

**BOSSA TİCARET VE SANAYİ İŞLETMELERİ T.A.Ş.**

**CONVENIENCE TRANSLATION INTO ENGLISH OF  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2023  
TOGETHER WITH INDEPENDENT AUDITOR'S REPORT**

**(ORIGINALLY ISSUED IN TURKISH)**

**BOSSA TİCARET VE SANAYİ İŞLETMELERİ T.A.Ş.**

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**BOSSA TİCARET VE SANAYİ İŞLETMELERİ T.A.Ş.****STATEMENT OF FINANCIAL POSITIONS AS AT 31 DECEMBER 2023 AND 2022**

(Amounts expressed in thousands of TRL based on the purchasing power of Turkish Lira ("TRL") as of December 31,2023 unless otherwise stated)

	Notes	31 December 2023	31 December 2022
<b>ASSETS</b>			
<b>Current assets:</b>			
Cash and cash equivalents	3	196,317,594	389,114,117
Trade receivables			
- Trade receivables, third parties	5	1,384,370,577	1,128,513,193
Other receivables			
- Other receivables, third parties	6	801,083	2,064,929
Inventories	9	1,045,262,246	1,249,974,435
Prepaid expenses			
- Prepaid expenses, third parties	7	25,262,860	12,929,008
Other current assets	8	57,580,327	76,610,385
<b>TOTAL CURRENT ASSETS</b>		<b>2,709,594,687</b>	<b>2,859,206,067</b>
<b>Non-current assets:</b>			
Financial investments		487,784	197,728
Investment properties	12	1,245,165,000	966,426,600
Tangible assets	10	3,328,230,756	3,040,321,513
Intangible assets	11	166,209,894	196,601,426
Prepaid expenses			
- Prepaid expenses, third parties	7	91,977,088	195,646,105
<b>TOTAL NON-CURRENT ASSETS</b>		<b>4,832,070,522</b>	<b>4,399,193,372</b>
<b>TOTAL ASSETS</b>		<b>7,541,665,209</b>	<b>7,258,399,439</b>

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

# BOSSA TİCARET VE SANAYİ İŞLETMELERİ T.A.Ş.

## STATEMENT OF FINANCIAL POSITIONS AS AT 31 DECEMBER 2023 AND 2022

(Amounts expressed in thousands of TRL based on the purchasing power of Turkish Lira ("TRL") as of December 31,2023 unless otherwise stated)

	Notes	31 December 2023	31 December 2022
<b>LIABILITIES</b>			
<b>Short term liabilities:</b>			
Short term liabilities			
- Bank loans	4	1,175,059,438	1,375,554,131
- Financial liabilities (leasing)	4	10,110,169	14,263,897
Short term portions of long term bank loans	4	88,510,722	430,557,405
Trade payables			
- Trade payables, third parties	5	305,486,708	248,500,334
Employee benefit obligations	13	45,675,584	24,852,052
Period profit tax liability	24	34,494,450	-
Deferred income			
- Deferred income, third parties	14	20,714,497	53,770,818
Short-term provisions			
- Other short-term provisions	16	5,095,000	4,704,269
- Provisions for employee benefits	15	13,863,727	14,397,559
Other current liabilities	8	44,369,653	13,648,512
<b>TOTAL CURRENT LIABILITIES</b>		<b>1,743,379,948</b>	<b>2,180,248,977</b>
<b>Non- current liabilities:</b>			
Long term liabilities			
- Bank loans	4	457,787,684	807,331,093
- Financial liabilities (leasing)	4	13,470,585	38,897,155
Trade payables			
- Trade payables, third parties	5	64,198,257	102,009,194
Long term provisions			
- Long term provision for employee benefits	15	123,283,139	299,749,423
Deferred tax liabilities	24	184,661,115	171,548,626
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>843,400,780</b>	<b>1,419,535,491</b>
<b>Equity:</b>			
Paid-in share capital	17	650,000,000	356,000,000
Capital adjustment differences	17	677,087,421	566,792,572
Share premium	17	20,725,363	20,725,363
Repurchased shares	17	(58,125,017)	(53,847,711)
Restricted reserves from profit	17	149,697,355	120,224,350
Other comprehensive income/loss not to be reclassified to profit or loss			
- Revaluation funds		787,947,541	625,710,110
- Actuarial gain or loss arising from defined benefit plans		(194,426,905)	(180,156,685)
Retained earnings		1,773,676,424	1,142,938,973
Net profit for the period		1,148,302,299	1,060,227,999
<b>TOTAL EQUITY</b>		<b>4,954,884,481</b>	<b>3,658,614,971</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>7,541,665,209</b>	<b>7,258,399,439</b>

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

**BOSSA TİCARET VE SANAYİ İŞLETMELERİ T.A.Ş.****STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2023 AND 2022**

(Amounts expressed in thousands of TRL based on the purchasing power of Turkish Lira ("TRL") as of December 31,2023 unless otherwise stated)

	Notes	1 January - 31 December 2023	1 January - 31 December 2022
<b>PROFIT OR (LOSS)</b>			
Revenue	18	4,947,595,406	5,111,475,711
Cost of sales (-)	18	(4,146,254,760)	(4,544,177,826)
<b>GROSS PROFIT FROM COMMERCIAL OPERATIONS</b>		<b>801,340,646</b>	<b>567,297,885</b>
General administrative expenses (-)	19	(165,120,659)	(119,725,460)
Marketing expenses (-)	19	(320,577,758)	(298,695,894)
Research expenses (-)		(7,155,524)	(4,365,712)
Other operating income	20	1,084,909,229	1,040,449,482
Other operating expenses (-)	20	(500,005,127)	(675,771,296)
<b>PROFIT FROM OPERATING ACTIVITIES</b>		<b>893,390,807</b>	<b>509,189,005</b>
Income from investment activities	23	318,908,912	511,544,568
<b>PROFIT BEFORE FINANCING ACTIVITIES</b>		<b>1,212,299,719</b>	<b>1,020,733,573</b>
Financial income	21	22,617,224	28,981,530
Financial expenses	22	(481,131,977)	(491,371,592)
Monetary Gain/Loss		407,697,971	449,648,569
<b>PROFIT FROM CONTINUING ACTIVITIES, BEFORE TAX</b>		<b>1,161,482,937</b>	<b>1,007,992,080</b>
<b>Tax expense from continuing operations</b>		<b>(13,180,638)</b>	<b>52,235,919</b>
- Current tax (expense) (-) / Income	24	(34,494,450)	6,928,802
- Deferred tax income/(expense)	24	21,313,812	45,307,117
<b>PROFIT FROM CONTINUING OPERATIONS</b>		<b>1,148,302,299</b>	<b>1,060,227,999</b>
<b>PROFIT FOR THE PERIOD</b>		<b>1,148,302,299</b>	<b>1,060,227,999</b>
<b>OTHER COMPREHENSIVE INCOME (LOSS)</b>			
<b>Other comprehensive income that will not be reclassified to profit or (loss)</b>			
Property, plant and equipment revaluation increases		201,420,470	735,703,341
Defined benefit plan re-measurement losses	15	(19,026,960)	(225,195,856)
<b>Other comprehensive income that will not be reclassified to profit or loss, tax effect</b>			
Deferred tax income		(34,426,299)	(64,954,060)
<b>OTHER COMPREHENSIVE INCOME</b>		<b>147,967,211</b>	<b>445,553,425</b>
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>1,296,269,510</b>	<b>1,505,781,424</b>
Earnings per share (kr)	25	0,0225	0,0508

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

## BOSSA TİCARET VE SANAYİ İŞLETMELERİ T.A.Ş.

### STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE YEAR ENDED 31 DECEMBER 2023

(Amounts expressed in thousands of TRL based on the purchasing power of Turkish Lira ("TRL") as of December 31,2023 unless otherwise stated)

	Paid-in share capital	Capital adjustment differences	Share premium	Repurchased shares	Accumulated other comprehensive income and expense that is not subject to reclassification to income or (loss)		Actuarial gain or loss arising from defined benefit plans	Retained earnings		Total equity
					Gain or losses revaluation and remeasurement	Tangible asset revaluation increases		Retained earnings	Profit for the year	
<b>Opening balance, 1 January 2022</b>	<b>62,000,000</b>	<b>314,749,364</b>	<b>20,725,363</b>	<b>(52,835,074)</b>	<b>84,614,225</b>	-	-	<b>1,723,579,669</b>	-	<b>2,152,833,547</b>
Capital Increase	294,000,000	252,043,208	-	-	-	-	-	(546,043,208)	-	-
Transfers	-	-	-	(1,012,637)	35,610,125	-	-	(34,597,488)	-	-
Total comprehensive income/ (expense)	-	-	-	-	-	625,710,110	(180,156,685)	-	1,060,227,999	<b>1,505,781,424</b>
<b>Closing balance, 31 December 2022</b>	<b>356,000,000</b>	<b>566,792,572</b>	<b>20,725,363</b>	<b>(53,847,711)</b>	<b>120,224,350</b>	<b>625,710,110</b>	<b>(180,156,685)</b>	<b>1,142,938,973</b>	<b>1,060,227,999</b>	<b>3,658,614,971</b>
<b>Opening balance, 1 January 2023</b>	<b>356,000,000</b>	<b>566,792,572</b>	<b>20,725,363</b>	<b>(53,847,711)</b>	<b>120,224,350</b>	<b>625,710,110</b>	<b>(180,156,685)</b>	<b>1,142,938,973</b>	<b>1,060,227,999</b>	<b>3,658,614,971</b>
Capital Increase	294,000,000	110,294,849	-	-	-	-	-	(404,294,849)	-	-
Transfers	-	-	-	(4,277,306)	29,473,005	-	-	1,035,032,300	(1,060,227,999)	-
Total comprehensive income/ (expense)	-	-	-	-	-	162,237,431	(14,270,220)	-	1,148,302,299	<b>1,296,269,510</b>
<b>31 December 2023 Closing Balance</b>	<b>650,000,000</b>	<b>677,087,421</b>	<b>20,725,363</b>	<b>(58,125,017)</b>	<b>149,697,355</b>	<b>787,947,541</b>	<b>(194,426,905)</b>	<b>1,773,676,424</b>	<b>1,148,302,299</b>	<b>4,954,884,481</b>

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

# BOSSA TİCARET VE SANAYİ İŞLETMELERİ T.A.Ş.

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2023 AND 2022

(Amounts expressed in thousands of TRL based on the purchasing power of Turkish Lira ("TRL") as of December 31,2023 unless otherwise stated)

	Notes	1 January - 31 December 2023	1 January - 31 December 2022
<b>Cash flows from operating activities</b>			
<b>Profit for the period</b>		<b>1,148,302,299</b>	<b>1,060,227,999</b>
<b>Adjustments for reconciliation of profit for the period</b>			
Adjustments for depreciation and amortisation	10,11	176,518,535	134,848,952
Adjustments related to provisions			
- Adjustments related to provisions for employee benefits	15	46,195,579	21,370,292
- Adjustments related to provisions for litigation		2,240,000	(2,020,115)
Adjustments for impairment/(cancellations)			
- Adjustments related to impairment loss of receivables	5	32,349,932	26,216,538
Adjustments related to interest income/(expense)			
- Adjustments related to interest expense	22	275,092,113	218,904,915
Unearned financial income from forward sales		11,416,074	2,794,619
Unincurred financial expense from forward purchases		852,875	576,040
Adjustments related to losses from disposals of fixed assets	23	(27,924,118)	(40,122)
Adjustments related to tax (income)/expenses	24	13,180,638	(52,235,919)
Adjustments related to unrealized foreign exchange differences		453,606,906	441,065,299
Adjustments related to fair value (gains)/losses			
- Adjustments related to fair value (gains)/losses of investment properties	23	(278,738,400)	(799,419,545)
<b>Monetary Gain/Loss</b>		<b>(908,246,843)</b>	<b>(530,402,247)</b>
<b>Cash flows from operating activities before changes in operating assets and liabilities</b>		<b>944,845,590</b>	<b>521,886,706</b>
<b>Changes in working capital</b>			
Adjustments related to decrease in trade receivables			
- Increase/decrease in trade receivables from other parties			
- Increase/decrease in trade receivables from related parties		(288,737,246)	548,215,896
Adjustments related to increase/decrease in other receivables related to operations			
- Increase/decrease in trade receivables from other parties	6	1,263,846	101,753,293
Adjustments related to other increase in inventories	9	204,712,189	(184,845,843)
Increase in prepaid expenses	7	91,335,165	(129,506,430)
Adjustments related to increase/decrease in trade payables			
- Increase/decrease in trade payables from other parties			
- Increase/decrease in trade payables from related parties		18,322,561	(188,987,640)
Increase/decrease in deferred income	14	(33,056,321)	(26,745,931)
Adjustments related to other increase/decrease in working capital			
- Decrease in other assets related to operations		18,740,002	(36,337,528)
- Decrease in other liabilities related to operations		(8,462,210)	(9,542,134)
<b>Changes in working capital</b>		<b>24,941,518</b>	<b>79,062,048</b>
<b>Cash flows from operating activities</b>		<b>969,787,108</b>	<b>600,948,754</b>
<b>Payments related to provisions for employee benefits</b>	15	<b>(162,800,800)</b>	<b>(10,607,687)</b>
<b>Income tax paid</b>		<b>-</b>	<b>3,644,050</b>
<b>Cash flows from investing activities</b>			
Cash inflows due to sales of tangible and intangible fixed assets			
- Cash inflows due to sale of tangible fixed assets	10	29,214,295	40,122
Cash outflows due to purchase of tangible and intangible fixed assets			
- Cash outflows due to purchase of tangible and intangible fixed assets	10,11	(233,905,643)	(842,458,461)
Government grants and incentives		-	538,381
<b>Cash flows from investing activities</b>		<b>(204,691,348)</b>	<b>(841,879,958)</b>
<b>Cash flows from financial activities</b>			
Cash outflows due to loan repayments		(2,166,440,839)	(2,132,915,273)
Cash inflows from borrowings		1,896,232,900	2,963,025,998
Cash inflows/outflows from other financial borrowings, net		(22,333,863)	(36,794,790)
Interest paid		(269,996,496)	(179,264,697)
<b>Cash flows from financial activities</b>		<b>(562,538,298)</b>	<b>614,051,238</b>
<b>Monetary loss earnings impact on cash and cash equivalents</b>		<b>(232,553,185)</b>	<b>(158,876,140)</b>
<b>Net increase/decrease in cash and cash equivalents</b>		<b>(192,796,523)</b>	<b>207,280,257</b>
<b>Cash and cash equivalents at the beginning of the period</b>	3	<b>389,114,117</b>	<b>181,833,860</b>
<b>Cash and cash equivalents at the end of the period</b>	3	<b>196,317,594</b>	<b>389,114,117</b>

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

# BOSSA TİCARET VE SANAYİ İŞLETMELERİ T.A.Ş.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED AT 31 DECEMBER 2023

(Amounts expressed in thousands of TRL based on the purchasing power of Turkish Lira (“TRL”) as of December 31,2023 unless otherwise stated)

### 1. ORGANIZATION AND NATURE OF OPERATIONS

Bossa Ticaret ve Sanayi İşletmeleri T.A.Ş. (“Bossa” or the “Company”) was established in 1951. The main operations of the Company are manufacturing, marketing and selling textile products.

