YÜNSA

CREATION OF FABRICS

ANNUAL REPORT 2024

TABLE OF CONTENTS

Yünsa in the World

Being Europe's largest integrated wool fabric manufacturer, Yünsa is a global brand providing services to over 400 fashion and ready-made clothing companies in more than 50 countries.

International Sales Offices

US, Germany, UK

Agencies

US, Australia, China
South Korea, Japan, France,
Italy and Slovakia

865

Average Number of Employees

400+

Customers

50+

Number of Export Countries

Headquarters

Istanbul - Turkey

Production Facility

Çerkezköy - Turkey

Design Offices

Milano -Italy and Çerkezköy – Turkey

Yünsa in Numbers

1.939
Million TL
Net Sales

367
Million TL
Gross Profit

4.512
Million TL
Total Assets

%19
Gross Profit Margin

Yünsa in Numbers

	2024	2023
Total Liabilities / Total Assets (%)	25	28
Shareholder's Equity / Total Assets(%)	75	72
Borrowing Rate (%)	33	39
Current Ratio	2,25	1,92
Acid Test Ratio	1,06	1,23
Gross Profit Margin (%)	19	29
Net Profit Margin (%)	2	25
Earnings per Share (Kuruş)	0,0763	1,6370

About Yünsa

Being one of the world's leading companies in the production of upper-segment woolen fabrics, Yünsa has Europe's largest integrated woven fabric production facility under one roof.

Yünsa is one of the five largest upper-segment woolen fabric manufacturers in the world today, and its success story started in 1973. Having started its operations by producing high quality menswear woolen woven fabric, Yünsa added womenswear, corporate wear and upholstery fabric to its portfolio later.

Exporting approximately two-thirds of its production, Yünsa is the leader of woolen woven fabric exports in Turkey. While contributing to the Turkish economy with its high export capacity as a company exporting to more than 50 countries, it is also one of the leading national brands representing Turkey in the international arena with its innovative products. Operating in many regions of the world as a global Turkish company, Yünsa has sales offices in the USA, Germany and the UK, and agencies in the USA, Australia, China, South Korea, Italy, Japan, France and Slovakia.

Being the largest woven fabric producer in Europe under a single roof with its integrated facility in Çerkezköy, Tekirdağ installed on an area of nearly 200,000 square meters, it has an annual capacity of producing 4,500 tonnes of worsted yarn and weaving 10 million meters of fabric.

With its contemporary and technological facility infrastructure, the Company performs all of its spinning, warping and weaving, dyeing and finishing procedures in-house.

10 million meters/year

Woven Fabric Production Capacity

4.500 tonnes/year

Fabric Production Capacity

200.000 m^2

Production Facility Area

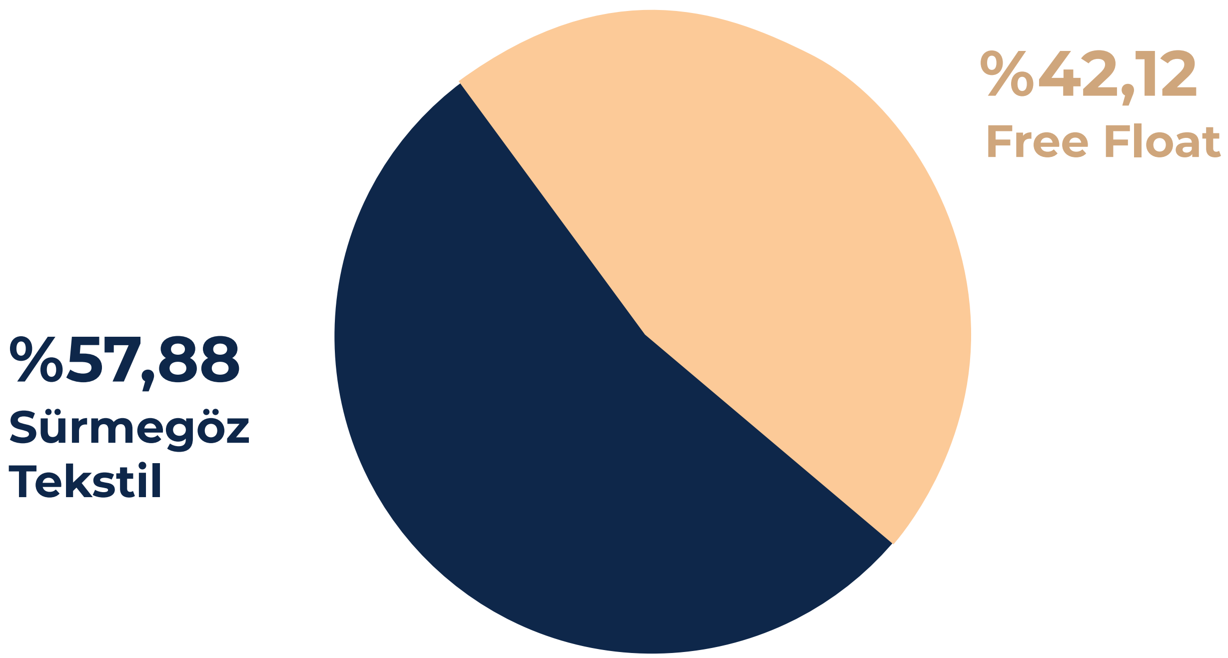
Shareholding Structure

Operating with the goal of achieving sustainable profitability that adds value for its investors and all stakeholders, Yünsa is a publicly traded company that trades 42% of its shares on Borsa Istanbul.

Founded in 1973, Yünsa Yünlü Sanayi ve Ticaret A.Ş. is engaged in the production and marketing of woolen textile products. As of December 31, 2024, Yünsa, whose shares were offered to the public on April 6, 1990, has an issued capital of TL 480,000,000.00, which is divided into 48,000,000,000 bearer shares with a nominal value of 1 Kuruş each, and has no privileged shares.

All of the shares with a nominal value of TL 277,835,497 representing 57.88% of the share capital of Yünsa Yünlü Sanayi ve Ticaret A.Ş. are held by Sürmegöz Tekstil Yatırım A.Ş., while the remaining 42.12% shares with a nominal value of TL 202,164,503 are publicly traded in BIST All Shares, BIST Sustainability, BIST Participation All Shares, BIST Participation 100, BIST Participation Dividend, BIST Dividend, BIST Textile-Leather, BIST Industrials, BIST 500, BIST Corporate Governance, BIST All-100 and BIST Tekirdağ indices of Borsa Istanbul.

Name of the Shareholder	Number of Shares	Shareholding Ratio (%)
Sürmegöz Tekstil Yatırım A.Ş.	277.835.497	57,88
Other (Free Float)	202.164.503	42,12
TOTAL	480.000.000	100,00



Our Vision

Becoming the leading wool fabric brand in the world by 2030.

Our Mission

Offering textile solutions that add value to life through sustainable, technological and innovative approaches.

