)
End of the period - 30 September	**-**	**102.204.870**

(Amounts expressed in Turkish Lira "TRY" unless otherwise stated.)

6. FINANCIAL LIABILITIES (cont'd)

iiii) Other short-term debts

Commercial paper issued consists of the following:

Currency Type	Weighted Average Effective Interest Rate	Principal	30 September 2023	Currency Type	Weighted Average Effective Interest Rate	Principal	31 December 2022
TRY	37,17%	750.000.000	750.000.000	TRY	32,00%	150.000.000	150.000.000
Accrued interest			118.370.421	Accrued interest			-
			868.370.421				150.000.000

Commercial paper movement:

	2023	2022
Beginning of the year - 1 January	150.000.000	-
Additons	600.000.000	-
Changes in interest accruals	118.370.421	-
End of the period - 30 September	**868.370.421**	**-**

(Amounts expressed in Turkish Lira “TRY” unless otherwise stated.)

7. RELATED PARTY TRANSACTIONS

	30 September 2023							
	Receivables				Payables			
	Current		Non-current		Current		Non-current	
Balances with related parties	Trading	Non-trading	Trading	Non-trading	Trading	Non-trading	Trading	Non-trading
Shareholders								
East Pharma S.A.R.L.	-	-	-	-	77.124.235	-	-	-
Subsidiaries								
Devatis AG	36.070.207	-	-	-	882.930	-	-	-
Devatis d.o.o Beograde	-	-	-	-	2.612.745	-	-	-
Other companies managed by ultimate parent								
Saba İlaç Sanayi ve Ticaret A.Ş.	144.561.431	-	-	-	-	-	-	-
	180.631.638	-	-	-	80.619.910	-	-	-

	1 January - 30 September 2023							
Transactions with related parties	Purchases	Goods/Services Sales	Interest received	Interest given	Rent income	Royalty expenses (*)	Other income (**)	Other expense
Shareholders								
East Pharma S.A.R.L.	30.656.743	-	-	-	-	144.938.244	-	-
Subsidiaries								
Devatis AG	-	22.799.705	-	-	-	-	-	5.973.278
Devatis d.o.o Beograde	-	-	-	-	-	-	-	2.612.745
Other companies managed by ultimate parent								
Saba İlaç Sanayi ve Ticaret A.Ş.	4.745.950	142.441.972	7.404.943	-	1.252.223	-	1.651.343	-
	35.402.693	165.241.677	7.404.943	-	1.252.223	144.938.244	1.651.343	8.586.023

All intra-group transactions, balances, income and expenses are eliminated on consolidation; therefore, they are not disclosed in this note.

(*) Pursuant to the terms of the agreement related to the purchase of Roche product licenses signed between Deva Holding A.Ş. and its main shareholder EastPharma SARL, the Group is liable to pay a royalty amount for the product licenses acquired through Eastpharma SARL calculated over the net sales of the products. The royalty percentages have been arrived at on the basis of a valuation carried out by an independent auditor not related with the Group and one of the accredited independent auditors by Capital Markets Board, with valuation results of DEMPE analysis reports. The valuation method used was profit-sharing economic approach based on discounted cash flow.

(**) Other income consists of commission income received from the sale of Saba İlaç products, the Group’s related party.

(Amounts expressed in Turkish Lira "TRY" unless otherwise stated.)

7. RELATED PARTY TRANSACTIONS (cont'd)

	31 December 2022							
	Receivables				Payables			
	Current		Non-current		Current		Non-current	
Balances with related parties	Trading	Non-trading	Trading	Non-trading	Trading	Non-trading	Trading	Non-trading
Shareholders								
East Pharma S.A.R.L.	-	-	-	-	22.515.635	-	-	-
Subsidiaries								
Devatis AG	11.829.199	-	-	-	-	-	-	-
Other companies managed by ultimate parent								
Saba İlaç Sanayi ve Ticaret A.Ş.	74.195.550	-	-	-	-	-	-	-
	86.024.749	-	-	-	22.515.635	-	-	-

	1 January - 30 September 2022							
Transactions with related parties	Purchases	Goods/Services Sales	Interest received	Interest given	Rent income	Royalty expenses (*)	Other income (**)	Other expense
Shareholders								
East Pharma S.A.R.L.	40.782.721	-	-	-	-	69.764.700	-	-
Subsidiaries								
Devatis AG	-	7.923.557	-	-	-	-	-	3.901.200
Other companies managed by ultimate parent								
Saba İlaç Sanayi ve Ticaret A.Ş.	3.330.598	74.771.191	4.926.157	-	862.620	-	859.409	443
	44.113.319	82.694.748	4.926.157	-	862.620	69.764.700	859.409	3.901.643

(*) Pursuant to the terms of the agreement related to the purchase of Roche product licenses signed between Deva Holding A.Ş. and its main shareholder EastPharma SARL, the Group is liable to pay a royalty amount for the product licenses acquired through Eastpharma SARL calculated over the net sales of the products. The royalty percentages have been arrived at on the basis of a valuation carried out by an independent auditor not related with the Group and one of the accredited independent auditors by Capital Markets Board, with valuation results of DEMPE analysis reports. The valuation method used was profit-sharing economic approach based on discounted cash flow.

(**) Other income consists of commission income received from the sale of Saba İlaç products, the Group's related party.

(Amounts expressed in Turkish Lira "TRY" unless otherwise stated.)

7. RELATED PARTY TRANSACTIONS (cont'd)

Total amount of compensation benefits provided to directors and upper level managers, include the salaries, premiums and retirement pay for the period ended 30 September 2023 and 2022 are stated below:

Compensation of key management personnel	1 January- 30 September 2023	1 January- 30 September 2022
Salaries and short-term benefits	305.829.208	97.569.973
Long-term benefits	1.915.653	2.100.238
	307.744.861	99.670.211

8. TRADE RECEIVABLES AND PAYABLES

Trade Receivables

Current trade receivables	30 September 2023	31 December 2022
Trade receivables	1.302.872.367	683.419.860
Notes receivable	1.507.300.796	971.231.492
Due from related parties (Note 7)	180.631.638	86.024.749
Other trade receivables	1.346.421	284.889
Income accruals (*)	40.887.184	31.600.082
Expected credit losses (-)	(7.105.933)	(7.105.933)
	3.025.932.473	1.765.455.139

As of 30 September 2023 and 31 December 2022, the Group provided provision for uncollectable part of its past due trade and other receivables. The rest of the receivable amount is neither past due nor impaired. During 2023, the average credit period on sales is 97 days (31 December 2022: 102 days).

(*) The Group receives government grants related to development costs. The balance includes the income accrual for the grants received from TUBİTAK. As of 30 September 2023 TUBITAK income accrual amounts to TRY 15.039.443 (31 December 2022: TRY 13.330.278).

Collaterals held for trade receivables that are neither past nor due as at the balance sheet date, are as follows:

	30 September 2023	31 December 2022
Letter of guarantees received	218.047.202	137.225.458
	218.047.202	137.225.458

The Group's principal financial assets are trade and other receivables, and investments. The Group's credit risk is primarily attributable to its trade receivables. As of 30 September 2023, two customers represented 22% and 26% of the total trade and other receivables balance, respectively (31 December 2022: 23% and 26%).

Deva Holding is the distributor of the Saba İlaç A.Ş's, a related party, pharmaceutical products, in addition, giving toll manufacturing, finance, administrative and R&D services. Receivable amounting to TRY 144.561.431 (31 December 2022: TRY 74.195.550) in related party transactions note, related to these transactions (Note 7).

(Amounts expressed in Turkish Lira "TRY" unless otherwise stated.)

8. TRADE RECEIVABLES AND PAYABLES (cont'd)

Trade Receivables (cont'd)

The allowance for trade receivables is provided based on the estimated irrecoverable amounts from the sale of goods, determined by reference to past default experience and current financial structure of customers.

The movement of the allowance for expected credit losses for the period ended 30 September 2023 and 2022 is as follows:

	2023	2022
Balance at 1 January	7.105.933	7.174.128
Written off uncollectible receivables	-	(54.376)
Balance at 30 September	7.105.933	7.119.752

Trade Payables

Current trade payables	30 September 2023	31 December 2022
Trade payables	716.475.010	686.667.172
Notes payable	45.705	31.217
Due to related parties (Note 7) (*)	80.619.910	22.515.635
Expense accruals (**)	12.048.573	4.131.560
Royalty expense accruals	616.902	361.337
	809.806.100	713.706.921

(*) As of 30 September 2023, royalty payable to Eastpharma S.A.R.L for the sale of products that Eastpharma S.A.R.L. holds the rights is TRY 44.588.525 (31 December 2022: TRY 22.515.635). Eastpharma S.A.R.L. holds Turkey rights of 17 Roche products acquired in 2008. Eastpharma S.A.R.L. also holds the right of one Roche product in 17 different foreign countries.As of 30 September 2023, there is payable amount to TRY 32.535.710 Eastpharma S.A.R.L. related with the raw material purchase from F. Hoffman – La Roche Ltd (31 December 2022: TRY Nil). Devatis AG, a subsidiary of the Company, charges its expenses related with products and licenses to Deva Holding. As of 30 September 2023 the payable amount related to these expenses is TRY 882.930 (31 December 2022: TRY Nil). Devatis d.o.o. Beograde, a subsidiary of the Company, charges its expenses related with products and licenses to Deva Holding. As of 30 September 2023 the payable amount related to these expenses is TRY 2.612.745 (31 December 2022: TRY Nil).

(**) As of 30 September 2023, expense accruals include turnover premium provision amounts to TRY 10.338.676 (31 December 2022: TRY 2.970.123).

Notes payables consist of cheques given to suppliers with maturities less than 1 year. As of 30 September 2023 and 31 December 2022, the Group has no long term trade payables.

(Amounts expressed in Turkish Lira “TRY” unless otherwise stated.)

9. OTHER RECEIVABLES AND PAYABLES

Other current receivables	30 September 2023	31 December 2022
Other receivables	2.680.512	3.043.404
Due from personnel	4.396.014	580.986
Provision for other expected credit losses (-)	(48.906)	(48.906)
Deposits and guarantees given	384.333	294.958
	7.411.953	3.870.442

The movement of the allowance for other expected credit losses for the period ended 30 September 2023 and 2022 is as follows:

	2023	2022
Balance at 1 January	48.906	48.906
Balance at 30 September	48.906	48.906

Other current payables	30 September 2023	31 December 2022
Other current payables	30.045.338	2.083.719
	30.045.338	2.083.719

(Amounts expressed in Turkish Lira “TRY” unless otherwise stated.)