The average number of employees of the Company for the year ended 31 December 2023 is 1,620 (31 December 2022: 1,447).

The Company is registered in Turkey and headquarter’s address is as follows:

Hacı Sabancı Organize Sanayi Bölgesi Acidere OSB Mah. Celal Bayar Bulvarı No:3 Sarıçam – Adana.

The Company's shareholding structure is as follows:

	31 December 2023	
Shareholders	Shareholding Rate (%)	Shareholding Amount
İsrafil Uçurum	65,86	428,102,764
Yusuf Uçurum	21,95	142,700,922
Oğuz Tekstil A.Ş.	3,58	23,296,677
Bossa T.A.Ş.	0,70	4,580,471
Other	7,91	51,319,166
<b>Paid in capital</b>	<b>100,00</b>	<b>650,000,000</b>

As of 31 December 2023, the amount of reacquired shares of the Company is 23,296,677 units. These shares are equivalent of 3,58% portion of its issued capital and accounted as “Repurchased shares” under the equity.

### 2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

#### 2.1 Basis of presentation

Financial statements are prepared in accordance with Turkish Financial Reporting Standards (“TFRS”) and its addendum and interpretations (“IFRIC”) issued by Public Oversight Accounting and Auditing Standards Authority (“POA”) Turkish Accounting Standards Boards. The Company is registered in Turkey and maintains its accounting records and prepares its statutory financial statements in accordance with the Turkish Commercial Code (“TCC”), tax legislation and the uniform chart of accounts issued by the Ministry of Finance.

The financial statements have been prepared from the statutory financial statements of the Company and presented in TRY in accordance with CMB Accounting Standards with certain adjustments and reclassifications for the purpose of fair presentation. Except for the financial assets and liabilities carried from their fair values and assets and liabilities included in Business Combination application, financial statements are prepared on a historical cost basis.

The accompanying financial statements and disclosure have been prepared in accordance with the communiqué numbered II-14,1 “Communiqué on the Principles of Financial Reporting In Capital Markets” (“the Communiqué”) announced by the Capital Markets Board of Turkey (“CMB”) on 13 June 2013 which is published on Official Gazette numbered 28676. In accordance with Article 5th of the CMB Accounting Standards, companies should apply Turkish Accounting Standards/Turkish Financial Reporting Standards (“TFRS”) and interpretations regarding these standards as adopted by the Public Oversight Accounting and Auditing Standards Authority (“POA”).



# **BOSSA TİCARET VE SANAYİ İŞLETMELERİ T.A.Ş.**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED AT 31 DECEMBER 2023**

(Amounts expressed in thousands of TRL based on the purchasing power of Turkish Lira ("TRL") as of December 31,2023 unless otherwise stated)

### **2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)**

#### **2.1 Basis of presentation (Continued)**

POA made an announcement on 20 January 2022 in order to eliminate the hesitations about for the entities which apply Turkish Financial Reporting Standards ("TFRS") will apply TAS 29. "Financial Reporting in Hyperinflationary Economies" (IAS 29 Financial Reporting in Hyperinflationary Economies) or not for the year ended 31 December 2021. In accordance with the announcement, companies that apply TFRS should not adjust financial statements for TAS 29 - Financial Reporting in Hyperinflationary Economies. Afterwards, no new statement was made by the POA about the TAS 29 application. As of the preparation date of the consolidated financial statements, POA did not make an additional announcement and no adjustment was made to the consolidated financial statements in accordance with TAS 29.

#### **Going concern**

The interim financial statements including the accounts have been prepared assuming that the Company will continue its operations.

#### **Preparation of financial statements**

Financial statements are presented in accordance with the formats determined in the "Announcement on TFRS Taxonomy" published by the POA on October 4, 2022 and in the Table Financial Examples and User Guide published by the CMB.

#### **Approval of financial statements**

The financial statements were approved by the Company's Board of Directors on April 4, 2024. The General Assembly and some regulatory boards have the authority to make changes to the financial statements.

#### **Functional and presentation currency**

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statements are presented in TRY which is the Company's functional and the presentation currency.

#### **2.2 Financial Reporting in Economies with High Inflation**

The Company has prepared its financial statements for the year dated 31 December 2023 and ending on the same date, in accordance with TMS 29 "Financial Reporting in Economies with High Inflation", based on the announcement made by the KGK on 23 November 2023 and the "Implementation Guide on Financial Reporting in Economies with High Inflation" published. It was prepared by applying the "Reporting" Standard. In accordance with the said standard, financial statements prepared based on the currency of a hyperinflationary economy are prepared in the purchasing power of this currency at the balance sheet date, and comparative information is expressed in terms of the current measurement unit at the end of the reporting period for the purpose of comparison of previous period financial statements, For this reason, the company has presented its financial statements as of December 31, 2022, on the basis of purchasing power as of December 31, 2023.

# BOSSA TİCARET VE SANAYİ İŞLETMELERİ T.A.Ş.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED AT 31 DECEMBER 2023

(Amounts expressed in thousands of TRL based on the purchasing power of Turkish Lira ("TRL") as of December 31,2023 unless otherwise stated)

### 2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

#### 2.2 Financial Reporting in High-Inflation Economies (Continued)

In accordance with the CMB's decision dated 28 December 2023 and numbered 81/1820, issuers and capital market institutions subject to financial reporting regulations applying Turkish Accounting/Financial Reporting Standards shall comply with the provisions of TAS 29, starting from their annual financial reports for the accounting periods ending as of 31 December 2023. It was decided to apply inflation accounting by applying.

Rearrangements made in accordance with TAS 29 were made using the correction coefficient obtained from the Consumer Price Index in Turkey ("CPI") published by the Turkish Statistical Institute ("TURKSTAT"). As of December 31, 2023, the indices and correction coefficients used in the correction of financial statements are as follows:

Date	Index	Correction Coefficient	Three-Year Compound Inflation Rate
31 December 2023	1,859,38	1,00000	%268
31 December 2022	1,128,45	1,64773	%156
31 December 2021	686,95	2,70672	%74

The main elements of the Company's adjustment for financial reporting purposes in high-inflation economies are as follows:

Current period financial statements prepared in TL are expressed in purchasing power at the balance sheet date, and amounts from previous reporting periods are also expressed by adjusting according to the purchasing power at the end of the reporting period.

Monetary assets and liabilities are not adjusted as they are currently expressed in current purchasing power at the balance sheet date. In cases where the inflation-adjusted values of non-monetary items exceed the recoverable amount or net realizable value, the provisions of TMS 36 and TMS 2 were applied, respectively.

Non-monetary assets and liabilities and equity items that are not expressed in current purchasing power at the balance sheet date have been adjusted using the relevant adjustment coefficients.

"All items in the statement of comprehensive income, except those that affect the statement of comprehensive income of non-monetary items in the balance sheet, are indexed with coefficients calculated over the periods when the income and expense accounts are first reflected in the financial statements.

The effect of inflation on the Company's net monetary asset position in the current period is recorded in the net monetary position loss account in the income statement.

# **BOSSA TİCARET VE SANAYİ İŞLETMELERİ T.A.Ş.**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED AT 31 DECEMBER 2023**

(Amounts expressed in thousands of TRL based on the purchasing power of Turkish Lira (“TRL”) as of December 31,2023 unless otherwise stated)

### **2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)**

#### **2.3 Summary of significant accounting policies**

TMS 21 Lack of Interchangeability; It is valid for annual reporting periods beginning on or after January 1, 2025. An entity is affected by these changes when it has a transaction or activity in a foreign currency that cannot be converted into another currency at a specific measurement date for a specific purpose, A currency may be exchanged when the opportunity to obtain another currency becomes available (with normal administrative delay) and the transaction; occurs through a market or exchange mechanism that creates enforceable rights and obligations.

TFRS 1, “General Provisions on Disclosure of Financial Information Related to Sustainability” is valid for annual reporting periods starting on or after January 1, 2024, This standard contains the basic framework for disclosing all serious risks and opportunities a company is exposed to regarding sustainability within its value chain.

TSRS 2, “Climate-related disclosures”; It is valid for annual reporting periods beginning on or after January 1, 2024, This standard is the first to establish disclosure requirements for companies about climate-related risks and opportunities.

### **2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)**

#### **2.4 Summary of significant accounting policies**

##### **Offsetting**

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to set off the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

##### **Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and demand deposits and other short - term highly liquid investments which their original maturities are 3 months or less from date of acquisition and readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

##### **Inventories**

Inventories are stated at the lower of cost and net realizable value, Expenses incurred to bring the inventories to their present conditions are recognized in accordance with the following method:

Raw materials and supplies - The cost of raw materials and supplies, is determined by the weighted average method.

Finished and semi-finished products - Direct material and labour costs, variable and fixed production overheads in certain proportions (considering normal operating capacity) were included, Inventory valuation is determined using the weighted average method.

Net realizable value is the estimated via determination of selling price in the ordinary course of business, less the estimated costs of completion and estimated costs necessary to make the sale.

# BOSSA TİCARET VE SANAYİ İŞLETMELERİ T.A.Ş.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED AT 31 DECEMBER 2023

(Amounts expressed in thousands of TRL based on the purchasing power of Turkish Lira ("TRL") as of December 31,2023 unless otherwise stated)

### 2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

#### 2.4 Summary of significant accounting policies (Continued)

##### Business Combinations

Business combinations subject to common control are accounted for by pooling of interest method, therefore there is no goodwill in the financial statements. When pooling of interest method is applied, the financial statements should be restated as if the merger had occurred at the beginning of the reporting period in which the common control occurred and should be presented comparatively from the beginning of the reporting period in which the common control occurred. Since in the presentation of business combinations subject to common control to the financial statements, it would be appropriate to be evaluated in terms of parent, in the consolidation process, the company holding the control of the group restated the financial statements as if the financial statements were prepared according to TAS including merger accounting on and after the date of the companies in common control, "Effect of business combinations under common control" is used as a balancing account under the equity due to solve the inconsistency of asset-liability generating because of business combinations under common control.

##### Tangible assets

Except for the land and buildings held for use, property, plant and equipment are carried at cost deducted by accumulated depreciation. The Company recognized land and buildings in the financial statements according to their fair values determined by the CMB approved real estate valuation experts.

Increases resulting from the revaluation of assets held for use held at carrying values are classified under "revaluation funds" in shareholders' equity, impairments of the same assets' value following the increase in value in prior years due to revaluation are netted off from revaluation funds and any other remaining decreases in value are reflected to the income statement. For each reporting period, the difference between depreciation expense calculated over restated value of assets and the depreciation expense calculated over the assets' value prior to revaluation (charged to the income statement), is transferred from revaluation fund to retained earnings.

Depreciation is recognized, either, over the adjusted costs of property, plant and equipment or restated balances on a straight-line basis over the economic useful lives. The estimated economic useful lives for property, plant and equipment are as follows:

	<u>Years</u>
Land improvements	10 - 30
Buildings	10 - 50
Machinery and equipment	3 - 30
Vehicles	4 - 10
Fixture and furniture	3 - 20

# **BOSSA TİCARET VE SANAYİ İŞLETMELERİ T.A.Ş.**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED AT 31 DECEMBER 2023**

(Amounts expressed in thousands of TRL based on the purchasing power of Turkish Lira (“TRL”) as of December 31,2023 unless otherwise stated)

### **2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)**

#### **2.4 Summary of significant accounting policies (Continued)**

In the event of circumstances indicating that impairment has occurred in the tangible assets, an inspection is performed with the purpose of determining a possible impairment, and if the registered value of the tangible asset is higher than its recoverable value, the registered value is reduced to its recoverable value by reserving a provision.

Gains/loss due to disposal of tangible assets are accounted in income statement in the event of revalued property disposal, the balance booked under “revaluation fund” is transferred to retained earnings account, Right-of-use assets are amortized in accordance with TAS 16 “Property, Plant and Equipment” standard.

#### **Intangible assets**

Intangible assets comprise acquired intellectual property and computer software. They are recorded at acquisition cost and amortized on a straight-line basis over their estimated economic lives for a period not exceeding 5 years from the date of acquisition. Where an indication of impairment exists, the carrying amount of any intangible asset is assessed and written down immediately to its recoverable amount.

#### **Research and development expenses**

Research expenses are recognized in comprehensive income statement in the period they are incurred.

Intangible assets resulting from development activities (or within the development of a project within the group as a by-product) are recognized in the financial statements, only if all of the following criteria are met:

- It is technically possible for the fixed asset to be finalized and made ready for sale,
- There is an intention of completing, utilizing and disposing the fixed asset,
- Whether the fixed asset is usable and merchantable,
- It is foreseeable that fixed asset is capable of providing a possible future gross economic benefit,
- There is a technical, financial and other resource that is suitable for the completion, usage and trade of the fixed asset,
- Whether the development cost is properly measurable during the development phase

Other development costs are recognized as expenses as they occur, Development costs that are recognized as expense within the prior period cannot be capitalized within the following year.