Our Values

- Reliability and Honesty
- Customer Orientation
- Continuous Development and Creativity
- Speed and Flexibility
- Active Participation
- Teamwork and Collaboration

Milestones

1973
Yünsa Yünlü Sanayi ve Ticaret A.Ş. is founded.

1976
Production activities are started.

1989
Çerkezköy design office is opened.

1990
Yünsa shares are offered to the public.

1998
ISO 9001 Quality Management System Certificate is obtained.

2002
Italia/Biella design office is opened.

2004
ISO 14001 Environmental Management System Certificate is obtained.

2006
Eko-Tex® 100 Certificate is obtained.

2007
Yünsa UK Office is opened.

2008
Yünsa US Office is opened.

2009
Yünsa Germany Office is opened.
M&S Fabric Test Accreditation is obtained.

2010
Yünsa R&D Center is opened.
The first CDP Turkey Climate Change Reporting is made in the Turkish textile industry.

2011
Hugo Boss Accreditation is obtained.

2012
Total Productive Management (TPM) efforts are started.
R&D Center Award is received.

2013

ISO 50001 Energy Management System Certificate is obtained.

2015

Yünsa ranks first in the sector with its CDP Turkey Climate Change Report score.

2016

OHSAS 18001 and ISO 27001certificates are obtained.

2017

Yünsa becomes the sector leader with its CDP Turkey Water Report score.

2018

RWS Certificate is obtained. Yünsa participates in ZDHC and BVE3 programs. The Company is included in the Higg Facility Environment Module.

2019

Yünsa is acquired by Sürmegöz Tekstil.

2020

Yünsa wins KalDer "Kaizen of the Year" award.

2021

Yünsa becomes the first and only textile company in Turkey to receive the TPM Excellence Award.

2023

We are included in the **BIST** Sustainability Index.

2024

We are included in the **BIST** Sustainability Index.

We are included in TIME Magazine's list of “the world's best companies for sustainable growth 2025” based on environmental impact and financial stability.

Message from the Chairman

In 2024, we strengthened our pioneering role in sustainability as we were included in the Borsa Istanbul Sustainability Index, and our achievements in environmental impact and financial stability were recognized by TIME magazine, placing us among the top 500 companies in the "World's Best Companies for Sustainable Growth 2025" survey.

Dear Stakeholders,

Despite a year marked by challenging economic conditions, including high inflation, stagnation in export markets, and intensifying global competition, we concluded 2024 with a turnover of TL 1.9 billion, a gross profit of TL 367 million, and an EBITDA of TL 177 million—driven by our organizational transformation and digitalization initiatives.

As a result of the evaluation conducted by the London Stock Exchange in cooperation with Borsa Istanbul, we qualified for inclusion in the Borsa Istanbul Sustainability Index, achieving an overall score of 82—comprising 80 in environmental, 84 in social, and 81 in corporate governance criteria. In the international arena, we were honored to be one of only three companies from Turkey included in the list compiled by TIME magazine in collaboration with Statista. Based on the assessment conducted by JCR-Eurasia Rating, we received an 'AA (tr)' rating, positioning us within the 'Very Highly Investable' category.

Driven by our commitment to a sustainable future, we continued to implement practices that set a standard for the sector. As part of our commitment to combating climate change, we calculated our greenhouse gas emissions, verified them through accredited institutions, and made our production facilities more environment-friendly. In 2024, we sourced all of our electricity from renewable sources, with this achievement officially certified by the International I-REC Certificate. As a result, we neutralized greenhouse gas emissions of approximately 8,600 tonnes of CO_2 equivalent.

As part of our efforts to develop environment-friendly products using recycled raw materials, we continued to design and manufacture special fiber-blended fabrics made from waste plastic bottles.

Reinforcing our dedication to corporate responsibility approach, we strengthened our commitment to universal values such as human rights, labor standards, environmental protection and anti-corruption, and became a signatory of the UN Global Compact.

Through our innovation-driven R&D Center, we successfully completed 42 nationally and internationally supported projects in 2024, focused on developing environment-friendly products and machines. We translated the results of these projects into more than 90 scientific publications and were granted 7 patents and 5 utility model registrations as part of our intellectual property achievements.

As part of our digital transformation journey, we measured our digital maturity using internationally recognized criteria and developed a strategic roadmap to drive our progress. As a pioneer in Industry 4.0 transformation, we reinforced our leadership in the textile industry through the results of the SIRI evaluation conducted by the MEXT Technology Center.

At the 2024 Joint Future Award Program organized by the Turkish Confederation of Employers' Associations (TİSK), we received the "Occupational Health and Safety Special Award" for our project titled "Elimination of Work Accident Risks with Artificial Intelligence and Automation Systems". This achievement demonstrates how effectively we have leveraged digitalization to enhance occupational health and safety practices.

Moving forward, we will continue investing in technology, enhancing customer satisfaction, and strengthening our sustainability initiatives with a focus on environmental and social impact.We will accelerate production and sales growth by aligning with our financial targets and adopting an efficiency-based approach to operational excellence.

I would like to express my heartfelt gratitude to all my colleagues who have contributed to this process, as well as to our stakeholders whose support has strengthened us.

Yours sincerely,

Mustafa Sürmegöz
Yönetim Kurulu Başkanı

Board of Directors

Mustafa SÜRMEGÖZ

Chair of the Board of Directors and General Manager

Having graduated from Kabataş Boys' High School in 1985, Mustafa Sürmegöz graduated from Faculty of Business Administration of Istanbul University in 1989.
Following a period of foreign language education in London, Sürmegöz embarked upon his career in the textile industry in 1991 and has been working as a senior manager in the woolen fabric sector for more than 30 years.
After the acquisition of Yünsa's shares other than the publicly traded shares by Sürmegöz Tekstil Yatırım in November 2019, he has been serving as the General Manager of Yünsa since April 2020 and as the Chair of the Board of Directors of Yünsa since April 2022. Mr. Sürmegöz is a member of the Foreign Economic Relations Board (DEIK) of the Netherlands Business Council, a board member of Istanbul Textile and Raw Materials Exporters' Association (İTHİB), Turkish Textile Industry Employers' Association (TTSİS) and Turkish Confederation of Employers' Associations (TİSK), and a congress member of Galatasaray Sports Club.

Dr. Tamer SAKA

Deputy Chair of the Board of Directors

Dr. Tamer Saka completed his undergraduate, graduate and doctorate education in the Faculty of Business Administration at Istanbul University. Tamer Saka served as Director and Senior Manager in charge of Risk Management Consultancy at Arthur Andersen and Ernst Young companies, respectively. In 2004, he joined Sabancı Holding as Risk Management Director. From 2010 to 2011, he served as Managing Director in charge of business development at Willis London being responsible for nearly 20 countries, including Turkey. As of December 2011, Tamer Saka was appointed Strategy and Business Development Coordinator of Kibar Holding. Starting from May 2012, he began serving as the President of the Automotive and Corporate Functions Group and Board Member at Kibar Holding. Dr. Tamer Saka, who has been the CEO of Kibar Holding since 2014, was appointed Sabancı Holding Cement Group President in 2018. Having started to serve as a member of the Board of Directors of BMS Group as of 2021, Saka transferred his shares in BMS Turkey to BMS Group in 2024 and took office as Chair of the Board of Directors and Chief Executive Officer of Goldfinch Global Capital, which he founded in January 2025. Dr. Tamer Saka also serves as the Chair of the Board of Directors of CGAT (Corporate Governance Association of Turkey) and Member of the Board of Directors of Smart Holding.

