

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

**VERUSA HOLDİNG A.Ş.
AND ITS SUBSIDIARIES**

CONSOLIDATED FINANCIAL
STATEMENTS AT 31 DECEMBER 2023
TOGETHER WITH THE
INDEPENDENT AUDITOR'S REPORT



**CONVENIENCE TRANSLATION INTO ENGLISH OF
INDEPENDENT AUDITOR'S REPORT
ORIGINALLY ISSUED IN TURKISH**

INDEPENDENT AUDITOR'S REPORT

To the General Assembly of Verusa Holding A.Ş.

A. Audit of the consolidated financial statements

1. Our opinion

We have audited the accompanying consolidated financial statements of Verusa Holding A.Ş. (the “Company”) and its subsidiaries (collectively referred to as the “Group”) which comprise the consolidated statement of financial position as at 31 December 2023, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended and notes to the consolidated financial statements comprising a summary of significant accounting policies.

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 2023, and its financial performance and its cash flows for the year then ended in accordance with Turkish Financial Reporting Standards (“TFRS”).

2. Basis for opinion

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

3. Key audit matters

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



Key Audit Matters	How the key audit matter was addressed in the audit
<p>Valuation calculation carried out in order to determine the fair value of financial investments</p> <p>As can be seen in Note 25; the Group has non-publicly traded financial investments classified as short-term amounting to TRY 887 million and as long-term amounting to TRY 135 million and these investments accounted through their fair values.</p> <p>In the valuation of financial investments, the group management uses adjusted net asset value, market multiples and discounted cash flows techniques with the assistance of experts. Weighted average cost of capital, terminal growth rate, multipliers of similar companies, liquidity discount, production amount and electricity sales prices were the estimates used. Changes that occur in these estimates will cause change in the financial statements.</p> <p>We focused on these areas during our work due to significance of the amounts on the consolidated financial statement, use of estimations and involvement of auditor's experts to check calculations.</p>	<p>We assessed the technical competence and independence of the valuation company that performed the calculation.</p> <p>The fair value was calculated by using different valuation techniques and by different weights. We received support from the valuation experts within PwC Turkey during the assessment of assumptions and methods used by the Group management and the control of activities carried out by the valuation company. The technical and theoretical controls of the models designed by the management and the discount and terminal growth rates used, were performed with the support of our valuation experts. We evaluated whether the terminal growth rate applied was acceptable by comparing it to macro-economic data. In order to control that the discount rate was in acceptable range, we compared the company specific data with the data of other public companies operating in the same industry. It was assessed that assumptions were at acceptable ranges.</p> <p>Projections prepared for cash-generating units, which are the basis of the calculations, were assessed by comparison to the past financial performance of the relevant cash-generating unit and the realization probability of forecasts for the forthcoming period were examined.</p> <p>By performing additional sensitivity analyses to those prepared by the valuation company, we assessed how sensitive the fair value studies were in terms of amount.</p> <p>We checked the mathematical accuracy of fair value calculations.</p> <p>We assessed the sufficiency of necessary footnotes required by TFRS.</p>



Key Audit Matters	How the key audit matter was addressed in the audit
Fair value determination of hydroelectric and solar power plants	
<p>Hydroelectric and solar power plants amounting to TRY 804 million were accounted at its fair value in the Group's consolidated financial statements in accordance to TAS 16 - "Property, Plant and Equipment" standard as of 31 December 2023.</p> <p>As of 31 December 2023, the fair value of the asset were calculated by an independent valuation company and decreased by TRY 78 million. The amount, net of deferred income tax were accounted under other comprehensive income.</p> <p>As of 31 December 2023, we focused on this area during our audit since the total amount represents a significant share of the Group's assets and the cash flow projections used in the valuations includes significant management estimations and judgements that are sensitive to market conditions such as spot market electricity sales prices, liquidity discount, production amounts and production costs.</p>	<p>We assessed the technical competence and independence of the valuation company that performed the fair value calculation.</p> <p>We received the support of valuation experts within PwC Turkey during the assessment of assumptions and methods used by the Group management and the control of activities carried out by the valuation company. The technical and theoretical controls of the models designed by the management and the discount and terminal growth rates used, were performed with the support of our valuation experts. We evaluated whether the terminal growth rate applied was acceptable by comparing it to macro-economic data. In order to control that the discount rate was in acceptable range, we compared the company specific data with the data of other public companies operating in the same industry. It was assessed that assumptions were at acceptable ranges.</p>



Key Audit Matters	How the key audit matter was addressed in the audit
<p>Fair value measurements of lands, buildings and investment properties</p> <p>In accordance with TAS 16, “Property, Plant and Equipment” lands and buildings amounting to TRY 51 million and in accordance with TAS 40 “Investment Properties” investment properties amounting to TRY 111 million are measured at fair value on the consolidated financial statements.</p> <p>Based on the valuations performed by an independent professional valuer as at 31 December 2023, the carrying values of the lands and buildings before tax increased by TRY 837 thousand and recognized in the revaluation reserve account in equity, net of applicable deferred income tax in the financial position. On the other hand, based on the valuations performed by an independent professional valuer as at 31 December 2023, the carrying values of investment properties decreased by TRY 10 million and recognized under income and expense from investing activities in the income statement.</p> <p>The assessment of the carrying values of lands, buildings and investment properties was a key audit matter, since the total amount of aforementioned lands, buildings and investment properties as of 31 December 2023 represents a significant share of the total assets of the Group, and these valuations include significant estimations and assumptions.</p>	<p>The following audit procedures were addressed in our audit work on the fair value measurement of lands, buildings and investment properties:</p> <p>We assessed the competency, capability and objectivity of the independent professional valuer who was appointed by Group management, in accordance with relevant audit standards.</p> <p>We tested completeness of the data used by the independent professional valuation company appointed by the Group management by reconciliation with the Company’s records on a sample basis.</p> <p>In accordance with the provisions of related auditing standard, we got our auditor expert involved on a sample basis to evaluate the assumptions and methods used by the Group management and the independent professional valuer who was appointed by the Group management.</p> <p>The compliance of the disclosures of fair value determination of lands, buildings and investment properties in the financial statements in accordance with the TFRS’s were evaluated.</p>

Key Audit Matters	How the key audit matter was addressed in the audit
<p>TAS 29 "Financial Reporting in Hyperinflationary Economies" Standard Implementation</p> <p>As explained in the note 2,1, the Group has started to apply the "TAS 29 Financial Reporting in Hyperinflationary Economies" ("TAS 29") standard in its consolidated financial statement for the period ended in 31 December 2023.</p> <p>TAS 29 implementation requires the consolidated financial statements to be prepared to reflect the current purchasing power at the end of the reporting period. Therefore, the transactions within the current year and the non-monetary balances are prepared in terms of the purchasing power index of the Turkish Lira at the end of the reporting period, adjusted for the effect of inflation, using the Turkish Consumer Price Indexes to reflect the changes in the general purchasing power of the Turkish Lira. The implementation of TAS 29 has a pervasive and significant impact as a whole on the consolidated financial statements.</p> <p>Considering the risk that the data used in implementation of TAS 29 may not be complete and accurate, and additional effort for the audit of TAS 29 implementation, we identified the application of TAS 29 as a key audit matter.</p>	<p>We performed the following audit procedures in relation to the implementation of TAS 29:</p> <ul style="list-style-type: none"> - Understanding the process designed and implemented by the management related to implementation of TAS 29. - Verifying whether management's determination of monetary and non-monetary items is in compliance with TAS 29. - Obtaining detailed lists of non-monetary items and testing the original transaction dates and amounts by sampling method. - Assessment of the implementation methods of TAS 29 by management, and whether application of TAS 29 were applied consistently. - Verifying the general price index rates used in calculations correspond with the coefficients in the "Consumer Price Index in Turkey" published by the Turkish Statistical Institute. - Testing the mathematical accuracy of the non-monetary items, income statement and cash flow statement prepared to include the effects of inflation. - Evaluating the adequacy of disclosures related to the application of TAS 29 in the notes to the consolidated financial statements in accordance with TFRS.



4. Responsibilities of management and those charged with governance for the consolidated financial statements

The Group management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with TFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

5. Auditor's responsibilities for the audit of the consolidated financial statements

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

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

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

- Identify and assess the risks of material misstatement in the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



- Assess the internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our independent auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the Group audit. We remain solely responsible for our audit opinion.

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

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

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



B. Other responsibilities arising from regulatory requirements

1. No matter has come to our attention that is significant according to subparagraph 4 of Article 402 of Turkish Commercial Code ("TCC") No. 6102 and that causes us to believe that the Company's bookkeeping activities concerning the period from 1 January to 31 December 2023 period are not in compliance with the TCC and provisions of the Company's articles of association related to financial reporting.
2. In accordance with subparagraph 4 of Article 402 of the TCC, the Board of Directors submitted the necessary explanations to us and provided the documents required within the context of our audit.
3. In accordance with subparagraph 4 of Article 398 of the TCC, the auditor's report on the early risk identification system and committee was submitted to the Company's Board of Directors on 20 May 2024.

PwC Bağımsız Denetim ve
Serbest Muhasebeci Mali Müşavirlik A.Ş.

A handwritten signature in blue ink, appearing to read "Mert Tüten", with a stylized flourish at the end.

Mert Tüten, SMMM
Independent Auditor

Istanbul, 20 May 2024

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VERUSA HOLDİNG A.Ş. AND ITS SUBSIDIARIES**AUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023**

(Amounts expressed in thousands of Turkish Lira (TRY) in terms of purchasing power of the TRY at 31 December 2023 unless otherwise indicated.)

ASSETS	Notes	Current Year 31 December 2023	Prior Year 31 December 2022
Current Assests		2,282,208,906	2,526,967,307
Cash and cash equivalents	29	293,835,251	36,197,926
Financial investments	25	1,731,930,582	2,233,144,137
Trade receivables	7	80,235,342	48,963,466
- <i>Trade receivables from third parties</i>		80,235,342	48,963,466
Other receivables	9	8,852,943	7,135,633
- <i>Other receivables from third parties</i>		8,852,943	7,135,633
Inventories	10	103,177,748	134,477,361
Prepaid expenses	8	42,002,807	47,914,175
Other current assets	14	22,174,233	19,134,609
Non-Current Assests		1,776,017,644	1,530,154,470
Financial investments	25	134,828,760	117,979,486
Other receivables		681,517	878,899
- <i>Other receivables from third parties</i>	9	681,517	878,899
Investments accounted through equity method	4	132,064,375	102,044,486
Investment property	27	110,680,000	120,925,197
Property, plant and equipment	12	1,235,287,375	1,100,057,062
Intangible assets	13	372,828	797,076
Prepaid expenses	8	15,449,168	83,737,576
Deferred tax assets	23	139,951,703	2,648
Other non current assets	14	6,701,918	3,732,040
TOTAL ASSETS		4,058,226,550	4,057,121,777

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

VERUSA HOLDİNG A.Ş. AND ITS SUBSIDIARIES

AUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2023

(Amounts expressed in thousands of Turkish Lira (TRY) in terms of purchasing power of the TRY at 31 December 2023 unless otherwise indicated.)

		Current Year 31 December 2023	Prior Year 31 December 2022
LIABILITIES AND EQUITY	Notes		
Current Liabilities		390,961,299	491,209,567
Short-term borrowings	25	271,626,434	292,062,750
Short-term portion of long term borrowings	25	1,129,411	7,730,132
Trade payables	7	88,629,716	45,610,367
- Trade payables to third parties		88,629,716	45,610,367
Payables related to employee benefits	15	3,304,021	1,644,917
Other Payables		272,497	131,940,806
- Other payables to third parties	9	272,497	131,940,806
Current tax liabilities	23	17,154,478	2,147,932
Short-term provisions		2,339,940	1,760,841
- Short-term provisions for employee benefits	15	2,339,940	1,760,841
Other current liabilities	14	6,504,802	8,311,822
Non-Current Liabilities		51,788,749	258,755,053
Long-term borrowings	25	41,928,788	57,699,136
Other payables		377,484	-
- Other payables to third parties		377,484	-
Long-term provisions		9,482,477	13,250,540
- Long-term provisions for employee benefits	15	9,482,477	13,250,540
Deferred tax liabilities	23	-	187,805,377
EQUITY		3,615,476,502	3,307,157,157
Equity Attributable to Owners of the Company		2,509,726,422	2,397,037,612
Share capital	17	70,000,000	70,000,000
Capital structure adjustment	17	449,068,437	449,068,437
Treasury shares (-)		(427,340,901)	(157,841,950)
Share premium		5,478,533	5,478,533
Other comprehensive income or expenses that will not be reclassified subsequently to profit or loss		1,557,571	1,964,340
Revaluation increases / (decreases) of property, plant and equipment		3,667,656	3,879,129
Defined benefit plans re-measurement gains / (losses)		(2,110,085)	(1,914,789)
Restricted reserves from profit	17	24,166,241	23,557,505
Other reserves	17	276,249,350	276,249,350
Retained earnings		1,832,327,070	1,724,057,441
Net profit of the year		278,220,121	4,503,956
Non-Controlling interests		1,105,750,080	910,119,545
TOTAL LIABILITIES AND EQUITY		4,058,226,550	4,057,121,777

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

VERUSA HOLDİNG A.Ş. AND ITS SUBSIDIARIES

AUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE PERIOD ENDED 1 JANUARY - 31 DECEMBER 2023

(Amounts expressed in thousands of Turkish Lira (TRY) in terms of purchasing power of the TRY at 31 December 2023 unless otherwise indicated.)

		Current Year 1 January - 31 December 2023	Prior Year 1 January - 31 December 2022
	Notes		
Revenue	18	614,570,300	700,578,771
Cost of sales (-)	18	(618,559,814)	(598,352,964)
Gross profit		(3,989,514)	102,225,807
Administrative expenses (-)	19	(60,446,971)	(47,916,538)
Marketing expenses (-)	19	(8,575,360)	(11,955,485)
Other income from operating activities	20	674,695,932	60,954,104
Other expenses from operating activities (-)	20	(32,785,728)	(69,035,610)
Operating profit		568,898,359	34,272,278
Profit / loss (-) from investment activities	22	(86,925,897)	154,346,930
Share of profit/loss of investments accounted for using the equity method	4	30,019,889	39,991,959
Operating profit before finance expense		511,992,351	228,611,167
Finance income	21	104,923,257	8,024,731
Finance expense (-)	21	(72,266,664)	(48,574,412)
Net Monetary gains/(losses)		(302,235,895)	(30,706,528)
Profit before tax		242,413,049	157,354,958
Tax expense		211,353,904	(78,917,108)
Current tax expense	23	(118,181,394)	(27,373,695)
Deferred tax income / (expense)	23	329,535,298	(51,543,413)
PROFIT FOR THE YEAR		453,766,953	78,437,850
Profit for the year attributable to			
Non-controlling interests		175,546,832	73,933,894
Owners of the Company		278,220,121	4,503,956
		453,766,953	78,437,850
Earnings per share			
Earnings per share	24	3.97	0.06
Other comprehensive income		(1,082,799)	4,152,935
Revaluation profit / losses (-) of tangible assets	12	836,845	9,484,339
Defined benefit plans re-measurement gains / (losses)	15	(138,778)	(5,060,226)
Deferred tax expense	23	(1,780,866)	(271,178)
Total comprehensive income		452,684,154	82,590,785
Total comprehensive income attributable to:			
		452,684,154	82,590,785
Non-controlling interests		175,013,369	76,122,489
Owners of the Company		277,670,785	6,468,296

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

VERUSA HOLDİNG A.Ş. AND ITS SUBSIDIARIES

AUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 1 JANUARY - 31 DECEMBER 2023

(Amounts expressed in thousands of Turkish Lira (TRY) in terms of purchasing power of the TRY at 31 December 2023 unless otherwise indicated.)