# **BOSSA TİCARET VE SANAYİ İŞLETMELERİ T.A.Ş.**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED AT 31 DECEMBER 2023**

(Amounts expressed in thousands of TRL based on the purchasing power of Turkish Lira ("TRL") as of December 31,2023 unless otherwise stated)

### **2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)**

#### **2.4 Summary of significant accounting policies (Continued)**

##### **Financial assets**

###### ***Classification and measurement***

The Company recognizes its financial assets as financial assets that are accounted for at amortized cost, The classification is based on the business model and expected cash flows, which are determined according to the purpose of benefiting from financial assets, Management makes the classification of its financial assets on the date of purchase.

###### ***a) Financial assets recognized at amortized cost***

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest, whose payments are fixed or predetermined, which are not actively traded and which are not derivative instruments are measured at amortized cost. They are included in current assets, except for maturities more than 12 months after the balance sheet date. Those with maturities more than 12 months are classified as non-current assets, The Company's financial assets carried at amortized cost comprise "trade receivables" and "cash and cash equivalents" in the statement of financial position.

###### ***Impairment***

Since the Company's trade receivables, which are accounted for at amortized cost, do not include a significant financing cost. Company uses the provisioning matrix by selecting the simplified application for the impairment calculations, With this application, the Company measures the expected credit loss provision from an amount equal to the expected credit losses of the lifetime when the trade receivables are not impaired due to certain reasons, In the calculation of the expected loan losses, the Company's future forecasts are taken into consideration along with the past loan loss experiences.

###### ***Financial liabilities***

Financial liabilities are recognized initially at fair value less their transaction costs and subsequently measured at their amortized cost determined via the interest expense calculated using effective interest rate.

Effective interest rate method is the determination of amortized cost of financial liabilities and allocation of related interest expenses to corresponding period, Effective interest rate is the rate reducing the long term, or short term if conditions allow, expected cash payments to present value of the current financial liability within an expected life of the financial instrument.

# **BOSSA TİCARET VE SANAYİ İŞLETMELERİ T.A.Ş.**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED AT 31 DECEMBER 2023**

(Amounts expressed in thousands of TRL based on the purchasing power of Turkish Lira ("TRL") as of December 31,2023 unless otherwise stated)

### **2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)**

#### **2.4 Summary of significant accounting policies (Continued)**

##### ***Bank Loans***

All bank loans are recorded with the cost value which is considered to reflect the fair values at the time of initial registration and includes the export cost.

After initial recognition, loans are carried at amortized cost using the effective interest rate method, When calculating the discounted value, the costs at the time of first issuance and discounts and rebates during reimbursement are taken into consideration.

Income and expenses during the redemption process or when the liabilities are incurred are charged to the income statement.

##### ***Trade payables***

Trade payables are recognized initially at fair value of and subsequently measured at amortized cost using the effective interest method.

##### **Leases**

###### ***Lease - Company as Lessor***

At inception of a contract, the Company shall assess whether the contract is, or contains, a lease, A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration, To assess whether a contract conveys the right to control the use of an identified asset for a period of time. the Company shall assess whether, throughout the period of use, the customer has both of the following:

- a) The contract includes an identified asset (identification of an asset in a clear or implicitly specified form in the contract).
- b) A capacity portion of an asset is an identified asset if it is physically distinct and represents substantially all of the capacity of the asset (the asset is not an identified asset if the vendor has a fundamental right to substitute the asset for the duration of its use and obtain an economic benefit from it).
- c) The Company has the right to obtain almost all of the economic benefits that will be derived from the use of the identified asset.
- d) The right to direct the use of the identified asset, The Company has the right to direct the use of an identified asset throughout the period of use only if either:
  - i, The Company has the right to direct how and for what purpose the asset is used throughout the period of use
  - ii, The relevant decisions about how and for what purpose the asset is used are predetermined and,

The Company recognizes a right-of-use assets and a lease liability at the commencement date of the leasing following consideration of the above-mentioned factors,

## **BOSSA TİCARET VE SANAYİ İŞLETMELERİ T.A.Ş.**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED AT 31 DECEMBER 2023**

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#### **2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)**

##### **2.4 Summary of significant accounting policies (Continued)**

At the commencement date, the Company shall measure the right-of-use asset at cost, The cost of the right-of-use asset shall comprise:

- a) The amount of the initial measurement of the lease liability,
- b) Any lease payments made at or before the commencement date, less any lease incentives received,
- c) Any initial direct costs incurred by the Company

To apply a cost model, the Company shall measure the right-of-use asset at cost:

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

The Company apply the depreciation requirements in TAS 16 “Property, Plant and Equipment” in depreciating the right-of-use asset, subject to the requirements, If the lease transfers ownership of the underlying asset to the lessee by the end of the lease term or if the cost of the right-of-use asset reflects that the lessee will exercise a purchase option, the Company depreciate the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, The Company depreciate the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The Company shall apply TAS 36 Impairment of Assets to determine whether the right-of-use asset is impaired and to account for any impairment loss identified

##### ***Lease Liability***

At the commencement date, the Company shall measure the lease liability at the present value of the lease payments that are not paid at that date. The lease payments shall be discounted using the financing rate implicit in the lease, if that rate can be readily determined, If that rate cannot be readily determined, the lessee shall use the lessee’s incremental borrowing rate.

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

- a) Fixed payments, less any lease incentives receivable,
- b) Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date,
- c) The exercise price of a purchase option if the Company is reasonably certain to exercise that option and
- d) Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease,

After the commencement date, the Company shall measure the lease liability by:

- a) Increasing the carrying amount to reflect interest on the lease liability,
- b) Reducing the carrying amount to reflect the lease payment made; and
- c) Remeasuring the carrying amount to reflect any reassessment or lease modifications, or to reflect revised in substance fixed lease payments,



# **BOSSA TİCARET VE SANAYİ İŞLETMELERİ T.A.Ş.**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED AT 31 DECEMBER 2023**

(Amounts expressed in thousands of TRL based on the purchasing power of Turkish Lira ("TRL") as of December 31,2023 unless otherwise stated)

### **2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)**

#### **2.4 Summary of significant accounting policies (Continued)**

Interest on the lease liability in each period during the lease term is the amount that produces a constant periodic rate of interest on the remaining balance of the lease liability. The Company determine the revised discount rate as the interest rate implicit in the lease for the remainder of the lease term, if that rate can be readily determined, or the lessee's incremental borrowing rate at the date of reassessment, if the interest rate implicit in the lease cannot be readily determined, After the commencement date. The Company remeasure the lease liability to reflect changes to the lease payments.

The Company shall remeasure the lease liability by discounting the revised lease payments using a revised discount rate, if either:

- a) There is a change in the lease term, The Company determine the revised lease payments on the basis of the revised lease term; or,
- b) There is a change in the assessment of an option to purchase the underlying asset, The Company determine the revised lease payments to reflect the change in amounts payable under the purchase option.

The Company determine the revised discount rate as the interest rate implicit in the lease for the remainder of the lease term, if that rate can be readily determined, or the lessee's incremental borrowing rate at the date of reassessment, if the interest rate implicit in the lease cannot be readily determined.

The Company remeasure the lease liability by discounting the revised lease payments, if either:

- a) There is a change in the amounts expected to be payable under a residual value guarantee, The Company determine the revised lease payments to reflect the change in amounts expected to be payable under the residual value guarantee,
- b) There is a change in future lease payments resulting from a change in an index or a rate used to determine those payments, The Company remeasure the lease liability to reflect those revised lease payments only when there is a change in the cash flows,,

The Company determines its revised lease payments related to the remaining leasing period considering its payments related to the revised agreement, Under these circumstances, the Company uses an unadjusted discount rate.

The Company recognizes the restructuring of the lease as a separate leasing if both of the following are met:

- a) The restructuring extends the scope of the leasing by including the right of use of one or more underlying assets, and
- b) The lease payment amount increases as much as the appropriate adjustments to the price mentioned individually so that the increase in scope reflects the individual price and the terms of the relevant agreement,

## **BOSSA TİCARET VE SANAYİ İŞLETMELERİ T.A.Ş.**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED AT 31 DECEMBER 2023**

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#### **2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)**

##### **2.4 Summary of significant accounting policies (Continued)**

###### *The Company as the lessor*

All the leasings of the Company as lessor are operational leasings. For operational leasings, leased assets are classified under investment properties, tangible assets or other current assets in the balance sheet and rental income is accounted in the income statement in equal amounts for the leasing period, Rental income is accounted in the income statement for the leasing period on a straight-line basis.

The Company distributes an amount that takes place in an agreement which includes an item that has or has not one or more extra leasing qualities along with a leasing item through applying the TFRS 15, “Revenue from Contracts with Customers” standard.

Financial expenses are recorded in the profit or loss statement in accordance with the general borrowing policy of the Company. Payments made for operating leases (incentives received or to be received in order to be able to perform leasing from the lessor are recorded in the income statement on a straight-line basis over the period of the lease) are recognized in the statement of profit or loss on a straight-line basis over the period of the lease.

###### **Recognition and derecognition of financial assets and liabilities**

The Company recognizes a financial asset or financial liability in its balance sheet when only when it becomes a party to the contractual provisions of the instrument. The Company derecognizes a financial asset or a portion of it only when the control on rights under the contract is discharged. The Company derecognizes a financial liability when the obligation under the liability is discharged or cancelled or expires.

# BOSSA TİCARET VE SANAYİ İŞLETMELERİ T.A.Ş.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED AT 31 DECEMBER 2023

(Amounts expressed in thousands of TRL based on the purchasing power of Turkish Lira ("TRL") as of December 31,2023 unless otherwise stated)

### 2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

#### 2.4 Summary of significant accounting policies (Continued)

##### **Trade and other receivables**

Trade receivables are recognized at invoice amount, less an allowance for any uncollectible amounts and recorded at amortized cost using the effective interest method. Bonds and forward checks classified in trade receivables are carried at amortized cost using the effective interest rate method.

The Company has preferred to apply "simplified approach" defined in TFRS 9 for the recognition of impairment losses on trade receivables, carried at amortized cost and that do not comprise of any significant finance component (those with maturity less than 12 months). In accordance with the simplified approach, the Company measures the loss allowances regarding its trade receivables at an amount equal to "lifetime expected credit losses" except incurred credit losses in which trade receivables are already impaired for a specific reason.

##### **Tax assets and liabilities**

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

Tax expense includes current tax expense and deferred tax expense. Tax is included in the income statement, provided that it is not related to an operation that is accounted for directly under equity. Otherwise, the tax is accounted under equity as well as the related transaction.

##### ***Corporate tax and current tax***

In the Turkish tax system, financial losses can be offset against financial profits within the following five years, but it is not possible to offset (retrospectively) against previous years' earnings.

Companies calculate provisional tax on their quarterly financial profits and declare it by the 17th day of the second month following that period and pay it by the evening of the seventeenth day. The corporate tax rate has been applied as 23% for the 2022 taxation period, and for 2022, manufacturer and exporter institutions with an industrial registry certificate will receive a 1-point corporate tax reduction only on the profits they earn from production activities and exports. The corporate tax rate is applied as 25% for the 2023 taxation period. However, the 1 point reduction in the corporate tax rate applied to the income earned by exporting companies from their export activities has been increased to 5 points. The provisional tax paid during the year belongs to that year and is deducted from the corporate tax to be calculated on the corporate tax return to be submitted in the following year. Despite the deduction, if the amount of provisional tax paid remains, this amount can be refunded in cash or deducted.

75% of the profits arising from the sale of participation shares held in the company's assets for more than two years, as well as founder's shares, usufruct shares and preemptive rights held for the same period, and 50% of the profits arising from the sale of real estate that have been in its assets for the same period, are subject to Corporate Tax. It is exempt from tax, provided that it is added to the capital as stipulated in the Law or kept in a special passive fund account for 5 years.

According to the Corporate Tax Law, financial losses shown on the declaration can be deducted from the corporate tax base of the period for a period not exceeding 5 years. Declarations and relevant accounting records can be examined by the tax office within five years.

Dividend payments made from companies resident in Turkey to companies other than those who are not liable for corporate tax and income tax and those who are exempt, as well as dividend payments made to natural persons who are resident and non-resident of Turkey and legal entities who are not resident in Turkey, are subject to 15% income tax.

# **BOSSA TİCARET VE SANAYİ İŞLETMELERİ T.A.Ş.**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED AT 31 DECEMBER 2023**

(Amounts expressed in thousands of TRL based on the purchasing power of Turkish Lira (“TRL”) as of December 31,2023 unless otherwise stated)

### **2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)**

#### **2.4 Summary of significant accounting policies (Continued)**

Dividend payments made from companies resident in Turkey to joint stock companies resident in Turkey are not subject to income tax. Additionally, if the profit is not distributed or added to the capital, income tax is not calculated.

#### ***Deferred tax***

Deferred income tax is provided, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying values in the financial statements. Deferred tax is calculated using tax rates that are currently in effect as of the date of the statement of financial position.

Tax provision is the aggregate amount of current period and deferred tax of tax reserves included in the determination of net profit or loss.

Deferred income tax assets are recognized for all deductible temporary differences and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilized. The carrying amount of deferred income tax assets is reviewed by the Company at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred income tax assets are recognized for all deductible temporary differences and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilized. The carrying amount of deferred income tax assets is reviewed by the Company at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Tax rates, anticipated to occur in periods in which the asset in question shall be realized and the liability shall be met, is calculated based on valid tax rates as of balance sheet date during the calculation of deferred tax assets and liabilities, As of 31 December 2023. the Company took into account the deferred tax asset for all expenses incurred within the scope of the investment incentive certificate,

Deferred tax assets and liabilities are offset against each other if the same country is subject to tax legislation and there is a legally enforceable right to offset current tax assets against current tax liabilities.

#### **Employee benefits**

##### ***Provision for employee termination benefits***

In accordance with existing social legislation in Turkey. the Company is required to make lump-sum termination indemnities to each employee who has completed over one year of service with the Company and whose employment is terminated due to retirement or for reasons other than resignation or misconduct.