Taha Adnan SÜRMEGÖZ

Member of the Board of Directors

Taha Adnan Sürmegöz holds a bachelor's degree in international Trade and Business Administration from Özyeğin University, Faculty of Business Administration. He has been serving as a member of Yünsa Board of Directors since 14 April 2020.He is a member of the Foreign Economic Relations Board (DEIK) of Türkiye-Sweden Business Council since 2024.

Board of Directors

Cem Nuri TEZEL

Member of the Board of Directors

After receiving his undergraduate degree in Finance from Marmara University, Cem Nuri Tezel pursued postgraduate studies and earned an MBA from Leeds University. Mr. Tezel embarked on his professional career at Arthur Andersen Istanbul Audit Department in 1996 and continued his career as Senior Manager at Ernst&Young and Internal Audit Manager at Sabancı Holding. From 2005 to 2007, Nuri Tezel held the position of Finance Director at Enka Pazarlama, followed by CFO roles at Sabiha Gökçen Airport, Soyak Holding, Assan Alüminyum, and Aksa Energy from 2008 to 2021.
He is a member of ISMMMO, a founding member of Corporate Risk Management Association (KRYD) and served as a member of DEIK Bahrain Business Council in 2017-2018. While serving as CFO, he was listed among Fortune Turkey's "50 Most Effective CFOs" in 2016, 2018, and 2020, and participated as a speaker in numerous international finance seminars. He has been serving as a member of the Board of Directors of Smart Güneş Teknolojileri A.Ş. since January 2022. Serving on the Board of Yünsa Yünlü Sanayi Ticaret A.Ş. since May 2024, Mr. Tezel speaks English and German.

Prof. Dr. Ahmet Cevat ACAR

Independent Member of the Board of Directors

Prof. Ahmet Cevat Acar graduated from Atatürk University, Faculty of Business Administration in 1980. He received his master's degree in Personnel Management and Industrial Relations from Istanbul University Faculty of Business Administration (IUIF) and his PhD degree in Business Administration and Personnel Management-Organization from Istanbul University Institute of Social Sciences.
He was appointed Assistant Professor in 1994, Associate Professor in 1998, and Professor in 2007 in the Human Resources Management Department of Faculty of Business Administration of Istanbul University. In 2012, he was elected as a full member of the Turkish Academy of Sciences (TÜBA). In addition to his academic studies, Prof. Acar has served as a member and executive in many boards and commissions in universities and various organizations; as Institute of Business Economics Education Coordinator, Deputy Director and Board Member at Faculty of Business Administration of Istanbul University; member of the Faculty and Faculty Board of Directors at Faculty of Business Administration of Istanbul University, member of the Board of Directors in various companies, member of Occupational Health and Safety and ÇASGEM (Center for Labor and Social Security Training and Research) Advisory Board of ÇASGEM, member of the Advisory Board of the Union of Chambers and Commodity Exchanges of Turkey (TOBB) and chair of the Master's Degree Program at TOBB. He served as Vice Rector of Istanbul University between 2010 and 2012, and served as President of TÜBA (Turkish Academy of Sciences) for two terms between 2012 and 2019. Currently, Acar is the Rector of Istanbul Sabahattin Zaim University and also serves as a member of the Education
and Training Policies Board of the Presidency of the Republic of Turkey and Council Member at TÜBA.

Dr. Ahmet YARIZ

Independent Member of the Board of Directors

Having received his bachelor's degree from Istanbul University, Faculty of Business Administration, Dr. Ahmet Yarız completed his master's and doctorate degrees at Marmara University, Institute of Banking and Insurance. He has more than 30 years of working experience in industry, finance and service sectors. He previously served as Accounting Assistant at Cicisan Gıda Sanayi A.Ş. in 1988; Financial Analysis Assistant Specialist at Sınai Yatırım Bankası A.O. in 1989; Project Specialist and Project Supervisor at Albaraka Türk Katılım Bankası A.Ş. between 1989 and 1992; and Marketing Supervisor at Kuveyt Türk Katılım Bankası A.Ş. between 1997 and 2002; as Assistant General Manager between 1995 and 1997 and Advisor to the General Manager between 1997 and 2002 at Fırat Plastik A.Ş.; Member of the Board of Directors in charge of Risk Management and Internal Audit at Türkiye Vakıflar Bankası A.Ş. in 2003; and as a board member at the Savings Deposit Insurance Fund between 2004 and 2006.
He served as a Board Member, Credit Committee Member and Audit Committee Member at Türkiye Halk Bankası between 2008-2016 and 2018-2019, and also served as the Chair, Vice Chair and Member of the Board of Directors of the Bank's subsidiaries. In addition to his duties as an Independent Board Member at Yünsa, he has also been serving as a member of the Audit Committee and Early Detection of Risk Committee since 2019.

Senior Management

Mustafa SÜRMEGÖZ

Chair of the Board of Directors and General Manager

Having graduated from Kabataş Boys' High School in 1985, Mustafa Sürmegöz graduated from Faculty of Business Administration of Istanbul University in 1989. Following a period of foreign language education in London, Sürmegöz embarked upon his career in the textile industry in 1991 and has been working as a senior manager in the woolen fabric sector for more than 30 years. After the acquisition of Yünsa's shares other than the publicly traded shares by Sürmegöz Tekstil Yatırım in November 2019, he has been serving as the General Manager of Yünsa since April 2020 and as the Chair of the Board of Directors of Yünsa since April 2022. Mr. Sürmegöz is a member of the Foreign Economic Relations Board (DEIK) of the Netherlands Business Council, a board member of Istanbul Textile and Raw Materials Exporters' Association (İTHİB), Turkish Textile Industry Employers' Association (TTSİS) and Turkish Confederation of Employers' Associations (TİSK), and a congress member of Galatasaray Sports Club.

Engin SARIBÜYÜK

Operations Director

Mr. Sarıbüyük graduated from Ege University, Department of Textile Engineering in 2004 and completed the Executive MBA program at Sabancı University in 2011. Having joined Yünsa in 2005, Engin Sarıbüyük served in various managerial positions in the Yarn Operations Department between 2005 and 2011. After serving as Yarn Operations Manager between 2011 and 2014 and as Weaving Operations Manager between 2014 and 2015, he served as both Yarn Manager and Weaving Manager in 2015. Sarıbüyük, who served as Production Group Manager between 2015 and 2017, has been serving as Operations Director since September 2017.