	Share capital	Capital structure adjustment	Treasury shares (-)	Share premium	Revaluation increases / (decreases) of property, plant and equipment	Defined benefit plans re-measurement gains / (losses)	Restricted reserves from profit	Other reserves	Retained earnings		Equity Attributable to Owners of the Company	Non-Controlling interests	Total
									Retained earnings	Net profit of the year			
Balances of 1 January 2022	70,000,000	449,068,437	-	5,478,533	-	-	13,028,557	276,249,350	1,739,311,254	-	2,553,136,131	841,930,868	3,395,066,999
Transfers	-	-	-	-	-	-	10,528,948	-	(10,528,948)	-	-	-	-
Total comprehensive income	-	-	-	-	3,879,129	(1,914,789)	-	-	-	4,503,956	6,468,296	76,122,493	82,590,789
Dividends	-	-	-	-	-	-	-	-	(5,882,662)	-	(5,882,662)	(7,933,816)	(13,816,478)
Due to redemption of shares decrease	-	-	(157,841,950)	-	-	-	-	-	-	-	(157,841,950)	-	(157,841,950)
Increase / decrease due to changes in the proportion of ownership interests in subsidiaries that do not result in a loss of control	-	-	-	-	-	-	-	-	1,157,797	-	1,157,797	-	1,157,797
Balances as of 31 December 2022	70,000,000	449,068,437	(157,841,950)	5,478,533	3,879,129	(1,914,789)	23,557,505	276,249,350	1,724,057,441	4,503,956	2,397,037,612	910,119,545	3,307,157,157
Balances of 1 January 2023	70,000,000	449,068,437	(157,841,950)	5,478,533	3,879,129	(1,914,789)	23,557,505	276,249,350	1,724,057,441	4,503,956	2,397,037,612	910,119,545	3,307,157,157
Transfers	-	-	-	-	-	-	608,736	-	3,895,220	(4,503,956)	-	-	-
Total comprehensive income	-	-	-	-	(493,011)	(56,325)	-	-	-	278,220,121	277,670,785	175,013,369	452,684,154
Dividends	-	-	-	-	-	-	-	-	(4,844,777)	-	(4,844,777)	(6,291,683)	(11,136,460)
Due to redemption of shares decrease	-	-	(269,498,951)	-	-	-	-	-	-	-	(269,498,951)	-	(269,498,951)
Increase / decrease due to changes in the proportion of ownership interests in subsidiaries that do not result in a loss of control	-	-	-	-	281,538	(138,971)	-	-	109,219,186	-	109,361,753	26,908,849	136,270,602
Balances as of 31 December 2023	70,000,000	449,068,437	(427,340,901)	5,478,533	3,667,656	(2,110,085)	24,166,241	276,249,350	1,832,327,070	278,220,121	2,509,726,422	1,105,750,080	3,615,476,502

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

VERUSA HOLDİNG A.Ş. AND ITS SUBSIDIARIES

AUDITED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 1 JANUARY - 31 DECEMBER 2023

(Amounts expressed in thousands of Turkish Lira (TRY) in terms of purchasing power of the TRY at 31 December 2023 unless otherwise indicated.)

		1 January - 31 December 2023	1 January - 31 December 2022
A. Cash flows from operating activities	Notes		
Profit for the year		453,766,953	78,437,850
Adjustments to reconcile profit for the year			
-Adjustments related to depreciation and amortization expenses	12, 13	34,376,208	22,423,338
-Adjustments related to impairment of value	22	86,963,537	(21,149,226)
-Adjustments related to provision for/reversal for employee benefit termination		5,589,667	3,739,853
-Adjustments related to bargain purchase income	2	-	(125,584,982)
-Adjustments related to interest income and expenses		(33,574,189)	40,294,522
-Adjustments related to unrealized currency translation differences	25	13,557,401	11,484,294
-Adjustments related to (gain)/loss on fair value	20	(463,285,984)	33,234,922
-Adjustments related to undistributed profits of subsidiaries	4	(30,019,889)	(39,991,959)
-Adjustments related to tax expense	23	(211,353,904)	78,917,108
-Adjustments related to the disposal of joint ventures, subsidiaries and financial investments or gains arising from changes in their shares	18	52,503,038	-
-Monetary gain/(loss)		51,249,832	143,663,018
Changes in working capital			
-Adjustments related to (increase) / decrease trade receivables		(50,519,618)	9,336,413
-Adjustments related to increase in other receivables related to operations		(4,670,474)	(1,757,905)
-Adjustments related to (increase) / decrease in inventories		(21,563,996)	(48,613,621)
-Adjustments related to (increase) / decrease in prepaid expenses		74,199,776	(64,031,489)
-Adjustments related to (increase) / decrease in trade payables		60,948,974	13,339,142
-Increase / (decrease) in payables due to employee benefits		2,305,728	635,430
-Adjustments related to increase in other payables related to activities		(79,424,347)	(795,496)
-Increase / (decrease) in other assets related to activities		(14,993,038)	(6,715,815)
-Increase in other liabilities related to activities		1,460,388	(9,629,184)
Cash generated/(used) from operations		(72,483,937)	117,236,213
Interest received		104,923,257	8,024,731
Payments made under the provisions for employee benefits	15	(3,833,142)	(1,013,166)
Income taxes paid		(103,174,848)	(33,935,055)
		(74,568,670)	90,312,723
B. Cash Flows from Investing Activities			
Cash inflows on disposal of subsidiaries that do not result in loss of control		136,270,602	1,157,797
Cash inflows from the sale of shares of other enterprises or funds or debt instruments	26	2,155,639,475	110,993,233
Cash outflows for the acquisition of shares of other enterprises or funds or borrowing instruments	26	(1,260,497,686)	(61,502,390)
Cash inflows arising from disposal of tangibles	12.13	24,384	-
Payments for purchase of tangible and intangible assets	12.13	(245,088,152)	(53,064,476)
		786,348,623	(2,415,836)
C. Cash Flows from Financing Activities			
Payments for the acquisition of own shares		(269,498,951)	(157,841,950)
Cash inflows for the disposal of own shares	25	295,790,069	318,589,846
Cash outflows for borrowings	25	(195,448,158)	(37,616,021)
Decrease in other liabilities from related parties		-	(105,534,996)
Dividends paid		(11,136,460)	(13,816,478)
Interest paid		(71,349,068)	(48,319,253)
		(251,642,568)	(44,538,852)
EFFECT OF INFLATION ON CASH AND CASH EQUIVALENTS		(202,500,060)	(29,128,480)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)		257,637,325	14,229,555
D. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF YEAR	29	36,197,926	21,968,371
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR (A+B+C+D)	29	293,835,251	36,197,926

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

VERUSA HOLDİNG A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

(Amounts expressed in thousands of Turkish Lira (TRY) in terms of purchasing power of the TRY at 31 December 2023 unless otherwise indicated.)

1. GENERAL INFORMATION

Verusa Holding A.Ş. (the “Company”) was established on 6 October 2006 in Turkey.

The main activity of Verusa Holding is to participate in the capital of various companies and to ensure that the companies it participates in are managed more profitably and efficiently. Members of the Board of Directors are actively involved both in the Holding and in the boards of its subsidiaries.

The companies in which Verusa Holding A.Ş. has direct or indirect participation (collectively referred to as the “Group”) operate in the fields of energy, mining, cellulose production, iron and steel, and venture capital.

The Group, which is registered in Turkey, has its head office at Maslak Mah. Saat Sk. Spine Tower No:5/91 Sarıyer / Istanbul.

The Company’s registered capital ceiling is TRY 1,000,000,000, and its issued capital is TRY 70,000,000 (31 December 2022: TRY 70,000,000).

As of 31 December 2023, the Group has 162 employees (31 December 2022: 132).

As of 31 December 2023, 63.56% of the Company’s shares are owned by Investco Holding A.Ş.

Subsidiaries included in the full consolidation in the enclosed consolidated financial statements:

<u>Company Name</u>	<u>Country</u>	<u>Area of Activity</u>	<u>Stock Exchanges</u>
Standard Boksit İşletmeleri A.Ş.	Turkey	Mining	-
Galata Altın İşletmeleri A.Ş.	Turkey	Mining	-
Verusaturk Girişim Sermayesi Yatırım Ortaklığı A.Ş.	Turkey	Venture Capital	BIST
Pamukova Elektrik Üretim A.Ş.	Turkey	Renewable Energy Generation	-
Pamel Yenilenebilir Elektrik Üretim A.Ş.	Turkey	Renewable Energy Generation	BIST
Ata Elektrik Enerjisi Toptan Satış A.Ş.	Turkey	Energy Generation	-
Acıselsan Acıpayam Selüloz San. ve Tic. A.Ş.	Turkey	Cellulose Production	BIST

Standard Boksit İşletmeleri A.Ş. (“Standard”) was established in 2014 and operates in the mining industry. The Group has total capital of TRY 100,000,000.

Galata Altın İşletmeleri A.Ş. (“Galata”) as established in 2020 as a wholly owned (100%) subsidiary of the Group and operates in the mining sector. Its capital is TRY 20,000,000, of which TRY 12,500,000 has been paid.

Verusaturk Girişim Sermayesi Yatırım Ortaklığı A.Ş. (“Verusaturk”) The registered equity ceiling of Verusaturk is TRY 250,000,000, the issued capital of the Company is TRY 52,000,000 and Verusa Holding A.Ş. is the ultimate controlling party in Verusaturk.

VERUSA HOLDİNG A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

(Amounts expressed in thousands of Turkish Lira (TRY) in terms of purchasing power of the TRY at 31 December 2023 unless otherwise indicated.)

1. GENERAL INFORMATION (cont'd)

Pamukova Elektrik Üretim A.Ş. ("Pamukova") was established in 2015, and its paid-in capital is TRY 95,000,000. It operates in the energy sector. Verusaturk holds 51% and Verusa Holding holds 49% of the shares in the company. Verusa Holding's effective ownership interest in Pamukova is 78.95%.

Pamel Yenilenebilir Elektrik Üretim A.Ş. ("Pamel") was established in 2007 to construct and operate all types of energy facilities and to carry out other activities specified in its articles of association. Pamukova Elektrik Üretim A.Ş.'s share in Pamel is 76.07% as of 31 December 2023 (31 December 2022: 79.07%). The company operates in the renewable energy sector. It has two hydroelectric power plants: one with an installed capacity of 6.946 MW located in Adıyaman, and another with an installed capacity of 7.49 MW located in Tortum, Erzurum. Pamel owns 100% of the shares of Sun Yenilenebilir Enerji Üretim A.Ş., which operates in the renewable energy generation sector and has a capital of TRY 80,000,000. On 30 December 2022, Sun acquired 100% of the shares of Şişli Enerji A.Ş. and Ortaköy Enerji A.Ş., which operate solar power plants with a total installed capacity of 4.02 MW. Verusa Holding A.Ş. is the controlling shareholder of the company, and the Group's effective ownership interest in the company is 60.05%.

Ata Elektrik Enerjisi Toptan Satış A.Ş. ("Ata Elektrik") is engaged in the purchase and sale of electricity in the free market with the Wholesale Sales License which is taken from EMRA (Energy Market Regulatory Authority). The company continues its activities in the wholesale electricity trade by selling the electricity taken from the other electricity producers and commercial companies in Turkey and / or from the electric pool system to the customers.

Acıselsan Acıpayam Selüloz San. ve Tic. A.Ş. ("Acıselsan") was established in 1973 in Denizli. The company's issued capital is TRY 10,721,700. It operates in the cellulose production sector. The Group's effective ownership interest in the company is 50.73%.

Associates accounted for using the equity method in the accompanying consolidated financial statements:

<u>Company Name</u>	<u>Country</u>	<u>Area of Activity</u>	<u>Stock Exchanges</u>
Aldem Çelik Endüstri Sanayi ve Ticaret A.Ş.	Turkey	Steel Production	-

Aldem Çelik Endüstri Sanayi ve Ticaret A.Ş. ("Aldem Çelik") engages in the production, processing, project design, import and export of all kinds of steel products in sectors such as renewable energy, nuclear energy, technology, maritime, construction, healthcare, and defense.

The Group holds TRY 16,096,250 of the total capital of TRY 39,500,000 in Aldem Çelik.

Approval of the financial statements

The consolidated financial statements have been approved by the Board of Directors and authorized for issue on 20 May 2024. The General Assembly has the authority to amend the consolidated financial statements.

VERUSA HOLDİNG A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

(Amounts expressed in thousands of Turkish Lira (TRY) in terms of purchasing power of the TRY at 31 December 2023 unless otherwise indicated.)

2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS

2.1 Basis of Presentation

Statement of Compliance in Turkish Accounting Standards (“TMS”)

The Company and its subsidiaries in Turkey prepare their books and accompanying financial statements in accordance with the accounting standards stated by Turkish Commercial Code (“TCC”) and the tax legislation.

The accompanying consolidated financial statements have been prepared in accordance with the provisions of the Capital Markets Board (“CMB”) Communiqué No. II-14.1 “Communiqué on Principles Regarding Financial Reporting in the Capital Markets,” published in the Official Gazette dated 13 June 2013 and numbered 28676. Pursuant to Article 5 of the Communiqué, the Turkish Financial Reporting Standards (“TFRS”) issued by the Public Oversight Accounting and Auditing Standards Authority (“POA”) and the related annexes and interpretations have been applied. In addition, the financial statements and notes have been prepared in accordance with the formats announced by the CMB on 4 October 2022 and the Turkish Financial Reporting Taxonomy published by the POA.

The consolidated financial statements and notes have been prepared in accordance with the TFRS taxonomy published by the Public Oversight Authority (“POA”).

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments, land, buildings, hydroelectric power plants and solar power plants that are measured at revalued amounts or fair values. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

Functional and Presentation Currency

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

Comparative Information and Restatement of Consolidated Financial Statements of of Prior Period

Consolidated financial statements of the Group have been prepared comparatively with the prior period in order to give information about financial position and performance. In order to maintain consistency with current year consolidated financial statements, comparative information is reclassified and significant changes are disclosed if necessary.

VERUSA HOLDİNG A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

(Amounts expressed in thousands of Turkish Lira (TRY) in terms of purchasing power of the TRY at 31 December 2023 unless otherwise indicated.)

2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS

2.1 Basis of Presentation

Financial reporting in hyperinflationary economy

With the announcements made by the Public Oversight Accounting and Auditing Standards Authority (POA) on 23 November 2023, entities applying TFRSs have started to apply inflation accounting in accordance with TAS 29 Financial Reporting in Hyperinflation Economies as of financial statements for the annual reporting period ending on or after 31 December 2022. TAS 29 is applied to the financial statements, including the consolidated financial statements, of any entity whose functional currency is the currency of a hyperinflationary economy. According to the standard, financial statements prepared in the currency of a hyperinflationary economy are presented in terms of the purchasing power of that currency at the balance sheet date. Prior period financial statements are also presented in the current measurement unit at the end of the reporting period for comparative purposes. The Group has therefore presented its consolidated financial statements as of 31 December, 2022, on the purchasing power basis as of 31 December 2023.

On 23 November 2023, the Public Oversight Authority (“POA”) made an announcement regarding the scope and application of TAS 29. It stated that the financial statements of entities applying Turkish Financial Reporting Standards, for annual reporting periods ending on or after 31 December 2023, must be presented by adjusting for the effects of inflation in accordance with the relevant accounting principles set out in TAS 29.

Pursuant to the decision of the Capital Markets Board (CMB) dated December 28, 2023 and numbered 81/1820, it has been decided that issuers and capital market institutions subject to financial reporting regulations that apply Turkish Accounting/Financial Reporting Standards will apply inflation accounting by applying the provisions of IAS 29 starting from their annual financial reports for the periods ending on 31 December 2023.