10. INVENTORIES

	30 September 2023	31 December 2022
Raw materials	2.058.787.918	1.439.803.477
Work-in-progress	186.409.623	127.757.045
Finished goods	722.404.283	564.778.988
Allowance for diminution in value of inventories (-)	(208.588.168)	(123.705.492)
	2.759.013.656	2.008.634.018

As of 30 September 2023, insurance coverage on inventory amounts to TRY 2.000.000.000 (31 December 2022: TRY 2.000.000.000).

Allowance for diminution in value of inventories has been recognized as expense in cost of goods sold and the distribution of allowance by inventory item is as follows:

	30 September 2023	31 December 2022
Raw materials	135.773.573	89.420.428
Work-in-progress	208.427	2.882.774
Finished goods	72.606.168	31.402.290
	208.588.168	123.705.492

The movement of allowance for diminution in value of inventories is as follows:

	2023	2022
Balance at 1 January	123.705.492	71.570.409
Provision for the period	101.970.999	81.993.729
Provision realised in year	(17.088.323)	(11.505.849)
Balance at 30 September	208.588.168	142.058.289

(Amounts expressed in Turkish Lira "TRY" unless otherwise stated.)

11. PREPAID EXPENSES AND DEFERRED REVENUE

Short term prepaid expenses	30 September 2023	31 December 2022
Advances given for inventory	75.969.345	172.779.824
Prepaid expenses	66.077.139	44.534.755
Job advances	82.431.120	10.649.926
	224.477.604	227.964.505

Long term prepaid expenses	30 September 2023	31 December 2022
Advances given for property, plant & equip.	138.608.579	277.932.004
Prepaid expenses	344.071	264.192
Other	28.989.145	14.949.951
	167.941.795	293.146.147

Short term deferred revenue	30 September 2023	31 December 2022
Advances received	67.519.947	21.762.808
Deferred income	2.468.053	3.280.371
	69.988.000	25.043.179

Long term deferred revenue	30 September 2023	31 December 2022
Deferred income	22.292.982	13.547.187
	22.292.982	13.547.187

12. ASSETS RELATING TO CURRENT TAX

Current assets relating to current tax	30 September 2023	31 December 2022
Prepaid withholding tax	1.042.893	775.568
	1.042.893	775.568

(Amounts expressed in Turkish Lira "TRY" unless otherwise stated.)

13. PROPERTY, PLANT AND EQUIPMENT

	Land	Land Improvements	Buildings	Machinery and Equipment	Vehicles	Furniture and Fixtures	Leasehold Improvements	Construction in Progress	Total
Acquisition cost									
Opening balance,1 January 2023	33.715.317	3.157.901	480.772.134	1.364.596.579	29.263.731	98.251.670	402.848	168.594.425	2.178.754.605
Additions	-	-	-	-	4.462.500	23.916.734	54.662	304.168.224	332.602.120
Disposals	-	-	-	(1.641.808)	(2.832.620)	(3.492.886)	-	-	(7.967.314)
Transfers from construction in progress	-	-	25.173.534	220.135.277	-	-	-	(245.308.811)	-
Closing balance, 30 September 2023	33.715.317	3.157.901	505.945.668	1.583.090.048	30.893.611	118.675.518	457.510	227.453.838	2.503.389.411
Accumulated depreciation									
Opening balance,1 January 2023	-	(1.093.160)	(66.714.147)	(416.370.872)	(5.370.480)	(40.335.139)	(277.838)	-	(530.161.636)
Reclassifications (*)	-	-	-	(22.187.374)	-	-	-	-	(22.187.374)
Depreciation charge for the period	-	(127.333)	(20.018.525)	(63.349.109)	(5.050.538)	(9.453.091)	(19.571)	-	(98.018.167)
Disposals	-	-	-	317.821	1.288.154	3.076.522	-	-	4.682.497
Closing balance, 30 September 2023	-	(1.220.493)	(86.732.672)	(501.589.534)	(9.132.864)	(46.711.708)	(297.409)	-	(645.684.680)
Carrying amount at 30 September 2023	33.715.317	1.937.408	419.212.996	1.081.500.514	21.760.747	71.963.810	160.101	227.453.838	1.857.704.731

(*) TRY 22.187.374, partial depreciation charge of machinery and equipment is directly attributable to development costs related to product licenses and rights. The balance is capitalized in cost value of intangible assets in respect of TAS 16 and TAS 38 (Note 15) as the projects are in progress as at 30 September 2023.

As of 30 September 2023, insurance coverage on property, plant and equipment amounts to TRY 4.420.542.000 (31 December 2022: TRY 4.420.542.000).

The Group's headquarter building and factory and other buildings located in Kocaeli, Kartepe and Tekirdağ Çerkezköy and land in Çerkezköy are pledged against the borrowings used at an amount of TRY 55.000.000, TRY 20.000.000, TRY 35.000.000, TRY 34.000.000, TRY 8.400.000, TRY 16.200.000 and 12.900.000 respectively (Note 19).

(Amounts expressed in Turkish Lira "TRY" unless otherwise stated.)

13. PROPERTY, PLANT AND EQUIPMENT (cont'd)

	Land	Land Improvements	Buildings	Machinery and Equipment	Vehicles	Furniture and Fixtures	Leasehold Improvements	Construction in Progress	Total
Acquisition cost									
Opening balance,1 January 2022	33.715.317	2.506.562	292.900.694	851.347.579	7.031.020	62.971.256	402.848	180.900.175	1.431.775.451
Additions	-	-	-	-	5.582.372	18.463.083	-	273.185.501	297.230.956
Disposals	-	-	-	(7.824.023)	(53.123)	(139.749)	-	-	(8.016.895)
Transfers from construction in progress	-	121.625	10.177.754	137.553.544	-	-	-	(147.852.923)	-
Closing balance, 30 September 2022	33.715.317	2.628.187	303.078.448	981.077.100	12.560.269	81.294.590	402.848	306.232.753	1.720.989.512
Accumulated depreciation									
Opening balance,1 January 2022	-	(928.024)	(53.482.764)	(344.618.815)	(2.743.813)	(32.744.508)	(251.838)	-	(434.769.762)
Reclassifications (*)	-	-	-	(9.582.943)	-	-	-	-	(9.582.943)
Depreciation charge for the period	-	(122.721)	(9.593.913)	(45.585.138)	(1.330.041)	(5.301.509)	(19.500)	-	(61.952.822)
Disposals	-	-	-	7.019.389	53.123	139.749	-	-	7.212.261
Closing balance, 30 September 2022	-	(1.050.745)	(63.076.677)	(392.767.507)	(4.020.731)	(37.906.268)	(271.338)	-	(499.093.266)
Carrying amount at 30 September 2022	33.715.317	1.577.442	240.001.771	588.309.593	8.539.538	43.388.322	131.510	306.232.753	1.221.896.246

(*) TRY 9.582.943, partial depreciation charge of machinery and equipment is directly attributable to development costs related to product licenses and rights. The balance is capitalized in cost value of intangible assets in respect of TAS 16 and TAS 38 (Note 15) as the projects are in progress as at 30 September 2022.

As of 30 September 2022, insurance coverage on property, plant and equipment amounts to TRY 2.247.897.000 (31 December 2021: TRY 2.247.897.000).

The Group's headquarter building and factory and other buildings located in Kocaeli, Kartepe and Tekirdağ Çerkezköy and land in Çerkezköy are pledged against the borrowings used at an amount of TRY 55.000.000, TRY 20.000.000, TR 35.000.000, TRY 34.000.000, TRY 8.400.000, TRY 16.200.000 and 12.900.000 respectively (Note 19).

(Amounts expressed in Turkish Lira "TRY" unless otherwise stated.)

13. PROPERTY, PLANT AND EQUIPMENT (cont'd)

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

Land improvements	25-50 years
Buildings	25-50 years
Machinery and equipment	4-30 years
Vehicles	5 years
Furniture and fixtures	5 years
Leasehold improvements	2-3 years

Property, plant and equipment are depreciated principally on a straight-line basis except land and construction in progress. The estimated useful lives, residual values and depreciation method are reviewed at each year end for the possible effects of change in estimates, with the effect of any changes in estimate accounted for on a prospective basis.

14. RIGHT OF USE ASSETS

	Vehicles	Machinery	Total
Acquisition cost			
Opening balance,1 January 2023	134.062.594	20.989.135	155.051.729
Additions	106.299.449	323.545.783	429.845.232
Classifications (*)	(20.220.975)	-	(20.220.975)
Closing balance, 30 September 2023	220.141.068	344.534.918	564.675.986
Accumulated depreciation			
Opening balance,1 January 2023	(50.483.546)	(2.012.589)	(52.496.135)
Classifications (*)	20.220.975	-	20.220.975
Depreciation charge for the period (**)	(34.035.611)	(15.082.925)	(49.118.536)
Closing balance, 30 September 2023	(64.298.182)	(17.095.514)	(81.393.696)
Carrying amount at 30 September 2023	155.842.886	327.439.404	483.282.290

(*) The Group has netted off the right of use asset accounts due to the expiration of the lease contracts. The netting of has no effect on income statement.

(**) Depreciation charge for period is given Note 23 and Note 24.

	Vehicles	Machinery	Total
Acquisition cost			
Opening balance, 1 January 2022	67.173.622	17.370.032	84.543.654
Additions	59.417.037	2.296.984	61.714.021
Classifications (*)	(123.799)	-	(123.799)
Closing balance, 30 September 2022	126.466.860	19.667.016	146.133.876
Accumulated depreciation			
Opening balance,1 January 2022	(20.595.537)	(1.204.258)	(21.799.795)
Classifications (*)	123.799	-	123.799
Depreciation charge for the period (**)	(21.415.078)	(606.249)	(22.021.327)
Closing balance, 30 September 2022	(41.886.816)	(1.810.507)	(43.697.323)
Carrying amount at 30 September 2022	84.580.044	17.856.509	102.436.553

(*) The Group has netted off the right of use asset accounts due to the expiration of the lease contracts. The netting of has no effect on income statement.

(**) Depreciation charge for period is given Note 23 and Note 24.

(Amounts expressed in Turkish Lira "TRY" unless otherwise stated.)