# BOSSA TİCARET VE SANAYİ İŞLETMELERİ T.A.Ş.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED AT 31 DECEMBER 2023

(Amounts expressed in thousands of TRL based on the purchasing power of Turkish Lira ("TRL") as of December 31,2023 unless otherwise stated)

### 2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

#### 2.4 Summary of significant accounting policies (Continued)

Provisions for employee benefits are recognized as a separate item under long - term liabilities in the balance sheet.

#### *Defined contribution plans*

The Company pays contributions to the Social Security Institution on a mandatory basis. The Company has no further payment obligations once the contributions have been paid, The contributions are recognized as an employee benefit expense when they are due.

#### **Revenue recognition**

Revenue, goods or services related to performance obligations in the form of goods or service turnover are accounted for as long as they fulfill their performance obligations by transferring them to their customers. In the sale of goods, when the control of the asset is received by the customers, the asset is transferred and revenue is recognized. This usually happens when the asset is delivered to the customer. However, in the event that an asset with no alternative usage is created for the Company and the Company has the right to have a legally enforceable collection on the payment to be made against the completed performance until that day, the Company transfers the control of the goods over time and records the proceeds over time as production takes place.

The Company assesses the transfer of control of the goods or services sold to the customer,

- a) Company's right to collect goods or services,
- b) Ownership of the legal property of the customer by goods or services,
- c) The transfer of goods or services,
- d) Ownership of significant risks and rewards arising from the ownership of the goods or services,
- e) It takes into account the conditions for the customer to accept goods or services,

Evaluate whether the company has different performance obligations at the beginning of the contract. The Company does not have an important service component identified in customer contracts.

At the beginning of the contract, the Company does not correct the effect of an important financing component at the commitment price if the customer foresees that the period between the date of transfer of the goods or services to which the customer commits is one year or less. On the other hand, in the event that there is an important financing element within the proceeds, the revenue value is determined by discounting the future collections with the interest rate within the financing element, The difference is recognized as other income from operating activities on an accrual basis,

# **BOSSA TİCARET VE SANAYİ İŞLETMELERİ T.A.Ş.**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED AT 31 DECEMBER 2023**

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### **2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)**

#### **2.4 Summary of significant accounting policies (Continued)**

##### ***Interest income***

Interest income is recognized using the effective interest rate until maturity.

#### **2.4 Provisions, contingent liabilities and assets**

##### ***Provisions***

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The provision is reflected as present value of expenses which is likely to be in the future at the balance sheet date in case of the significant depreciation in money in time. The increase in the provision is recorded as interest expense when the present value is used.

##### ***Contingent liabilities and assets***

Contingent liabilities are disclosed in notes rather than being included in financial statements. On the other hand, contingent assets are not included in financial statements and disclosed in notes if there is a strong probability to generate an economic return.

#### **Government grants and incentives**

Government grants are recognized where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognized as income over the period necessary to match the grant on a systemic basis to the costs that it is intended to compensate. The Government grants relates to intangible assets are recognized as deferred income under the short and long term liabilities and the intangible assets' depreciations are recognized by using straight-line method of depreciation in income statement during useful economic life.

#### **Restricted reserves**

Restricted reserves are reserved set aside from the profit of the prior period for certain purposes (such as acquiring tax advantage from sale of associates) except dividend distribution and due to obligations arising from the laws or contracts. These reserves are shown on their statutory amount.

#### **Earnings per share**

Basic earnings per share are calculated by dividing the net profit by the weighted average number of ordinary shares outstanding during the year.

The companies can increase their share capital by making a pro-rata distribution of shares (“Bonus Shares”) to existing shareholders in Turkey. For the purpose of the earnings per share calculation such

## **BOSSA TİCARET VE SANAYİ İŞLETMELERİ T.A.Ş.**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED AT 31 DECEMBER 2023**

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Bonus Share issues are regarded as stock dividends, Accordingly, the weighted average number of shares used in earnings per share calculation is derived by giving retroactive effect to the issue of such shares.

There was no difference in basis and relative earnings per share for any period.

#### **2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)**

##### **2.4 Summary of significant accounting policies (Continued)**

###### **Subsequent events**

Subsequent events comprise all events occurred between the date of authorization of the financial statements for issuance and the balance sheet date, The subsequent events that does not require amendment are disclosed in notes based on materiality level.

#### **2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)**

##### **2.4 Summary of significant accounting policies (Continued)**

###### **Impairment of assets**

At each reporting date, the Company assesses whether there is any indication that carrying value of assets except financial assets and deferred tax assets is impaired or not. When an indicator of impairment exists, the Company estimates the recoverable values of such assets. When individual recoverable value of assets cannot be measured, recoverable value of cash generating unit of that asset is measured.

Recoverable amount is the higher of net selling price or value in use. The value in use is discounted to its present value using future cash flows and discount rate before tax that reflects risk specific asset. The main assumptions used are inflation expectations of following years, expected increase in sales and costs and expected growth rate of country.

When recoverable amount of an asset (or a cash generating unit) is lower than its carrying value, the asset’s carrying value is reduced to its recoverable amount. An impairment loss is recognized immediately in the comprehensive income statement.

An impairment loss recognized in prior periods for an asset is reversed if the subsequent increase in the asset’s recoverable amount is caused by a specific event since the last impairment loss was recognized. Such a reversal amount cannot be higher than the previously recognized impairment and is recognized as income in the financial statements.

# **BOSSA TİCARET VE SANAYİ İŞLETMELERİ T.A.Ş.**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED AT 31 DECEMBER 2023**

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### **2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)**

#### **2.4 Summary of significant accounting policies (Continued)**

##### **Related parties**

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



# **BOSSA TİCARET VE SANAYİ İŞLETMELERİ T.A.Ş.**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED AT 31 DECEMBER 2023**

(Amounts expressed in thousands of TRL based on the purchasing power of Turkish Lira (“TRL”) as of December 31,2023 unless otherwise stated)

### **2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)**

#### **2.4 Summary of significant accounting policies (Continued)**

##### **Financial instruments**

A financial instrument is any contract that gives rise to both a financial asset of one enterprise and a financial liability or equity instrument of another enterprise,

A financial asset is any asset that is:

- Cash,
- A contractual right to receive cash or another financial asset from another enterprise,
- A contractual right to exchange financial instruments from another enterprise under conditions that are potentially favorable, or
- An equity instrument of another enterprise,

A financial liability that is a contractual obligation:

- To deliver cash or another financial asset to another enterprise, or
- To exchange financial instruments with another enterprise under conditions those are potentially unfavorable,

When a financial asset or financial liability is recognized initially, it is measured at its cost, which is the fair value of the consideration given (in the case of an asset) or received (in case of a liability) for it. Transaction costs are included (deducted for financial liabilities) in the initial measurement of all financial assets and liabilities.

##### **Investment Properties**

Lands and buildings, which are held to gain rental income or appreciation or for both of them instead of being used in production of goods and services or sold for administrative purposes or during the ordinary course of business, are classified as investment properties and are stated of fair value. Profit or loss, resulting from a change in fair value of investment properties, is recognized in profit or loss and other comprehensive income statement.

Derecognizing of investment properties is realized through being sold or an investment property to be discarded from use and provided that no future benefit is expected for the disposal of investment property in question. Profit or loss resulting from disposal of investment properties is recognized under related income and expense accounts during the period in which the disposal transaction is made.

Transfers, which are made to investment properties, are only possible when the use of immovable property is ceased by the property owner, it is rented to another party in the framework of operating lease or ceasing of investment studies and a change occurs in usage purposes of the propert.,

Transfers, which are made from investment properties, is realized when the property is started to be used by the property owner or investment studies towards usage purpose of property is commenced.

# **BOSSA TİCARET VE SANAYİ İŞLETMELERİ T.A.Ş.**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED AT 31 DECEMBER 2023**

(Amounts expressed in thousands of TRL based on the purchasing power of Turkish Lira (“TRL”) as of December 31,2023 unless otherwise stated)

### **2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)**

#### **2.4 Summary of significant accounting policies (Continued)**

##### **Repurchased shares**

When the Company repurchases its own shares, these shares is deducted from the equity, No gain or loss is recognized in profit or loss statement on the purchase, sale, issue or cancellation of repurchased shares.

Repurchased shares are accounted under the equity in the interim financial statements in accordance with communiqué numbered II-22,1 “Communiqué on Repurchased Shares” announced by the CMB. In accordance with the Communiqué, repurchased shares reserves are set aside up to the acquisition value of the repurchased shares, and are classified as restricted reserves under the equity.

#### **2.5 Significant accounting judgments and estimates**

Preparation of financial statements requires the usage of estimations and assumptions by the Company’s management which may affect the reported amounts of assets and liabilities as of the balance sheet date, disclosure of contingent assets and liabilities and reported amounts of income and expenses during the reporting period. The actual results may differ from the estimations and assumptions, These estimations and assumptions are reviewed regularly and the necessary adjustments are reflected on the operating results of the related reporting period, Interpretations which may have a material impact on the amounts presented in the financial statements and significant assumptions and assessments made taking into account the main sources of estimations which existed on the balance sheet date or which may occur in the future are as follows:

- a) The Company uses certain assumptions including discount rate, turnover of employees, future change in salaries/limits in the calculation of retirement pay liability. The effect of the changes in these assumptions are recognized in the current period income statement.
- b) The Company has reflected the values generated by cost approach formation methods in the fair value calculation of investment properties in the financial statements. The fair value of investment properties is made by the companies included in the “Real Estate Appraisal Companies” list approved by CMB, The appraisal company has determined the cost calculation by considering the fair value of the investment properties, the building cost of the property is taken into consideration and the share of the buildings on the parcel is deducted according to the existing physical wear.

# BOSSA TİCARET VE SANAYİ İŞLETMELERİ T.A.Ş.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED AT 31 DECEMBER 2023

(Amounts expressed in thousands of TRL based on the purchasing power of Turkish Lira (“TRL”) as of December 31,2023 unless otherwise stated)

### 3. CASH AND CASH EQUIVALENTS

31 December 2023 31 December 2022

Cash	-	2,491
Banks		
- Demand deposit	196,317,594	389,111,626
<b>Total cash and cash equivalent</b>	<b>196,317,594</b>	<b>389,114,117</b>

As of 31 December 2023 and 31 December 2022, the Company has no time deposits.

As of 31 December 2023 and 31 December 2022, the foreign currency denominated cash and cash equivalents are shown below:

	31 December 2023		31 December 2022	
	Original balance	TRY equivalent	Original balance	TRY equivalent
<b>Demand deposits</b>				
EUR	964,606	31,420,986	1,002,743	32,937,436
TRY	159,119,398	159,119,398	350,840,943	350,840,943
USD	196,249	5,777,210	173,103	5,333,247
<b>Total deposits</b>		<b>196,317,594</b>		<b>389,111,626</b>

### 4. BORROWINGS

	31 December 2023			31 December 2022		
	Weighted average annual effective interest rate	Original balance	Amount in TRY	Weighted average annual effective interest rate	Original balance	Amount in TRY
<b>Short - term borrowings:</b>						
EUR borrowings	5.13%	1,403,552	45,801,538	3,79%	9,481,804	312,012,845
TRY borrowings	27.39%	1,217,768,622	1,217,768,622	13.09%	1,494,098,691	1,494,098,691
<b>Total short - term bank loans</b>			<b>1,263,570,160</b>			<b>1,806,111,536</b>
Lease liabilities (TRY)	16.91%	10,110,169	10,110,169	15.19%	14,263,897	14,263,897
<b>Total short - term borrowings</b>			<b>1,273,680,329</b>			<b>1,820,375,433</b>
	31 December 2023			31 December 2022		
	Weighted average annual effective interest rate	Original balance	Amount in TRY	Weighted average annual effective interest rate	Original balance	Amount in TRY
<b>Long - term borrowings:</b>						
EUR borrowings	5.13%	7,003,665	228,547,792	3,35%	8,685,596	285,812,452
TRY borrowings	16.48%	229,239,892	229,239,892	16.40%	521,518,641	521,518,641
<b>Total long - term loans</b>			<b>457,787,684</b>			<b>807,331,093</b>
Lease liabilities (TRY)	21.18%	13,470,585	13,470,585	17.35%	38,897,155	38,897,155
<b>Total long - term borrowings</b>			<b>471,258,269</b>			<b>846,228,248</b>
<b>Total financial debts</b>			<b>1,744,938,598</b>			<b>2,666,603,681</b>

## BOSSA TİCARET VE SANAYİ İŞLETMELERİ T.A.Ş.

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED AT 31 DECEMBER 2023

(Amounts expressed in thousands of TRL based on the purchasing power of Turkish Lira ("TRL") as of December 31,2023 unless otherwise stated)

#### 4. BORROWINGS (Continued)

Principal repayment plans of long - term bank loans issued are as of the date of 31 December 2023 is as follows:

Year	Principle repayment (EUR)	Principle repayment (TRY)	Total TRY
Up to 1 year	1,403,552	1,227,878,791	1,273,680,329
Up to 2 year	1,453,839	39,418,585	86,861,146
Up to 3 year	1,387,456	38,605,796	83,882,104
Up to 4 year	1,387,456	31,097,859	76,374,168
Up to 5 year	1,387,456	29,411,767	74,688,072
Up to 10 year	1,387,456	104,176,470	149,452,779
<b>Total</b>	<b>8,407,215</b>	<b>1,470,589,268</b>	<b>1,744,938,598</b>

Principal repayment plans of long - term bank loans issued are as of the date of 31 December 2022 is as follows:

Year	Principle repayment (EUR)	Principle repayment (TRY)	Total TRY
Up to 1 year	9,481,804	1,508,362,588	1,820,375,433
Up to 2 year	2,157,570	203,298,758	274,296,801
Up to 3 year	1,474,813	111,369,308	159,900,211
Up to 4 year	1,385,113	84,040,854	129,620,058
Up to 5 year	1,301,301	55,316,615	98,137,876
Up to 10 year	2,366,799	106,390,260	184,273,302
<b>Total</b>	<b>18,167,400</b>	<b>2,068,778,383</b>	<b>2,666,603,681</b>