The adjustments made in accordance with IAS 29 were made using the adjustment coefficient obtained from the Consumer Price Index (CPI) of Turkey published by the Turkish Statistical Institute (TSI). As of 31 December 2023, the indices and adjustment coefficients used in the adjustment of the consolidated financial statements are as follows:

Year	Index	Conversion Factor	Three-year Inflation Rate
31 December 2023	1,859.38	1.000	268%
31 December 2022	1,128.45	1.647	156%
31 December 2021	686.95	2.706	74%

The main elements of the Group's adjustment process for financial reporting in hyperinflationary economies are as follows:

- Current period consolidated financial statements prepared in TRY are expressed in terms of the purchasing power at the balance sheet date, and amounts from previous reporting periods are also adjusted and expressed in terms of the purchasing power at the end of the reporting period.
- Monetary assets and liabilities are not adjusted as they are already expressed in terms of the current purchasing power at the balance sheet date. In cases where the inflation-adjusted values of non-monetary items exceed their recoverable amount or net realizable value, the provisions of IAS 36 “Impairment of Assets” and IAS 2 “Inventories” are applied, respectively.
- Non-monetary assets and liabilities and equity items that are not expressed in terms of the current purchasing power at the balance sheet date have been adjusted using the relevant adjustment coefficients.
- All items in the comprehensive income statement, except for those that have an impact on the comprehensive income statement of non-monetary items on the balance sheet, have been indexed using the coefficients calculated for the periods when the income and expense accounts were first reflected in the financial statements.
- The impact of inflation on the Group's net monetary asset position in the current period is recorded in the net monetary gain/(loss) account in the consolidated income statement.
- The Group measures its land and buildings at fair value in accordance with its revaluation policy. As part of the transitional provisions in IAS 29, the related revaluation funds accounted for under equity were reclassified to retained earnings as of January 1, 2022.

VERUSA HOLDİNG A.Ş. AND ITS SUBSIDIARIES**NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

(Amounts expressed in thousands of Turkish Lira (TRY) in terms of purchasing power of the TRY at 31 December 2023 unless otherwise indicated.)

2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (cont'd)**2.1 Basis of Presentation (cont'd)**Financial reporting in hyperinflationary economy (cont'd)

In accordance with the Capital Markets Board (“CMB”) Bulletin dated March 7, 2024, it has been decided that the statutory reserves classified as “Capital Adjustment Differences”, “Share Premiums (Discounts)” (Share Premium), “Legal Reserves”, and “Other Reserves” in the financial statements prepared in accordance with the CMB regulations will be presented based on the Consumer Price Index (CPI) starting from the financial position statement for the reporting period ended in 2023. In this context, the inflation-adjusted amounts in the financial statements prepared in accordance with the tax legislation should be converted to the CPI-adjusted amounts valid for TFRS reporting, and the differences arising from this conversion should be recognized under “Prior Years’ Profits/Losses”. The details of these items, which are followed under equity in the Group’s TFRS consolidated financial position statement, and the related differences followed under “Prior Years’ Profits” based on the inflation-adjusted amounts in the financial statements prepared in accordance with the tax legislation, are presented in the appendix.

	PPI-Indexed Statutory Records	CPI-Indexed Amounts	Difference Followed Under Retain Earnings
Capital structure adjustment	789,969,701	449,068,437	340,901,264
Share premium	8,255,862	5,478,533	2,777,329
Restricted reserves from profit	22,454,247	24,166,241	(1,711,994)

Basis of consolidation**Subsidiaries**

Subsidiaries	Group's effective shares (%)		Effective Shareholding and Voting Rights	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
Galata	100.00	100.00	100.00	100.00
Standard	100.00	100.00	100.00	100.00
Verusaturk	58.72	57.69	58.17	57.69
Pamukova	78.95	78.42	100.00	100.00
Pamel	60.05	62.01	76.07	79.07
Ata Elektrik	100.00	100.00	100.00	100.00
Acıselsan	50.73	47.30	50.73	47.30

VERUSA HOLDİNG A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

(Amounts expressed in thousands of Turkish Lira (TRY) in terms of purchasing power of the TRY at 31 December 2023 unless otherwise indicated.)

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

2.1 Basis of Presentation (cont'd)

Basis of consolidation (cont'd)

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

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

If there is a situation or event that may lead to any change in at least one of the criteria listed above, the company re-evaluates the control power over its' investment.

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

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

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

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

VERUSA HOLDİNG A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

(Amounts expressed in thousands of Turkish Lira (TRY) in terms of purchasing power of the TRY at 31 December 2023 unless otherwise indicated.)

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

2.1 Basis of Presentation (cont'd)

Basis of consolidation (cont'd)

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

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

In accordance with TFRS 10, paragraph 33, the Group fully consolidates its subsidiary that Pamukova Elektrik Üretim A.Ş., whose accounted as FVTPL at Verusaturk Girişim Sermayesi Yatırım Ortaklığı A.Ş. level.

The fair values of the net assets in the financial statements of Şişli Enerji A.Ş. ve Ortaköy Enerji A.Ş prepared with the purchase date of 30 December 2022 are as follows.

Şişli Enerji A.Ş. ve Ortaköy Enerji A.Ş.	<u>30 December 2022</u>
Cash and cash equivalents	5,683,428
Trade receivables	2,873,780
Other receivables	86,148
Property, plant and equipment	281,827,600
Intangible assets	14,917
Trade payables	(172,458)
Short-term provisions	(125,241)
Current tax liabilities	(852,970)
Deferred tax liabilities	(25,352,437)
Book value of net assets	263,982,767
Total acquisition cost	138,397,787
Purchased Portion of Net Assets (100%)	263,982,769
Gain from purchase	125,584,982
Acquisition cost	138,397,787
Prepaid amount	7,233,162
Amount to be paid	131,164,625
Cash outflow from acquisition, net	
Prepaid amount	7,233,162
Less: Cash and cash equivalents	5,683,428
Net cash outflow	1,549,734

VERUSA HOLDİNG A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

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

2.1 Basis of Presentation (cont'd)

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable TFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under TFRS 9, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

Share in associates

Associates	Group's effective shares (%)		Effective Shareholding and Voting Rights	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
Aldem	40.75	40.75	40.75	40.75

Associate is the entity in which the Group has significant influence. Significant influence is the ability to participate in the entity's decisions regarding its financial and operational policies without the control authority.

In the accompanying financial statements, the results of operations and assets and liabilities of associates are recognized as assets held for sale in accordance with TFRS 5 standard and that the shares of Verusaturk Girişim Sermayesi Yatırım Ortaklığı A.Ş. are held in accordance with TAS 28 standard 18, The gain or loss is recognized using the equity method of accounting except for the associates reflected. According to the equity method, associates are shown on the balance sheet at the amount obtained by subtracting any impairment in the associate from the amount of the cost of the adjustment of the net assets of the associate after the acquisition as the share of the Group in the aftermath of the change. The associate shall not be allowed to record losses that exceed the Group's share of the associate (including any long-term investment that essentially constitutes part of the Group's net investment in the associate). Provision for additional loss is the case if the Group has been exposed to legal or collective obligations or has made payments on behalf of the associate.

Gains and losses arising from transactions between one of the Group companies and a subsidiary of the Group are eliminated from the share of the Group in the relevant subsidiary.

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

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

2.2 Changes in Accounting Policies

Changes in the accounting policies resulting from the first issue of a new TFRS are applied retrospectively and prospectively in accordance with the translational provisions of the related TFRS.

Significant changes in the accounting policies are applied retrospectively and prior period financial statements are restated. The Group does not have any changes in accounting policies in the current period.

2.3 Changes in Accounting Estimates and Errors

If the changes in accounting estimates are related to only one period, they are applied in the period in which the changes are made; if they are related to future periods, they are applied both in the current and following periods. The Group does not have changes in the accounting estimates in the current period.

Significant accounting errors are applied retrospectively and prior period financial statements are restated.

2.4 New and Amended Turkish Financial Reporting Standards

a) Standards, amendments, and interpretations applicable as of 31 December 2023:

- **Narrow scope amendments to IAS 1, Practice Statement 2 and IAS 8;** effective from annual periods beginning on or after 1 January 2023. The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies.
- **Amendment to IAS 12 – Deferred tax related to assets and liabilities arising from a single transaction;** effective from annual periods beginning on or after 1 January 2023. These amendments require companies to recognise deferred tax on transactions that, on initial recognition give rise to equal amounts of taxable and deductible temporary differences.
- **IFRS 17, ‘Insurance Contracts’;** effective from annual periods beginning on or after 1 January 2023. This standard replaces IFRS 4, which permitted a wide variety of practices in accounting for insurance contracts. IFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts.

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

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

b) *Standards, amendments, and interpretations that are issued but not effective as of 31 December 2023:*

- **Amendment to IAS 1 – Non-current liabilities with covenants;** effective from annual periods beginning on or after 1 January 2024. These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendments also aim to improve information an entity provides related to liabilities subject to these conditions.
- **Amendment to IFRS 16 – Leases on sale and leaseback;** effective from annual periods beginning on or after 1 January 2024. These amendments include requirements for sale and leaseback transactions in IFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted.
- **Amendments to IAS 7 and IFRS 7 on Supplier finance arrangements;** effective from annual periods beginning on or after 1 January 2024. These amendments require disclosures to enhance the transparency of supplier finance arrangements and their effects on a company's liabilities, cash flows and exposure to liquidity risk. The disclosure requirements are the IASB's response to investors' concerns that some companies' supplier finance arrangements are not sufficiently visible, hindering investors' analysis.
- **Amendments to IAS 21 - Lack of Exchangeability;** effective from annual periods beginning on or after 1 January 2025. An entity is impacted by the amendments when it has a transaction or an operation in a foreign currency that is not exchangeable into another currency at a measurement date for a specified purpose. A currency is exchangeable when there is an ability to obtain the other currency (with a normal administrative delay), and the transaction would take place through a market or exchange mechanism that creates enforceable rights and obligations.
- **IFRS S1, 'General requirements for disclosure of sustainability-related financial information;** effective from annual periods beginning on or after 1 January 2024. This standard includes the core framework for the disclosure of material information about sustainability-related risks and opportunities across an entity's value chain.
- **IFRS S2, 'Climate-related disclosures';** effective from annual periods beginning on or after 1 January 2024. This is the first thematic standard issued that sets out requirements for entities to disclose information about climate-related risks and opportunities.

The effects of these changes on the financial position and performance of the Company are being evaluated.

VERUSA HOLDİNG A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

(Amounts expressed in thousands of Turkish Lira (TRY) in terms of purchasing power of the TRY at 31 December 2023 unless otherwise indicated.)

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

2.5 Summary of Significant Accounting Policies

Related Parties

A related party is a person or entity that is related to the entity that is preparing its financial statements.

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

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

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

- (i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- (ii) 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).

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

The legal entities to which Verusa Holding A.Ş. has directly or indirectly participated in this console in the direction of the financial statements; Directly or indirectly on the Company; (Up to the second degree) and their direct or indirect entities, alone or jointly controlled by them, with their significant influence and / or key management personnel The legal entities that they serve as; The subsidiaries and affiliates of the Company, members of the Board of Directors, key management personnel and their close family members (up to the second degree) and any entity that is controlled directly or indirectly by them, alone or in combination, are considered and referred to as related parties.

Revenue

The Group has recognized revenue in its consolidated financial statements in accordance with TFRS 15 "Revenue Standards with Customer Contracts" as of 1 January 2018.

Cellulose Sales

Revenue is recognized in the financial statements at the transaction cost. The transaction fee is the amount that the entity expects to receive in return for the transfer of the goods to the customer, except for the amounts collected on behalf of third parties. When the control of the property is transferred to its customers, the Company reflects the related amount as revenue in its financial statements. The company does not provide any guarantee regarding sales.

Electricity Sales

The company operates to sell wholesale electricity power that is supplied from other energy producer companies, commercial electricity firms or electricity pool.

VERUSA HOLDİNG A.Ş. AND ITS SUBSIDIARIES

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

2.5 Summary of Significant Accounting Policies (cont'd)

Revenue (cont'd)

The Group transfers a committed good or service to its customer and records the revenue in its financial statements as it fulfills or obtains its performance obligation. An asset is transferred when the control of an asset passes to customer. Revenue from the sale of goods is recognized when all of the following conditions are met:

1) The group transfers all significant risks and gains related to the property to the buyer, 2) The group does not have a property-related and ongoing administrative involvement and does not have effective control over the goods sold, 3) A reliable measurement of the amount of income is possible, 4) It is probable that the economic benefits associated with the transaction will flow to the business, 5) Reliable measurement of the costs arising from or to be caused by the transaction.

Venture Capital

Revenues consist of sales of subsidiaries and / or associates, and consulting services provided to associates. Subsidiary and subsidiary sales revenue generating loss of control is recorded in the sales records. Revenues from consulting services provided to associates are recorded on the date of service.

Dividend and interest income:

Dividend income from investments is recognized when the shareholder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably).

Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Cash and Cash Equivalents

Cash and cash equivalents are cash, demand deposits and other short-term investments with a maturity of 3 months or less, which are readily convertible into cash and do not present a risk of impairment at significant time, since the date of purchase. Cash and cash equivalents of the Group are classified under the category of "Loans and Receivables".

Financial Instruments

Financial assets

The purchase or sale of financial assets is recognized on the transaction date that the group undertakes to buy or sell the asset. Financial assets are accounted for when their right to obtain cash flow from them expires or is transferred and when the Group has transferred all the risks and returns significantly.

The Group classifies its financial assets as (a) Business model used for managing financial assets, (b) financial assets subsequently measured at amortised cost, at fair value through other comprehensive income or at fair value through profit or loss based on the characteristics of contractual cash flows. The Company reclassifies all financial assets effected from the change in the business model it uses for the management of financial assets. The reclassification of financial assets is applied prospectively from the reclassification date. In such cases, no adjustment is made to gains, losses (including any gains or losses of impairment) or interest previously recognized in the financial statements.

Classification of financial assets

Financial assets that satisfy the following requirements are subsequently measured at amortized cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

VERUSA HOLDİNG A.Ş. AND ITS SUBSIDIARIES

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

2.5 Summary of Significant Accounting Policies (cont'd)

Financial Instruments (cont'd)

Financial assets (cont'd)

Classification of financial assets (cont'd)

Financial assets measured at fair value through profit or loss, are assets that are not measured at amortised cost or at fair value through other comprehensive income. Gains and losses on valuation of these financial assets are accounted for under the consolidated statement of income.

The Company may make an irrevocable preference for the subsequent changes to the fair value of its investment in the equity instruments held for the first time in its presentation in the financial statements for the purpose of presentation to the other comprehensive income

(i) Amortised cost and effective interest method

Interest income on financial assets carried at amortized cost is calculated using the effective interest method. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. This income is calculated by applying the effective interest rate to the gross carrying amount of the financial asset:

(a) Credit-impaired financial assets when purchased or generated. For such financial assets, the Company applies the effective interest rate on the amortized cost of a financial asset based on the loan from the date of the recognition in the financial statements.

(b) Non-financial assets that are impaired at the time of acquisition or generation but subsequently become a financial asset that has been impaired. For such financial assets, the Company applies the effective interest rate to the amortized cost of the asset in the subsequent reporting periods.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at FVTOCI.

Interest income is recognized in profit or loss.

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

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

Financial assets at fair value through profit or loss are measured at fair value at the end of each period, and all changes in fair value are recognized in profit or loss unless the related financial assets are part of a hedging transaction.

The Group recognizes a provision for impairment in the financial statements for trade receivables measured at amortized cost, contract assets arising from contracts with customers, and investments in financial guarantee contracts, if the related provision reaches a material amount. The amount of expected credit loss is updated at each reporting date to reflect changes in credit risk since the initial recognition of the related financial asset.

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

2.5 Summary of Significant Accounting Policies (cont'd)

Financial Instruments (cont'd)

Financial assets (cont'd)

Impairment of financial assets

For trade receivables and contract assets that do not contain a significant financing component, the Group applies the simplified approach and calculates the impairment provisions at an amount equal to the expected credit losses over the lifetime of the related financial assets.

For all other financial instruments, the Group recognizes lifetime expected credit losses if there has been a significant increase in credit risk since initial recognition. However, if the credit risk has not increased significantly since initial recognition, the Group recognizes a provision for 12-month expected credit losses for the related financial instrument.

The expected loss rates are based on historical credit losses incurred from the payment patterns of sales prior to 31 December 2019 or 1 January 2019. The historical loss rates have been adjusted to reflect current and forward-looking information on macroeconomic factors affecting customers' ability to pay.

Measurement and accounting of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e., the magnitude of the loss if default occurs), and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted with forward-looking information. The exposure at default for financial assets is reflected as the gross carrying amount of the related assets as of the reporting date.

For financial assets, the expected credit loss is the present value of all cash shortfalls, which is the difference between all contractual cash flows that are due to the Group under the contract and all the cash flows that the Group expects to receive, discounted using the original effective interest rate (or the credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets).