14. RIGHT OF USE ASSETS (cont'd)

Depreciation periods for right of use assets, which contract period for vehicles, approximate the useful lives of such machineries, are as follows:

Machinery	4-30 years
Vehicles	5 years

15. INTANGIBLE ASSETS

	Product Licenses and Rights	Customer Relationship	Capitalized Development Costs	Total
Acquisition cost				
Opening balance,1 January 2023	233.661.380	3.730.513	452.059.298	689.451.191
Reclassifications (*)	-	-	22.187.374	22.187.374
Additions (**)	-	-	582.890.534	582.890.534
Transfers from construction in progress	227.148.023	-	(227.148.023)	-
Disposals	(9.303.363)	-	(219.694.494)	(228.997.857)
Closing balance, 30 September 2023	451.506.040	3.730.513	610.294.689	1.065.531.242
Accumulated amortization				
Opening balance, 1 January 2023	(93.309.715)	(2.704.610)	(17.920.958)	(113.935.283)
Amortization charge for the period	(9.473.578)	(139.893)	-	(9.613.471)
Disposals	8.810.596	-	-	8.810.596
Closing balance, 30 September 2023	(93.972.697)	(2.844.503)	(17.920.958)	(114.738.158)
Carrying amount at 30 September 2023	357.533.343	886.010	592.373.731	950.793.084

(*) TRY 22.187.374, partial depreciation charge of machinery and equipment is directly attributable to development costs related to product licenses and rights and is capitalized in cost value of intangible assets in respect of TAS 16 and TAS 38 as the projects are in progress as at 30 September 2023 (Note 13).

(**) Additions mainly consist of own-developed and licensed products.

As of 30 September 2023, in the quarter capitalized financial expense amounts to TRY 32.775.756 (30 September 2022: TRY 16.769.315).

(Amounts expressed in Turkish Lira "TRY" unless otherwise stated.)

15. INTANGIBLE ASSETS (cont'd)

	Product Licences and Rights	Customer Relationship	Capitalized Development Costs	Total
Acquisition cost				
Opening balance, 1 January 2022	192.059.581	3.730.513	263.688.325	459.478.419
Reclassifications (*)	-	-	9.582.943	9.582.943
Additions (**)	-	-	320.140.660	320.140.660
Transfers from construction in progress	39.449.202	-	(39.449.202)	-
Disposals	(12.584.022)	-	(167.054.268)	(179.638.290)
Closing balance, 30 September 2022	218.924.761	3.730.513	386.908.458	609.563.732
Accumulated amortization				
Opening balance, 1 January 2022	(84.701.711)	(2.518.086)	(17.920.958)	(105.140.755)
Amortization charge for the period	(11.691.855)	(139.893)	-	(11.831.748)
Disposals	5.907.222	-	-	5.907.222
Closing balance, 30 September 2022	(90.486.344)	(2.657.979)	(17.920.958)	(111.065.281)
Carrying amount at 30 September 2022	128.438.417	1.072.534	368.987.500	498.498.451

(*) TRY 9.582.943, partial depreciation charge of machinery and equipment is directly attributable to development costs related to product licenses and rights and is capitalized in cost value of intangible assets in respect of TAS 16 and TAS 38 as the projects are in progress as at 30 September 2022 (Note 13).

(**) Additions mainly consist of own-developed and unlicensed products.

As of 30 September 2022, capitalized financial expense amounts to TRY 16.769.315 (30 September 2021: TRY 2.251.856).

Depreciation and amortization expense of tangible assets, right of use assets and intangible assets are TRY 71.405.954 (2022: TRY 38.023.549) has been charged to 'cost of goods sold', TRY 60.514.628 (2022: TRY 41.795.008) to 'operating expenses' and TRY 47.509.733 is capitalized on inventory (2022: TRY 25.570.283).

Amortization periods for intangible assets, which approximate the useful lives of such assets, are as follows:

Licenses and rights	3-15 years
Customer relationship	20 years

(Amounts expressed in Turkish Lira "TRY" unless otherwise stated.)

16. GOODWILL

	30 September 2023	31 December 2022
Goodwill	1.782.731	1.782.731

On 14 March 2008, the Company's parent Eastpharma S.A.R.L signed a definitive Asset Purchase Agreement with F. Hoffmann-La Roche Ltd ("Roche") relating to the purchase of all rights, liabilities and registrations for eight Roche products registered in Turkey.

In addition, on 16 May 2008, the Eastpharma S.A.R.L signed a License and Supply Agreement allowing Eastpharma S.A.R.L to license an additional eight Roche products on an exclusive basis for Turkey. Company is a party to the agreements signed by its ultimate parent company, Eastpharma S.A.R.L.

There is no termination date for the Asset Purchase Agreement. The License and Supply Agreement will remain in force for five years as of effective date. At the expiry date, the Company has used the right to extend the agreement for additional three plus three years.

The necessary regulatory approvals of the Turkish Competition Board were obtained on 16 May 2008 and the agreement has become effective as of 19 September 2008. The Company's parent Eastpharma S.A.R.L transferred the rights and registration of 16 pharmaceuticals products in Turkey to Deva Holding A.Ş. within the scope of Asset Purchase and License and Supply Agreement.

The purchase price was funded through cash of TRY 18.897.646 net of cash received for the past termination rights of the personnel transferred to the Company. Based on the goodwill impairment test performed, there is no indication of impairment as of 30 September 2023 (Note 2).

Goodwill arising from the business combination is allocated to human pharma segment and there is no allocation to other segments as of 30 September 2023.

Sensitivity to changes in assumptions used in the goodwill impairment test

In the calculation of the present value of future cash flows, long term growth rate and discount rates are taken into account. Originally, the long term growth rate is assumed to be 7,9%. Had the rate been assumed to be 6,9%, the recoverable amount would have been above the goodwill included book value of cash generating unit and resulting no impairment provision would have been provided for. Originally, the discount rate is assumed to be 16,1%. Had the rate been assumed to be 17,1%, the recoverable amount would have been above the goodwill included book value of cash generating unit and resulting no impairment provision would have been provided for.

(Amounts expressed in Turkish Lira "TRY" unless otherwise stated.)

17. GOVERNMENT INCENTIVES AND GRANTS

	30 September 2023	31 December 2022
Short term government grants and incentives (*)	2.121.813	2.246.055
	2.121.813	2.246.055

	30 September 2023	31 December 2022
Long term government grants and incentives (*)	48.178.570	48.997.401
	48.178.570	48.997.401

(*) The Group receives government grants related to development costs. The balance consists of the income accrual for the short/long term grants received from TUBITAK. As the grant related to the assets is capitalized as development cost, consideration received or receivable is recorded as deferred revenue. Deferred revenue is amortized over useful life of the asset to match the related expense in the income statement.

During the period ended 30 September 2023, the Group has received TRY 2.045.426 grant related with its development costs (30 September 2022: 2.118.915).

The Group has 1 ongoing research and development project approved by TÜBİTAK. The 1 ongoing projects has been approved in 2020. Total incentive research and development expenses incurred in 2023 related with these projects amounted to TRY 411.845.191.

In May 2010, the Group obtained the license of Research and Development Center within the scope of the Support of Research and Development Document numbered 5746. This license permits expenses related to TÜBİTAK and research and development center projects to be partially funded and exempt from tax. The cash based payments to be made to Deva are identified by TÜBİTAK within the context of each project based on the period expense. 60% of the total amount of approved expenses incurred in 2016 has been paid in cash.

Total expenses related with project number 136611 that has not been obtained at 17 April 2018 for Deva Çerkezköy facility for the year 2023.

Total expenses related with project number 501317 that has been obtained at 30 October 2018 for Deva Kartepe facility for the year 2023 amount to TRY 46.511.437.

Total expenses related with project number 525422 that has been obtained at 26 May 2021 for Deva Çerkezköy facility for the year 2023 amount to TRY 339.101.440.

The expenses within the scope of research incentive are exempt from value added tax and custom tax, and have different advantages in scope of other tax.

(Amounts expressed in Turkish Lira "TRY" unless otherwise stated.)

18. PROVISIONS

Short term provisions	30 September 2023	31 December 2022
Expense accruals due to price regulation / change	-	42.475.782
Accrued sales discounts	26.387.073	14.823.103
Provision for legal claims	24.697.402	18.640.416
Campaign discount provisions	274.297.512	124.760.733
Other	3.541.192	1.053.269
	328.923.179	201.753.303

	Expense accruals due to price regulation	Accrued sales discounts	Provision for legal claims (*)	Campaign discount provisions	Total
Opening balance,					
1 January 2023	42.475.782	14.823.103	18.640.416	124.760.733	200.700.034
Charge for the period	-	176.776.399	16.487.456	149.536.779	342.800.634
Payments made during the period	(23.961.913)	(48.901.855)	(7.076.159)	-	(79.939.927)
Reversal of provision	(18.513.869)	(116.310.574)	(3.354.311)	-	(138.178.754)
Closing balance, 30 September 2023	-	26.387.073	24.697.402	274.297.512	325.381.987
Opening balance,					
1 January 2022	-	9.248.311	11.860.178	30.775.063	51.883.552
Charge for the period	43.921.773	113.085.683	11.931.921	80.949.476	249.888.853
Payments made during the period	-	(34.813.728)	(5.259.171)	-	(40.072.899)
Reversal of provision	-	(69.401.290)	(1.811.739)	-	(71.213.029)
Closing balance, 30 September 2022	43.921.773	18.118.976	16.721.189	111.724.539	190.486.477

(*) Provisions include amounts related to labor and tax cases against the Group. Labor cases are related to re-employment, debt related to labor contracts and damage related to labor contract. Tax cases are related with value added taxes, corporate tax, stamp duty and the related tax penalties.

The Group has been a party to multiple lawsuits as a defendant and plaintiff within the scope of its ordinary activities during the period. In this context, as of 30 September 2023, the Group Management considers the probability of a loss is low in line with the opinions received from independent legal advisors regarding the lawsuits other than the provision for the 283 legal cases amounting to TRY 24.697.402 (30 September 2022: TRY 16.721.189).

(Amounts expressed in Turkish Lira "TRY" unless otherwise stated.)