Hakan KONUŞKAN

Supply Chain Director

Having graduated from Boğaziçi University, Department of Industrial Engineering in 1991, Hakan Konuşkan embarked upon his career as Process Control Engineer at Yünsa in the same year. Having served in various positions in the Production Planning department between 1993 and 2013, Mr. Konuşkan served as Planning Manager between 2013 and 2017. He served as Supply Chain Director between 2017-2019, as a Consultant between 2019-2020, and has been serving as Supply Chain Director since May 2020.

Product

Leading fashion trends with its innovative products developed with an emphasis on sustainability, Yünsa meets increasing comfort expectations with functional fabrics with high elasticity, and a wide range of colors and patterns that appeal to people of all ages and styles.

Premium Fabrics

Yünsa Premium collection is made up of high quality textiles produced by blending merino wool, a 100% natural and sustainable raw material, with natural fibers such as linen, silk, mohair and cashmere, with a soft and sustainable touch.
Yünsa Premium collection offers a timeless and long-lasting collection with innovative blends, micro patterns, soft plaids, striped patterns and classic trend colors.
The preferences of consumers who do not want to sacrifice their elegance and comfort set the fashion trends today. While comfort is the first choice, remarkable changes in style are also observed. Yünsa's experienced technical teams provide even 100% wool fabrics with mechanical stretch properties without using elastane. Having been launched in 2015, Yünsa Premium collection was created in line with these trends and now takes its place among the displays of giant brands with its assertive designs.

In addition to leading trends in fashion, Yünsa's basic approach is to breathe new life into fabrics with its innovative approaches. Exporting its products to more than fifty countries, the Company diversifies its product line by taking into account inter-continental differences, keeping a close eye on major fashion trends in America and Europe for all its customers and creating innovative collections to meet every need.

Yünsa is the upper segment wool fabric supplier preferred by the world's leading brands for its innovative products developed with a focus on sustainability and designs that shape the global fashion.

With 50 years of expertise in the woolen fabric industry, the Company carries out all manufacturing processes from wool to fabric in-house in its modern and technologically equipped Çerkezköy plant, and offers a wide range of products from men's and women's clothing textiles to upholstery fabrics. Yünsa collections, which are divided into 5 major product groups to meet the needs of diverse customer groups, combine quality, elegance, comfort and functionality with the most recent fashion colors and designs.

Product Groups

Yünsa collections, which are divided into 5 major product groups to meet the needs of diverse customer groups, combine quality, elegance, comfort and functionality with the most recent fashion colors and designs.

Menswear Fabrics

Yünsa is a trend setter as the leader in woolen and worsted fabric production, which is its main field of activity, thanks to its menswear collection. Focusing on innovative blends as well as fabrics made of 100% wool in its menswear collection, the Company creates different product groups by blending wool with other natural and regenerated cellulosic fibers, and enriches fabrics with chemical fibers that add various functionalities. It also sets a trend of easy-to-use woolen fabrics for the consumer with different finishing applications such as washable, wrinkle-free, natural stretch, anti-odor, and oil-, water-, sweat-repellent finishes. The Yünsa Men's Collection responds to the emotional and aesthetic expectations of today's consumer, blending modern, minimalist patterns with nature-inspired colors, recycled materials, and original constructions—consistently bringing a fresh perspective to fashion and design.

Womenswear Fabrics

Yünsa added womenswear fabrics to its portfolio in 1999, and has since become one of the leading manufacturers of womenswear with its elegant and exclusive collections that appeal to all ages and styles. With a wide range of color and pattern options, Yünsa's skilled and experienced staff creates ambitious designs that inspire fashionistas while meeting the ever-increasing comfort expectation with highly elastic and functional fabrics. The women's collections highlight natural stretch 100% wool suits, washable fabrics crafted from performance fibers, high-twist crepe, lightweight voile, three-dimensional surfaces, double-face textiles, and rigid looking fabrics. In Yünsa womenswear collection, fabrics are offered in piece dyed form and with different types of finishes such as water/oil-repellent, washable, natural stretch finishes. Taking advantage of its capabilities as an integrated production facility, the Company offers a wide range of texture options to its customers.

Product Groups

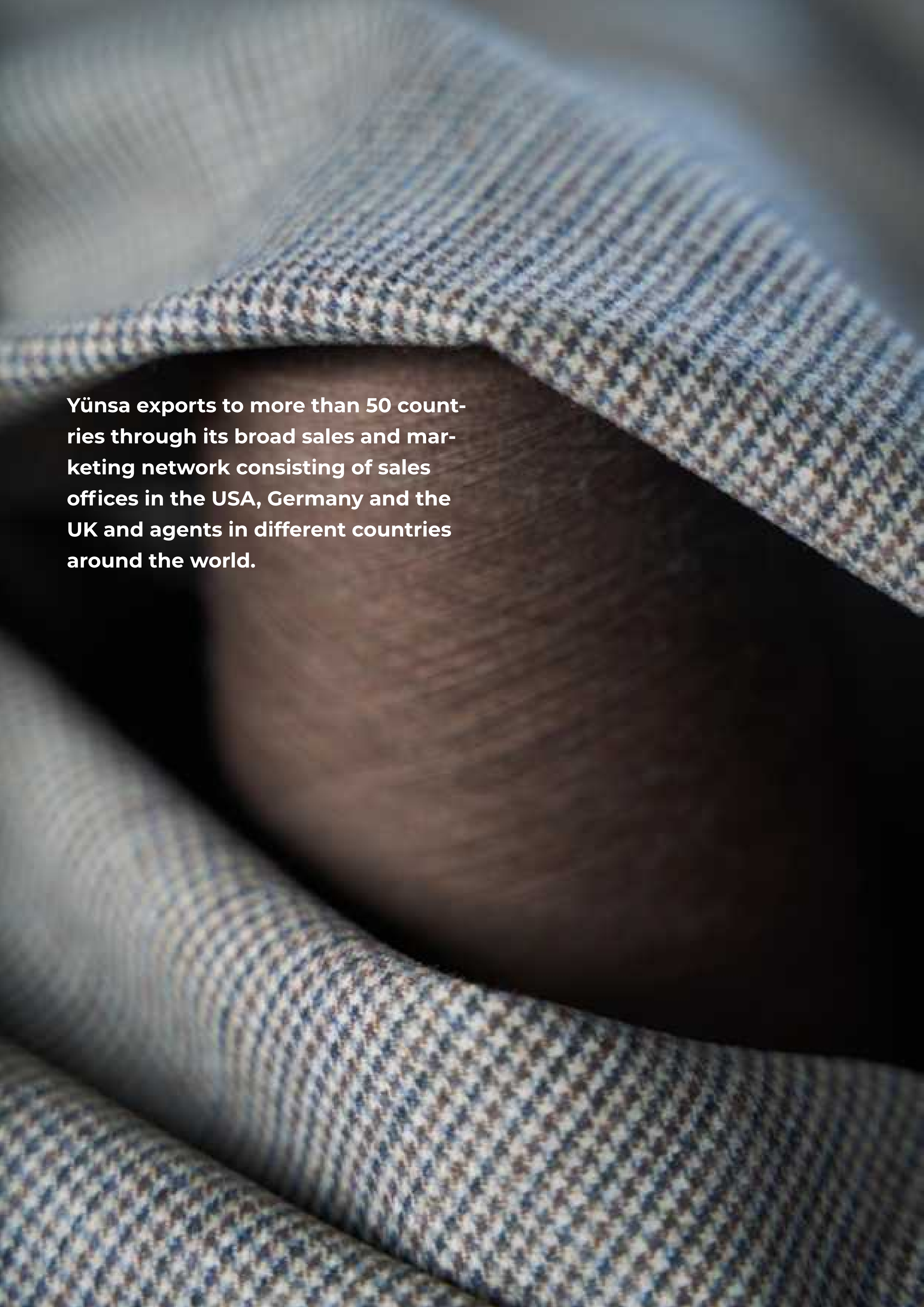
Continuing its uninterrupted research and development activities in line with the expectations and needs of customers and the sector, Yünsa is taking firm steps forward in the upholstery fabric sector.