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of an investment in a debt instrument classified as at fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss. In contrast, on derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

Financial liabilities

The Group measures a financial liability at its fair value at the time it is initially recognized in the consolidated financial statements. For liabilities other than those classified as at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issuance of the liability are added to its fair value at initial recognition.

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

2.5 Summary of Significant Accounting Policies (cont'd)

Financial liabilities (cont'd)

The Group classifies all of its financial liabilities, except for those stated below, as measured at amortized cost in subsequent accounting:

- (a) Financial liabilities at FVTPL: These liabilities including derivative instruments are subsequently measured at fair value.
- (b) Financial liabilities arising if the transfer of the financial asset does not meet the conditions of derecognition from the financial statements or if the ongoing relationship approach is applied: When the Group continues to present an asset based on the ongoing relationship approach, a liability in relation to this is also recognised in the financial statements. The transferred asset and the related liability are measured to reflect the rights and liabilities that the Company continues to hold. The transferred liability is measured in the same manner as the net book value of the transferred asset.
- (c) A contingent consideration recognized in the financial statements by the entity acquired in a business combination where TFRS 3 is applied: After initial recognition, the related contingent consideration is measured as at FVTPL.

The Group did not reclassify any financial liability as a result of the above accounting policy.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Loans and receivables

Commercial and other receivables and loans with fixed and determinable payments that are not quoted in the market are classified in this category. Loans and receivables (trade and other receivables, bank balances, cash and others) are carried at amortized cost using the effective interest method, less any impairment. Interest income is recognized by applying the effective interest rate method unless the effect of rediscount is significant.

Inventories

Inventories are stated at the lower of cost and net realizable value. Costs, including an appropriate portion of fixed and variable overhead expenses, are assigned to inventories held by the method most appropriate to the particular class of inventory, with the majority being valued on a first-in-first out basis. Net realizable value represents the estimated selling price less all estimated costs of completion and costs necessary to make the sale. When the net realizable value of inventory is less than cost, the inventory is written down to the net realizable value and the expense is included in statement of income/(loss) in the period the write-down or loss occurred. When the circumstances that previously caused inventories to be written down below cost no longer exist or when there is clear evidence of an increase in net realizable value because of changed economic circumstances, the amount of the write-down is reversed. The reversal amount is limited to the amount of the original write-down.

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

2.5 Summary of Significant Accounting Policies (cont'd)

Property, plant and equipment

Land and buildings held for use in the production or supply of goods or services, or for administrative purposes and hydroelectric power plant are stated in the consolidated statement of financial position at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. The fair value at the date of revaluation is the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction. Fair value determination is based on the market and cost approaches using quoted market prices for similar items when available and in some cases, using replacement cost when appropriate.

Any revaluation increase arising on the revaluation of such land and buildings is recognized in other comprehensive income and accumulated in equity, except to the extent that it reverses a revaluation decrease for the same asset previously recognized in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously expensed. A decrease in the carrying amount arising on the revaluation of such land and buildings is recognized in profit or loss to the extent that it exceeds the balance, if any, held in the properties revaluation reserve relating to a previous revaluation of that asset.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognized impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalized in accordance with the Group's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation on revalued buildings and hydroelectric power plant is charged to profit or loss. On the subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the properties revaluation reserve is transferred directly to retained earnings.

Land is not depreciated. Fixtures and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is recognized so as to write off the cost or valuation of assets, other than land and properties under construction, less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

Except for land subject to revaluation, depreciable assets are depreciated using the straight-line method over their estimated useful lives as determined by Group management.

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

2.5 Summary of Significant Accounting Policies (cont'd)

Property, plant and equipment (cont'd)

Useful lives are as follows:

	Time (Year)
Buildings	30
Machinery, plant and equipment	3-20
Vehicles	5
Furnitures	3-20
Other tangible assets	3-5
Hydroelectric power plant	36-39
Solar power plant	43

The economic useful lives and depreciation methods are regularly reviewed and accordingly, the method and the period of depreciation are considered to be in line with the economic benefits to be gained from the related asset and are adjusted if necessary.

Mining Assets

Mining assets; mining rights and mine development costs that increase extractable ore. Mining assets are reflected in the financial statements over their acquisition costs, with their net value after deducting accumulated depreciation and impairment, if any. Mining assets begin to be amortized with the start of production. Depreciation expenses of mining assets are associated with the production cost on the basis of the relevant mining sites. Mining assets are depreciated based on the lower of the economic benefit or the remaining economic life of the related mine.

Investment Properties

Investment properties are properties held to earn rentals and/or for capital appreciation, including property under construction for such purposes. Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value. When the use of a property changes such that it is reclassified as property, plant and equipment, its fair value at the date of reclassification becomes its cost for subsequent accounting.

Investment properties are properties held to earn rentals and/or for capital appreciation, including property under construction for such purposes. Investment properties are carried at cost less accumulated depreciation and any accumulated impairment losses. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met; and excludes the costs of day to day servicing of an investment property. Depreciation is provided on investment property on a straight line basis.

An investment property is derecognized upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognized.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

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

2.5 Summary of Significant Accounting Policies (cont'd)

Intangible Assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses

The intangible assets of the Group are reflected in the financial statements as the acquisition cost less accumulated depreciation and depreciation. Purchased intangible assets, especially software, are amortized using the straight-line method over their 3 and 5-year limited useful lives. Amortization expense for intangible assets is recognized in the statement of profit or loss and other comprehensive income as general administrative expenses and cost of sales.

Derecognition of intangible assets

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

Business Combinations

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

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

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

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

2.5 Summary of Significant Accounting Policies (cont'd)

Business Combinations (cont'd)

- Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognized immediately in profit or loss as a bargain purchase gain.
- Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognized amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another TFRS.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with TAS 39, or TAS 37 *Provisions, Contingent Liabilities and Contingent Assets*, as appropriate, with the corresponding gain or loss being recognized in profit or loss.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control) and the resulting gain or loss, if any, is recognized in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognized in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognized, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date.

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

2.5 Summary of Significant Accounting Policies (cont'd)

Impairment in Assets

At each balance sheet date, the Group has assessed whether there is any indication that there is an impairment loss on that asset for each balance sheet item, except for deferred tax assets and financial assets at fair value that are presented in the consolidated balance sheet. If such an indication exists, the recoverable amount of that asset is estimated.

If the asset or any cash-generating unit of that asset has a high value to be recovered through its recorded value, use or sale, the value has come to the fore.

The recoverable amount is determined by selecting the higher of net selling price and value in use of the asset. Usage value is the predicted present value of cash flows expected to be derived from the permanent use of an asset and its elimination at the end of its useful life. Impairment losses are recognized in profit or loss and other comprehensive income.

A loss on impairment of an asset is reversed if the subsequent increase in the recoverable amount of the asset can be attributed to an event that arises in subsequent periods after the impairment is recognized in the records. Impairment loss on other assets is reversed if there is a change in the estimates used when determining the recoverable amount. An increase in the carrying amount of an asset due to the reversal of the impairment loss should not exceed the carrying amount that would have been determined if no impairment loss was recognized in the consolidated financial statements in the previous years (the net amount after the amortization).

Borrowing Costs and Receivable Loans

If the maturities of the receivables are shorter than 12 months as of the balance sheet date, they are shown within the short term liabilities and within 12 months of long term liabilities. Credits are recorded at the date of receipt at the fair value after the transaction costs are deducted from the loan amount received.

The loans are subsequently stated at the discounted cost value using the effective interest method. Any difference between the amount remaining after deducting transaction costs and the discounted cost value is reflected in profit or loss and other comprehensive income statement as cost of finance over the period of the loan. The cost of financing arising from loans is recognized in profit or loss when incurred and in other comprehensive income.

Foreign Currency Balances and Transactions

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

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

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

2.5 Summary of Significant Accounting Policies (cont'd)

Foreign Currency Balances and Transactions (cont'd)

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

- Exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets where they are regarded as an adjustment to interest costs on those foreign currency borrowings;
- Exchange differences on transactions entered into in order to hedge certain foreign currency risks (see below for hedging accounting policies)

Provisions, Contingent Assets and Liabilities

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

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

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

Employee Benefits

Termination and retirement benefits:

Under Turkish law and union agreements, lump sum payments are made to employees retiring or involuntarily leaving the Group. Such payments are considered as being part of defined retirement benefit plan as per TAS 19 (Revised) Employee Benefits ("TAS 19").

The retirement benefit obligation recognized in the consolidated statement of financial position represents the present value of the defined benefit obligation. Determined actuarial gains and losses are recognized in profit and loss due to not material.

Corporate Taxes

Turkish Tax Legislation does not permit the parent company and its subsidiary to prepare a consolidated tax return, so the tax provisions are separately calculated for each entity, as reflected in the accompanying financial statements.

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

Current Tax

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

VERUSA HOLDİNG A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

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

2.5 Summary of Significant Accounting Policies (cont'd)

Taxes Calculated on the Institution Earnings (cont'd)

Venture fund

Verusaturk benefits from the earnings exception under Article 5/1-d of the Corporate Tax Law. Accordingly, the Company's earnings are exempt from corporate tax.

Deferred tax

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

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

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the period

Current and deferred tax are recognized as in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity.

Segment Reporting

In terms of management accounting, the Group has been divided into five groups: venture capital, electricity wholesale, cellulose manufacturing, energy and holding activities,. These distinctions form the basis for financial reporting, according to departments.

Statement of Cash Flows

Cash flows related to current period classifies and reports as operating, investing and financing.

Shares and Dividends

Ordinary shares are classified as equity. Dividends on ordinary shares are recognized in equity in the period in which the dividend is decided.

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

2.5 Summary of Significant Accounting Policies (cont'd)

Earnings Per Share

Earnings per share disclosed in the consolidated statement of comprehensive income are determined by dividing net earnings by the weighted average number of shares that have been outstanding during the related period.

In Turkey, companies can increase their share capital by making a pro-rata distribution of shares ("bonus shares") to existing shareholders from retained earnings on equity items. Such kind of bonus shares are taken into consideration in the computation of earnings per share as issued share certificates. For the purpose of earnings per share computations, the weighted average number of shares outstanding during the period has been adjusted in respect of bonus shares issues without a corresponding change in resources, by giving them retroactive effect for the year in which they were issued and each earlier year.

Events After the Reporting Period

Events after the reporting period are those events that occur between the balance sheet date and the date when the financial statements are authorized for issue, even if they occur after an announcement related with the profit for the year or public disclosure of other selected financial information.

The Group adjusts the amounts recognized in its financial statements if adjusting events occur after the balance sheet date.

2.6 Critical Accounting Judgments and Key Sources of Estimation Uncertainty

Critical judgments in applying the Group's accounting policies

In the process of applying accounting policies, management has made the following comments, which have a significant effect on the amounts recognized in the financial statements:

Deferred tax

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

Deferred taxes related to investment properties

In the calculation of deferred tax liabilities and deferred tax assets arising from the Group's investment properties, it has been concluded that the investment properties are not held within the framework of a business model that aims to fully utilize the economic benefits over time rather than through sale. A deferred tax liability at a rate of 18.75% has been calculated on the difference between the fair value and the tax base of the investment properties.

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

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

The calculation of the fair values of the financial investments of the Group

The fair value of the Group's financial assets, that are classified as fair value through profit or loss, has been determined by independent valuation which are held for EPIAS. Discounted cash flows ("DCF") method was used in these valuation (Note 26).

The fair value of the Group's financial assets, that are classified as fair value through profit or loss, has been determined by independent valuation which are held for Vektora Yazılım Teknolojileri A.Ş., Mavi Hospital Sağlık Hizmetleri A.Ş., Golive Yazılım Hizmetleri A.Ş. and Probel Yazılım ve Bilişim Sistemleri A.Ş.. In the independent valuation, discounted cash flows ("DCF") and market multiples ("equivalence value") have been used by the valuation expert.

Fair value determination of the hydroelectric power plant and solar power plant

The hydroelectric power plants and solar power plant, which the Company classified as a tangible fixed asset, whose fair value is reflected in other comprehensive income, has been identified in the independent valuation dated 31 December 2023. Discounted cash flows ("DCF") method was used in these valuation studies (Note 12).

3. EXPLANATIONS OF CHANGES IN SHAREHOLDERS EQUITY

2023: Verusa Holding A.Ş. repurchased its shares from Borsa Istanbul Equity Market.

Verusa Holding A.Ş. also purchased shares of its subsidiaries Verusaturk GSYO A.Ş. and Acıselsan Acıpayam Selüloz San. ve Tic. A.Ş. from Borsa Istanbul Equity Market.

Acıselsan, one of the Group's subsidiaries, carried out share buyback and sale transactions.

Regarding the shares of Pamel Yenilenebilir Elektrik Üretim A.Ş., 932,850 units were sold by Pamukova Elektrik Üretim A.Ş. during the period.

2022: Verusa Holding A.Ş. has repurchased 1,331,818 own shares from Borsa Istanbul.

Acıselsan which is subsidiary of group has completed the sale of its own shares in 2022.

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4. INTEREST IN OTHER ENTITIES

a) Subsidiaries

Details of non-wholly owned subsidiaries that have material non-controlling interests:

The table below shows details of non-wholly owned subsidiaries of the Group that have material non-controlling interests:

Subsidiaries	Place of Incorporation	The share of noncontrolling interests in the capital and voting rights ratio		Comprehensive income on non-controlling shares		Accumulated non-controlling interests	
		31 December 2023	31 December 2022	1 January - 31 December 2023	1 January - 31 December 2022	31 December 2023	31 December 2022
Verusaturk	İstanbul	41.28%	42.31%	128,510,174	14,656,619	544,239,563	428,164,418
Pamukova	İstanbul	21.05%	21.58%	(45,254,572)	(29,117,021)	124,213,540	138,066,925
Pamel	İstanbul	39.95%	37.99%	74,660,804	54,112,811	259,974,214	171,547,236
Acıselsan	Denizli	49.27%	52.70%	17,096,963	36,470,080	177,322,763	172,340,966
				175,013,369	76,122,489	1,105,750,080	910,119,545

The summary financial information of each subsidiary of the Group with significant non-controlling interests is presented below. These summary financial information show the amounts before intra-group eliminations.