19. COMMITMENTS AND CONTINGENT LIABILITIES

As of 30 September 2023 and 31 December 2022, the Group's Guarantees/Pledge/Mortgages ("GPM") are as follows:

Guarentees/Pledge/Mortgages given by the Group (GPM)	30 September 2023			
	TRY Equivalent	US Dollar	EUR	TRY
A. GPM given on behalf of its own legal				
-Guarantee	29.777.764	124.979	-	26.356.261
-Pledge	-	-	-	-
-Mortgage	181.500.000	-	-	181.500.000
	211.277.764	124.979	-	207.856.261
B. GPM given on behalf of subsidiaries that are included in full consolidation				
-Guarantee	-	-	-	-
-Pledge	-	-	-	-
-Mortgage	-	-	-	-
	-	-	-	-
C. GPM's given on behalf of third parties for ordinary course of the business	242.423.902	-	-	242.423.902
D. Other GPM	-	-	-	-
Total	**453.701.666**	**124.979**	**-**	**450.280.163**

	31 December 2022			
	TRY Equivalent	US Dollar	EUR	TRY
A. GPM given on behalf of its own legal				
-Guarantee	21.644.273	179.385	-	18.290.078
-Pledge	-	-	-	-
-Mortgage	181.500.000	-	-	181.500.000
	203.144.273	179.385	-	199.790.078
B. GPM given on behalf of subsidiaries that are included in full consolidation				
-Guarantee	-	-	-	-
-Pledge	-	-	-	-
-Mortgage	-	-	-	-
	-	-	-	-
C. GPM's given on behalf of third parties for ordinary course of the business	88.150.000	-	-	88.150.000
D. Other GPM	-	-	-	-
Total	**291.294.273**	**179.385**	**-**	**287.940.078**

As of 30 September 2023, the Company's Other GPM / Equity ratio is nil (31 December 2022: Nil).

(Amounts expressed in Turkish Lira "TRY" unless otherwise stated.)

20. EMPLOYMENT BENEFITS

Payables for benefits provided to employees	30 September 2023	31 December 2022
Due to personnel	4.653.275	1.577.710
Taxes and funds payables	31.012.083	15.486.862
Social security premiums payable	58.378.199	29.000.988
	94.043.557	46.065.560

Provisions for benefits provided to employees	30 September 2023	31 December 2022
Accrued vacation pay liability	25.778.757	17.017.914
Bonus given to sales personnel	22.453.569	17.296.777
Other accruals and payables	176.240.030	92.138.906
	224.472.356	126.453.597

The Group has recognized provision for vacation pay liability, due to the tendency to be used within one year, as short term provisions in Group financial statements.

	Accrued vacation pay liability	Bonus given to personnel	Total
Provision at 1 January	17.017.914	17.296.777	34.314.691
Charge for the period	16.306.279	42.348.434	58.654.713
Payments during the period	(7.545.436)	(37.191.642)	(44.737.078)
Provision at 30 September 2023	25.778.757	22.453.569	48.232.326
Provision at 1 January	8.051.513	6.491.543	14.543.056
Charge for the period	6.593.232	20.075.398	26.668.630
Payments during the period	(2.329.422)	(15.902.230)	(18.231.652)
Provision at 30 September 2022	12.315.323	10.664.711	22.980.034

(Amounts expressed in Turkish Lira "TRY" unless otherwise stated.)

20. EMPLOYMENT BENEFITS (cont'd)

Provision for employment termination benefits

Under the Turkish Labor Law, the Company is required to pay employment termination benefits to each employee who has qualified for such payment. Also, employees are required to be paid their retirement pay provisions who retired by gaining right to receive retirement pay provisions in accordance with the provisions set out in law no: 2422 issued at 6 March 1981, law no: 4447 issued at 25 August 1999 and the amended Article 60 of the existing Social Insurance Law No: 506. Some transitional provisions related to the pre-retirement service term were excluded from the law since the related law was amended as of 23 May 2002.

The amount payable consists of one month's salary limited to a maximum of TRY 23.489,83 for each period of service at 30 September 2023 (31 December 2022: TRY 15.371,40).

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

The principal assumption is that the maximum liability for each year of service will increase parallel with the inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. Consequently, in the accompanying financial statements as at 30 September 2023, the provision is calculated by estimating the present value of the future probable obligation of the Company arising from the retirement of the employees. The provisions at the respective balance sheet dates are calculated assuming an annual inflation rate of 18,30% and an interest rate of 22,00%, resulting in a real discount rate of approximately 3,13% (31 December 2022: 3,13%). The anticipated rate of retirement is considered as 85,76% (2022: 86,60%). As the maximum liability is revised semiannually, the maximum amount of TRY 23.489,83 effective from 1 July 2023 is taken into consideration in the calculation of provision from employment termination benefits (1 January 2022: TRY 10.848,59).

Below is the movement of employment termination provision:

	2023	2022
Provision at 1 January	96.363.234	43.942.290
Service cost	51.817.407	34.509.562
Interest cost	2.600.946	1.186.049
Termination benefits paid	(79.966.129)	(4.589.036)
Provision at 30 September	70.815.458	75.048.865

(Amounts expressed in Turkish Lira "TRY" unless otherwise stated.)

21. OTHER CURRENT ASSETS AND LIABILITIES

Other current assets	30 September 2023	31 December 2022
Deferred VAT	-	92.711.791
Other VAT	15.944.588	29.488.231
	15.944.588	122.200.022

Other current liabilities	30 September 2023	31 December 2022
Taxes and funds payables	18.527.607	10.727.449
	18.527.607	10.727.449

22. EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT

Capital

Name	(%)	30 September 2023	(%)	31 December 2022
Eastpharma S.A.R.L.	82,2	164.424.760	82,2	164.424.760
Shares held by public	17,8	35.594.528	17,8	35.594.528
Nominal capital	100,0	200.019.288	100,0	200.019.288
Inflation adjustment to share capital		140.080.696		140.080.696
Treasury shares (-)		(28.847)		(28.847)
Adjusted share capital		340.071.137		340.071.137

Common shares

Each common share has one voting right. Dividend distribution is based on the approval of the decision taken by the Board of Directors, by the General Assembly within the rules of Turkish Commercial Code, Capital Markets Board (CMB) regulations and the Company's main agreement.

Preferred shares

Each one of the type A and B preferred share certificates have a voting right 10 times that of the common shares. Pursuant to the Articles of Association of the Company, 10% of the amount calculated after deducting the 5% of first legal reserves, statutory tax payments and 6% of the paid-in capital is distributed to holders of Type A shares. The remaining profit amount, in full or partial, is allocated equally to each ordinary share.

A and B type shares do not have liquidation preferences. Liquidation is carried out based on the terms of the Turkish Commercial Code. In the general assembly meeting dated 27 April 2007, nominal value of shares has been changed to TRY 0,01. As a result, the number of preferred shares decreased to 10 from 100 in respect of 5274 numbered law.

(Amounts expressed in Turkish Lira "TRY" unless otherwise stated.)

22. EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT (cont'd)

Capital (cont'd)

As of 30 September 2023 and 31 December 2022, the details of capital and other balances disclosed under equity are as follows:

	30 September 2023	31 December 2022
Capital	200.019.288	200.019.288
Premium discounts in excess of par	2.870.803	2.870.803
Restricted reserves assorted from profit	150.864.955	150.864.955
Treasury shares (-)	(28.847)	(28.847)
	353.726.199	353.726.199

Restricted reserves appropriated from profit

The legal reserves consist of first and second legal reserves, appropriated in accordance with the Turkish Commercial Code, are not distributable to shareholders. 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 historical paid-in share capital. The second legal reserve is appropriated after the first legal reserve and dividends, at the rate of 10% per annum of all cash dividend distributions.

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

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

Currency translation reserve

Financial statements of subsidiaries published by POA, operating in countries other than Turkey, are adjusted to TAS for the purpose of fair presentation. Subsidiaries' assets and liabilities are translated into TRY from the foreign exchange rate at the balance sheet date and income and expenses are translated into TRY at the average foreign exchange rate. Exchange differences arising from the translation of the opening net assets and differences between the average and balance sheet date rates are included in the "currency translation difference" under the shareholders' equity.

Retained earnings

The Group's accumulated profit as of 30 September 2023 and 31 December 2022 amounts to TRY 3.203.121.345 and TRY 2.037.638.940, respectively. The accumulated profit balance also includes TRY 26.410.082 of extraordinary reserves as of 30 September 2023 (31 December 2022: TRY 26.410.082).

At the 2022 Ordinary General Assembly Meeting held on April 28, 2023, it was decided that; the shareholders representing TRY 200.019.288 of the capital for 2022, to be paid 15% gross; 13,5% net dividend amounting to a total of TRY 194.741.816 (gross TRY/krs 0,15, net TRY/krs 0,1350 per a share in the amount of TRY 1) depending on their legal status; this dividends to be paid in cash as of May 8, 2023.

(Amounts expressed in Turkish Lira "TRY" unless otherwise stated.)

23. REVENUE AND COST OF SALES

Revenue (net)	1 January – 30 September 2023	1 January – 30 September 2022	1 July – 30 September 2023	1 July – 30 September 2022
Human pharma revenue	5.927.832.222	2.840.934.109	2.204.345.073	1.076.229.622
Veterinary products revenue	252.798.905	182.643.706	101.360.922	63.013.778
Other revenue	36.209.188	31.157.197	10.332.581	11.513.517
	6.216.840.315	3.054.735.012	2.316.038.576	1.150.756.917

Cost of revenue	1 January – 30 September 2023	1 January – 30 September 2022	1 July – 30 September 2023	1 July – 30 September 2022
Raw and other materials used	(1.507.034.247)	(885.678.489)	(557.134.450)	(285.072.938)
Direct labor cost	(157.156.749)	(61.731.024)	(53.258.950)	(23.310.461)
Production overheads	(981.715.693)	(536.192.624)	(402.137.283)	(194.685.890)
Depreciation expenses (Note 13,14,15)	(71.405.954)	(38.023.549)	(31.162.331)	(17.375.848)
Change in work in process(*)	58.652.578	48.625.554	99.671.525	20.366.361
Change in finished goods(*)	157.625.295	102.211.783	(5.018.022)	(27.158.299)
	(2.501.034.770)	(1.370.788.349)	(949.039.511)	(527.237.075)
Cost of merchandise and service sold (**)	(136.643.203)	(99.120.763)	(42.086.209)	(36.167.097)
	(2.637.677.973)	(1.469.909.112)	(991.125.720)	(563.404.172)

(*) Depreciation and amortization expense of TRY 47.509.733 (2022: TRY 25.570.283) has been capitalized on inventories.

(**) Cost of merchandise and service sold consists of cost of contract manufacturing products and services given by the Group. Cost of mechandise and and service sold includes production of Saba İlaç products and cost of contract manufacturing services to Saba İlaç is TRY 89.212.983 as of 30 September 2023.