Fabrics for Corporatewear

Having added corporatewear to its portfolio since 2005, Yünsa has become a global leader in the field, delivering value-added fabrics for numerous successful projects in every region it operates. By addressing the uniform fabric needs of military, defense, and public sectors in many countries around the world, Yünsa continues to provide its customers with the highest quality solutions.
Fabrics for corporatewear feature 100% wool, wool/polyester (with/without lycra), wool blends with functional fibers, as well as different types of finishing applications such as water/oil-repellent, wrinkle-free, washable and natural stretch finishes. With technologies such as Smart Temp, 37.5, Drytouch, and Coolmax, Yünsa offers fabrics engineered for breathability, softness, and comfort—supporting air permeability, temperature stability, and moisture control.

Upholstery Fabrics

Yünsa has been producing wool blended upholstery fabrics since 2003, and added polyester and recycled polyester qualities to its collections over time. Yünsa upholstery fabrics are safely used in home and office furniture, curtains, and decorative furniture, as well as in public areas such as hotels, hospitals, movie theaters and airports. In addition, our specially engineered fabrics for public transportation vehicles such as buses, trains, airplanes, and passenger ships are distinguished by their superior technical performance and safety standards. Our products undergo flammability testing in accordance with national and international standards—including EN 1021-1/2, BS 5852, CRIB 5, and NFPA 701—and pass these tests successfully. Additional certification processes can also be fulfilled based on project-specific requirements.
In terms of physical resistance, Yünsa upholstery fabrics offer superior performance in tests such as high abrasion resistance, friction, color and light fastness. Thanks to oil and liquid-repellent finishes, we offer durable, easy-to-clean fabrics designed for heavy-duty use.
With its integrated production capabilities, sustainability approach, and focus on technical excellence, Yünsa delivers reliable, innovative, and internationally compliant solutions in upholstery fabrics.



Yünsa exports to more than 50 countries through its broad sales and marketing network consisting of sales offices in the USA, Germany and the UK and agents in different countries around the world.

Sales and Marketing

The sustainable success of Yünsa, which examines global fashion trends and interprets them according to market needs, stems from the combination of high-quality fabrics with original collections made with customer expectations in mind. Always positioning new generation technologies as a part of its production and creation process, Yünsa has become one of the innovative brands in its sector by producing new generation fabrics equipped with features such as water- and oil-repellent, UV protection, self-cleaning and natural stretching properties.

Yünsa proudly represents Turkey in global fairs with its unique collections that inspire the industry. It works with over 400 customers worldwide and exports to more than 50 countries thanks to its rich collections that meet customer expectations and needs, strong design team, and ability to serve all over the world.

The Company has sales offices in Germany, the United Kingdom and the United States and agencies in the United States, France, Italy, China, Japan, Slovakia and South Korea.

Yünsa stands out among its competitors in the markets in which it operates thanks to its high quality and high capacity service which never compromises on standards, the right marketing strategies, creative and unique product concepts, and a fast and agile organizational structure in a global competitive environment.

The company’s largest export market is Europe, and the major countries to which it has performed sales in 2024 include Sweden, Spain, Germany, the United Kingdom, France, the United States, Denmark, Japan, the Netherlands, China and Ireland.

Yünsa Continues Its Global Growth with the Fairs Attended in 2024

Being one of the five largest upper segment wool fabric producers in the world, Yünsa participated in national and international fairs in France, Germany, Russia, England, China and Turkey in 2024 and exhibited its collection prepared in line with its sustainability efforts. As part of its strategy to expand into new markets and strengthen its global presence, Yünsa’s collections—developed with sustainable production processes and driven by the vision of a ‘greener’ and more livable future—have attracted significant interest from international buyers.

R&D and Innovation

In 2024, we were proud to include Yünsa in the World's Best Companies in Sustainable Growth 2025 list.

YÜNSA RANKS AMONG THE LIST OF 2025 WORLD'S BEST COMPANIES IN SUSTAINABLE GROWTH

TIME and Statista have developed a new methodology for evaluating global companies' financial and environmental performance. In this assessment that includes companies that transparently disclose their environmental data, scoring is based on three dimensions: revenue growth, financial stability and environmental impact. As Yünsa, we are delighted to be featured in this list of the top 500, which comprises well-known global brands and just three Turkish companies. Please click on the link below to access the related news and the list:

https: //time.com/collection/worlds-best-companies-sustainable-growth-2025/

As the R&D Center, we continued our project development activities for products and machines also in 2024, with a view to creating value for all our stakeholders in the innovation ecosystem in line with our strategic goals of incorporating technological developments into our processes through innovative approaches.

Established in 2010 with the support of the Ministry of Industry and Technology of the Republic of Turkey, Yünsa R&D Center continued its activities in 2024 on a project basis in the light of digitalization in order to develop value-added, distinctive and sustainable products and technologies. We continued to carry out our design processes using environment-friendly chemicals and raw materials in order to offer textile solutions that add value to life through technological and innovative approaches, with a view to creating value for all our stakeholders while also observing our social and environmental responsibilities.

The increased use of natural resources due to increasing demand, climate threats, and increasing level of awareness have prompted us to accelerate our sustainability efforts. In its 14th year of operation, the Company successfully completed its efforts to carry out R&D projects in collaboration with national and international institutions and organizations, to foster a culture of continuous development among its employees, and to set the standard for learning and developing new technologies.

The R&D Center continued to work on 12 collaborative projects in various disciplines in cooperation with different universities and institutions in 2024, while carrying out research and development activities for 23 equity projects.