Verusaturk Girişim Sermayesi Yatırım Ortaklığı A.Ş.	31 December 2023	31 December 2022
Current assets	2,982,382,022	6,213,420,766
Non-current assets	7,764,013	9,770,233
Current liabilities	299,739,481	11,965,388
Non-current liabilities	61,344	81,463,030
Equity attributable to owners of the Company	2,146,105,647	5,701,598,163
Non-controlling shares	544,239,563	428,164,418
	1 January - 31 December 2023	1 January - 31 December 2022
Revenue	109,954,821	-
Expenses	(3,538,795,047)	(2,006,821,897)
Eliminations for consolidation	(3,740,165,402)	1,972,178,984
Profit / (loss) for the period	(7,169,005,628)	(34,642,913)
Profit/loss for the period attributable to:		
Owners of the Company	(7,297,515,802)	(49,299,532)
Non-controlling shares	128,510,174	14,656,619
Profit / (loss) for the period	(7,169,005,628)	(34,642,913)
Total comprehensive income attributable to:		
Owners of the Company	(7,297,515,802)	(49,299,532)
Non-controlling shares	128,510,174	14,656,619
Total comprehensive income	(7,169,005,628)	(34,642,913)

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4. INTERESTS IN OTHER ENTITIES (cont'd)**a) Subsidiaries (cont'd)**

Pamukova Elektrik Üretim A.Ş.	31 December 2023	31 December 2022
Current assets	625,902,513	1,059,987,369
Non-current assets	594,967,690	263,709,153
Current liabilities	20,658,916	34,249,771
Non-current liabilities	391,402	39,776,405
Equity attributable to owners of the Company	1,075,606,345	1,111,603,421
Non-controlling shares	124,213,540	138,066,925
	1 January - 31 December 2023	1 January - 31 December 2022
Income/(Expenses)	(49,850,463)	110,019,100
Eliminations for consolidation	165,115,157	-
Profit / (loss) for the period	115,264,694	110,019,100
Profit/loss for the period attributable to:		
Owners of the Company	160,519,266	103,868,977
Non-controlling shares	(45,254,572)	(29,117,021)
Profit / (loss) for the period	115,264,694	132,446,955
Total comprehensive income attributable to:		
Owners of the Company	160,519,266	103,868,977
Non-controlling shares	(45,254,572)	(29,117,021)
Total comprehensive income	115,264,694	132,446,955
Aciselsan Acıpayam Selüloz San. Ve Tic. A.Ş.	31 December 2023	31 December 2022
Current assets	191,965,387	193,764,640
Non-current assets	370,906,416	274,999,189
Current liabilities	178,651,809	80,874,767
Non-current liabilities	24,298,499	60,866,358
Equity attributable to owners of the Company	182,598,732	154,681,738
Non-controlling shares	177,322,763	172,340,966
	1 January - 31 December 2023	1 January - 31 December 2022
Revenue	446,628,916	644,000,394
Expenses	(410,843,501)	(578,950,141)
Profit / (loss) for the period	35,785,415	65,050,253
Profit/loss for the period attributable to:		
Owners of the Company	18,154,991	30,768,770
Non-controlling shares	17,630,424	34,281,483
Profit / (loss) for the period	35,785,415	65,050,253
Total comprehensive income attributable to:		
Owners of the Company	17,605,653	32,733,108
Non-controlling shares	17,096,963	36,470,080
Total comprehensive income	34,702,616	69,203,188

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4. INTERESTS IN OTHER ENTITIES (cont'd)

a) Subsidiaries (cont'd)

Pamel Yenilenebilir Elektrik Üretim A.Ş.	31 December 2023	31 December 2022
Current assets	66,518,563	16,512,683
Non-current assets	826,759,048	869,992,601
Current liabilities	11,070,868	143,328,536
Non-current liabilities	128,340,549	176,208,329
Equity attributable to owners of the Company	493,891,980	395,421,183
Non-controlling shares	259,974,214	171,547,236
	1 January - 31 December 2023	1 January - 31 December 2022
Revenue	54,340,508	49,991,582
Income/(Expenses)	132,557,267	92,432,977
Profit / (loss) for the period	186,897,775	142,424,559
Profit/loss for the period attributable to:		
Owners of the Company	112,236,971	88,311,746
Non-controlling shares	74,660,804	54,112,813
Profit / (loss) for the period	186,897,775	142,424,559
Total comprehensive income attributable to:		
Owners of the Company	112,236,971	88,311,748
Non-controlling shares	74,660,804	54,112,811
Total comprehensive income	186,897,775	142,424,559

b) Investments Accounted for with Equity Method

The details of investments accounted for with equity method as follows:

Associates	Place of incorporation	Functional currency	31 December 2023	%	31 December 2022	%
Aldem Çelik Endüstri San. ve Tic. A.Ş.	İstanbul	Turkish Lira	132,064,375	40.75	102,044,486	40.75
Total			132,064,375		102,044,486	

Summarized financial information in respect of each of the the Group's material associates is set out below. The summarised financial information below represents amounts shown in the associate's financial statements prepared in accordance with TFRS.

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4. INTERESTS IN OTHER ENTITIES (cont'd)

b) Investments Accounted for with Equity Method

Aldem Çelik Endüstri San. ve Tic. A.Ş.	31 December 2023	31 December 2022
Current assets	215,267,117	233,532,992
Non-current assets	463,279,214	424,873,145
Current liabilities	(95,122,807)	(156,409,555)
Non-current liabilities	(259,339,445)	(251,580,937)
	324,084,079	250,415,645
	1 January - 31 December 2023	1 January - 31 December 2022
Revenue	363,377,132	480,499,287
Profit / (loss) for the period	73,668,434	98,139,768
Group's shares on participations' losses	30,019,889	39,991,959
	31 December 2023	31 December 2022
Net assets of subsidiary	324,084,079	250,415,645
Group's share of Aldem Çelik Endüstri San. ve Tic. A.Ş. (%)	40.75	40.75
Net book value of Group's share of Aldem Çelik Endüstri San. ve Tic. A.Ş.	132,064,264	102,044,375

5. OPERATING SEGMENTS

In terms of management accounting, the Group's activities are divided into five activity groups: venture capital, electrical energy wholesale, cellulose and energy production. These distinctions form the basis of financial reporting according to the sections below. Group management has determined its operating segments based on the reports reviewed by the Board of Directors and that are effective in making strategic decisions. The Board of Directors, which took the strategic decisions, was determined as the authority to make decisions regarding the activities of the Group. The reports, which are regularly reviewed by the competent authority to decide on group activities, consist of the Group's consolidated TFRS figures.

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5. OPERATING SEGMENTS (cont'd)

The distribution of the Group's ongoing activities according to the divisions is as follows:

	1 January - 31 December 2023						
	Holding Operations	Venture Fund	Cellulose Production	Wholesale of electricity energy	Generation of Energy	Eliminations	Total
Revenue	-	109,954,821	446,628,916	21,350,041	54,854,524	(18,218,002)	614,570,300
Operating income	-	109,954,821	446,628,916	21,350,041	54,854,524	(18,218,002)	614,570,300
Cost of sales (-)	-	(162,457,859)	(400,665,971)	(20,290,503)	(53,316,247)	18,170,766	(618,559,814)
Gross profit	-	(52,503,038)	45,962,945	1,059,538	1,538,277	(47,236)	(3,989,514)
Marketing expenses (-)	-	-	(8,560,800)	(14,560)	-	-	(8,575,360)
Administrative expenses (-)	(15,337,600)	(12,648,765)	(20,839,344)	(1,536,154)	(11,182,677)	1,097,569	(60,446,971)
Income from other operating activities	(2,382,659)	255,507,029	45,909,886	16,972,237	514,910,469	(156,221,030)	674,695,932
Expense from other operating activities (-)	2,455,624	(3,616,851,747)	(15,797,600)	(1,393,155)	(130,400,866)	3,729,202,016	(32,785,728)
Operating profit/(loss)	(15,264,635)	(3,426,496,521)	46,675,087	15,087,906	374,865,203	3,574,031,319	568,898,359
Shares in the profits / (losses) of investments accounted for using the equity method	-	-	-	-	-	30,019,889	30,019,889
Income from investing activities	5,828,564	-	(10,207,558)	-	(76,718,340)	(5,828,563)	(86,925,897)
Finance income	90,768,393	-	-	545,929	267,382,384	(253,773,449)	104,923,257
Finance expense	(83,978,230)	(84,318,201)	(29,147,941)	(4,745,032)	(123,850,708)	253,773,448	(72,266,664)
Net Monetary gains/(losses)	(12,830,737)	81,974,496	2,525,083	3,826,719	(372,565,427)	(5,166,029)	(302,235,895)
Profit / (loss) before tax	(15,476,645)	(3,428,840,226)	9,844,671	14,715,522	69,113,112	3,593,056,615	242,413,049
Tax expense	94,592,678	-	25,940,744	959,120	89,861,362	-	211,353,904
Profit / (loss) for the period	79,116,033	(3,428,840,226)	35,785,415	15,674,642	158,974,474	3,593,056,615	453,766,953

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5. OPERATING SEGMENTS (cont'd)

The distribution of the Group's ongoing activities according to the divisions is as follows:

	1 January - 31 December 2022						
	Holding Operations	Venture Fund	Cellulose Production	Wholesale of electricity energy	Generation of Energy	Eliminations	Total
Revenue	-	-	644,000,394	33,136,452	49,991,581	(26,549,656)	700,578,771
Operating income	-	-	644,000,394	33,136,452	49,991,581	(26,549,656)	700,578,771
Cost of sales (-)	-	-	(564,340,407)	(31,359,669)	(28,988,402)	26,335,514	(598,352,964)
Gross profit	-	-	79,659,987	1,776,783	21,003,179	(214,142)	102,225,807
Marketing expenses (-)	-	-	(11,950,029)	(5,456)	-	-	(11,955,485)
Administrative expenses (-)	(10,968,043)	(10,451,029)	(16,849,109)	(2,255,109)	(7,967,458)	574,210	(47,916,538)
Income from other operating activities	37,315,319	2,005,437,221	29,757,463	20,039,831	(77,347,511)	(1,954,248,219)	60,954,104
Expense from other operating activities (-)	(14,563)	(6,838,285)	(5,955,370)	(2,984,123)	(33,822,051)	(19,421,218)	(69,035,610)
Operating profit/(loss)	26,332,713	1,988,147,907	74,662,942	16,571,926	(98,133,841)	(1,973,309,369)	34,272,278
Shares in the profits / (losses) of investments accounted for using the equity method	-	-	-	-	-	39,991,959	39,991,959
Income from investing activities	5,811,269	-	32,408,825	-	121,938,107	(5,811,271)	154,346,930
Finance income	24,394,729	-	-	131,041	18,304,085	(34,805,124)	8,024,731
Finance expense	(39,075,393)	(14,700,323)	(7,664,036)	(1,414,490)	(20,525,293)	34,805,123	(48,574,412)
Net Monetary gains/(losses)	(76,034,445)	33,374,312	(6,635,601)	2,962,808	11,462,049	4,164,349	(30,706,528)
Profit / (loss) before tax	(58,571,127)	2,006,821,896	92,772,130	18,251,285	33,045,107	(1,934,964,333)	157,354,958
Tax expense	456,006	-	(27,721,877)	(4,386,969)	(47,264,268)	-	(78,917,108)
Profit / (loss) for the period	(58,115,121)	2,006,821,896	65,050,253	13,864,316	(14,219,161)	(1,934,964,333)	78,437,850

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5. OPERATING SEGMENTS (cont'd)

Details of segment assets and liabilities according to segments are as follows:

Balance Sheet	31 December 2023						Total
	Holding Operations	Venture Fund	Cellulose Production	Wholesale of electricity energy	Generation of Energy	Eliminations (*)	
Total assets	1,470,535,888	3,301,137,908	562,871,803	139,334,747	2,492,070,717	(3,907,724,513)	4,058,226,550
Liabilities	(485,046,015)	(299,800,825)	(202,950,308)	(7,000,515)	(299,168,253)	851,215,868	(442,750,048)
Equity attributable to equity holders of the parent	(985,489,873)	(3,001,337,083)	(359,921,495)	(132,334,232)	(2,192,902,464)	4,162,258,725	(2,509,726,422)
Non-controlling interests	-	-	-	-	-	(1,105,750,080)	(1,105,750,080)

Balance Sheet	31 December 2022						Total
	Holding Operations	Venture Fund	Cellulose Production	Wholesale of electricity energy	Generation of Energy	Eliminations (*)	
Total assets	1,489,980,755	6,534,182,388	468,763,826	122,113,769	2,415,672,838	(6,973,591,799)	4,057,121,777
Liabilities	(268,999,849)	(93,428,418)	(141,741,120)	(16,954,178)	(444,245,607)	215,404,552	(749,964,620)
Equity attributable to equity holders of the parent	(1,220,980,906)	(6,440,753,970)	(327,022,706)	(105,159,591)	(1,971,427,231)	7,668,306,792	(2,397,037,612)
Non-controlling interests	-	-	-	-	-	(910,119,545)	(910,119,545)

(*) A significant portion of the elimination figure results from the consolidation of the Holding's subsidiaries.

The details of investment expenditures and depreciation and amortization charges according to industrial segments are as follows:

	31 December 2023						Total
	Holding Activities	Venture Fund	Cellulose Production	Wholesale of electricity energy	Generation of Energy		
Investment expenses	31,287	31,287	179,021,201	-	66,004,377		245,088,152
Depreciation and amortization expenses for the period	(2,037,508)	(2,037,507)	(4,764,770)	(160,925)	(25,375,498)		(34,376,208)

	31 December 2022						Total
	Holding Activities	Venture Fund	Cellulose Production	Wholesale of electricity energy	Generation of Energy		
Investment expenses	9,906,637	9,906,638	17,479,416	-	15,786,702		53,079,393
Depreciation and amortization expenses for the period	(216,209)	(216,211)	(3,904,332)	(192,985)	(17,893,601)		(22,423,338)

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

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6. RELATED PARTY DISCLOSURES

Balances with related parties

	1 January - 31 December 2023	
Transaction with related parties	Service expense	Interest expense
Shareholders		
Investco Holding A.Ş.	2,335,759	1,460,584
	2,335,759	1,460,584
	1 January - 31 December 2022	
Transaction with related parties	Service expense	Interest expense
Shareholders		
Investco Holding A.Ş.	448,692	-
	448,692	-

The detail of compensation of key management personnel as follows:

	1 January- 31 December 2023	1 January- 31 December 2022
Salaries and other short-term benefits (*)	12,683,497	12,218,803
	12,683,497	12,218,803

(*) The Group has determined the senior management team as board members and independent board members. The benefits provided to senior executives consist of payments made within the scope of remuneration rights.

7. TRADE RECEIVABLES AND PAYABLES

	31 December 2023	31 December 2022
Short-term trade receivables		
Trade receivables	81,622,555	51,429,983
-Other receivables	81,622,555	51,429,983
Notes receivable	109,706	-
Provision for doubtful receivables (-)	(1,496,919)	(2,466,517)
	80,235,342	48,963,466
	1 January- 31 December 2023	1 January- 31 December 2022
Movement of doubtful receivables		
Opening balance	2,466,517	8,042,149
(Cancelled provision) / charge for the period	-	(2,429,152)
Collections	-	(84,723)
Monetary gains/(losses)	(969,598)	(3,061,757)
Closing	1,496,919	2,466,517

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7. TRADE RECEIVABLES AND PAYABLES (cont'd)

	31 December 2023	31 December 2022
Short-term trade payables		
Trade payables	88,629,716	45,610,367
- Trade payables to third parties	88,629,716	45,610,367
	88,629,716	45,610,367

The average maturity of undue trade receivables is 30 days (31 December 2022: 30 days).

8. PREPAID EXPENSES AND DEFERRED INCOME

	31 December 2023	31 December 2022
Short-term prepaid expenses		
Advances given for purchases	40,157,509	47,660,385
Prepaid expenses	1,845,298	253,790
	42,002,807	47,914,175

	31 December 2023	31 December 2022
Long-term prepaid expenses		
Advances given for purchases	15,044,237	82,999,657
Prepaid expenses	404,931	737,919
	15,449,168	83,737,576

9. OTHER RECEIVABLES AND PAYABLES

	31 December 2023	31 December 2022
Other current receivables		
Deposits and guarantees given	1,646,979	2,888,573
Receivables from tax offices	6,115,530	2,225,685
Other receivables	1,090,434	2,021,375
	8,852,943	7,135,633

	31 December 2023	31 December 2022
Other non-current receivables		
Deposits and guarantees given	681,517	878,899
	681,517	878,899

	31 December 2023	31 December 2022
Other current payable		
Other payables to third parties	272,497	131,940,806
	272,497	131,940,806

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10. INVENTORIES

	31 December 2023	31 December 2022
Raw material	77,225,009	86,678,540
Work in process	4,233,223	4,742,260
Finished goods	21,624,217	42,772,860
Other	95,299	283,701
	103,177,748	134,477,361

11. COMMITMENTS

31 December 2023	TL Equivalent	TRY	EUR
CPM given on behalf on fully consolidated companies			
-Guarantee letters	5,463,758	5,463,758	-
Total	5,463,758	5,463,758	-
31 December 2022	TL Equivalent	TRY	EUR
CPM given on behalf on fully consolidated companies			
-Guarantee letters	15,642,192	9,011,886	332,000
-Pledge	65,909,167	65,909,167	-
Total	81,551,359	74,921,053	332,000

Guarantees given are given against loans. As of 31 December 2023 and 2022, the ratio of other CPMs given by the Group to the equity of the Group is zero.