Movement of borrowings	2023	2022
<b>Opening,1 January</b>	<b>2,666,603,681</b>	<b>2,287,588,660</b>
Borrowing received during the period	1,896,232,900	2,963,027,462
Borrowing payments	(2,166,440,839)	(2,132,916,326)
Cash outflows related to debt payments arising from lease agreements	(22,333,863)	(36,794,808)
Change of exchange rates	414,034,883	441,065,517
Change of interest accruals	5,095,617	39,640,238
Monetary Gain/Loss	(1,048,253,781)	(895,007,062)
<b>Closing, 31 December</b>	<b>1,744,938,598</b>	<b>2,666,603,681</b>

# BOSSA TİCARET VE SANAYİ İŞLETMELERİ T.A.Ş.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED AT 31 DECEMBER 2023

(Amounts expressed in thousands of TRL based on the purchasing power of Turkish Lira ("TRL") as of December 31,2023 unless otherwise stated)

### 5. TRADE RECEIVABLES AND PAYABLES

#### a) Trade receivables

Short-term trade receivables:	31 December 2023	31 December 2022
Trade receivables	1,061,403,039	859,946,033
Notes receivables	479,543,072	396,710,587
<b>Total</b>	<b>1,540,946,111</b>	<b>1,256,656,620</b>
Unearned credit finance income	(11,416,074)	(4,447,755)
Provision for doubtful receivables (-)	(145,159,460)	(123,695,672)
<b>Trade receivables, net</b>	<b>1,384,370,577</b>	<b>1,128,513,193</b>

The Company determines credit limits for its customers (excluding related parties) by using receivable insurance, letter of guarantee, mortgage and other guarantees. Trade receivables from foreign customers are covered by Eximbank credit insurance. As of 31 December 2023 and 2022 letter of guarantees received and mortgages received are as follows:

	31 December 2023	31 December 2022
Letter of guarantees received	19,260,000	125,527,141
Mortgages received	15,850,000	1,400,570
<b>Total</b>	<b>35,110,000</b>	<b>126,927,711</b>

As of 31 December 2023, trade receivables are discounted by using the interest rates for EUR, US Dollar, GBP and TRY by 8%, 9%, 8% and 38%, respectively (31 December 2022: 3.19%, 5.63 %, 3.19 % and 10%).

The movements of the provision for doubtful receivables for the period ended as of 31 December 2023 and 31 December 2022 are as follows:

	2023	2022
<b>1 January</b>	<b>123,695,671</b>	<b>160,128,592</b>
Current year charge	32,349,932	3,959,464
Foreign exchange differences	39,572,023	22,964,146
Provision canceled/collected during the period	-	(707,060)
Monetary Gain/Loss	(50,458,166)	(62,649,470)
<b>31 December,</b>	<b>145,159,460</b>	<b>123,695,672</b>

As of 31 December 2023 and 31 December 2022 the analysis of overdue trade receivables is as follows:

	31 December 2023	31 December 2022
Overdue but not impaired	264,711,120	252,609,072
Up to 1 month	466,592,109	351,706,416
Between 1 - 3 months	596,859,978	423,352,729
Between 3 - 12 months	56,207,370	100,844,976
<b>Total</b>	<b>1,384,370,577</b>	<b>1,128,513,193</b>

The Company does not estimate any risk in the collection of overdue but not impaired receivables.

## BOSSA TİCARET VE SANAYİ İŞLETMELERİ T.A.Ş.

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED AT 31 DECEMBER 2023

(Amounts expressed in thousands of TRL based on the purchasing power of Turkish Lira (“TRL”) as of December 31,2023 unless otherwise stated)

#### 5. TRADE RECEIVABLES AND PAYABLES (Continued)

##### b) Trade payables

Short-term trade payables	31 December 2023	31 December 2022
Trade payables to third parties	306,339,583	248,851,508
Unaccrued financial expense	(852,875)	(351,174)
<b>Total payables</b>	<b>305,486,708</b>	<b>248,500,334</b>

As of 31 December 2023, trade payables are discounted by using the interest rates for EUR, US Dollar, GBP and TRY by 8%, 9%, 8% and 38%, respectively (31 December 2022: 3.19%, 5.63%, 3.19% and 10%, respectively).

Long-term trade payables	31 December 2023	31 December 2022
Trade payables to third parties	64,198,257	102,009,194
<b>Total</b>	<b>64,198,257</b>	<b>102,009,194</b>

#### 6. OTHER RECEIVABLES

##### a) Short-term other receivables

	31 December 2023	31 December 2022
Turquality support receivables	15,200	1,634,461
Other	785,883	430,468
<b>Total</b>	<b>801,083</b>	<b>2,064,929</b>

#### 7. PREPAID EXPENSES

##### a) Short term prepaid expense

	31 December 2023	31 December 2022
Tangible fixed asset insurance expense	14,314,730	6,763,619
Commission expenses related to borrowings	8,611,634	3,895,506
Fair participation expenses	1,709,476	1,780,486
Other	627,020	489,397
<b>Total</b>	<b>25,262,860</b>	<b>12,929,008</b>

##### b) Long term prepaid expense

	31 December 2023	31 December 2022
Advances given for property, plant and equipment purchases	91,977,088	195,646,105
<b>Total</b>	<b>91,977,088</b>	<b>195,646,105</b>

## BOSSA TİCARET VE SANAYİ İŞLETMELERİ T.A.Ş.

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED AT 31 DECEMBER 2023

(Amounts expressed in thousands of TRL based on the purchasing power of Turkish Lira ("TRL") as of December 31,2023 unless otherwise stated)

#### 8. OTHER ASSETS AND LIABILITIES

##### a) Other current assets

	31 December 2023	31 December 2022
VAT receivables	52,350,366	22,678,233
Deferred VAT	5,228,953	53,930,490
Other	1,008	1,662
<b>Total</b>	<b>57,580,327</b>	<b>76,610,385</b>

##### b) Other short-term liabilities

	31 December 2023	31 December 2022
Taxes and funds payable	43,997,961	13,556,992
Other	371,692	91,520
<b>Total</b>	<b>44,369,653</b>	<b>13,648,512</b>

#### 9. INVENTORIES

	31 December 2023	31 December 2022
Raw materials	183,558,327	150,244,422
Semi-finished goods	334,421,801	481,272,546
Finished goods	526,195,753	617,914,140
Other inventories (*)	11,150	374,608
Goods in transit	1,075,215	168,719
<b>Total</b>	<b>1,045,262,246</b>	<b>1,249,974,435</b>

(\*) Other inventories consist of raw materials, semi-finished goods and finished goods sent to outsource production.

## BOSSA TİCARET VE SANAYİ İŞLETMELERİ T.A.Ş.

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED AT 31 DECEMBER 2023

(Amounts expressed in thousands of TRL based on the purchasing power of Turkish Lira (“TRL”) as of December 31,2023 unless otherwise stated)

#### 10. PROPERTY, PLANT AND EQUIPMENT

The movements of property, plant and equipments for the period ended 31 December 2023:

	1 January 2023	Additions	Revaluation increases	Disposals	Transfers	31 December 2023
<b>Cost :</b>						
Land	759,348,132	-	89,376,868	-	-	848,725,000
Land Improvements	62,747,660	-	12,549,756	-	-	75,297,416
Buildings	701,857,348	-	67,686,631	-	50,064,814	819,608,793
Machinery and equipment	5,174,577,140	8,897	-	(178,211,524)	250,441,854	5,246,816,367
Vehicles	6,465,150	-	-	-	4,733,244	11,198,394
Furniture and fixtures	87,488,427	212,847	-	-	4,152,560	91,853,834
Construction in progress	1,074,209,700	233,684,209	31,807,215	-	(318,974,476)	1,020,726,648
<b>Total</b>	<b>7,866,693,557</b>	<b>233,905,953</b>	<b>201,420,470</b>	<b>(178,211,524)</b>	<b>(9,582,004)</b>	<b>8,114,226,452</b>
<b>Accumulated depreciation :</b>						
Land Improvements	(20,549,292)	(11,522,622)	-	-	-	(32,071,914)
Buildings	(89,470,251)	(25,361,542)	-	-	-	(114,831,793)
Machinery and equipment	(4,633,258,197)	(96,671,646)	-	176,921,347	-	(4,553,008,496)
Vehicles	(6,465,150)	(78,886)	-	-	-	(6,544,036)
Furniture and fixtures	(76,629,154)	(2,910,303)	-	-	-	(79,539,457)
<b>Total</b>	<b>(4,826,372,044)</b>	<b>(136,544,999)</b>	<b>-</b>	<b>176,921,347</b>	<b>-</b>	<b>(4,785,995,696)</b>
<b>Net book value</b>	<b>3,040,321,513</b>					<b>3,328,230,756</b>



## BOSSA TİCARET VE SANAYİ İŞLETMELERİ T.A.Ş.

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED AT 31 DECEMBER 2023

(Amounts expressed in thousands of TRL based on the purchasing power of Turkish Lira (“TRL”) as of December 31,2023 unless otherwise stated)

#### 10. PROPERTY, PLANT AND EQUIPMENT (Continued)

The movements of property, plant and equipments for the period ended 31 December 2022:

	1 January 2022	Additions	Revaluation increases	Disposals	Transfers	31 December 2022
<b>Cost :</b>						
Land	367,113,257	20,761,398	371,473,477	-	-	759,348,132
Land Improvements	43,215,094	-	19,532,566	-	-	62,747,660
Buildings	424,187,102	-	263,002,157	-	14,668,089	701,857,348
Machinery and equipment	5,080,080,822	881,804	-	(88,416)	93,702,930	5,174,577,140
Vehicles	6,465,150	-	-	-	-	6,465,150
Furniture and fixtures	83,642,948	727,639	-	(32,521)	3,150,361	87,488,427
Construction in progress	302,158,642	804,166,848	81,695,140	-	(113,810,930)	1,074,209,700
<b>Total</b>	<b>6,306,863,015</b>	<b>826,537,689</b>	<b>735,703,340</b>	<b>(120,937)</b>	<b>(2,289,550)</b>	<b>7,866,693,557</b>
<b>Accumulated depreciation :</b>						
Land Improvements	(16,540,305)	(4,008,987)	-	-	-	(20,549,292)
Buildings	(80,105,700)	(9,364,551)	-	-	-	(89,470,251)
Machinery and equipment	(4,529,224,999)	(104,121,614)	-	88,416	-	(4,633,258,197)
Vehicles	(6,465,150)	-	-	-	-	(6,465,150)
Furniture and fixtures	(73,880,091)	(2,781,584)	-	32,521	-	(76,629,154)
<b>Total</b>	<b>(4,706,216,245)</b>	<b>(120,276,736)</b>	<b>-</b>	<b>120,937</b>	<b>-</b>	<b>(4,826,372,044)</b>
<b>Net book value</b>	<b>1,600,646,770</b>					<b>3,040,321,513</b>

## BOSSA TİCARET VE SANAYİ İŞLETMELERİ T.A.Ş.

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED AT 31 DECEMBER 2023

(Amounts expressed in thousands of TRL based on the purchasing power of Turkish Lira ("TRL") as of December 31,2023 unless otherwise stated)

#### 11. INTANGIBLE ASSETS

The movement of the Company's intangible assets as of 31 December 2023 is as follows:

	1 January 2023	Additions	Transfers	31 December 2023
<b>Cost:</b>				
Rights	230,448,726	-	8,201,737	238,650,463
Leasehold improvements	9,848,222	-	-	9,848,222
Development expenses	202,551,210	-	700,612	203,251,822
Software	97,290,704	-	679,655	97,970,359
<b>Total</b>	<b>540,138,862</b>	<b>-</b>	<b>9,582,004</b>	<b>549,720,866</b>
<b>Accumulated depreciation:</b>				
Rights	(68,289,503)	(29,375,125)	-	(97,664,628)
Leasehold improvements	(9,848,222)	-	-	(9,848,222)
Development expenses	(169,039,998)	(10,354,362)	-	(179,394,360)
Software	(96,359,713)	(244,049)	-	(96,603,762)
<b>Total</b>	<b>(343,537,436)</b>	<b>(39,973,536)</b>	<b>-</b>	<b>(383,510,972)</b>
<b>Net book value</b>	<b>196,601,426</b>			<b>166,209,894</b>

The movement of the Company's intangible assets as of 31 December 2022 is as follows:

	1 January 2022	Additions	Transfers	31 December 2022
<b>Cost:</b>				
Rights	230,094,619	-	354,107	230,448,726
Leasehold improvements	9,848,222	-	-	9,848,222
Development expenses	185,205,423	15,921,565	1,424,222	202,551,210
Software	96,779,865	-	510,839	97,290,704
<b>Total</b>	<b>521,928,129</b>	<b>15,921,565</b>	<b>2,289,168</b>	<b>540,138,862</b>
<b>Accumulated depreciation:</b>				
Rights	(62,683,197)	(5,606,306)	-	(68,289,503)
Leasehold improvements	(9,321,580)	(526,642)	-	(9,848,222)
Development expenses	(160,798,121)	(8,241,877)	-	(169,039,998)
Software	(96,162,255)	(197,458)	-	(96,359,713)
<b>Total</b>	<b>(328,965,153)</b>	<b>(14,572,283)</b>	<b>-</b>	<b>(343,537,436)</b>
<b>Net book value</b>	<b>192,962,976</b>			<b>196,601,426</b>

## BOSSA TİCARET VE SANAYİ İŞLETMELERİ T.A.Ş.

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED AT 31 DECEMBER 2023

(Amounts expressed in thousands of TRL based on the purchasing power of Turkish Lira ("TRL") as of December 31,2023 unless otherwise stated)

#### 12. INVESTMENT PROPERTIES

	31 December 2023	31 December 2022
Old Smart Wear Plant	1,245,165,000	966,426,600
<b>Net book value</b>	<b>1,245,165,000</b>	<b>966,426,600</b>

As of 31 December 2023 and 2022, the total amount of mortgages and pledges on investment properties is EUR28,500,000 and TRY217,500,000.