R&D and Innovation

Within the scope of Project Management and Intellectual Property Platform activities, we were granted conversion to utility model for our patent application numbered 2024/010887 and titled “Image Sensor Detection of Warp Yarn Breakage in Weaving Machines”, and the application titled “System for Collecting and Evaluating Data from Reels and Wearable Products Used in Finishing Machines”, while having registration completed for our patent titled “Dust Retention Rate Determination Method on Textile Surfaces”.
As part of the activities of the Technology Platform in 2024, we focused on sustainability and digitalization and worked in the fields of energy, materials, quality, occupational safety and labor efficiency. Thanks to the collaboration of the Maintenance and Energy Department, successful initiatives were implemented on digitalization and reprocessing in the Yarn and Finishing departments by achieving widespread adoption on an industrial scale, which contributed to the Sustainability Platform efforts.

As the R&D Center, we continued to cooperate with universities on a global and national scale using research-oriented and unique products and methods. In this context, we started efforts aiming to reduce the problems of poor quality and process inefficiency caused by elastane yarn breakage in the production of elastane yarn on ring spinning machines in the Yarn Department in cooperation with Ağteks Örme ve Tekstil Endüstrileri San. ve Tic. Ltd. Şti., and have filed an application for TUBITAK 1707 Order-Based R&D Program Call. Our project titled “Development of a System and Method for the Detection of Elastane-Related Defects in Core Yarns During Production” to be carried out within the scope of Yünsa - Ağteks collaboration has been found worthy of support by TÜBİTAK.
The project outputs of the studies carried out in the field of Technical Textiles in the New Product Development and Innovation Platform were translated into commercial sales, resulting in sales success.
As a first at Yünsa, the product developed in the field of Technical Textiles has been turned into an industrial product used in a different sector. Further research is being carried out on different sectors by expanding the efforts in this area.
In 2024, Yünsa R&D Center added value for all stakeholders by strengthening Yünsa’s competitive structure, enhancing the company’s goodwill and improving the efficiency of production processes with its experience.
40 national and 2 international funded projects were successfully completed until the end of the 14th operating period. 7 Patent and 5 Utility Model registrations were granted. More than 90 articles and papers have been published. The efforts for the scientific publication of the results of R&D projects and the protection of intellectual property rights will continue also in 2025.
Yünsa R&D Center carries out activities in accordance with the Law No. 5746 on Supporting Research, Development and Design Activities, which supports generation of technological knowledge, innovation in products and production processes, improvement of product quality and standards, increase in productivity, reduction of production costs and commercialization of technological knowledge, with a view to making the national economy internationally competitive through R&D and innovation.

In 2024, the company benefited from various incentives such as income tax, stamp duty, SSI employer’s share, R&D personnel salary and R&D discount incentives with respect to R&D Center personnel salaries as per the relevant law. Within the scope of the projects carried out at Yünsa R&D Center, incentives are provided by the Scientific and Technological Research Council of Turkey (TÜBİTAK) and the Ministry of Science, Industry and Technology. In 2024, one of our projects received subsidy from the Department of Energy Efficiency and Environment of the Ministry of Energy and Natural Resources of the Republic of Turkey within the scope of Efficiency Improvement Project.

Sustainability Management

In 2024, we were proudly included in the BIST Sustainability Index, marking a key achievement in our sustainability efforts.

By prioritizing sustainability, innovation, customer engagement, high quality, data-driven decision-making, and above all, growing together with its employees,, Yünsa demonstrated the strength of its corporate sustainability performance by qualifying for inclusion in the BIST Sustainability Index. Listed in the BIST Sustainability Index as of the first quarter of 2025, Yünsa continued its activities in 2024 with the aim of leading the sector in sustainability and adapting to the future with innovative approaches in material technologies.

Managing the economic, social and environmental impacts of its operations based on its Code of Ethics in line with its sustainable growth targets, Yünsa determines its sustainability strategy with a holistic approach by taking into account the expectations of its key stakeholders beyond its legal obligations.

Acceleration of production with the industrial revolution, the increased use of natural resources due to increasing demand, climate threats, and increasing level of awareness have prompted us to accelerate our sustainability efforts. In this context, sustainability has become an integral part of our company's goals and strategy and one of our strategic topics, on which we need to focus even more.

Since 2016, Yünsa has been aligning its activities with the targets outlined in its 'Sustainability Roadmap' as part of its ongoing efforts to combat climate change. In this context, systematic and environment-focused activities continued through the Sustainability Platform within the R&D Center, with projects aimed at energy efficiency, emission reduction, increasing the use of recycled materials, and developing processes and products that do not harm nature and our environment.

The primary issues that are important in terms of ecology and sustainability in textiles and that are prioritized by our customers include the production and traceability of raw materials under eco-friendly conditions, the selection of chemicals from among those that will not harm the environment, the production of garments that will not harm humans through inhalation, digestion, and sweat, and the performance of recycling processes of production wastes and waste garments generated as a result of use.

Works have been carried out towards the aim of reducing carbon emissions by identifying climate risks, increasing our energy efficiency in production processes, extending the use of sustainable and recycled raw materials in designs, protecting water resources by reducing water consumption, complying with industrial wastewater discharge standards in wastewater management, promoting the reduction and recycling of wastes at source, and managing carbon footprint of products covering all operational processes and the wastes generated in this process, as well as increasing environmental investments.

At Yünsa, the Board of Directors is responsible for all operations of the company. While the General Manager/CEO assumes the role of executor, the authority and responsibility for supervising the Board of Directors on sustainability-related issues rests with the Early Detection of Risk Committee.

Assessment of Sustainability Activities

The Early Detection of Risk Committee (EDRC), which is composed of Board members, reports to the Board of Directors every two months in line with the feedback received from the General Manager. The Board of Directors, Early Detection of Risk Committee (EDRC) and General Manager manage the company's economic performance together. While managing sustainability-related issues, the final decisions on targets, actions and necessary investments are taken by the General Manager upon the approval of the Board of Directors.

At Yünsa, our sustainability approach is grounded in the principle of creating value for all key stakeholders, while also considering our social and environmental responsibilities. This goes beyond merely generating economic value for our shareholders and investors.

ECONOMIC PERFORMANCE

Yünsa believes that the key to sustainable growth is to share the economic value it generates with all key stakeholders, which mainly include customers, employees and suppliers, as well as shareholders. Aiming to achieve sustainable solutions that add value, Yünsa closely follows-up international standards, and integrates its sustainability approach into all our business processes through our Total Productive Management approach, while maintaining growth through R&D and innovation efforts. In 2024, the Company achieved a turnover of TL 1.9 billion and net profit of TL 36.6 million. In 2024, Yünsa recorded a gross profit of TL 367 million and EBITDA of TL 522 million, achieving a gross profit margin of 19% and EBITDA margin of %9.