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12. PROPERTY, PLANT AND EQUIPMENT

Cost Value	Land	Buildings	Plants, machinery and equipments	Motor vehicles	Furniture and fixture	Hydroelectric power plant	Solar power plant	Other tangible fixed assets	Minarel resources	Construction in progrss	Total
Opening balances of 1 January 2023	32,000,550	17,394,741	48,842,563	7,055,220	11,901,369	541,005,280	281,827,600	40,294,241	59,683,057	112,778,289	1,152,782,910
Additions	-	336,108	719,655	3,622,541	3,285,517	39,490,237	-	314,598	-	197,292,449	245,061,105
Revaluation increase	(2,529,785)	3,366,630	-	-	-	-	-	-	-	-	836,845
(Impairment)/Cancellation	1,218,235	-	-	-	-	(64,884,809)	(13,051,766)	-	-	-	(76,718,340)
Disposals	-	-	-	(653,851)	-	-	-	-	-	-	(653,851)
Transfers	-	-	-	-	195,865	58,888,087	-	-	-	(59,083,952)	-
Closing balance as of 31 December 2023	30,689,000	21,097,479	49,562,218	10,023,910	15,382,751	574,498,795	268,775,834	40,608,839	59,683,057	250,986,786	1,321,308,669
Accumulated Depreciation											
Opening balances of 1 January 2023	-	(339,532)	(18,941,674)	(5,332,333)	(6,522,449)	(16,742,226)	-	(4,528,324)	(319,310)	-	(52,725,848)
Charge of the year	-	(925,761)	(2,416,559)	(1,078,648)	(1,900,947)	(15,987,068)	(6,531,832)	(4,964,454)	(119,644)	-	(33,924,913)
Disposals	-	-	-	629,467	-	-	-	-	-	-	629,467
Closing balance as of 31 December 2023	-	(1,265,293)	(21,358,233)	(5,781,514)	(8,423,396)	(32,729,294)	(6,531,832)	(9,492,778)	(438,954)	-	(86,021,294)
Carrying values ass of 31 December 2023	30,689,000	19,832,186	28,203,985	4,242,396	6,959,355	541,769,501	262,244,002	31,116,061	59,244,103	250,986,786	1,235,287,375

TRY 5,738,712 (31 December 2022: TRY 887,852) of depreciation and amortization expense is included in general administrative expenses, TRY 116,413 (31 December 2022: TRY 68,253) is included in marketing expenses, TRY 28,401,439 (31 December 2022: TRY 20,732,182) is included in cost of goods sold, and TRY 119,644 (31 December 2022: TRY 319,310) is tracked under the inventories account.

There are no mortgages or pledges on property, plant and equipment.

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

Cost Value	Land	Buildings	Plants, machinery and equipments	Motor vehicles	Furniture and fixture	Hydroelectric power plant	Solar power plant	Other tangible fixed assets	Minarel resources	Construction in progrss	Total
Opening balances of 1 January 2022	27,443,419	11,725,072	35,688,138	6,173,072	8,643,685	535,573,677	-	22,552,696	59,683,057	105,016,413	812,499,229
Additions	-	1,282,887	2,993,935	882,148	3,257,684	7,499,144	-	17,741,545	-	19,382,559	53,039,902
Revaluation increase	6,136,468	3,347,871	-	-	-	-	-	-	-	-	9,484,339
Impairment	(1,579,337)	-	-	-	-	(2,067,541)	-	-	-	-	(3,646,878)
Acquisition of subsidiary	-	-	-	-	-	-	281,827,600	-	-	-	281,827,600
Transfers	-	1,460,193	10,160,490	-	-	-	-	-	-	(11,620,683)	-
Revaluation depreciation offset	-	(421,282)	-	-	-	-	-	-	-	-	(421,282)
Closing balance as of 31 December 2022	32,000,550	17,394,741	48,842,563	7,055,220	11,901,369	541,005,280	281,827,600	40,294,241	59,683,057	112,778,289	1,152,782,910
Accumulated Depreciation											
Opening balances of 1 January 2022	-	(51,605)	(16,860,665)	(4,540,345)	(5,611,264)	(1,281,385)	-	(2,794,269)	-	-	(31,139,533)
Charge of the year	-	(709,209)	(2,081,009)	(791,988)	(911,185)	(15,460,841)	-	(1,734,055)	(319,310)	-	(22,007,597)
Revaluation depreciation offset	-	421,282	-	-	-	-	-	-	-	-	421,282
Closing balance as of 31 December 2022	-	(339,532)	(18,941,674)	(5,332,333)	(6,522,449)	(16,742,226)	-	(4,528,324)	(319,310)	-	(52,725,848)
Carrying values ass of 31 December 2022	32,000,550	17,055,209	29,900,889	1,722,887	5,378,920	524,263,054	281,827,600	35,765,917	59,363,747	112,778,289	1,100,057,062

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

The useful lives of property, plant and equipments are as follows:

	Useful life
Buildings	30 year
Plants, machinery and equipments	3 - 20 year
Motor vehicles	5 year
Furniture and fixture	3 - 20 year
Other tangible fixed assets	3 - 5 year
Hydroelectric power plant	36 - 39 year
Solar power plant	43 year

Fair value measurements of the Group's land and buildings, hydroelectric and solar power plant

The land, buildings, hydroelectric power plants, and solar power plants owned by the Group are presented at their revalued amounts, which represent the fair values at the date of revaluation less accumulated depreciation. As of 31 December 2023, the fair values of the land, buildings, power plants, and solar power plants owned by the Group have been determined by independent valuation companies authorized by the Capital Markets Board (CMB) and by Group management.

The fair value of the land owned was determined using the market comparison approach, which reflects current transaction prices for similar properties. For the buildings, the cost approach—reflecting the costs a market participant would incur to construct similar assets, adjusted for depreciation—was used to determine fair value. Since there was no significant change in market conditions during the current period, no alternative valuation method was applied. Due to the inclusion of the power plant in the YEKDEM scheme and the level of production, fixed sale prices valid during the YEKDEM period (2024) and estimated USD-based electricity sales prices for the subsequent period were used.

Information regarding the Group's land, buildings, hydroelectric power plants, and solar power plants, as well as the fair value hierarchy of these assets, is presented in the table below:

	31 December 2023	Fair value as at 31 December 2023		
		Level 1	Level 2	Level 3
		TL	TL	TL
Land	30,689,000	-	30,689,000	-
Buildings	19,832,186	-	19,832,186	-
Hydroelectric power plant	541,769,501	-	-	541,769,501
Solar power plant	262,244,002	-	-	262,244,002

	31 December 2022	Fair value as at 31 December 2022		
		Level 1	Level 2	Level 3
		TL	TL	TL
Land	32,000,550	-	32,000,550	-
Buildings	17,055,209	-	17,055,209	-
Hydroelectric power plant	590,728,668	-	-	590,728,668
Solar power plant	281,827,600	-	-	281,827,600

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13. INTANGIBLE ASSETS

	Rights	Other Intangible Assets	Total
Cost Value			
Balances of 1 January 2023	5,277,340	303,388	5,580,728
Additions	27,047	-	27,047
Closing balance as of 31 December 2023	5,304,387	303,388	5,607,775
Accumulated Depreciation			
Balances of 1 January 2023	(4,518,787)	(264,865)	(4,783,652)
Charge of the year	(427,477)	(23,818)	(451,295)
Closing balance as of 31 December 2023	(4,946,264)	(288,683)	(5,234,947)
Carrying values ass of 31 December 2023	358,123	14,705	372,828
	Rights	Other Intangible Assets	Total
Cost Value			
Balances of 1 January 2022	5,237,849	303,388	5,541,237
Additions	39,491	-	39,491
Closing balance as of 31 December 2022	5,277,340	303,388	5,580,728
Accumulated Depreciation			
Balances of 1 January 2022	(4,121,012)	(246,899)	(4,367,911)
Charge of the year	(397,775)	(17,966)	(415,741)
Closing balance as of 31 December 2022	(4,518,787)	(264,865)	(4,783,652)
Carrying values as of 31 December 2022	758,553	38,523	797,076

The useful lives of intangible assets are as follows::

	Useful life
Rights	3-5 year
Other	3 year

Period charge of the intangible assets are monitored in general administrative expenses.

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14. OTHER ASSETS AND LIABILITIES

	31 December 2023	31 December 2022
Other current assets		
VAT carried forward	21,267,651	15,855,589
Job advances	16,961	93,130
Personnel advances	958	180,199
Other VAT	888,663	3,005,691
	22,174,233	19,134,609
Other non-current assets		
Other VAT	6,701,918	3,732,040
	6,701,918	3,732,040
Other current liabilities		
Taxes and funds payables	4,069,651	2,639,399
Advances received	1,866,154	4,129,788
VAT Payable	240	1,174,239
Other payables and liabilities	568,757	368,396
	6,504,802	8,311,822

15. EMPLOYEE BENEFITS

	31 December 2023	31 December 2022
Payables related to employee benefits		
Social security premiums paid	1,366,443	1,218,621
Other	1,937,578	426,296
	3,304,021	1,644,917

Short term provision within employment benefits

Details of short term provision within employment benefits are as follows:

	31 December 2023	31 December 2022
Short-term provision for employee benefits	2,339,940	1,760,841
	2,339,940	1,760,841

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15. EMPLOYEE BENEFITS (cont'd)

Long term provision within employment benefits

Provision for severance pay:

Under the Turkish Labor Law, the Group is required to pay severance indemnity to each employee who completes at least one year of service and whose employment is terminated, who is called up for military service, who retires after completing 25 years of service (age 58 for women and 60 for men), or who dies.

As of 31 December 2023, the severance pay is subject to a monthly ceiling of TRY 23,489.83 (31 December 2022: TRY 15,371.40).

The severance pay liability is not subject to any legal funding requirement. The provision for severance pay is calculated by estimating the present value of the probable future liability of the Company arising from the retirement of employees. TAS 19 Employee Benefits requires the use of actuarial valuation methods in calculating obligations under defined benefit plans. Accordingly, the actuarial assumptions used in the calculation of total liabilities are stated below:

The principal assumption is that the maximum liability for each year of service will increase in line with inflation. Therefore, the applied discount rate represents the expected real rate after adjusting for the anticipated effects of future inflation. Accordingly, in the accompanying financial statements, provisions have been calculated by estimating the present value of the probable future obligations arising from the retirement of employees. Provisions were calculated using an average real discount rate of 2.15% (31 December 2022: 0.47%). In the calculation of the Group's severance pay provision, the ceiling amount of TRY 35,058.58 effective as of 1 January 2024 has been taken into account (1 January 2023: TRY 19,982.83).

The key assumptions used in the calculation of the severance pay liability are the discount rate and the anticipated voluntary turnover rate.

The movement of provision for employee benefits is as follows:

	31 December 2023	31 December 2022
Opening	13,250,540	8,278,841
Service cost	4,943,760	3,435,033
Interest expense	66,808	728,657
Payments	(3,833,142)	(1,013,166)
Actuarial loss	138,778	5,060,226
Monetary gain/(loss)	(5,084,267)	(3,239,051)
Closing	9,482,477	13,250,540

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16. EXPENSES BY NATURE

	1 January- 31 December 2023	1 January- 31 December 2022
Raw material expense and change in inventories	(298,952,492)	(457,708,807)
General overhead expense	(55,034,845)	(83,952,834)
Personnel expenses	(81,432,508)	(58,127,458)
Export expenses	(3,566,602)	(6,827,960)
Consulting expenses	(6,504,009)	(4,435,380)
Rent expenses	(2,181,072)	(1,766,126)
Insurance expenses	(742,155)	(1,682,262)
Depreciation and amortization expenses (Note: 12, 13)	(34,256,564)	(21,688,287)
Taxes and funds	(1,333,944)	(920,142)
Travel, accomodation and transportation expenses	(491,362)	(476,139)
Maintanance expenses	(259,292)	(305,886)
Other expenses	(40,369,441)	(20,333,706)
	(525,124,286)	(658,224,987)

17. SHARE CAPITAL,RESERVES AND OTHER EQUITY ITEMS

a) Share Capital

Shareholders		31 December 2023		31 December 2022
Investco Holding A.Ş.	63.56%	44,494,213	63.56%	44,494,213
Public Shares	36.44%	25,505,787	36.44%	25,505,787
Authorised capital	100%	70,000,000	100%	70,000,000

Capital structure adjustment	449,068,437	449,068,437
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As of 31 December 2023, the Group's issued capital is TRY 70,000,000 (31 December 2022: TRY 70,000,000). This capital consists of 70,000,000 shares, each with a nominal value of TRY 1 (31 December 2022: 70,000,000 shares). These shares are divided into Group A and Group B shares. Group A shares are registered, and Group B shares are bearer shares. Group A shares have special rights and privileges as specified in the Articles of Association, while no special rights or privileges have been granted to Group B shares. There are 14,000,000 Group A shares (31 December 2022: 14,000,000) and 56,000,000 Group B shares (31 December 2022: 56,000,000).

b) Share premiums

	31 December 2023	31 December 2022
Legal reserves	24,166,241	23,557,505
Other reserves	276,249,350	276,249,350

According to the Turkish Commercial Code, the general legal reserve is appropriated at the rate of 5% of the annual profit until it reaches 20% of the Group's paid-in capital. The other legal reserve is appropriated at a rate of 10% of the total amount to be distributed to those entitled to receive dividends, after the payment of a 5% dividend to shareholders. According to the Turkish Commercial Code, unless the general legal reserve exceeds 50% of the capital or issued capital, it may only be used to offset losses, to sustain the business in times of financial difficulty, or to prevent unemployment and mitigate its consequences.

c) Dividends

At the General Assembly meeting held on 17 August 2023, it was resolved to distribute a cash dividend of TRY 3,500,000 (gross), and the cash dividend distribution was completed on 23 August 2023. The dividends distributed were presented net of the dividends attributable to the shares held by the Group.

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18. REVENUE AND COST OF SALES

	1 January- 31 December 2023	1 January- 31 December 2022
Sales		
Domestic sales	224,014,468	266,740,629
Export sales	282,597,680	447,088,783
Venture capital investment sales	109,954,821	-
Sales returns (-)	(1,996,669)	(13,250,641)
	614,570,300	700,578,771
	1 January- 31 December 2023	1 January- 31 December 2022
Cost of goods sold		
Raw material expense and change in inventories	298,952,492	457,708,807
Cost of venture capital sales	162,457,859	-
General overhead expense	55,034,845	83,952,834
Personnel expenses	38,918,205	21,989,453
Depreciation and amortization expenses	28,401,439	20,732,182
Other	34,794,974	13,969,688
	618,559,814	598,352,964

19. ADMINISTRATIVE AND MARKETING EXPENSES

	1 January- 31 December 2023	1 January- 31 December 2022
Marketing expenses	(8,575,360)	(11,955,485)
General administrative expenses	(60,446,971)	(47,916,538)
	(69,022,331)	(59,872,023)
	1 January- 31 December 2023	1 January- 31 December 2022
Marketing expenses		
Export expenses	(3,566,602)	(6,827,960)
Personnel expenses	(3,329,485)	(2,491,745)
Insurance expenses	(742,155)	(1,682,262)
Travel, accomodation and transportation expenses	(401,722)	(342,347)
Depreciation and amortization expenses (Note: 12, 13)	(116,413)	(68,253)
Other expenses	(418,983)	(542,918)
	(8,575,360)	(11,955,485)

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19. ADMINISTRATIVE AND MARKETING EXPENSES (cont'd)

	1 January- 31 December 2023	1 January- 31 December 2022
General administrative expenses		
Personnel expenses	(39,184,818)	(33,646,260)
Consulting expenses	(6,504,009)	(4,435,380)
Rent expenses	(2,181,072)	(1,766,126)
Taxes and funds	(1,333,944)	(920,142)
Depreciation and amortization expenses (Note: 12, 13)	(5,738,712)	(887,852)
Travel, accomodation and transportation expenses	(89,640)	(133,792)
Communication expenses	(152,431)	(147,775)
Maintenance expenses	(259,292)	(305,886)
Other expenses	(5,003,053)	(5,673,325)
	(60,446,971)	(47,916,538)

The independent audit fee for the reporting period is TRY 2,164,198 (31 December 2022: TRY 1,598,867). No service other than audit was received from the independent audit firm.