The movements in investment properties for the year ended 31 December are as follows:

	2023	2022
<b>1 January</b>	<b>966,426,600</b>	<b>455,026,610</b>
Fair value gain (*)	278,738,400	511,399,990
<b>Total</b>	<b>1,245,165,000</b>	<b>966,426,600</b>

(\*) The fair value of the investment properties have been determined by Investment Properties Valuation Report dated 31 December 2023 prepared by TSKB Gayrimenkul Değerleme A.Ş. The fair value of the real estates, cost analysis and market analysis methods were used for the areas where the existing buildings with a building zoning plan and the existing building permits were issued (Level 2).

Property Name	City/District	Neighbourhood	Land No	Parcel No	Total Area	31 December 2023 Net Registered Value	
Old Smart Wear Plant	Adana	Yüreğir	Cumhuriyet	2402	10	121,999 m <sup>2</sup>	730,586,000
Old Smart Wear Plant	Adana	Yüreğir	Cumhuriyet	2402	11	45,718 m <sup>2</sup>	253,996,000
Old Smart Wear Plant	Adana	Yüreğir	Cumhuriyet	2402	12	34,250 m <sup>2</sup>	153,998,000
Old Smart Wear Plant	Adana	Yüreğir	Cumhuriyet	2402	13	24,525 m <sup>2</sup>	106,685,000

The land with a surface area of 232,875 m<sup>2</sup>, which was previously registered as parcel no.2, island 2402. was subdivided on 29.12.2023 and divided into four parcels, and the newly formed parcels were registered with the surface areas shown in the table above.

#### 13. EMPLOYEE BENEFITS OBLIGATIONS

	31 December 2023	31 December 2022
Payables to personnel	25,689,534	15,770,928
Social security and union payables	19,986,050	9,081,124
<b>Total</b>	<b>45,675,584</b>	<b>24,852,052</b>

## BOSSA TİCARET VE SANAYİ İŞLETMELERİ T.A.Ş.

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED AT 31 DECEMBER 2023

(Amounts expressed in thousands of TRL based on the purchasing power of Turkish Lira ("TRL") as of December 31,2023 unless otherwise stated)

#### 14. DEFERRED INCOME AND GOVERNMENT GRANTS AND AIDS

	31 December 2023	31 December 2022
Deferred income (*)	18,681,113	49,284,141
Advances received	2,033,384	4,486,677
<b>Total</b>	<b>20,714,497</b>	<b>53,770,818</b>

(\*) The amount consists of sales of finished goods that are invoiced in December, 2023 while their actual shipment was made in January, 2024.

#### 15. PROVISIONS FOR EMPLOYEE BENEFITS

##### a) Unused vacation

	31 December 2023	31 December 2022
Unused vacation liabilities	13,863,727	14,397,559
<b>Total</b>	<b>13,863,727</b>	<b>14,397,559</b>

The movement of allowance for unused vacation 31 December 2023 and 2022 are as follows:

Provision for unused vacation	2023	2022
<b>1 January</b>	<b>14,397,559</b>	<b>12,504,176</b>
Charge for the period	9,206,734	16,310,482
Payments (-)	(4,080,821)	(9,524,889)
Monetary Gain/Loss	(5,659,745)	(4,892,210)
<b>31 December</b>	<b>13,863,727</b>	<b>14,397,559</b>

##### b) Employee benefits

	31 December 2023	31 December 2022
Provision for employee termination benefits	123,283,139	299,749,423
<b>Total</b>	<b>123,283,139</b>	<b>299,749,423</b>

## BOSSA TİCARET VE SANAYİ İŞLETMELERİ T.A.Ş.

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED AT 31 DECEMBER 2023

(Amounts expressed in thousands of TRL based on the purchasing power of Turkish Lira (“TRL”) as of December 31,2023 unless otherwise stated)

#### 15. PROVISIONS FOR EMPLOYEE BENEFIT (Continued)

Movements of the provision for employee termination benefits as of 31 December 2023 and 31 December 2022 are as follows:

Employee benefits	2023	2022
<b>1 January</b>	<b>299,749,423</b>	<b>82,894,905</b>
Service cost	18,797,186	6,039,128
Interest cost	18,191,659	13,437,790
Payments during the period (-)	(158,719,979)	(10,607,692)
Actuarial gain	19,026,960	225,195,856
Monetary Gain/Loss	(73,762,110)	(17,210,564)
<b>31 December</b>	<b>123,283,139</b>	<b>299,749,423</b>

Under the Labour Law, the Company is required to pay termination benefits to each employee who has completed one year of service and whose employment is terminated without due cause, is called up for military service, dies or who retires after completing 25 years of service (20 years for women) and achieves the retirement age (58 for women and 60 for men), Since the legislation was changed on May 23, 2002. There are certain transitional provisions relating to length of service prior to retirement, The amount payable consists of one month’s salary limited to a maximum of TRY 35,058,58 for each year of service as at 31 December 2023 (31 December 2022: TRY 19,982,83), The liability is not funded, as there is no funding requirement. The provision has been calculated by estimating the present value of the future probable obligation of the Company arising from the retirement of the employees:

	31 December 2023	31 December 2022
Discount rate (%)	2,72%	0%
Turnover rate to estimate probability of retirement (%)	99,1%	99,1%

#### 16. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

##### a) Other short-term provisions

	31 December 2023	31 December 2022
Provision for lawsuits	5,095,000	4,704,269
<b>Total</b>	<b>5,095,000</b>	<b>4,704,269</b>

## BOSSA TİCARET VE SANAYİ İŞLETMELERİ T.A.Ş.

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED AT 31 DECEMBER 2023

(Amounts expressed in thousands of TRL based on the purchasing power of Turkish Lira ("TRL") as of December 31,2023 unless otherwise stated)

#### 16. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Continued)

The movement table of the lawsuit provision for the accounting periods ending on 31 December is given below:

	2023	2022
<b>Opening, January 1</b>	<b>4.704.269</b>	<b>11.232.937</b>
Provisions added / (cancelled) during the period	2,240,000	(2,020,117)
Monetary Gain/(Loss)	(1,849,269)	(4,508,551)
<b>Closing Balance</b>	<b>5,095,000</b>	<b>4,704,269</b>

#### b) Given letters of guarantee and letters of credit:

	Currency	31 December 2023		31 December 2022	
		Original balance	TRY balance	Original balance	TRY balance
Guarantee received	TRY	19,260,000	19,260,000	8,517,116	8,517,116
Guarantee received	USD	-	-	1,433,565	44,167,778
Guarantee received	EUR	-	-	2,217,600	72,842,247
Mortgage received	TRY	15,850,000	15,850,000	1,400,570	1,400,570
<b>Total guarantee received</b>		<b>35,110,000</b>	<b>35,110,000</b>	<b>126,927,711</b>	<b>126,927,711</b>

#### c) Collaterals pledges mortgages (CPM):

	31 December 2023	31 December 2022
Mortgage and deposit pledges given (*)	1,990,834,400	2,362,375,546
Letter of guarantees given	1,794,583,788	1,469,087,302
Bonds given	147,456,500	-
<b>Total</b>	<b>3,932,874,688</b>	<b>3,831,462,848</b>

(\*) Within the scope of the company's loan transactions, a real estate mortgage of 44,000,000 EUR and 552,000,000 TL was given to the relevant bank.

# BOSSA TİCARET VE SANAYİ İŞLETMELERİ T.A.Ş.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED AT 31 DECEMBER 2023

(Amounts expressed in thousands of TRL based on the purchasing power of Turkish Lira (“TRL”) as of December 31,2023 unless otherwise stated)

### 16. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Continued)

#### 31 December 2023:

	TRY Equivalent	TRY	EUR	USD
A, Total amount of collaterals, pledges and mortgages given in the name of legal entity	3,932,874,688	2,339,794,008	44,300,000	5,000,000
B, Total amount of collaterals, pledges and mortgages given In favour of the parties which are included in the scope of full consolidation	-	-	-	-
C, Total amount of guarantees, pledges and mortgages given to third parties for their liabilities in the purpose of conducting the ordinary operations	-	-	-	-
D, Total amount of other guarantees, pledges and mortgages	-	-	-	-
- Total amount of CPM given on behalf of the majority shareholder	-	-	-	-
- Total amount of CPM given to on behalf of other group companies which are not in scope of B and C	-	-	-	-
- Total amount of CPM given on behalf of third parties which are not in scope of C	-	-	-	-
<b>Total</b>	<b>3,932,874,688</b>	<b>2,339,794,008</b>	<b>44,300,000</b>	<b>5,000,000</b>

#### 31 December 2022:

	TRY Equivalent	TRY	EUR	CHF
A, Total amount of collaterals, pledges and mortgages given in the name of legal entity	3,831,462,848	2,296,154,790	46,656,700	-
B, Total amount of collaterals, pledges and mortgages given In favour of the parties which are included in the scope of full consolidation	-	-	-	-
C, Total amount of guarantees, pledges and mortgages given to third parties for their liabilities in the purpose of conducting the ordinary operations	-	-	-	-
D, Total amount of other guarantees, pledges and mortgages	-	-	-	-
- Total amount of CPM given on behalf of the majority shareholder	-	-	-	-
- Total amount of CPM given to on behalf of other group companies which are not in scope of B and C	-	-	-	-
- Total amount of CPM given on behalf of third parties which are not in scope of C	-	-	-	-
<b>Total</b>	<b>3,831,462,848</b>	<b>2,296,154,790</b>	<b>46,656,700</b>	<b>-</b>

As of 31 December 2023, Collaterals, pledges and mortgages given/total equity ratio is 0% (31 December 2022: 0%).

## BOSSA TİCARET VE SANAYİ İŞLETMELERİ T.A.Ş.

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED AT 31 DECEMBER 2023

(Amounts expressed in thousands of TRL based on the purchasing power of Turkish Lira ("TRL") as of December 31,2023 unless otherwise stated)

#### 17. EQUITY

The Issued Capital of the Company is 650,000,000 TRY; It was divided into 65,000,000,000 shares, all bearer shares, each with a nominal value of 1 KR.

As of 31 December 2023 and 31 December 2022, the Company's shareholders and shareholders are as follows:

Shareholders	31 December 2023		31 December 2022	
	Share rate (%)	Share amount	Share rate (%)	Share amount
İsrafil Uçurum	65.86	428,102,764	65,86	234,468,603
Yusuf Uçurum	21.95	142,700,922	21,95	78,156,202
Bossa T.A.Ş.	3.58	23,296,677	3,52	12,519,342
Oğuz Tekstil A.Ş.	0.70	4,580,471	0,70	2,508,689
Other	7.91	51,319,166	7,96	28,347,164
<b>Paid in capital</b>	<b>100,00</b>	<b>650,000,000</b>	<b>100,00</b>	<b>356,000,000</b>

Accumulated profits in the legal books can be distributed except for the provision regarding legal reserves stated below. According to the Turkish Commercial Code, legal reserves are divided into two: first and second legal reserves. According to the Turkish Commercial Code, first legal reserves are allocated as 5% of the legal net profit until 20% of the company's paid capital is reached. The second set of legal reserves is 10% of the distributed profits exceeding 5% of the paid capital. According to the Turkish Commercial Code, as long as legal reserves do not exceed 50% of the paid-in capital, they can only be used to offset losses and cannot be used in any other way. Capital adjustment differences have no use other than being added to capital.

The Company's own shares acquired as of December 31, 2023 are 23,296,677. These shares correspond to 3.58% of the capital. The shares in question are accounted for as repurchased shares under shareholders' equity. In addition, in accordance with the "Communiqué on Repurchased Shares" No. II 22.1 published by the CMB, the amount equal to the repurchase price of the repurchased shares has been classified as reserves for the repurchased shares within the "restricted reserves allocated from profit".

Within the scope of the Board of Directors' Decision dated 05 June 2023, the Company decided to increase its issued capital of 356,000,000.-TL to 650,000,000.-TL, fully covered by internal resources, and the relevant issue was approved by the Capital Markets Board on 22 June 2023. . The new capital of the company was registered by Adana Trade Registry Office on 23 June 2023, and the relevant issue was announced in the Turkish Trade Registry Gazette dated 23 June 2023 and numbered 10859.

#### Emission premium

Emission premium; It refers to the difference between the nominal amount of newly issued shares and the sales amount in the paid-for capital increase process. The paid-in capital increase of our company was made without restricting the rights of existing partners to purchase new shares and based on the nominal value of the shares.



## BOSSA TİCARET VE SANAYİ İŞLETMELERİ T.A.Ş.

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED AT 31 DECEMBER 2023

(Amounts expressed in thousands of TRL based on the purchasing power of Turkish Lira ("TRL") as of December 31,2023 unless otherwise stated)

#### 17. EQUITY (Continued)

##### Restricted profit reserves

The legal reserves consist of first and second legal reserves, appropriated in accordance with the Turkish Commercial Code. 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.

	31 December 2023	31 December 2022
Repurchased share reserves	58,125,017	53,847,711
Legal reserves	91,572,338	66,376,639
<b>Total</b>	<b>149,697,355</b>	<b>120,224,350</b>

As of January 1, 2022, the previous years' profit without inflation accounting is 88,362,038 TL, while the previous years' profit with inflation accounting is 1,723,579,069 TL. As of December 31, 2022, the previous years' profit without inflation accounting is 815,781,958 TL, while the previous years' profit with inflation accounting is applied is 1,142,938,973 TL. As of December 31, 2023, other fund items included in shareholders' equity in the financial statements prepared in accordance with the Tax Procedure Law are as follows:

	PPI indexed legal records	CPI indexed records	Difference amounts
Capital adjustment differences	777,874,434	677,087,421	100,787,013
Emission premiums	29.919.317	20.725.363	9,193,954
Legal Reserves	185,868,697	149.697,355	36,171,342
<b>Total</b>	<b>993,662,448</b>	<b>847,510,139</b>	<b>146,152,309</b>

## BOSSA TİCARET VE SANAYİ İŞLETMELERİ T.A.Ş.

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED AT 31 DECEMBER 2023

(Amounts expressed in thousands of TRL based on the purchasing power of Turkish Lira ("TRL") as of December 31,2023 unless otherwise stated)

#### 18. SALES AND COST OF SALES

	1 January - 31 December 2023	1 January - 31 December 2022
<b>Sales (Net)</b>		
Domestic sales	3,059,600,377	3,231,523,896
Foreign sales	1,887,995,029	1,879,951,815
<b>Total</b>	<b>4,947,595,406</b>	<b>5,111,475,711</b>

The details of cost of sales are as follows:

	1 January - 31 December 2023	1 January - 31 December 2022
Raw material	(2,783,396,266)	(2,886,789,638)
Overhead costs (*)	(237,411,021)	(217,562,748)
Labour costs	(1,036,424,813)	(1,033,327,896)
Change in inventories	(89,022,660)	(406,497,544)
<b>Total</b>	<b>(4,146,254,760)</b>	<b>(4,544,177,826)</b>

(\*) Includes indirect labour expenses

Since the Company does not have a performance obligation from its ongoing contracts, there is no amount to be recognized in the future.