ENVIRONMENTAL PERFORMANCE

With a view to minimizing the negative impact of its operations on the environment through its sustainability efforts, Yünsa supports environmental sustainability through the projects it develops and the standards it implements in the areas of energy, waste, emissions, water and natural resource use. Having a 9001 Quality Management System at its Çerkezköy Plant since 1998, Yünsa also implements ISO 14001 Environmental Management System, ISO 50001 Energy Management System, ISO 45001 Occupational Health and Safety Management System, ISO 27001 Information Security Management System, ISO 10002 Customer Satisfaction Management Systeronmental impacts of the facility are assessed and measures are taken to reduce or eliminate these impacts. Investments are made in clean technologies and waste recycling practices that will continuously increase energy and water efficiency and gradually reduce emissions and other wastes at source.

SOCIAL PERFORMANCE

Yünsa's social impact is focused on employee health, safety, and professional growth. Operating with the goal of zero accidents, Yünsa considers diversity in human resources as an integral part of its corporate culture and provides all workers with equal development and career opportunities from recruitment to retirement.

Yünsa prioritizes creating a working environment that promotes ethical values for a sustainable work life and that fosters mutual trust, where responsibilities are owned and achievements are recognized, diversity and variety are respected, ideas and expectations are considered, a balance is maintained between professional and personal life, and policies and applications exceeding legal requirements are implemented.

All practices for employees must be in compliance with legal regulations on working life, human rights and ethical values. All employees work voluntarily and without fear of punishment. Employees are not forced to work or made to work under debt. Yünsa acts in accordance with the provisions of the ILO (International Labor Organization), to which Turkey is a party.

Employees' rights to association, unionization, and collective bargaining, which are among their most fundamental rights, are respected, and constructive relationships based on mutual goodwill are maintained with the trade unions to which they belong.

Discrimination among company employees and candidate employees at Yünsa on the basis of language, race, color, sex, political opinion, belief, religion, sects, age, physical disability and so on is unacceptable. All employees of the Company are provided with equal opportunities without being subjected to discrimination in accordance with the constitution and all applicable laws. An Ethics Committee Consultant is available for employees to consult and receive support on all matters related to discrimination and harassment.

Yünsa is committed to combating gender discrimination and striving to integrate female employees into the workforce. In 2024, the ratio of female employees within the company stood at 35%.

The "My First Bag from Yünsa" program for children starting primary school, which has been in place for many years, continued in 2024. On April 23rd, National Sovereignty and Children's Day, books were gifted to the children of employees attending primary and secondary school. The on-site preschool at the factory organized special activities to celebrate the day.

As part of its corporate responsibility efforts in 2024, Yünsa became a signatory of the UN Global Compact to enhance its social and environmental impact by reinforcing its commitment to universal values such as human rights, labor standards, environmental protection, and anti-corruption.

Assessment of Sustainability Activities

In 2024, we provided scholarships worth TL 653,500 to 29 university students studying at different universities through the Innovative Productive Generations Association (YÜNDER), which was founded with the support of Yünsa employees and provides scholarships to its scholarship recipients.

December 3, 2024—World Day of Persons with Disabilities—serves as an important occasion to raise awareness of the challenges faced by individuals with disabilities. In recognition of this day, Yünsa granted leave to its employees with disabilities.

Energy, Natural Resource and Raw Material Management

The textile sector is among the sectors with high energy and water consumption. The Company carries out various efficiency projects to optimize the use of natural resources and reduce the negative impact on the environment, aiming to reduce the energy and water consumption per meter of fabric produced.

In 2024, in line with our Sustainability Roadmap targets and extending beyond our core environmental responsibilities, we conducted ISO 14064-1:2018 Carbon Footprint and ISO 14046:2014 Water Footprint assessments as a concrete step in the fight against climate change. Calculations were checked with the accredited institution and verification statements were received.

With the I-REC (International Renewable Energy Certificate) certificate, which certifies electricity generated from renewable sources, 8,600 t CO_2e emissions corresponding to a consumption of 19,311,392 kWh for 2024 were offset within the scope of green energy generation.

The total carbon emission value, a parameter that Yünsa monitors as part of its sustainability roadmap, was reduced by 15.4% in 2024 compared to 2023. In the 2024 water footprint assessment, the blue water footprint—representing the amount of freshwater used—was calculated at 269,264.28 m^3, while the gray water footprint—indicating the volume required to eliminate pollution—was 134,000.92 m^3. In 2024, water consumption per meter decreased by about 4% compared to 2023.

The use and management of sustainable materials is one of the most important priorities for Yünsa. Efforts are being made to increase the proportion of recycled raw materials. With Global Recycled Standard (GRS) and Recycled Claim Standard (RCS) certificates, recycled materials used in the end product are monitored and verified throughout the supply chain. The use of RCS-certified raw materials increased by 43%, nearly doubling compared to the previous year.

We also continued to certify our products with the RWS (Responsible Wool Standards) standard for wool, which sets standards for animal welfare and land management for grazing animals, supporting best practices in raising sheep in good conditions and in managing and protecting the land. In 2024 wool utilization, RWS certified raw material utilization is approximately 29%. In addition, all facilities from the farm to the processing of the mohair, the assembly of the final products and the retailer at the end of the mohair chain have been included in the scope of the Responsible Mohair Standard (RMS) Multi Scope Certification.

In line with our strategically important corporate sustainability goals, we continued to support the circular economy by increasing and diversifying the use of recycled raw materials in our materials management practices. During 2024, raw materials obtained from the recycling of 13,540,159 plastic bottles was used instead of 270 tonnes of petroleum-based synthetic raw materials, ensuring conversion of plastic bottles into fabric in line with the circular economy approach and sustainable product range. According to the results of our Life Cycle Analysis at Yünsa, our R-Pet usage rate has prevented 580 tonnes of CO_2 equivalent emission, saved 15,200,000 MJ equivalent fossil fuel consumption and contributed to the prevention of 9,070,000 liters of clean water consumption.

WASTE MANAGEMENT

Yünsa's waste policy is to minimize the impact of waste by controlling its harm to the environment and human health from the stage of their generation. Yünsa adopts a holistic and sustainable approach with its zero waste management system. Instead of adopting traditional waste management designed for a linear economy, the company is developing methods to benefit the circular economy in a manner that will preserve resources and energy. Waste generated in departments, including the production area and offices, is reduced at source, recycled and disposed of without harming the environment. In addition, process wastes generated by the production process that comply with quality standards are recycled and used as raw materials.

Assessment of Sustainability Activities

Other Sustainability Efforts

Higg Index Environmental Management Module (Higg Index FEM)

Yünsa uses the HIGG Index Facility Environment Module (FEM), a platform established for sustainable production, where member brands, retailers and manufacturers in the sector transparently share their best practices. This module is a control system which measures and reports the environmental sustainability performance of enterprises, where data entries are made on the management of environment, energy, water, wastewater, emissions, waste and chemicals, and then on-site audits are carried out. In 2024, portal entries were made for the FEM Module and the verification and audit process is in progress.