20. OTHER INCOME AND EXPENSES FROM OPERATING ACTIVITIES

	1 January- 31 December 2023	1 January- 31 December 2022
<u>Other operating income:</u>		
Gain on revaluation on financial investments	114,901,826	-
Gain on sales of financial investments	348,384,158	17,192,284
Foreign exchange gains from operations	78,623,139	40,067,565
Interest income	6,809,292	260,402
Dividend income	3,458,301	851,365
Insurance income	115,826,991	-
Other income	6,692,225	2,582,488
	674,695,932	60,954,104
<u>Other operating expenses</u>		
Loss on revaluation on financial investments	-	(50,427,206)
Foreign exchange loss from operations	(29,001,347)	(14,820,545)
Other expenses	(3,784,381)	(3,787,859)
	(32,785,728)	(69,035,610)

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

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21. FINANCE INCOME / EXPENSES

	1 January- 31 December 2023	1 January- 31 December 2022
Interest income	104,923,257	8,024,731
	104,923,257	8,024,731
	1 January- 31 December 2023	1 January- 31 December 2022
Interest expense	(71,349,068)	(48,319,253)
Commission expense	(917,596)	(255,159)
	(72,266,664)	(48,574,412)

22. INCOME / EXPENSE FROM INVESTMENT ACTIVITIES

	1 January- 31 December 2023	1 January- 31 December 2022
Bargain purchase gain (Note 2)	-	125,584,982
Fair value increase of investment property (Note 27)	(10,245,197)	24,796,104
Impairment provision for property, plant and equipment (Note 12)	(76,718,340)	(3,646,878)
Interest income	37,640	7,612,722
	(86,925,897)	154,346,930

23. TAXATION ON INCOME

	31 December 2023	31 December 2022
<u>Current tax liabilities / (assets)</u>		
Current tax provision	118,181,394	29,403,772
Less: Prepaid taxes and funds	(101,026,916)	(27,255,840)
	17,154,478	2,147,932

As of 31 December 2022, a portion of the period profit tax provision amounting to TRY 2,030,077 arises from the acquisition of a subsidiary.

Tax expense on the income statement:

	1 January- 31 December 2023	1 January- 31 December 2022
<u>Tax expense comprises</u>		
Current tax expenses	(118,181,394)	(27,373,695)
Deferred tax income / (expenses)	329,535,298	(51,543,413)
Total tax income / (expense)	211,353,904	(78,917,108)

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23. TAXATION ON INCOME (cont'd)

	1 January- 31 December 2023	1 January- 31 December 2022
<u>Reconciliation of tax provision :</u>		
Profit for the period	242.413.049	157.354.958
	25,00%	23,00%
Tax at the domestic income tax rate of 25% (2022: %23)	60.603.262	36.191.640
Tax effects of:		
- valuation differences on securities that is exempt from taxation	(98.483.214)	(2.077.183)
- expenses that are not deductible in determining taxable profit	13.260.476	1.097.960
- effect of associate acquisition / disposal	(49.609.594)	-
- equity method accounting of investment	(6.904.574)	(9.198.151)
- effect of Inflation accounting	(126.673.722)	-
- other	(3.546.538)	52.902.842
Tax provision expense on the income statement	<u>(211.353.904)</u>	<u>78.917.108</u>

In accordance with subparagraph (d) of paragraph 1 of Article 5 of the Corporate Tax Law No. 5520, the earnings of venture capital investment trusts are exempt from corporate tax, and the Group's subsidiary Verusaturk Girişim Sermayesi Yatırım Ortaklığı A.Ş. is subject to this tax exemption.

Corporate Tax

The Group is subject to the corporate tax applicable in Turkey, except for Verusaturk Girişim Sermayesi Yatırım Ortaklığı A.Ş., one of its subsidiaries. Provisions for the estimated tax liabilities related to the current period's operating results have been recognized in the accompanying consolidated financial statements.

The corporate tax rate is applied on the remaining tax base after adding non-deductible expenses to the commercial profit used in the tax base calculation, and deducting exempt income, non-taxable income and other deductions (such as prior years' losses and investment incentives utilized, if preferred). The effective tax rate applied in 2023 is 25%.

In Turkey, provisional tax is calculated and accrued on a quarterly basis. During the taxation of corporate income by provisional tax periods in 2023, the provisional tax rate to be calculated on the corporate income is 25%. Losses may be carried forward for a maximum of 5 years to be deducted from future taxable profits. However, losses cannot be carried back to offset profits of previous years.

There is no definite and conclusive agreement procedure in Turkey for tax assessments. Companies prepare and submit their tax returns between 1–25 April of the year following the fiscal year. The tax returns and the underlying accounting records may be reviewed and amended by the Tax Authority within five years.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

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23. TAXATION ON INCOME (cont'd)

Corporate Tax

The Law on Amendments to Certain Tax Laws and Some Other Laws numbered 7061 was published in the Official Gazette dated 5 December 2017 and numbered 30261. With Article 89 of this Law, amendments were made to Article 5 of the Corporate Tax Law titled "Exemptions". Paragraph (a) of the first clause reduced the 75% exemption applied to the gains arising from the sale of immovables that have been held in the assets of the entities for two full years to 50%. This regulation entered into force as of 5 December 2017.

The Law on Amendments to the Tax Procedure Law and the Corporate Tax Law was enacted on 20 January 2022 with Law No. 7352. It was decided that financial statements would not be subject to inflation adjustment for the 2021 and 2022 accounting periods, including interim periods, as well as for the provisional tax periods of the 2023 accounting period, regardless of whether the conditions for inflation adjustment under repeated Article 298 were met. In accordance with Law No. 7352, inflation adjustment will be applied to the financial statements dated 31 December 2023, and the profit/loss difference arising from the inflation adjustment will be presented under the prior years' profit/loss account and will not be subject to tax.

Income Withholding Tax

In addition to corporate income tax, a withholding tax must also be calculated on dividends, except for those distributed to fully taxpayer entities that declare such dividends as part of their corporate income and to Turkish branches of foreign companies. Between 24 April 2003 and 22 July 2006, the withholding tax rate on dividends was applied as 10%. As of 22 July 2006, this rate has been applied as 15% pursuant to the Council of Ministers' Decree No. 2006/10731. Dividends that are not distributed but added to the capital are not subject to withholding tax.

A 19.8% withholding tax must be applied on investment allowances utilized based on investment incentive certificates obtained prior to 24 April 2003. No withholding tax is applied on investment expenditures without incentive certificates made after this date.

Deferred Tax

The Group recognizes deferred tax assets and liabilities for the temporary timing differences arising between its tax-based statutory financial statements and the financial statements prepared in accordance with TFRS. These differences mainly result from certain income and expense items being recognized in different periods in the tax-based financial statements and in the TFRS financial statements. The nature of these differences is explained below.

A tax rate of 25% has been used in the calculation of deferred tax assets and liabilities (2022: 20%).

Since entities in Turkey are not allowed to declare tax refunds, the deferred tax assets of subsidiaries are not offset against the deferred tax liabilities of other subsidiaries and are presented separately.

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23. TAXATION ON INCOME (cont'd)

Deferred Tax (cont'd):

Deferred tax assets / (liabilities):	31 December 2023	31 December 2022
	Deferred tax	
Net differences on depreciation of property, plant and equipment / amortization of other intangible assets	(249,591,951)	(126,509,641)
Revaluation of financial instruments	(8,442,346)	(70,453,294)
Provision for doubtful receivables	554,361	730,749
Provision for employee benefit obligations	2,194,792	2,567,305
Provision for unused vacation expense	553,062	335,433
Investment incentive	27,876,770	-
Effect of inflation accounting under the Tax Procedure Law	348,797,871	-
Other	18,009,144	5,526,719
	139,951,703	(187,802,729)

Movements of deferred tax asset/(liability) balances are as follows:

Deferred tax assets / (liability) movement:	1 January- 31 December 2023	1 January- 31 December 2022
Opening balance as of 1 January	(187,802,729)	(110,635,701)
Charged to profit or loss	329,535,298	(51,543,413)
Charged to equity	(1,780,866)	(271,178)
Effect of the acquisition of subsidiary	-	(25,352,437)
Closing balance	139,951,703	(187,802,729)

24. EARNINGS PER SHARE

Earning per share	1 January- 31 December 2023	1 January- 31 December 2022
Amount of share	70,000,000	70,000,000
Net profit of the main shareholding	278,220,121	4,503,956
Earning per share	3.97	0.06

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25. FINANCIAL INSTRUMENTS

Financial Investments

	31 December 2023	31 December 2022
<u>Current financial investments</u>		
Financial assets at fair value through profit or loss	1,731,922,185	2,233,130,302
Blocked deposits	8,397	13,835
	<u>1,731,930,582</u>	<u>2,233,144,137</u>

Financial assets at fair value through profit or loss

	31 December 2023	31 December 2022
<u>Share certificate</u>		
Shares traded on the stock exchange	844,774,887	-
Shares non-traded on the stock exchange	887,147,298	2,233,130,302
	<u>1,731,922,185</u>	<u>2,233,130,302</u>

Type	Share Rate %	31 December 2023	Share Rate %	31 December 2022
<u>Shares not-traded on the stock exchange</u>				
Enda Enerji Holding A.Ş.	0.01%	10,533,445	26.82%	1,451,949,262
Kahve Diyarı Pazarlama Sanayi ve Ticaret A.Ş.	50%	142,152,000	50%	81,921,210
Probel Yazılım ve Bilişim Sistemleri A.Ş.	10%	47,013,800	10%	46,630,736
Mavi Hospital Sağlık Hizmetleri A.Ş.	50%	-	50%	162,457,859
Core Engage Yazılım A.Ş.	50%	19,340,950	50%	15,048,524
Golive Yazılım Hizmetleri A.Ş.	25%	369,508,500	25%	167,656,445
Vektora Yazılım Teknolojileri A.Ş.	60%	298,598,603	60%	307,466,266
		<u>887,147,298</u>		<u>2,233,130,302</u>
<u>Shares traded on the stock exchange</u>				
Other		844,774,887		-
		<u>844,774,887</u>		<u>-</u>
		<u>1,731,922,185</u>		<u>2,233,130,302</u>

	31 December 2023	31 December 2022
<u>Non-current financial investments</u>		
EPIAŞ - Enerji Piyasaları İşletme A.Ş. (*)	134,827,500	117,977,410
Other	1,260	2,076
	<u>134,828,760</u>	<u>117,979,486</u>

(*) The Company is not traded on the stock exchange. The fair value of Enerji Piyasaları İşletme A.Ş., which is classified as a long-term financial investment at fair value through profit or loss based on the Company's shareholding, is TRY 134,827,500 and is calculated based on the figures included in the independent valuation study. The fair value increase has been recognized under other income from operating activities.

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25. FINANCIAL INSTRUMENTS (cont'd)

Financial Liabilities

The details of financial liabilities are as follows:

Financial debts	31 December 2023	31 December 2022
Short term bank loans	271,626,434	292,062,750
Short-term portion of long-term borrowings	1,129,411	7,730,132
Long-term borrowings	41,928,788	57,699,136
	314,684,633	357,492,018

The maturity analysis of bank loans is as follows:

	31 December 2023	31 December 2022
To be paid within 1 year	272,755,845	299,792,882
Between 1-2 years	1,129,412	4,054,734
Between 2-3 years	2,258,824	3,721,930
Between 3-4 years	2,258,824	3,721,930
Between 4-5 years	2,258,824	3,721,930
5 years and more	34,022,904	42,478,612
	314,684,633	357,492,018

		31 December 2023	
Currency	Effective Interest Rate	Current	Non-current
TRY	8.5% - 45.5%	272,755,845	18,070,589
EUR	1.04% - 2.5%	-	23,858,199
		272,755,845	41,928,788

		31 December 2022	
Currency	Effective Interest Rate	Current	Non-current
TRY	8.5% - 20%	292,062,750	31,636,400
EUR	1.04% - 2.5%	7,730,132	26,062,736
		299,792,882	57,699,136

Reconciliation of obligations arising from financing activities

Cash and non-cash changes related to liabilities from financial activities as stated below:

	1 January 2023	Financing cash in flows	Financing cash out flows	Foreign currency loss	Interest Accruals	31 December 2023
Bank loans	357,492,018	295,790,069	(195,448,158)	13,557,401	(156,706,697)	314,684,633

	1 January 2022	Financing cash in flows	Financing cash out flows	Foreign currency loss	Interest Accruals	31 December 2022
Bank loans	98,437,891	318,589,846	(37,616,021)	11,484,294	(33,403,992)	357,492,018

There is no covenant related with bank loans.

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26. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximizing the return to stakeholders through the optimization of the debt and equity balance. The capital structure of the Group consists of debt, which includes the borrowings disclosed in Note 25, cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings.

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

In addition and consistent with others in the industry, the group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the consolidated statement of financial position) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the consolidated statement of financial position plus net debt.

The gearing ratios are as follows:

	31 December 2023	31 December 2022
Financial debts (Note 25)	314,684,633	357,492,018
Less: cash and cash equivalents	(293,843,648)	(36,211,761)
Net debt	20,840,985	321,280,257
Total equity	3,615,476,502	3,307,157,157
Total capital	3,636,317,487	3,628,437,414
Net Debt/Total Capital Ratio	0.57%	8.85%

Financial risk factors

The Group's activities expose it to a variety of financial risks including interest rate risk, liquidity risk, currency risk and credit risk. Group's risk management programme generally focuses on uncertainty in financial markets and minimizing potential negative effects on Group's financial performance.

Risk management, is conducted by a treasury department with some politic approved by the board of management. Treasury department of the Group defines and evaluates the financial risk, and by working with the operation units they use tools to decrease the risk. Board of management generates a written procedure about foreign exchange risk, interest rate risk, loan risk, how to use derivative instruments and other non-derivative financial instruments, and how to evaluate excess liquidity or a general legislation about risc management.

Interest rate risk management

The Group is exposed to interest rate risk through the impact of rate changes on interest bearing liabilities and assets. Such risks are managed inherently by netting off the interest-bearing assets and liabilities.

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26. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont'd)

Credit risk management

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. Group, aiming to decrease credit risk by transacting only with parties who has credit assurance and where possible, obtaining sufficient guarantee.

Details of credit risk by class of financial instruments

	<u>Trade Receivables</u>	<u>Other Receivables</u>	
	<u>Third parties</u>	<u>Third parties</u>	<u>Cash and cash equivalents</u>
31 December 2023			
Maximum credit risk exposed as of balance sheet date (A+B+C+D+E)	80,235,342	9,534,460	293,835,251
- Secured portion of the maximum credit risk by guarantees	-	-	-
A. Net book value of financial assets that are neither past due nor impaired	80,235,342	9,534,460	293,835,251
B. Net book value of the financial assets that their conditions are renegotiated and otherwise be impaired	-	-	-
C. Net book value of financial assets that are past due but not impaired	-	-	-
- Secured portion of the net book value by guarantees, etc.	-	-	-
D. Net book value of the impaired assets	-	-	-
-Past due (gross amount)	1,496,919	-	-
-Impairment (-) (Note 7)	(1,496,919)	-	-
-Secured portion of the net book value by guarantees, etc.	-	-	-
- Not Past due (gross amount)	-	-	-
-Impairment (-)	-	-	-
-Secured portion of the net book value by guarantees, etc.	-	-	-
E. Off-balance sheet items include credit risk	-	-	-
	<u>Trade Receivables</u>	<u>Other Receivables</u>	
	<u>Third parties</u>	<u>Third parties</u>	<u>Cash and cash equivalents</u>
31 December 2022			
Maximum credit risk exposed as of balance sheet date (A+B+C+D+E)	48,963,466	8,014,532	36,197,926
- Secured portion of the maximum credit risk by guarantees	-	-	-
A. Net book value of financial assets that are neither past due nor impaired	48,963,466	8,014,532	32,962,611
B. Net book value of the financial assets that their conditions are renegotiated and otherwise be impaired	-	-	-
C. Net book value of financial assets that are past due but not impaired	-	-	-
- Secured portion of the net book value by guarantees, etc.	-	-	-
D. Net book value of the impaired assets	-	-	-
-Past due (gross amount)	2,466,517	-	-
-Impairment (-) (Note 7)	(2,466,517)	-	-
-Secured portion of the net book value by guarantees, etc.	-	-	-
- Not Past due (gross amount)	-	-	-
-Impairment (-)	-	-	-
-Secured portion of the net book value by guarantees, etc.	-	-	-
E. Off-balance sheet items include credit risk	-	-	-

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26. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont'd)

Liquidity risk management

Conservative 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 Group aims maintaining flexibility in funding by keeping committed credit lines available.