## BOSSA TİCARET VE SANAYİ İŞLETMELERİ T.A.Ş.

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED AT 31 DECEMBER 2023

(Amounts expressed in thousands of TRL based on the purchasing power of Turkish Lira ("TRL") as of December 31,2023 unless otherwise stated)

#### 19. OPERATING EXPENSES

	1 January 31 December 2023	1 January - 31 December 2022
<b>General administrative expense</b>		
Provision for employee benefit and unused vacation	(72,685,925)	(42,484,978)
Personnel Expense	(56,299,023)	(45,149,162)
Depreciation and amortization expense	(17,367,889)	(10,125,929)
Consultancy Expense	(4,950,382)	(3,767,602)
Electric, water and natural gas expenses	(2,602,981)	(3,105,895)
Auxiliary operating expense shares	(2,281,170)	(1,613,201)
Insurance expense	(1,097,727)	(845,021)
Repair and maintenance expense	(457,445)	(870,401)
IT expense	(816,081)	(782,536)
Office expenses	(478,245)	(513,167)
Taxes and funds	(548,996)	(497,736)
Travel expense	(158,953)	(350,982)
Other	(5,375,842)	(9,618,850)
<b>Total</b>	<b>(165,120,659)</b>	<b>(119,725,460)</b>

#### Fees for Services Received from the Independent Auditor/Independent Audit Firm:

Regarding the fees for services provided by independent audit firms, which the Company prepared based on the KGK's Board Decision published in the Official Gazette on 30 March 2021 and whose preparation principles are based on the KGK letter dated 19 August 2021. The description is as follows:

	2023	2022
Independent audit fee for the reporting period	721,762	585,748
Fee for other assurance services	71,481	77,826
<b>Total</b>	<b>793,243</b>	<b>663,574</b>

## BOSSA TİCARET VE SANAYİ İŞLETMELERİ T.A.Ş.

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED AT 31 DECEMBER 2023

(Amounts expressed in thousands of TRL based on the purchasing power of Turkish Lira ("TRL") as of December 31,2023 unless otherwise stated)

#### 19. OPERATING EXPENSES (Continued)

	1 January - 31 December 2023	1 January - 31 December 2022
<b>Marketing expenses</b>		
Export expense	(92,330,789)	(87,730,986)
Personnel expense	(50,639,163)	(40,079,058)
Transportation expense	(37,597,770)	(33,871,888)
Advertisement expense	(29,400,931)	(29,242,652)
Domestic sales commission	(16,647,008)	(14,998,787)
Communication and cargo expense	(12,724,643)	(13,222,415)
Auxiliary operating expense shares	(12,777,313)	(12,215,023)
Consultancy Expense	(15,299,579)	(15,931,359)
Electricity, water, natural gas expenses	(8,999,820)	(14,588,825)
Travelling expense	(10,952,762)	(10,486,276)
Contracting expense	(8,750,203)	(4,419,724)
Depreciation and amortization expense	(2,487,780)	(2,176,910)
Other	(21,969,997)	(19,731,991)
<b>Total</b>	<b>(320,577,758)</b>	<b>(298,695,894)</b>

## BOSSA TİCARET VE SANAYİ İŞLETMELERİ T.A.Ş.

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED AT 31 DECEMBER 2023

(Amounts expressed in thousands of TRL based on the purchasing power of Turkish Lira ("TRL") as of December 31,2023 unless otherwise stated)

#### 20. OTHER OPERATING INCOME/(EXPENSES)

	1 January - 31 December 2023	1 January - 31 December 2022
Foreign exchange gains (customer-vendor)	922,105,550	768,587,180
Miscellaneous sales (*)	59,845,743	171,857,554
Commercial transaction rediscount income regarding	57,671,907	26,992,765
Sample income	10,403,938	8,814,164
Other	34,882,091	64,197,819
<b>Other operating income</b>	<b>1,084,909,229</b>	<b>1,040,449,482</b>

(\*) Consists of sales of raw materials, auxiliary materials and other purchased materials.

	1 January - 31 December 2023	1 January - 31 December 2022
Foreign exchange losses (customer-vendor)	(312,767,687)	(479,381,069)
Miscellaneous sales cost (*)	(50,552,072)	(166,665,034)
Commercial transaction rediscount expense regarding	(20,868,053)	(4,476,723)
Taxes, fees and charges	(9,511,871)	(9,521,386)
Provision for doubtful receivables	(32,349,932)	-
Other	(73,955,512)	(15,727,084)
<b>Other operating expense</b>	<b>(500,005,127)</b>	<b>(675,771,296)</b>

(\*) Consists of cost of sales of raw materials, auxiliary materials and other purchased materials.

#### 21. FINANCIAL INCOME

	1 January - 31 December 2023	1 January - 31 December 2022
Foreign exchange gains	22,617,224	28,981,530
<b>Total financial income</b>	<b>22,617,224</b>	<b>28,981,530</b>

#### 22. FINANCIAL EXPENSE

	1 January - 31 December 2023	1 January - 31 December 2022
Foreign exchange losses	(206,039,864)	(199,780,835)
Interest expense	(275,092,113)	(291,590,757)
<b>Total financial expenses</b>	<b>(481,131,977)</b>	<b>(491,371,592)</b>

## BOSSA TİCARET VE SANAYİ İŞLETMELERİ T.A.Ş.

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED AT 31 DECEMBER 2023

(Amounts expressed in thousands of TRL based on the purchasing power of Turkish Lira ("TRL") as of December 31,2023 unless otherwise stated)

#### 23. INCOME FROM INVESTING ACTIVITIES

##### a) Income from investing activities

	1 January - 31 December 2023	1 January - 31 December 2022
Gain from revaluation of investment property	278,738,400	511,399,990
Gain on sale of fixed assets	40,170,512	144,578
<b>Income from investing activities</b>	<b>318,908,912</b>	<b>511,544,568</b>

#### 24. TAX ASSETS AND LIABILITIES

For the period then ended as of 31 December 2023 and 2022 tax amounts reflected to income statement as follows:

	1 January - 31 December 2023	1 January - 31 December 2022
Current period corporate tax (*)	(34,494,450)	6,928,802
Deferred tax (expense)/income	21,313,812	45,307,117
<b>Tax (loss)/ income for the period</b>	<b>(13,180,638)</b>	<b>52,235,919</b>

(\*) It consists of the taxes refunded due to the conclusion of the lawsuits filed in the Company's favor based on the Corporate Tax Returns of the Company for the previous periods with reservations.

As of 31 December 2023 and 31 December 2022, tax asset and liabilities are summarized as follows:

	31 December 2023	31 December 2022
Current period corporate tax	(34,494,450)	6,928,802
<b>Tax asset</b>	<b>(34,494,450)</b>	<b>6,928,802</b>

In accordance with the regulation numbered 7316, published in Official Gazette numbered 31462 on 22 April 2021, "Law on the Amendment of Some Tax Acts and Some Other Laws", corporate tax rate for the years 2021 has set for 25%, 2022 for 23%. This change will be effective for corporate tax rate for the periods starting from 1 January 2021, starting with the declarations that must be submitted as of 1 July 2021, Tax returns are filed between 25th April following the close of the accounting year to which the relate. Corporate tax is declared until the evening of the twenty-fifth day of the fourth month following the end of the relevant year and is paid in one installment until the end of the relevant month. In accordance with the tax legislation, 25% temporary tax is calculated and paid on quarterly earnings, and the paid amounts are deducted from the tax calculated on the annual income.

## **BOSSA TİCARET VE SANAYİ İŞLETMELERİ T.A.Ş.**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED AT 31 DECEMBER 2023**

(Amounts expressed in thousands of TRL based on the purchasing power of Turkish Lira ("TRL") as of December 31,2023 unless otherwise stated)

#### **24. TAX ASSETS AND LIABILITIES (Continued)**

Dividends paid to the resident institutions and the institutions working through local offices or representatives are not subject to withholding tax, Withholding tax rate on the dividend payments other than the ones paid to the non-resident institutions generating income in Turkey through their operations or permanent representatives and the resident institutions is 15%. Appropriation of the retained earnings to capital is not considered as profit distribution and therefore is not subject to withholding tax.

Based on their quarterly financial gains and declare the related amount until the 17th day of second months following the related period and make a payment until the end of 17th day. The temporary tax paid during the period belongs to period in question and deducted from corporate tax which shall be calculated based on corporate tax declaration submitted in subsequent year.

In Turkey, there is no such implementation offering a negotiation with tax authority with regard to taxes which shall be paid. Corporate tax returns are required to be filed until the twenty-fifth of the fourth month following the balance sheet date and paid in one instalment until the end of the fourth month. The tax authorities can inspect tax returns and the related accounting records for a retrospective maximum period of five years and the tax amount can change because of tax assessment made occurring as a result of incorrect transaction. Corporate tax losses can be carried forward for a maximum period of five years following the year in which the losses were incurred in accordance with Turkish legislation.

However, financial losses cannot be offset against previous years' profits. The Corporate Tax Law consists of various numbers of exemptions regarding the corporations.

The following exemptions related to the Company are explained below:

#### **Investment incentive**

The decision of the Council of Ministers on State Aids in Investments that rearranged the investment incentive system was published in the Official Gazette on 19 June 2012 and entered into force. Within the framework of this law, the Company has 4 investment incentive certificates.

- Incentive certificate numbered E525190, dated 28.06.2021, amounts to 1,875,650 USD and 87,719,241 TRY,

- The incentive certificate dated 07.07.2021 and numbered E525509 amounts to 14,675,214 USD and 430,733,114 TRY,

- The incentive certificate dated 18.08.2021 and numbered E526742 amounts to 26,316,268 USD and 776,178,644 TRY,

- The incentive certificate dated 31.03.2022 and numbered E534787 amounts to 56,713 USD and 27,982,323 TL,

The investment contribution rate of incentive certificates no, E526742, E525509 and E534787 is 30%, and the investment contribution rate of incentive certificate no, E525190 is 40%,

## BOSSA TİCARET VE SANAYİ İŞLETMELERİ T.A.Ş.

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED AT 31 DECEMBER 2023

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#### 24. TAX ASSETS AND LIABILITIES (Continued)

##### Deferred Tax

The Company 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.

As of 31 December 2023 and 31 December 2022 the breakdown of deferred tax bases and deferred tax liability computed using the current effective tax rates are as follows:

	Temporary differences		Deferred tax assets/(liabilities)	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
Net difference between the carrying amount and tax base of property, plant and equipment and intangible assets	1,844,379,429	2,746,273,961	(242,227,402)	(398,506,532)
Provision for employee benefits	(123,283,142)	(299,749,423)	30,820,786	59,949,885
Provision for unused liabilities	(13,863,727)	(14,397,559)	3,465,932	2,879,512
Internal rate of return on financial borrowings	191,090,809	108,252,007	(47,772,704)	(21,650,403)
Deferred tax effect of investment incentive certificate (*)	(5,095,000)	(4,704,269)	1,273,750	940,854
Provision for lawsuits	23,411,853	169,586,542	23,411,853	169,586,542
Other	(185,466,686)	(76,257,590)	46,366,670	15,251,516
<b>Deferred tax (liabilities)/assets, net</b>			<b>(184,661,115)</b>	<b>(171,548,626)</b>

\* The profits obtained by the Company from investments subject to incentive certificates are subject to corporate tax at reduced rates, starting from the accounting period in which the investment is partially or fully operated, until it reaches the contribution amount to the investment, In this context, as of December 31, 2023, a tax advantage of 23,411,853,-TL that the Company will benefit from in the foreseeable future has been reflected in the financial statements as a deferred tax asset.

The movement of deferred tax liabilities is as follows:

	2023	2022
<b>Opening balance,1 January</b>	<b>(171,548,626)</b>	<b>(151,901,683)</b>
Deferred tax expense in income statement	21,313,812	45,307,117
Tax income in other comprehensive income	(34,426,301)	(64,954,060)
<b>Net balance</b>	<b>(184,661,115)</b>	<b>(171,548,626)</b>



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#### 24. TAX ASSETS AND LIABILITIES (Continued)

Reconciliation between corporate tax expense determined through applying legal tax rate to pre-tax profit and corporate tax expense recognized in statement of income of periods ending on 31 December 2023 and 2022:

	31 December 2023	31 December 2022
<b>Profit before tax</b>	<b>1,161,482,937</b>	<b>1,007,992,080</b>
The effective statutory income tax rate	(290,370,734)	(251,998,020)
The impact of non-deductible expenses	(3,709,673)	(6,991,429)
Tax refunds	8,945,711	5,707,757
Tax rate change on temporary differences	23,411,853	169,586,542
Discounts and exemptions	256,256,157	161,722,312
Other	(7,713,952)	(25,791,243)
<b>Tax expense in the income statement</b>	<b>(13,180,638)</b>	<b>52,235,919</b>

#### 25. EARNINGS PER SHARE

Earnings per share are calculated by dividing net profit by the weighted average number of shares belongs to shareholders.