24. RESEARCH AND DEVELOPMENT EXPENSES, MARKETING, SELLING AND DISTRIBUTION EXPENSES, GENERAL ADMINISTRATION EXPENSES

	1 January – 30 September 2023	1 January – 30 September 2022	1 July – 30 September 2023	1 July – 30 September 2022
Marketing, sales and distribution expenses (-)	(759.850.385)	(373.509.847)	(285.866.878)	(135.199.085)
General administration expenses (-)	(538.735.749)	(258.076.525)	(199.396.985)	(107.195.974)
Research and development expenses (-)	(117.418.696)	(116.205.201)	(40.103.260)	(35.462.730)
	(1.416.004.830)	(747.791.573)	(525.367.123)	(277.857.789)

(Amounts expressed in Turkish Lira "TRY" unless otherwise stated.)

24. RESEARCH AND DEVELOPMENT EXPENSES, MARKETING, SELLING AND DISTRIBUTION EXPENSES, GENERAL ADMINISTRATION EXPENSES (cont'd)

i)Research and development expenses

	1 January – 30 September 2023	1 January – 30 September 2022	1 July – 30 September 2023	1 July – 30 September 2022
Employee benefits expenses	(148.890.081)	(67.625.086)	(55.091.631)	(25.503.772)
Cancelled projects	(113.211.995)	(115.847.927)	(39.706.185)	(35.242.786)
	(262.102.076)	(183.473.013)	(94.797.816)	(60.746.558)
Capitalized personnel expenses	144.683.380	67.267.812	54.694.556	25.283.828
	(117.418.696)	(116.205.201)	(40.103.260)	(35.462.730)

As of 30 September 2023, the Group realized research and development expenses of TRY 2.881.319 for tangible assets and TRY 494.512.369 for intangible assets with the total amount TRY 497.393.688 (30 September 2022: TRY 311.865.862). As of balance sheet date TRY 411.845.191 of the amount is for the government grants and incentives (30 September 2022: TRY 264.559.017). Of this total amount TRY 144.683.380 was capitalized on development costs, of which TRY 493.324.678 consists of employee related expenses. TRY 4.069.010 portion of the total TRY 113.211.996 cancelled project and other expenses are occurred in the year 2023.

ii)Marketing, sales and distribution expenses

	1 January – 30 September 2023	1 January – 30 September 2022	1 July – 30 September 2023	1 July – 30 September 2022
Employee benefits expenses	(334.925.209)	(136.424.581)	(119.678.394)	(52.184.331)
Depreciation and amortization expenses	(32.552.001)	(20.606.629)	(13.245.465)	(8.137.618)
Royalty expenses	(146.861.353)	(70.766.512)	(50.541.977)	(29.576.420)
Rent expenses	(1.100.501)	(2.431.316)	(210.986)	(12.389)
Travel, transportation and accommodation expenses	(32.674.103)	(17.992.312)	(13.316.948)	(6.372.690)
Consultancy expenses	(40.714.279)	(15.478.205)	(14.796.437)	(6.743.662)
Promotional goods and advertising expenses	(68.400.300)	(42.343.579)	(23.627.921)	(11.690.484)
Energy expenses	(13.234.296)	(6.878.595)	(4.499.128)	(2.303.150)
Customs expenses	(11.964.720)	(8.842.511)	(4.972.707)	(2.630.164)
Export commissions	(4.866.560)	(6.302.625)	(3.199.926)	(414.468)
Subcontractor expenses	(12.406.614)	(11.872.777)	(5.428.727)	(5.081.778)
Material usage expenses	(12.845.022)	(5.478.094)	(7.925.189)	(2.213.875)
Other expenses	(47.305.427)	(28.092.111)	(24.423.073)	(7.838.056)
	(759.850.385)	(373.509.847)	(285.866.878)	(135.199.085)

(Amounts expressed in Turkish Lira "TRY" unless otherwise stated.)

24. RESEARCH AND DEVELOPMENT EXPENSES, MARKETING, SELLING AND DISTRIBUTION EXPENSES, GENERAL ADMINISTRATION EXPENSES (cont'd)

iii)General administration expenses

	1 January – 30 September 2023	1 January – 30 September 2022	1 July – 30 September 2023	1 July – 30 September 2022
Employee benefits expenses	(467.684.124)	(186.767.866)	(204.550.572)	(82.932.022)
Depreciation and amortization expenses	(27.962.627)	(21.188.379)	(9.756.798)	(7.285.055)
Rent expenses	(2.062.512)	(862.628)	(966.245)	(560.128)
Travel, transportation and accommodation expenses	(11.755.703)	(4.741.722)	(3.304.497)	(1.626.695)
Consultancy expenses	(42.760.672)	(27.924.298)	(15.304.971)	(11.110.683)
Promotional goods and advertising expenses	(1.758.233)	(1.354.697)	(760.309)	(283.994)
Other expenses	(2.396.927)	(22.062.633)	27.872.699	(6.136.735)
	(556.380.798)	(264.902.223)	(206.770.693)	(109.935.312)
Capitalized personnel expenses	17.645.049	6.825.698	7.373.708	2.739.338
	(538.735.749)	(258.076.525)	(199.396.985)	(107.195.974)

25. EXPENSES BY NATURE

	1 January – 30 September 2023	1 January – 30 September 2022	1 July – 30 September 2023	1 July – 30 September 2022
Employee benefits expenses	(951.499.414)	(390.817.533)	(379.320.597)	(160.620.125)
Depreciation and amortization expenses (Note 13,14,15)	(60.514.628)	(41.795.008)	(23.002.263)	(15.422.673)
Royalty expenses (*)	(146.861.353)	(70.766.512)	(50.541.977)	(29.576.420)
Rent expenses	(3.163.013)	(3.293.944)	(1.177.231)	(572.517)
Promotional goods and advertising expenses	(70.158.533)	(43.698.276)	(24.388.230)	(11.974.478)
Travel, transportation and accommodation expenses	(44.429.806)	(22.734.034)	(16.621.445)	(7.999.385)
Consultancy expenses	(83.474.951)	(43.402.503)	(30.101.408)	(17.854.345)
Energy expenses	(13.234.296)	(6.878.595)	(4.499.128)	(2.303.150)
Customs expenses	(11.964.720)	(8.842.511)	(4.972.707)	(2.630.164)
Export commissions	(4.866.560)	(6.302.625)	(3.199.926)	(414.468)
Subcontractor expenses	(12.406.614)	(11.872.777)	(5.428.727)	(5.081.778)
Material usage expenses	(12.845.022)	(5.478.094)	(7.925.189)	(2.213.875)
Cancelled projects	(113.211.995)	(115.847.927)	(39.706.185)	(35.242.786)
Other expenses	(49.702.354)	(50.154.744)	3.449.626	(13.974.791)
	(1.578.333.259)	(821.885.083)	(587.435.387)	(305.880.955)
Capitalized personnel expenses	162.328.429	74.093.510	62.068.264	28.023.166
	(1.416.004.830)	(747.791.573)	(525.367.123)	(277.857.789)

(*) TRY 144.938.244 part of royalty expenses consist of the amount paid to Eastpharma S.A.R.L for the sale of Roche products in the current year. Eastpharma S.A.R.L. holds Turkey rights of 9 of the 17 Roche products acquired in 2008. Eastpharma S.A.R.L. also holds the right of 1 Roche product in 17 different foreign countries (Note 7).

(Amounts expressed in Turkish Lira "TRY" unless otherwise stated.)

26. OTHER OPERATING INCOME / (EXPENSES)

Other operating income	1 January – 30 September 2023	1 January – 30 September 2022	1 July – 30 September 2023	1 July – 30 September 2022
Foreign exchange gain from operations	257.113.655	328.027.007	131.363.311	79.865.115
Discount interest income	2.520.819	229.596	2.356.059	(278.035)
Commission income (*)	1.651.343	859.409	694.522	319.147
Interest income	82.524.655	44.182.817	45.144.212	28.096.663
Other income and profits	38.610.921	15.959.670	26.861.464	5.403.302
	382.421.393	389.258.499	206.419.568	113.406.192

(*) Commission income consists of service consideration to Saba İlaç, the Group's related party TRY 1.651.343 (30 September 2022: TRY 859.409) (Note 7).

Other operating expenses	1 January – 30 September 2023	1 January – 30 September 2022	1 July – 30 September 2023	1 July – 30 September 2022
Foreign exchange loss from operations	(49.891.283)	(35.042.493)	(32.515.869)	(4.352.931)
Other expense	(11.980.572)	(10.690.338)	(8.580.763)	(3.652.259)
	(61.871.855)	(45.732.831)	(41.096.632)	(8.005.190)

27. INVESTMENT INCOME / (EXPENSES)

	1 January – 30 September 2023	1 January – 30 September 2022	1 July – 30 September 2023	1 July – 30 September 2022
Profit on sale of property, plant and equipment	18.306.160	17.607.419	6.201.506	8.478.437
Net gain arising on financial assets mandatorily measured at FVTPL	97.670.436	21.419.142	(59.960.709)	(12.569.643)
Net gain financial assets are measured at amortised cost	35.722.975	5.206.129	12.382.582	5.097.526
Net gain on securities	12.296.446	-	909.633	-
Foreign exchange gain from investing activities	293.218.633	52.833.133	56.510.839	52.672.946
	457.214.650	97.065.823	16.043.851	53.679.266

	1 January – 30 September 2023	1 January – 30 September 2022	1 July – 30 September 2023	1 July – 30 September 2022
Loss on sale of property, plant and equipment	(3.222.317)	-	(3.222.317)	-
Net loss arising on financial assets mandatorily measured at FVTPL	-	(7.056.633)	-	(7.056.633)
	(3.222.317)	(7.056.633)	(3.222.317)	(7.056.633)

(Amounts expressed in Turkish Lira "TRY" unless otherwise stated.)

28. FINANCIAL EXPENSES

	1 January – 30 September 2023	1 January – 30 September 2022	1 July – 30 September 2023	1 July – 30 September 2022
Bank loans interest cost	(526.444.435)	(341.467.700)	(219.340.360)	(157.244.334)
Lease liabilities interest cost	(30.793.565)	(9.698.202)	(19.073.499)	(5.360.994)
Bonds issued interest and expenses	(142.584.970)	(19.872.788)	(54.602.585)	(4.229.584)
Total interest cost	(699.822.970)	(371.038.690)	(293.016.444)	(166.834.912)
Capitalized expenses (-)	32.775.756	16.769.315	20.481.787	11.058.394
	(667.047.214)	(354.269.375)	(272.534.657)	(155.776.518)
Foreign exchange gain	752.441	372.208	132.353	121.065
Gain on derivative instruments	14.329.611	1.162.548	503.627	-
Other expenses	(126.423.316)	(16.269.154)	(63.317.332)	(8.560.642)
	(778.388.478)	(369.003.773)	(335.216.009)	(164.216.095)

29. TAX ASSETS AND LIABILITIES

Current and deferred income tax

The tax expense for the year comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised directly in equity. In such case, the tax is also recognised in shareholders' equity.