31 December 2023	Carrying value	Total Contracted Cash Outflows (I+II+III+IV)	Less than 3 months (I)	3 to 12 months (II)	1 to 5 years (III)	5 years + (IV)
Financials liabilities						
Bank loans	314,684,633	409,682,599	35,965,903	320,824,793	15,325,427	37,566,476
Trade payables	88,629,716	88,629,716	88,629,716	-	-	-
Other payables	649,981	649,981	272,497	-	377,484	-
Total liabilities	403,964,330	498,962,296	124,868,116	320,824,793	15,702,911	37,566,476

31 December 2022	Carrying value	Total Contracted Cash Outflows (I+II+III+IV)	Less than 3 months (I)	3 to 12 months (II)	1 to 5 years (III)	5 years + (IV)
Financials liabilities						
Bank loans	357,492,018	406,832,005	92,288,509	225,549,548	27,188,949	61,804,999
Trade payables	45,610,367	45,610,367	45,610,367	-	-	-
Other payables	131,940,806	131,940,806	131,940,806	-	-	-
Total liabilities	535,043,191	716,712,138	402,168,642	225,549,548	27,188,949	61,804,999

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26. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont'd)

Foreign currency risk management

Transactions denominated in foreign currencies result in foreign currency risk.

The Group is exposed to currency risk due to the volatility of the exchange rate used in the conversion of foreign currency denominated assets and liabilities into Turkish Lira. Exchange risk is caused by the recorded assets and liabilities and future commercial transactions. In this framework, the Group controls this risk through a natural method of offsetting foreign currency assets and liabilities. The management analyzes the foreign exchange position of the Group and ensures that measures are taken where necessary.

The breakdown of the Group's monetary and non-monetary assets and monetary and non-monetary liabilities in foreign currencies as of 31 December 2023 and 2022 is as follows:

	31 December 2023		
	TRY Equivalent (Functional Currency)	US Dollar	EURO
1. Trade Receivables	60,948,327	1,940,212	117,639
2a. Monetary Financial Assets	104,458,146	3,542,767	5,080
2b. Non-monetary Financial Assets	-	-	-
3. Other	-	-	-
4. Current assets	165,406,473	5,482,979	122,719
5. Trade Receivables	-	-	-
6a. Monetary Financial Assets	-	-	-
6b. Non-monetary financial assets	-	-	-
7. Other	-	-	-
8. Non-current assets	-	-	-
9. TOTAL ASSETS	165,406,473	5,482,979	122,719
10. Payables	3,872,652	120,858	9,450
11. Financial Liabilities	-	-	-
12a. Monetary Other Liabilities	3,253,064	41,990	61,740
12b. Non-Monetary Other Liabilities	-	-	-
13. Current Liabilities	7,125,717	162,848	71,190
14. Payables	-	-	-
15. Financial Liabilities	23,858,199	-	731,115
16a. Monetary Other Liabilities	-	-	-
16b. Non-Monetary Other Liabilities	-	-	-
17. Non-current Liabilities	23,858,199	-	731,115
18. TOTAL LIABILITIES	30,983,916	162,848	802,306
19. Off-balance Sheet Derivative Instruments			
off-balance sheet	-	-	-
19.a Amount of active foreign derivative currency			
off-balance sheet	-	-	-
19.b. Amount of passive foreign derivative currency			
off-balance sheet	-	-	-
20. Net Foreign Currency Assets/Liabilities Position (9-18+19)	134,422,557	5,320,131	(679,586)
21. Monetary Items Net Foreign Currency Assets / Liabilities (1+2a+5+6a-10-11-12a-14-15-16a)	134,422,557	5,320,131	(679,586)
22. Total fair value of financial instruments used for foreign currency hedge	-	-	-
23. Amount of hedged portion of foreign currency assets	-	-	-
24. Amount of hedged portion of foreign exchange liabilities	-	-	-

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26. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont'd)

Foreign currency risk management (cont'd)

	31 December 2022		
	TRY Equivalent (Functional Currency)	US Dollar	EURO
1. Trade Receivables	36,931,361	1,016,064	171,299
2a. Monetary Financial Assets	54,022,525	1,680,721	68,193
2b. Non-monetary Financial Assets	-	-	-
3. Other	-	-	-
4. Current assets	90,953,886	2,696,785	239,492
5. Trade Receivables	-	-	-
6a. Monetary Financial Assets	-	-	-
6b. Non-monetary financial assets	-	-	-
7. Other	-	-	-
8. Non-current assets	-	-	-
9. TOTAL ASSETS	90,953,886	2,696,785	239,492
10. Payables	4,041,295	120,858	9,450
11. Financial Liabilities	7,730,132	-	234,912
12a. Monetary Other Liabilities	3,327,665	41,990	61,740
12b. Non-Monetary Other Liabilities	-	-	-
13. Current Liabilities	15,099,092	162,848	306,103
14. Payables	-	-	-
15. Financial Liabilities	26,062,736	-	792,025
16a. Monetary Other Liabilities	-	-	-
16b. Non-Monetary Other Liabilities	-	-	-
17. Non-current Liabilities	26,062,736	-	792,025
18. TOTAL LIABILITIES	41,161,828	162,848	1,098,127
19. Off-balance Sheet Derivative Instruments			
Net Asset/Liability Position (19a-19b)	-	-	-
19.a Amount of active foreign derivative currency off-balance sheet	-	-	-
19.b. Amount of passive foreign derivative currency off-balance sheet	-	-	-
20. Net Foreign Currency Assets/Liabilities Position (9-18+19)	49,792,058	2,533,937	(858,635)
21. Monetary Items Net Foreign Currency Assets / Liabilities (1+2a+5+6a-10-11-12a-14-15-16a)	49,792,058	2,533,937	(858,635)

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26. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont'd)

Foreign currency risk management (cont'd)

Foreign currency sensitivity analysis

The following table details the Group's sensitivity to a 20% increase and decrease in US Dollar and EURO against TRY 20% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 20% change in foreign currency rates. A positive number below indicates an increase in profit or equity.

	31 December 2023	
	Profit / Loss	
	Revaluation of foreign currency	Depreciation of foreign currency
In case of a 20% increase in US Dollar against TRY		
-US Dollar net asset / liability	31,323,016	(31,323,016)
In case of a 20% increase in EURO against TRY		
-EURO net asset / liability	(4,435,334)	4,435,334
TOTAL	26,887,682	(26,887,682)
	31 December 2022	
	Profit / Loss	
	Revaluation of foreign currency	Depreciation of foreign currency
In case of a 20% increase in US Dollar against TRY		
-US Dollar net asset / liability	15,613,986	(15,613,986)
In case of a 20% increase in EURO against TRY		
-EURO net asset / liability	(5,650,932)	5,650,932
TOTAL	9,963,054	(9,963,054)

Fair value of financial instruments

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

- Level 1: the fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices;
- Level 2: the fair value of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions; and
- Level 3: the fair value of the financial assets and financial liabilities are determined where there is no observable market data.

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26. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont'd)

Foreign currency risk management (cont'd)

Fair value of financial instruments(cont'd) :

	Financial assets at amortized costs	Financial assets through profit and loss	Financial liabilities at amortized costs	Carrying value	Note
31 December 2023					
<u>Financial assets</u>					
Cash and cash equivalents	293,835,251	-	-	293,835,251	29
Trade receivables	80,235,342	-	-	80,235,342	7
Other receivables	9,534,460	-	-	9,534,460	9
Financial investments	8,397	1,866,750,945	-	1,866,759,342	25
<u>Financial liabilities</u>					
Borrowings	-	-	314,684,633	314,684,633	25
Trade payables	-	-	88,629,716	88,629,716	7
Other financial liabilities	-	-	2,435,151	2,435,151	14
Other payables	-	-	649,981	649,981	
	Loans and receivables (including cash and cash equivalents)	Financial assets through profit and loss	Financial liabilities at amortized costs	Carrying value	Note
31 December 2022					
<u>Financial assets</u>					
Cash and cash equivalents	36,197,926	-	-	36,197,926	29
Trade receivables	48,963,466	-	-	48,963,466	7
Other receivables	8,014,532	-	-	8,014,532	9
Financial investments	13,835	2,351,109,788	-	2,351,123,623	25
<u>Financial liabilities</u>					
Borrowings	-	-	357,492,018	357,492,018	25
Trade payables	-	-	45,610,367	45,610,367	7
Other financial liabilities	-	-	5,672,440	5,672,440	14
Other payables	-	-	131,940,806	131,940,806	

Financial assets

The fair values of balances denominated in foreign currencies, which are converted at period-end exchange rates, are considered to approximate their carrying values.

The fair values of financial assets carried at cost, including cash and bank deposits, are considered to approximate their carrying values due to their short-term nature and negligible credit losses. The fair values of financial investments are estimated based on market prices at the balance sheet date.

Trade receivables from electricity sales are valued at amortized cost using the effective interest method and are considered to approximate their fair values including the related provisions for doubtful receivables.

Financial liabilities

The fair value of bank borrowings and other monetary liabilities is considered to approximate their carrying value. Long-term loans denominated in foreign currencies are converted at period-end exchange rates and accordingly their fair value approximates their carrying value. Trade payables are valued at amortized cost using the effective interest method and are thus considered to approximate their fair values.

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26. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont'd)

Financial liabilities (cont'd)

Fair value hierarchy of financial assets and liabilities that are measured at fair value:

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined.

Financial Assets	Fair Value		Fair Value Hierarchy	Valuation Techniques	Significant observable inputs	Relationship of observable inputs to fair value
	31 December 2023	31 December 2022				
Shares traded on the stock exchange	844,774,887	-	Level 1	Market price		
Shares not traded on the stock exchange	134,827,500	117,977,410	Level 3	Discounted cash flows	Enerji Piyasaları İşletme A.Ş. : Considering the income approach, 27.06% weighted average cost of capital in TRY and 7% final growth rate are used.	
Shares not traded on the stock exchange	10,533,445	1,451,949,262	Level 3	Sales price		
Shares not traded on the stock exchange	298,598,603	307,466,266	Level 3	Equivalence Value and Discounted Cash Flow	Vektora Yazılım Teknolojileri A.Ş.: The total value was determined by using different valuation techniques with varying weights. Under the market comparable approach, multiples of publicly traded peer companies were used and a liquidity discount of 30% was applied. Under the income approach, the Weighted Average Cost of Capital (WACC) in Turkish Lira was calculated as 29.11%.	The fair value decreases when the liquidity rate increases. As the weighted average cost of capital increases, the fair value decreases.
Shares not traded on the stock exchange	-	162,457,859	Level 3			
Shares not traded on the stock exchange	369,508,500	167,656,445	Level 3	Equivalence Value and Discounted Cash Flow	Golive Yazılım Hizmetleri A.Ş.: Different valuation techniques were used with varying weights to determine the total value. Under the market comparable approach, the multiples of publicly traded peer companies were utilized and a 30% liquidity discount was applied. Under the income approach, the Weighted Average Cost of Capital (WACC) in Turkish Lira was calculated as 27.6%	The fair value decreases when the liquidity rate increases. As the weighted average cost of capital increases, the fair value decreases.
Shares not traded on the stock exchange	47,013,800	46,630,736	Level 3	Equivalence Value and Discounted Cash Flow	Probel Yazılım ve Bilişim Sistemleri A.Ş.: Total value was found using different valuation techniques at different rates. Considering the equivalent value method, 30% liquidity discounts have been applied by using multipliers of similar publicly traded companies. Considering the income approach, the weighted average capital cost is calculated as 29.5% in TRY.	The fair value decreases when the liquidity rate increases. As the weighted average cost of capital increases, the fair value decreases.
Shares not traded on the stock exchange	142,152,000	81,921,210	Level 3	Equivalence Value and Discounted Cash Flow	Kahve Diyarı Pazarlama Sanayi ve Ticaret A.Ş.: Different valuation techniques were used with varying weights to determine the total value. Under the market comparable approach, the multiples of publicly traded peer companies were utilized and a 30% liquidity discount was applied. Under the income approach, the Weighted Average Cost of Capital (WACC) in Turkish Lira was calculated as 39.44% (2022: Cost value).	The fair value decreases when the liquidity rate increases. As the weighted average cost of capital increases, the fair value decreases.
Shares not traded on the stock exchange	19,340,950	15,048,524	Level 3	Cost		
Shares not traded on the stock exchange	1,260	2,076	Level 3	Cost		

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26. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont'd)**First level financial assets at fair value through profit or loss**

	1 January - 31 December 2023	1 January - 31 December 2022
Trading purpose		
Opening balance, 1 January	-	12,482,916
Acquisition	1,250,358,544	51,694,407
Disposals	(499,671,342)	(110,993,233)
Total gain/loss charged to profit/loss	94,087,685	46,815,910
<i>Valuation gain / loss</i>	(149,698,985)	29,623,626
<i>Gain / loss on sale</i>	243,786,670	17,192,284
Closing balance, 31 December	<u>844,774,887</u>	<u>-</u>

Third level financial assets at fair value through profit or loss

	1 January - 31 December 2023	1 January - 31 December 2022
Trading purpose		
Opening balance, 1 January	2,351,109,788	2,421,352,637
Disposals	(1,655,968,133)	-
Total gain/loss charged to profit/loss	316,695,261	(80,050,832)
<i>Valuation gain / loss</i>	264,600,811	(80,050,832)
<i>Gain / loss on sale</i>	52,094,450	-
Capital increase	10,139,142	9,807,983
Closing balance, 31 December	<u>1,021,976,058</u>	<u>2,351,109,788</u>

27. INVESTMENT PROPERTIES

	Lands
Opening balance as of 1 January 2022	96,129,093
Increases from changes in fair value	24,796,104
Closing balance as of 31 December 2022	<u>120,925,197</u>
Opening balance as of 1 January 2023	120,925,197
Increases from changes in fair value	(10,245,197)
Closing balance as of 31 December 2023	<u>110,680,000</u>

Fair value measurements of the Company's investment properties

The fair value of the Group's investment properties has been determined by Lotus Gayrimenkul Değerleme ve Danışmanlık A.Ş., an independent valuation company authorized by the Capital Markets Board (CMB), in accordance with capital market regulations. As of 31 December 2023, the fair value of the land has been determined using the market comparison approach, which reflects the current transaction prices of similar properties.

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27. INVESTMENT PROPERTIES (cont'd)

The fair value hierarchy of the Company's investment properties and the related assets are shown in the following table:

	31 December 2023	Fair value level as of the reporting date		
		1. Level TRY	2. Level TRY	3. Level TRY
Lands	110,680,000	-	110,680,000	-

	31 December 2022	Fair value level as of the reporting date		
		1. Level TRY	2. Level TRY	3. Level TRY
Lands	120,925,197	-	120,925,197	-

There has been no transition between 1st and 2nd level in the current period.

28. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

As of 31 December 2023, the "urgent expropriation" process for the land on which the hydroelectric power plant owned by Pamel Yenilenebilir Elektrik Üretim A.Ş. is located, in Erzurum province, has been initiated together with EMRA. As of the reporting date, the expropriation process is still ongoing. According to the Group Management's opinion, no provision has been recognized in the consolidated financial statements as of 31 December 2023, since the probability and measurability of an outflow of resources embodying economic benefits in relation to the lawsuits filed during this process is not deemed likely.

29. CASH AND CASH EQUIVALENTS

	31 December 2023	31 December 2022
Cash on hand	395,750	48,572
Cash at banks	292,800,393	36,001,050
<i>Demand deposit</i>	4,785,948	11,776,682
<i>Time deposits up to 3 months maturity</i>	287,442,855	21,317,770
<i>Blocked deposit</i>	571,590	2,906,598
Other cash equivalents	639,108	148,304
	293,835,251	36,197,926

Cash and cash equivalents included in the consolidated cash flow statement are as follows:

Original Currency	Maturity	Interest Rate	Original Amount	31 December 2023
Turkish Lira	January 2024	15% - 23%	229,306,757	229,306,757
USD	January 2024	1%	1,974,852	58,136,098
				287,442,855

Original Currency	Maturity	Interest Rate	Original Amount	31 December 2022
Turkish Lira	January 2023	15% - 23%	21,317,770	21,317,770
				21,317,770

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30. EVENTS AFTER REPORTING PERIOD

None noted.