	1 January - 31 December 2023	1 January - 31 December 2022
Net income for the period	1,148,302,299	1,060,227,999
The weighted average number of ordinary shares with nominal value (Krl each one)	51,065,205,479	20,887,520,858
<b>Earnings per ordinary share</b>	<b>0,0225</b>	<b>0,0508</b>

#### 26. FINANCIAL RISK MANAGEMENT AND POLICIES

##### Financial risk management

##### *Financial risk factors*

The Company's activities expose it to a variety of financial risks that including the market risk (foreign currency risk, interest rate risk), credit risk, liquidity risk and funding risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance of the Company Risk management is carried out by top management under policies approved by the Board of Directors. The management cooperates with other business units and performs the determination and the evaluation of financial risks.

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### 26. FINANCIAL RISK MANAGEMENT AND POLICIES (Continued)

#### Market risk

##### Foreign currency risk

The Company is exposed to the foreign exchange risk through the impact of rate changes at the translation of foreign currency denominated liabilities and assets to local currency. These risks are monitored and limited by the analysis of foreign currency position.

The Company’s foreign currencies denominated assets and liabilities at 31 December 2023 and 31 December 2022 are as follows:

	31 December 2023	31 December 2022
Assets	1,259,107,324	1,101,510,094
Liabilities	(423,374,305)	(603,146,987)
<b>Net foreign currency position</b>	<b>835,733,019</b>	<b>498,363,107</b>

#### Foreign currency analysis

Assets and liabilities denominated in foreign currencies at 31 December 2023 and 31 December 2022 are as follows:

	31 December 2023					
	TRY Equivalent	USD	EUR	CHF	GBP	JPY
Trade receivables	1,221,909,128	5,353,646	32,673,626	-	-	-
Monetary financial assets	37,198,196	196,249	964,606	-	-	-
<b>Total assets</b>	<b>1,259,107,324</b>	<b>5,549,895</b>	<b>33,638,232</b>	-	-	-
Trade payables	(151,275,200)	(1,296,227)	(3,459,227)	-	(4,363)	-
Financial liabilities	(272,099,105)	-	(8,338,260)	-	-	-
<b>Total liabilities</b>	<b>(423,374,305)</b>	<b>(1,296,227)</b>	<b>(11,797,487)</b>	-	<b>(4,363)</b>	-
<b>Net foreign currency (liabilities)/assets position</b>	<b>835,733,019</b>	<b>4,253,668</b>	<b>21,840,745</b>	-	<b>(4,363)</b>	-
Export		9,434,152	50,089,675	-	-	-
Import		18,820,348	4,017,164	158,397	-	773,575
	31 December 2022					
	TRY Equivalent	USD	EUR	CHF	GBP	Other
Trade receivables	1,063,239,411	3,939,928	28,673,598	-	-	-
Monetary financial assets	38,270,683	173,103	1,002,743	-	-	-
<b>Total assets</b>	<b>1,101,510,094</b>	<b>4,113,031</b>	<b>29,676,341</b>	-	-	-
Trade payables	(7,931,289)	(162,424)	(100,187)	13,310	(1,802)	-
Financial liabilities	(595,215,698)	-	(18,088,096)	-	-	-
<b>Total liabilities</b>	<b>(603,146,987)</b>	<b>(162,424)</b>	<b>(18,188,283)</b>	<b>13,310</b>	<b>(1,802)</b>	-
<b>Net foreign currency (liabilities)/assets position</b>	<b>498,363,107</b>	<b>3,950,607</b>	<b>11,488,058</b>	<b>13,310</b>	<b>(1,802)</b>	-
Export		8,952,477	46,396,907	-	-	-
Import		26,379,253	10,385,695	123,106	-	1,840,080

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**26. FINANCIAL RISK MANAGEMENT AND POLICIES (Continued)****Foreign currency sensitivity analysis**

As of 31 December 2023	Profit/(Loss)	
	Appreciation of foreign currency	Depreciation of foreign currency
<b>Change of USD against TRY by (10%):</b>		
US Dollar net asset	12,522,032	(12,522,032)
US Dollar net hedged amount	<b>12,522,032</b>	<b>(12,522,032)</b>
<b>Change of EURO against TRY by (10%):</b>		
EUR net asset	71,143,825	(71,143,825)
EUR net hedged amount	<b>71,143,825</b>	<b>(71,143,825)</b>
<b>Change of CHF against TRY by (10%):</b>		
CHF net asset	-	-
CHF net hedged amount	-	-
<b>Change of the other foreign currency against TRY by (10%):</b>		
Other currencies net asset/(liability)	(16,421)	16,421
Other currencies net hedged amount	<b>(16,421)</b>	<b>16,421</b>
Other currencies net risk	<b>83,649,436</b>	<b>(83,649,436)</b>
<b>As of 31 December 2022</b>		
<b>Change of USD against TRY by (10%):</b>		
US Dollar net asset	12,171,720	(12,171,720)
US Dollar net hedged amount	<b>12,171,720</b>	<b>(12,171,720)</b>
<b>Change of EURO against TRY by (10%):</b>		
EUR net asset	37,735,205	(37,735,205)
EUR net hedged amount	<b>37,735,205</b>	<b>(37,735,205)</b>
<b>Change of CHF against TRY by (10%):</b>		
CHF net asset	44,306	(44,306)
CHF net hedged amount	<b>44,306</b>	<b>(44,306)</b>
<b>Change of the other foreign currency against TRY by (10%):</b>		
Other currencies net asset/(liability)	(6,713)	6,713
Other currencies net hedged amount	<b>(6,713)</b>	<b>6,713</b>
Other currencies net risk	<b>49,944,518</b>	<b>(49,944,518)</b>

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED AT 31 DECEMBER 2023

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### 26. FINANCIAL RISK MANAGEMENT AND POLICIES (Continued)

#### *Interest rate risk*

The Company is exposed to interest rate risk through the impact of rate changes on interest bearing liabilities and assets. The Company manages its not used cash on hand by time deposits, Income, other than not used cash on hand, and cash flows from operations are considerably free from market interest rate changes. The interest risk of the company arises from fixed rate short term borrowings. To keep this exposure at a minimum level, the Company tries to borrow at the most suitable rates.

#### *Credit risk*

Credit risk arises from cash and cash equivalents and deposits with banks, as well as credit exposures to customers, including outstanding receivables and committed transactions. Ownership of financial assets involves the risk that counter parties may be unable to meet the terms of their agreements. These risks are monitored by credit ratings and limiting the aggregate risk from any individual counter party (excluding related parties).

	31 December 2023					
	Trade receivables		Other receivables		Cash, cash equivalents and financial investments	
	Related party	Third party	Third party	Other party	Related party	Other party
<b>Maximum exposure to credit risk at the reporting date (A+B+C+D+E)</b>	-	1,384,370,577	-	801,083	-	196,317,594
The part of maximum risk guarantee with collateral or etc	-	-	-	-	-	-
A, Net book value of financial assets that are						
neither past due nor impaired the net book value	-	1,119,659,457	-	801,083	-	196,317,594
B Having renegotiated conditions otherwise due to						
the carrying amount of financial assets accepted as past due or impaired	-	-	-	-	-	-
C, Net book value of financial assets that are						
past due but not impaired the net book value	-	264,711,120	-	-	-	-
- The part of net values under guarantee with collateral	-	-	-	-	-	-
D, Net book value of financial assets that are						
impaired the net book value	-	-	-	-	-	-
- Past due (gross carrying amount)	-	145,159,460	-	-	-	-
- Impairment (-)	-	(145,159,460)	-	-	-	-
- The part of net values under guarantee with collateral	-	-	-	-	-	-
- Not past due (gross carrying amount)	-	-	-	-	-	-
- Impairment (-)	-	-	-	-	-	-
- The part of net values under guarantee	-	-	-	-	-	-
E, Off-balance sheet items with credit risk	-	-	-	-	-	-

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### 26. FINANCIAL RISK MANAGEMENT AND POLICIES (Continued)

	31 December 2022					
	Trade receivables		Other receivables		Cash, cash equivalents and financial investments	
	Related party	Third party	Third party	Other party	Related party	Other party
<b>Maximum exposure to credit risk at the reporting date (A+B+C+D+E)</b>	-	1,128,513,193	-	2,064,929	-	389,111,626
The part of maximum risk guarantee with collateral or etc	-	-	-	-	-	-
A, Net book value of financial assets that are neither past due nor impaired the net book value	-	875,904,121	-	2,064,929	-	389,111,626
B Having renegotiated conditions otherwise due to the carrying amount of financial assets accepted as past due or impaired						
C, Net book value of financial assets that are past due but not impaired the net book value	-	-	-	-	-	-
- The part of net values under guarantee with collateral						
D, Net book value of financial assets that are impaired the net book value	-	252,609,072	-	-	-	-
- Past due (gross carrying amount)						
- Impairment (-)	-	-	-	-	-	-
- The part of net values under guarantee with collateral	-	123,695,671	-	-	-	-
- Not past due (gross carrying amount)	-	(123,695,671)	-	-	-	-
- Impairment (-)						
- The part of net values under guarantee	-	-	-	-	-	-
E, Off-balance sheet items with credit risk	-	-	-	-	-	-

#### *Funding risk*

The ability to fund existing and prospective debt requirements is managed by maintaining the availability of adequate committed funding lines from high quality lenders.

#### *Capital Risk Management*

The Company’s objectives when managing capital are to safeguard the Company’s ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Company monitors its capital like the other companies in the same sector on the basis of net financial liability/invested capital ratio, This ratio is calculated by dividing total net financial liability to invested capital. Net financial liability is calculated as the total liability less cash and cash equivalents. Total invested capital is calculated as the sum of the total of equity and net financial liability.

As of 31 December 2023 and 31 December 2022 the net financial liability/equity ratio is as follows:

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### 26. FINANCIAL RISK MANAGEMENT AND POLICIES (Continued)

	31 December 2023	31 December 2022
Total financial liabilities	1,744,938,598	2,666,603,681
Cash and cash equivalents (-)	(196,317,594)	(389,114,117)
<b>Net financial debt</b>	<b>1,548,621,004</b>	<b>2,277,489,564</b>
<b>Total equity</b>	<b>4,954,884,481</b>	<b>3,658,614,971</b>
<b>Total capital</b>	<b>6,503,505,485</b>	<b>5,936,104,535</b>
<b>Net financial debt/total capital (%)</b>	<b>24</b>	<b>38</b>

### *Liquidity risk*

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying business the Company aims at maintaining flexibility in funding by keeping committed credit lines available.

	Book value	Cash flows in accordance with contract	Less than 3 months	3-12 months	1-5 years	5-10 years
- Bank borrowings	1,721,357,844	1,952,091,106	332,406,548	987,251,857	448,164,551	184,268,150
- Payables from financial leases	23,580,754	29,636,184	3,384,807	10,217,965	16,033,412	-
- Trade payables	369,684,965	370,537,839	276,043,080	30,185,220	64,309,539	-
<b>Total liabilities</b>	<b>2,114,623,563</b>	<b>2,352,265,129</b>	<b>611,834,435</b>	<b>1,027,655,042</b>	<b>528,507,502</b>	<b>184,268,150</b>

	Book value	Cash flows in accordance with contract	Less than 3 months	3-12 months	1-5 years	5-10 years
- Bank borrowings	2,613,442,629	3,170,022,975	232,061,638	1,736,428,011	1,066,547,751	134,985,575
- Payables from financial leases	53,161,052	71,220,506	5,639,850	16,705,789	48,874,867	-
- Trade payables	350,509,528	350,860,702	216,757,025	32,094,483	102,009,194	-
<b>Total liabilities</b>	<b>3,017,113,209</b>	<b>3,592,104,183</b>	<b>454,458,513</b>	<b>1,785,228,283</b>	<b>1,217,431,812</b>	<b>134,985,575</b>

### *Fair value of financial assets and liabilities*

Fair value is the amount at which a financial asset or liability could be exchanged in a current transaction between willing parties, other than in a forced sale or liquidation, and is best evidenced by a quoted market price, if one exists. The estimated fair values of financial assets and liabilities have been determined by the Company using available market information and appropriate valuation methodologies. Accordingly, the estimates presented herein are not necessarily indicative of the amounts the Company can realize in a current market exchange. The following methods and assumptions were

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### 26. FINANCIAL RISK MANAGEMENT AND POLICIES (Continued)

used to estimate the fair value of the financial instruments for which it is practicable to estimate fair value:

#### *Monetary assets*

The fair values of balances denominated in foreign currencies, which are translated at year end exchange rates, are considered to approximate carrying values. The carrying values of certain financial assets carried at cost, including cash and amounts due from banks, are considered to approximate their respective fair values due to their short-term nature. The carrying values of trade receivables along with the related allowances for uncollectability are estimated to be their fair values.

#### *Monetary liabilities*

Trading liabilities have been estimated at their fair values, Bank loans and other monetary loans are considered to approximate their respective fair values due to their short-term nature. Foreign currency long-term loans has been translated into TRY at the exchange rate at the balance sheet date, the fair values approximate their carrying value.

### 27. RELATED PARTY DISCLOSURES

#### a) Goods and service purchases from related parties

	1 January - 31 December 2023	1 January - 31 December 2022
Oğuz Tekstil San. Tic. A.Ş.	10,137,564	31,050,533
Arifoğlu Dok. San. İpl. Tic. A.Ş.	20,928,676	22,617,556
<b>Total</b>	<b>31,066,240</b>	<b>53,668,089</b>

#### b) Product sales and services given to related parties

	1 January - 31 December 2023	1 January - 31 December 2022
Oğuz Tekstil San.Tic. A.Ş.	12,166,613	13,397,908
Palmiye Dok. San. Tic. A.Ş.	376,403	-
<b>Total</b>	<b>12,543,016</b>	<b>13,397,908</b>

#### c) Key management compensations:

The Company defines the executive management personnel as board of directors, general manager and chief financial officer.

The benefit provided to executive management consists of salaries, premiums, Social Security Foundation employer premium and unemployment employer premium and attendance fee paid to board of directors.

The benefits provided to executive management for the period then ended as of 31 December 2023 and 2022 is as follows:

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**27. RELATED PARTY DISCLOSURES  
(Continued)**

	<b>1 January - 31 December 2023</b>	<b>1 January - 31 December 2022</b>
Short-term employee benefits	9,614,340	10,224,562
<b>Total</b>	<b>9,614,340</b>	<b>10,224,562</b>

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