The current income tax charge is calculated in accordance with the tax laws enacted or substantively enacted at the balance sheet date in the countries where the subsidiaries of the Group operate. Under the Turkish Tax Code, companies having head office or place of business in Turkey are subject to corporate tax.

Under the Turkish taxation system, tax losses can be carried forward to be offset against future taxable income for five years. Tax losses cannot retrospectively offset against the profits of previous years.

Furthermore, provisional corporate taxes are paid at 25% (will be applied as 25% for 2023 and after periods) over profits declared for interim periods in order to be deducted from the final corporate tax.

As of September 30, 2023 and December 31, 2022, income tax provisions have been accrued in accordance with the prevailing tax legislation.

75% of the income derived by the Company from the sale of participation shares, preferential rights, founders' shares and redeemed shares and 50% of the income derived by the Company from the sale of immovable property which are carried in assets for at least for two years is exempt from corporate tax with the condition that the relevant income should be added to the share capital or kept under a special reserve account under equity for 5 years in accordance with the Corporate Tax Law.

Deferred income tax is provided in full, using the liability method, on all temporary differences arising between the tax bases of assets and liabilities and their carrying values in the consolidated financial statements. Currently enacted tax rates are used to determine deferred income tax at the balance sheet date.

29. TAX ASSETS AND LIABILITIES (cont'd)

Current and deferred income tax (cont'd)

Deferred tax liabilities are recognized for all taxable temporary differences, where 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.

Provided that deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority and it is legally eligible, they may be offset against one another.

Tax assets and liabilities

Corporation tax

The Group is subject to taxation in accordance with the tax regulation and the legislation effective in Turkey.

The applied corporate tax rate in Turkey is 25% in 2023 (2022: 23%). Deferred tax assets and liabilities in the consolidated financial statements as of September 30, 2023, deferred tax assets and liabilities are calculated with 25% rate for the portion that will have tax effects in 2023 and the following periods.

Corporate tax rate is applicable to the tax base derived upon exemptions and deductions stated in the tax legislation and by addition of disallowable expenses to the commercial revenues of the companies with respect to the tax legislation. Corporate tax is required to be filed by the twenty-fifth day of the fourth month following the balance sheet date and taxes must be paid by the end of the fourth month.

The tax legislation provides for a temporary tax of 25% (2022 – 23%) to be calculated based on earnings generated for each period. Temporary tax is declared by the 17th day of the second month following each period and corresponding tax is payable by the 17th day of the same month. The amounts thus calculated and paid are offset against the final corporate tax liability for the year. If there is excess temporary tax paid even if it is already offset, this amount may be refunded or offset.

Corporate tax losses can be carried forward for a maximum period of 5 years following the year in which the losses were incurred. The tax authorities can inspect tax returns and the related accounting records for a retrospective maximum period of five years.

15% withholding applies to dividends distributed by resident real persons, those who are not liable to income and corporation tax, non-resident real persons, non-resident corporations (excluding those that acquire dividend through a permanent establishment or permanent representative in Turkey) and non-resident corporations exempted from income and corporation tax.

Dividend distribution by resident corporations to resident corporations is not subject to a withholding tax. Furthermore, in the event the profit is not distributed or included in capital, no withholding tax shall be applicable.

Turkish tax legislation does not permit a parent company and its subsidiaries to file a consolidated tax return. Therefore, tax liabilities, as reflected in these consolidated financial statements, have been calculated on a separate-entity basis. As of September 30, 2023 and December 31, 2022, current income tax payables have been offset against the prepaid taxes in entity basis but such offset amounts have been classified in gross basis in the consolidated financial statements.

(Amounts expressed in Turkish Lira “TRY” unless otherwise stated.)

29. TAX ASSETS AND LIABILITIES (cont'd)

Current tax payable	30 September 2023	31 December 2022
Current tax liability (*)	284.160.298	4.852.531
Prepaid taxes and dues	(165.981.467)	(3.192.199)
	118.178.831	1.660.332

(*) In accordance with the Law No. 7440 on the “Restructuring of Certain Receivables and Amending Certain Laws” published in the Official Gazette on 12 March 2023, the exemption and deduction subject to corporate income deduction in accordance with the regulations in the laws, by being shown in the corporate tax return for the year 2022. An additional tax of 10% should be calculated over the deduction amounts and tax bases subject to reduced corporate tax, without being associated with the period's income, and 5% over the exempted earnings. As of 31 March 2023, the amount accrued by the Company for the related tax in addition to the corporate tax is TRY 154.761.509, and the payment for the first installment of said tax made in May 2023, and the payment for the second installment made in August 2023.

For the years where the Group applied for taxable base increase, no further tax investigation will be done.

Tax income	1 January- 30 September 2023	1 January- 30 September 2022
Current tax (expense)	(283.105.811)	(4.475.795)
Deferred tax (expense) / income	55.689.021	86.860.956
Total tax (expense) / income	(227.416.790)	82.385.161

Total charge for the period can be reconciled to the accounting profit as follows:

	1 January- 30 September 2023	1 January- 30 September 2022
Profit before tax	2.159.310.905	901.565.412
Enacted tax rate	25%	23%
Expected taxation	(539.827.726)	(207.360.045)
Tax effects of:		
- non-deductible expenses	(46.436.937)	(2.880.353)
- r&d incentives deductions	88.284.641	52.133.897
- investment incentives	224.786.546	216.836.662
- tax exempt income	23.038.904	3.318.961
- other	22.737.782	20.336.039
Tax (expense) / income recognized in income statement	(227.416.790)	82.385.161

(Amounts expressed in Turkish Lira "TRY" unless otherwise stated.)

29. TAX ASSETS AND LIABILITIES (cont'd)

Deferred tax

The Group recognizes deferred tax assets and liabilities based upon temporary differences arising between its financial statements as reported in accordance with TFRS and its statutory tax financial statements. These differences usually result in the recognition of revenue and expenses in different reporting periods for TFRS and tax purposes and they are given below.

The tax rate used in the calculation of deferred tax assets and liabilities is 25%.

In Turkey, the companies cannot declare a consolidated tax return, therefore subsidiaries that have deferred tax assets position were not netted off against subsidiaries that have deferred tax liabilities position and disclosed separately.

Deferred tax balances in the balance sheet are presented as follows:

Deferred tax assets / (liabilities)	30 September 2023	31 December 2022
Restatement and useful life differences of property, plant and equipment and intangible assets	14.130.375	4.469.348
Provision for employment termination benefits	16.356.114	21.354.647
Inventories	90.265.559	45.960.079
Accrued vacation pay liability	6.444.689	3.403.583
Accrued sales discounts and free samples	(14.428.415)	-
Expense accruals due to price regulation	-	8.495.156
Expected credit losses	1.776.483	1.421.187
Provision for legal cases	6.142.876	3.702.903
Other	40.842.549	17.034.306
	161.530.230	105.841.209

The movement of deferred tax assets for the year ended as of 30 September 2023 and 2022 are as follows:

Movements of deferred tax assets / (liabilities)	2023	2022
Balance at 1 January	105.841.209	39.624.923
Deferred tax income recognized in income statement	55.689.021	86.860.956
Closing balance, 30 September	161.530.230	126.485.879

As of balance sheet date, the Group has no unused tax losses available for offset against future profits (30 September 2022: None).

(Amounts expressed in Turkish Lira "TRY" unless otherwise stated.)

30. PROFIT PER SHARE

Earning per share	1 January– 30 September 2023	1 January– 30 September 2022
Profit for the period	1.931.894.115	983.950.573
Weighted-average number of outstanding shares	20.001.928.778	20.001.928.778
Profit per share (TRY)	0,0966	0,0492

31. NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS

(a) Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximizing the return to stakeholders through the optimization of the debt and equity balance.

The capital structure of the Group consists of debt, which includes the financial borrowings disclosed in Note 6, cash and cash equivalents disclosed in Note 4 and equity attributable to equity holders of the parent disclosed in Note 22, comprising issued capital, reserves and retained earnings.

As of 30 September 2023 and 31 December 2022, equity/total financial liability rate is as follows:

	30 September 2023	31 December 2022
Financial liability	5.296.108.043	3.398.828.763
Less: Cash and cash equivalents	(1.432.509.710)	(601.243.499)
Liability (net)	3.863.598.333	2.797.585.264
Total equity	5.793.816.623	3.936.823.980
Total capital	9.657.414.956	6.734.409.244
Liability (net) / Total capital rate	40%	42%

The Group's management reviews the capital structure on a quarterly basis. As a part of this review, the management considers the cost of capital and the risks associated with each class of capital. Based on recommendations, the Group will balance its overall capital structure through the payment of dividends, new share issues and share buy-backs as well as the issue of new debt or the redemption of existing debt.

The Group's overall strategy remains unchanged from prior year.

(Amounts expressed in Turkish Lira "TRY" unless otherwise stated.)

31. NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (cont'd)

(b) Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance.

Risk management is carried out by the Board of Directors under policies approved with forward purchase and sale contracts. Policies and risks are regularly reviewed by Audit Committee. As a result of this procedure the Group evaluates the risk performance.

(b.1) Credit risk management

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the risk management committee monthly.

Credit quality of undue financial assets evaluated based on to retrospective internal rating consideration is as follows:

Trade Receivables	30 September 2023	31 December 2022
According to internal rating;		
Customers in Group A	2.509.457.641	1.434.115.139
Customers in Group B	129.390.148	37.874.682
Customers in Group C	206.453.046	207.440.569
	2.845.300.835	1.679.430.390

Customers in Group A: Customers of which credit limit defined without an indemnity and approved by CEO after credit committee confirmation.

Customers in Group B: Customers of which credit limit defined with an existing indemnity and approved by CEO after credit committee confirmation.

Customers in Group C: Customers of which credit limit defined with an indemnity directly attributable (Letter of warranty or credit limit of 70% of mortgage amount).

(Amounts expressed in Turkish Lira "TRY" unless otherwise stated.)

31. NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (cont'd)

(b) Financial risk factors (cont'd)

(b.1) Credit risk management (cont'd)

Credit risks as to financial instrument types

	Receivables					
	Trade Receivables		Other Receivables			
30 September 2023	Related Party	Other	Related Party	Other	Bank Deposits	Other(**)
Maximum credit limits as of balance sheet date (*)	180.631.638	2.845.300.835	-	7.411.953	1.432.296.114	1.839.564.258
Secured amount with letter of guarantee	-	218.047.202	-	-	-	-
A.Net book value of the not amortized financial assets	180.631.638	2.845.300.835	-	7.411.953	1.432.296.114	1.839.564.258
B. Net book value of the financial assets conditions are reset, otherwise impaired	-	-	-	-	-	-
C. Net book value of the overdue assets but not impaired	-	-	-	-	-	-
Secured amount with letter of guarantee	-	-	-	-	-	-
D. Net book value of the impaired assets	-	-	-	-	-	-
-Carrying value (due dates passed assets)	-	7.105.933	-	48.906	-	-
-Impairment(-)	-	(7.105.933)	-	(48.906)	-	-
-Secured amount with letter of guarantee	-	-	-	-	-	-
-Carrying value (unexpired assets)	-	-	-	-	-	-
-Impairment(-)	-	-	-	-	-	-
-Secured amount with letter of guarantee	-	-	-	-	-	-
E. Off balance sheet items that have credit risk	-	-	-	-	-	-

(*) Components increasing credit safety are not taken into consideration in determination of the amount.
(**) Usdbonds and currency protected deposits in financial investments are reported in consolidated credit risk statement under "Other" segment.

(Amounts expressed in Turkish Lira "TRY" unless otherwise stated.)

31. NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (cont'd)

(b) Financial risk factors (cont'd)

(b.1) Credit risk management (cont'd)

Credit risks as to financial instrument types

	Receivables					
	Trade Receivables		Other Receivables			
31 December 2022	**Related Party**	**Other**	**Related Party**	**Other**	**Bank Deposits**	**Other(**)**
Maximum credit limits as of balance sheet date (*)	86.024.749	1.679.430.390	-	3.870.442	600.891.410	1.166.722.929
Secured amount with letter of guarantee	-	137.225.458	-	-	-	-
A.Net book value of the not amortized financial assets	86.024.749	1.679.430.390	-	3.870.442	600.891.410	1.166.722.929
B. Net book value of the financial assets conditions are reset, otherwise impaired	-	-	-	-	-	-
C. Net book value of the overdue assets but not impaired	-	-	-	-	-	-
Secured amount with letter of guarantee	-	-	-	-	-	-
D. Net book value of the impaired assets	-	-	-	-	-	-
-Carrying value (due dates passed assets)	-	7.105.933	-	48.906	-	-
-Impairment(-)	-	(7.105.933)	-	(48.906)	-	-
-Secured amount with letter of guarantee	-	-	-	-	-	-
-Carrying value (unexpired assets)	-	-	-	-	-	-
-Impairment(-)	-	-	-	-	-	-
-Secured amount with letter of guarantee	-	-	-	-	-	-
E. Off balance sheet items that have credit risk	-	-	-	-	-	-

(*) Components increasing credit safety are not taken into consideration in determination of the amount.
(**) Usdbonds and currency protected deposits in financial investments are reported in consolidated credit risk statement under "Other" segment.

(Amounts expressed in Turkish Lira "TRY" unless otherwise stated.)

31. NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (cont'd)

(b) Financial risk factors (cont'd)

(b.2) Liquidity risk management

The responsibility of the liquidity risk management belongs to the Board of Directors. The Group's management has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long term funding and liquidity management requirements.

The Group's liquidity requirements arise primarily from the need to fund working capital due to the research and development investments mainly factory, machinery and equipment investments and pharma licence investments. The Board of Directors has formed appropriate liquidity risk management for the Group management's short, medium and long term funding and liquidity needs.

Liquidity analysis

The following table details the Group's expected maturity for its non-derivative financial liabilities. The tables below have been drawn up based on the undiscounted contractual maturities of the financial liabilities including interest that will accrue to those liabilities except where the Group is entitled and intense to repay the liability before its maturity.

30 September 2023

Due dates according to the agreements	Carrying value	Cashflow according to the agreement	Less than 3 months	Between 3-12 months	1-5 years
Non-derivative financial liabilities					
Bank loans and bonds issued	5.296.108.043	5.817.607.916	1.815.038.521	3.427.122.815	575.446.580
Trade payables	809.806.100	814.156.733	798.062.336	16.094.397	-
Payables relating to the benefits provided to employees	94.043.557	94.043.557	94.043.557	-	-
Total financial liabilities	6.199.957.700	6.725.808.206	2.707.144.414	3.443.217.212	575.446.580

31 December 2022

Due dates according to the agreements	Carrying value	Cashflow according to the agreement	Less than 3 months	Between 3-12 months	1-5 years
Non-derivative financial liabilities					
Bank loans and bonds issued	3.398.828.763	3.773.662.050	965.503.455	2.240.494.006	567.664.589
Trade payables	713.706.921	715.536.736	707.838.003	7.698.733	-
Payables relating to the benefits provided to employees	46.065.560	46.065.560	46.065.560	-	-
Total financial liabilities	4.158.601.244	4.535.264.346	1.719.407.018	2.248.192.739	567.664.589

31. NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (cont'd)

(b) Financial risk factors (cont'd)

(b.3) Market Risk Management

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates (see b.2.1) and interest rates (see b.2.2). The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign currency risk.

Market risk exposures are supplemented by sensitivity analysis.

In the current year, there has been no change in the market risk the Group is exposed or in the risk management and assessment policies of the Group.

(b.3.1) <u>Foreign currency risk management</u>

The Group undertakes certain transactions denominated in foreign currencies. Hence, exposures to exchange rate fluctuations arise from future trade transactions and difference between assets and liabilities. Exchange rate exposures are managed within the approved policy parameters utilising forward foreign exchange contracts.

The Group's foreign currency position is as follows:

(Amounts expressed in Turkish Lira "TRY" unless otherwise stated.)

31. NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (cont'd)

(b) Financial risk factors (cont'd)

(b.3) Market risk management (cont'd)

(b.3.1) Foreign currency risk management (cont'd)

Foreign Currency Position	**30 September 2023**					
	TRY Equivalent	**USD**	**EUR**	**CHF**	**GBP**	**Other**
1. Trade receivables	132.319.732	3.464.316	6.693	1.202.994	-	1.213.685
2a. Monetary financial assets	1.891.050.156	46.774.432	20.976.106	51.278	1.028	1.803
2b. Non-monetary financial assets	-	-	-	-	-	-
3. Other	116.461.790	1.207.827	2.177.610	513.269	140.507	84.239
4. CURRENT ASSETS	2.139.831.678	51.446.575	23.160.409	1.767.541	141.535	1.299.727
5. Trade receivables	-	-	-	-	-	-
6a. Monetary financial assets	178.040.445	6.503.357	-	-	-	-
6b. Non-monetary financial assets	-	-	-	-	-	-
7. Other	7.533.316	37.738	220.294	3.500	-	-
8. NON-CURRENT ASSETS	185.573.761	6.541.095	220.294	3.500	-	-
9. TOTAL ASSETS	2.325.405.439	57.987.670	23.380.703	1.771.041	141.535	1.299.727
10. Trade payables	326.737.518	4.406.848	5.937.755	1.123.560	814	839
11. Financial liabilities	-	-	-	-	-	-
12a. Other monetary liabilities	-	-	-	-	-	-
12b. Other non-monetary liabilities	-	-	-	-	-	-
13. CURRENT LIABILITIES	326.737.518	4.406.848	5.937.755	1.123.560	814	839
14. Trade payables	-	-	-	-	-	-
15. Financial liabilities	-	-	-	-	-	-
16a. Other monetary liabilities	-	-	-	-	-	-
16b. Other non-monetary liabilities	-	-	-	-	-	-
17. NON-CURRENT LIABILITIES	-	-	-	-	-	-
18. TOTAL LIABILITIES	326.737.518	4.406.848	5.937.755	1.123.560	814	839
19.Net asset/liability position of off-balance sheet items (19a-19b)	-	-	-	-	-	-
19.a Total asset amount of hedging items	-	-	-	-	-	-
19b. Total liability amount of hedging items	-	-	-	-	-	-
20. Net foreign currency position (9-18)	1.998.667.921	53.580.822	17.442.948	647.481	140.721	1.298.888
21. Monetary items net foreign curreny position	1.874.672.815	52.335.257	15.045.044	130.712	214	1.214.649
22. Fair value of the financial instruments used in foreign currency hedging	-	-	-	-	-	-
23. Hedged part of foreign currency assets	-	-	-	-	-	-
24. Hedged part of foreign currency liabilities	-	-	-	-	-	-
25. Export	888.983.619	19.761.631	17.398.897	949.499	-	-
26. Import	2.152.414.716	42.450.098	32.278.819	1.434.730	304.118	-

(Amounts expressed in Turkish Lira "TRY" unless otherwise stated.)

31. NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (cont'd)

(b) Financial risk factors (cont'd)

(b.3) Market risk management (cont'd)

(b.3.1) Foreign currency risk management (cont'd)

Foreign Currency Position	**31 December 2022**					
	TRY Equivalent	**USD**	**EUR**	**CHF**	**GBP**	**Other**
1. Trade receivables	131.293.598	4.449.839	1.745.249	630.436	-	561.809
2a. Monetary financial assets	694.384.406	23.563.889	12.416.482	309.191	540	-
2b. Non-monetary financial assets	-	-	-	-	-	-
3. Other	71.375.402	102.029	3.402.815	4.452	67.352	28.244
4. CURRENT ASSETS	897.053.406	28.115.757	17.564.546	944.079	67.892	590.053
5. Trade receivables	-	-	-	-	-	-
6a. Monetary financial assets	432.107.872	23.109.474	-	-	-	-
6b. Non-monetary financial assets	-	-	-	-	-	-
7. Other	385.027	11.259	8.450	300	-	-
8. NON-CURRENT ASSETS	432.492.899	23.120.733	8.450	300	-	-
9. TOTAL ASSETS	1.329.546.305	51.236.490	17.572.996	944.379	67.892	590.053
10. Trade payables	307.485.701	8.366.629	7.548.057	-	24.509	23.022
11. Financial liabilities	-	-	-	-	-	-
12a. Other monetary liabilities	-	-	-	-	-	-
12b. Other non-monetary liabilities	-	-	-	-	-	-
13. CURRENT LIABILITIES	307.485.701	8.366.629	7.548.057	-	24.509	23.022
14. Trade payables	-	-	-	-	-	-
15. Financial liabilities	-	-	-	-	-	-
16a. Other monetary liabilities	-	-	-	-	-	-
16b. Other non-monetary liabilities	-	-	-	-	-	-
17. NON-CURRENT LIABILITIES	-	-	-	-	-	-
18. TOTAL LIABILITIES	307.485.701	8.366.629	7.548.057	-	24.509	23.022
19.Net asset/liability position of off-balance sheet items (19a-19b)	-	-	-	-	-	-
19.a Total asset amount of hedging items	-	-	-	-	-	-
19b. Total liability amount of hedging items türev ürünlerin tutarı	-	-	-	-	-	-
20. Net foreign currency position (9-18)	1.022.060.604	42.869.861	10.024.939	944.379	43.383	567.031
21. Monetary items net foreign currency position (1+2a+5+6a-10-11-12a-14-15-16a)	950.300.175	42.756.573	6.613.674	939.627	(23.969)	538.787
22. Fair value of the financial instruments used in foreign currency hedging	-	-	-	-	-	-
23. Hedged part of foreign currency assets	-	-	-	-	-	-
24. Hedged part of foreign currency liabilities	-	-	-	-	-	-
25. Export	759.817.722	29.188.084	14.587.404	599.586	-	-
26. Import	2.165.937.261	55.699.184	52.502.685	3.080.819	692.912	-

(Amounts expressed in Turkish Lira "TRY" unless otherwise stated.)

31. NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (cont'd)

(b) Financial risk factors (cont'd)

(b.3) Market Risk Management (cont'd)

(b.3.1) Foreign currency risk management (cont'd)

Foreign currency sensitivity

The functional currency of the Group companies is TRY. The Group is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US Dollar and the Euro.

The following table details the Group's sensitivity to a 20% increase and decrease in the TRY against the relevant foreign currencies. 20% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the possible change in foreign exchange rates (31 December 2022: 20%). The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year end for a 20% change in foreign currency rates. The sensitivity analysis includes external loans as well as loans to foreign operations within the Group where the denomination of the loan is in a currency other than the currency of the lender or the borrower. A positive number indicates an increase in profit or loss. There is no equity effect.

	Foreign Currency Sensitivity	**30 September 2023**	
		Profit / (Loss)	
		If foreign currency appreciates	If foreign currency depreciates
	If US Dollar changes 20%		
1-	US Dollar net asset/liability	293.373.213	(293.373.213)
2-	Amount protected from US Dollar risk (-)	-	-
3-	**US Dollar net effect (1+2)**	**293.373.213**	**(293.373.213)**
	If EUR changes 20%		
4-	EUR net asset/liability	101.275.498	(101.275.498)
5-	Amount protected from EUR risk (-)	-	-
6-	**EUR net effect (4+5)**	**101.275.498**	**(101.275.498)**
	If other currencies change 20%		
7-	Other net asset/liability	5.084.873	(5.084.873)
8-	Amount protected from other currency risk (-)	-	-
9-	**Other net effect (7+8)**	**5.084.873**	**(5.084.873)**
	Total (3+6+9)	**399.733.584**	**(399.733.584)**

(Amounts expressed in Turkish Lira "TRY" unless otherwise stated.)

31. NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (cont'd)

(b) Financial risk factors (cont'd)

(b.3) Market Risk Management (cont'd)

(b.3.1) Foreign currency risk management (cont'd)

Foreign currency sensitivity (cont'd)

	Foreign Currency Sensitivity	**31 December 2022**	
		Profit / (Loss)	
		If foreign currency appreciates	If foreign currency depreciates
	If US Dollar changes 20%		
1-	US Dollar net asset/liability	160.318.699	(160.318.699)
2-	Amount protected from US Dollar risk (-)	-	-
3-	**US Dollar net effect (1+2)**	**160.318.699**	**(160.318.699)**
	If EUR changes 20%		
4-	EUR net asset/liability	39.969.234	(39.969.234)
5-	Amount protected from EUR risk (-)	-	-
6-	**EUR net effect (4+5)**	**39.969.234**	**(39.969.234)**
	If other currencies change 20%		
7-	Other net asset/liability	4.124.188	(4.124.188)
8-	Amount protected from other currency risk (-)	-	-
9-	**Other net effect (7+8)**	**4.124.188**	**(4.124.188)**
	Total (3+6+9)	**204.412.121**	**(204.412.121)**

(b.3.2) Interest rate risk management

The Group is exposed to interest rate risk as entities in the Group borrow funds at both fixed and floating interest rates. The risk is managed by the Group by maintaining an appropriate mix between fixed and floating rate borrowings. Hedging strategies are regularly evaluated to be in line with the interest rate expectation and the defined risk. Thus, it is aimed to create an optimal hedging strategy, to review the balance sheet position and to keep interest expenditures under control at different interest rates.

As of 30 September 2023,31% of total indebtedness was floating rate and denominated in TRY.

Interest rate sensitivity

The sensitivity analyses below have been determined based on the exposure to interest rates for non-derivative instruments at the balance sheet date. For floating rate liabilities, the analysis is prepared assuming the amount of liability outstanding at the balance sheet date was outstanding for the whole year. 50 basis points is the sensitivity rate used when reporting interest rate risk internally to key management personnel.

(Amounts expressed in Turkish Lira "TRY" unless otherwise stated.)

31. NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (cont'd)

(b) Financial risk factors (cont'd)

(b.3) Market Risk Management (cont'd)

(b.3.2) Interest rate risk management (cont'd)

Interest rate sensitivity (cont'd)

Interest Position

	30 September 2023	31 December 2022
Fixed Rated Instruments		
Financial Assets	2.614.573.113	1.524.147.913
Financial Liabilities	3.651.507.631	2.387.392.258
Floating Rated Instruments		
Financial Assets	-	-
Financial Liabilities	1.644.600.412	1.011.436.505

If Libor and Euribor had been higher by 50 basis points and all other variables were held constant, profit for the year ended at 30 September 2023 would decrease by TRY 1.404.108 (30 September 2022: decrease by TRY 1.680.867). The equity effect is nil. If Libor and Euribor had been lower by 50 basis points, the profit of the Group for the period ended would increase with the same absolute amount.

(Amounts expressed in Turkish Lira "TRY" unless otherwise stated.)

32. FINANCIAL INSTRUMENTS

Categories of financial instruments

30 September 2023	Financial assets are measured at amortised cost	Financial liabilities are measured at amortised cost	Financial assets are measured at fair value through profit or loss	Financial liabilities are measured at fair value through profit or loss	Carrying Value
Financial Assets					
Cash and cash equivalents	1.432.509.710	-	-	-	1.432.509.710
Financial Investments	1.043.057.696	-	796.506.562	-	1.839.564.258
Trade receivables (including related parties)	3.025.932.473	-	-	-	3.025.932.473
Other receivables	7.411.953	-	-	-	7.411.953
Financial Liabilities					
Borrowings	-	5.296.108.043	-	-	5.296.108.043
Trade payables (including related parties)	-	809.806.100	-	-	809.806.100
Other payables	-	30.045.338	-	-	30.045.338
Derivative instruments	-	-	-	1.613.539	1.613.539

31 December 2022	Financial assets are measured at amortised cost	Financial liabilities are measured at amortised cost	Financial assets are measured at fair value through profit or loss	Financial liabilities are measured at fair value through profit or loss	Carrying Value
Financial Assets					
Cash and cash equivalents	601.243.499	-	-	-	601.243.499
Financial Investments	662.573.790	-	504.149.139	-	1.166.722.929
Trade receivables (including related parties)	1.765.455.139	-	-	-	1.765.455.139
Other receivables	3.870.442	-	-	-	3.870.442
Financial Liabilities					
Borrowings	-	3.398.828.763	-	-	3.398.828.763
Trade payables (including related parties)	-	713.706.921	-	-	713.706.921
Other payables	-	2.083.719	-	-	2.083.719
Derivative instruments	-	-	-	-	-

(Amounts expressed in Turkish Lira "TRY" unless otherwise stated.)

32. FINANCIAL INSTRUMENTS (cont'd)

Categories of financial instruments (cont'd)

The fair value of the Group's financial assets and liabilities approximate the carrying amount.

The fair values of financial assets and financial liabilities are determined as follows:

• Level 1: the fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices;

• Level 2: the fair value of other financial assets and financial liabilities (excluding derivative instruments) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions; and

• Level 3: the fair value of derivative instruments, are calculated using quoted prices. Where such prices are not available use is made of discounted cash flow analysis using the applicable yield curve for the duration of the instruments for non-optional derivatives, and option pricing models for optional derivatives.

As of 30 September 2023 and 31 December 2022, the Group has derivative instruments as follows:

	30 September 2023		31 December 2022	
	Assets	Liabilities	Assets	Liabilities
Foreign exchange forward contracts	-	1.613.539	-	-
	-	1.613.539	-	-

	1 January-30 September 2023	1 January-30 September 2022
Fair value difference recognized to profit or loss table (*)	(1.613.539)	-
Net Asset/ (Liability)	(1.613.539)	-

(*) For the period between 1 January and 30 September 2023, foreign exchange gain is recognized in financial expenses.

As of 30 September 2023, Group has forward contract that long position in USD / TL short position and (USD 3.000.000),Euro long / TL short position (EUR 3.000.000), indexed to except functional currency position.

Fair values of derivative instruments have been calculated by using level 2 inputs.

(Amounts expressed in Turkish Lira "TRY" unless otherwise stated.)

33. FEES FOR SERVICES RECEIVED FROM THE INDEPENDENT AUDIT FIRM

Fees for services received from the independent audit firm.

Group, based on the Board Decision of the Public Oversight, Accounting and Auditing Standards Authority published in the "KGK" Official Gazette, the fees related to the services received from the independent auditor/independent audit firm as of the reporting period are as follows:

	1 January- 30 September 2023	1 January- 30 September 2022
Audit fee for the reporting period	888.000	305.000
	888.000	305.000

34. SUBSEQUENT EVENTS

Pursuant to the Issuance Certificate approved by Capital Markets Board's decision dated 24 August 2023 with number 49/1025, sale of financial bonds with nominal value of 200.000.000, %47 annual interest, 364 days maturity period, coupon and principal payment to be paid at the end of the maturity period has been completed on 5 October 2023.