Zero Discharge of Hazardous Chemicals (ZDHC)

Chemicals used throughout the factory are managed in line with the Zero Discharge of Hazardous Chemicals (ZDHC) program in accordance with the manufacturing restricted substances (MRSL) list. Prohibited chemicals are not used in production processes and close cooperation with suppliers is encouraged in this regard.

Carbon Disclosure Project (CDP)

Yünsa has become the first company in the Turkish textile industry to report on Climate Change within the scope of the Carbon Disclosure Project, demonstrating its sensitivity to climate change. Since 2010, the Company has been disclosing its greenhouse gas emissions and water management to the entire public with a transparent approach through CDP reporting. In this context, the Company was included in the scoring in the water and climate change categories in the CDP Program in 2024. A “B” rating was achieved in the water category, and a “C” rating in the climate change category.

Oeko-Tex ® 100 Standard

The Oeko-Tex® Standard 100 is a worldwide standard testing and certification system for raw materials, intermediate and end products in all processing stages related to textile products. Wishing to provide its customers with products that do not harm their health, Yünsa renewed its Oeko-Tex® 100 certificate in 2024 for both conventional and recycled products.

Facility Social and Labor Management

HIGG FSLM (Facility Social and Labor Management)

Yünsa ensures that social compliance conditions are assessed as part of the process of monitoring carefully prepared plans and programs to turn socially responsible ideas into action and to systematically assess and measure the goals, strategies and performance of the business in the area of social responsibility. In 2024, portal entries were made for the FSLM Module and the verification and audit process is in progress.

Occupational Health and Safety

Yünsa aims to implement and improve preventive Occupational Health and Safety Systems in all its activities, and turn this into a lifestyle for everyone.

Going beyond ensuring strict compliance with legal regulations and standards regarding occupational health and safety risks, Yünsa shapes its OHS activities by taking into account the best practices in the sector and around the world. The Company establishes measurable targets for occupational health and safety, regularly reviews the achievement of these targets and continuously improves its management systems in line with its performance in this area.

In line with its sustainability principle, Yünsa has adopted the goal of implementing and improving preventive Occupational Health and Safety systems in all its activities, and turning this into a lifestyle for everyone. Within the scope of Occupational Health and Safety activities, which are among the key sustainability priorities of the company, Yünsa has successfully completed the transition to ISO 45001 Occupational Health and Safety Standard and has become one of the leading companies in the Turkish textile industry in this field.

Since 2022, the artificial intelligence-supported Occupational Health and Safety Project has been implemented in cooperation with the TISK Microsurgery Foundation and Intenseye. In 2024, the efforts on the project continued. With a view to improving occupational health and culture, the project has helped the prevention of occupational accidents by detecting and preventing the risks of work accidents in advance by performing video analysis of artificial intelligence-supported camera footage in the field of occupational health and safety and reporting unsafe situations and movements.

The 2024 Joint Future Award Program organized by TISK (Turkish Confederation of Employers' Associations) was held with the participation of Cevdet Yılmaz, Vice President, and Prof. Vedat Işıkhan, Minister of Labor and Social Security. The "Occupational Health and Safety Special Award", which we won with our project "Elimination of Work Accident Risks with Artificial Intelligence and Automation Systems" as Yünsa, was presented to our Chairman Mustafa Sürmegöz by Minister Prof. Vedat Işıkhan.

We received the "Occupational Health and Safety Special Award" at the relevant award ceremony.

Occupational Health and Safety

In 2024, Yünsa participated in the European Good Practice Awards Competition, themed "Occupational Health and Safety in the Digital Age", organized by the General Directorate of Occupational Health and Safety. In this context, we had the opportunity to present the projects carried out at Yünsa, share best practices, and highlight our efforts to support zero occupational accidents. In recognition of these efforts, the General Directorate of Occupational Health and Safety awarded our company a Certificate of Acknowledgment.

In terms of production and field teams, daily onsite meetings, discussions and focus group workshops are organized in production areas with the participation of field employees in order to ensure that occupational safety responsibility is assumed and allocated by field employees. In addition to continuously improving the work on Occupational Health and Safety and ensuring that the activities carried out within this framework are the jointly owned by all employees, a card notification system, which involves rewards, is implemented to encourage feedback from employees in the field to be given when they see an accident risk or experience a near-miss.

In addition to its own employees, Yünsa also prioritizes the accident-free work of all persons working on behalf of the company, such as subcontractors, visitors, interns and apprentices, and aims to maintain a strong relationship with all our stakeholders.
In order to prevent the recurrence of internal incidents that threaten the safety of life and property, such as illness, injury, fire, etc., each incident is investigated and analyzed, and preventive plans are prepared for each finding. Emergency Response Team (ERT) and first aid teams have been established within the Company to support search, rescue, fire and spill response efforts in emergencies. Members of ERT and first aid teams are provided with refresher trainings in accordance with legal regulations. In addition, the Company conducts annual drills and preventive studies on emergency prevention and emergency management.

In occupational health and safety practices, one of the most important tools for preventing work accidents is training activities.
All employees receive 12 hours of compulsory OHS training throughout the year. In 2024, no work accident resulting in death, loss of limb or serious injury occurred at Yünsa and no case of occupational disease was reported. In 2024, we reduced our accident frequency rate to 0.25 and achieved a 33% improvement in our performance compared to the previous year. With an accident severity ratio of 1.49, we achieved a 75% improvement compared to the previous year.

Yünsa sustained its rewarding and recognition activities aimed at enhancing safety culture and promoting awareness throughout the factory. Celebrations were held in departments that completed 3,000 and 4,000 days without any work accidents

Human Resources

Recognizing that the most valuable asset in Yünsa's sustainable success is its employees, the Company's main goal is to create and disseminate a participatory, sharing, entrepreneurial culture that values diversity and creativity through solutions and practices that address the current and future needs of the organization.

Yünsa's vision of making Yünsa a preferred employer and a fun workplace for current and potential employees is achieved by offering employees a purpose and the opportunity for self-realization, providing an environment of continuous learning and development, creating a positive climate that makes them feel valued, and having Human Resources practices that will provide a unique employee experience.

All Human Resources processes and activities are carried out in parallel with and in support of the company's strategies and sustainability and business objectives.

The corporate scorecard approach ensures that the Company's long-term strategies and targets are translated into operations and performance is monitored. The individual performance management system ensures that the company's goals and targets are communicated to employees, that employees are evaluated based on accurate and objective criteria, that they are motivated to deliver results and that a culture of continuous development is established.

The recruitment process aims to recruit candidates who will carry the company into the future, who have corporate values, and who are the most suitable for the job.

The career planning and succession process identifies potential employees, providing them with the necessary professional knowledge, skills and development opportunities, and preparing them for tasks that require more responsibility.This allows critical positions in the company to be backed up and ensures sustainable performance. Recognition, acknowledgement and rewarding systems are implemented in order to highlight and encourage achievements, conduct and efforts that contribute to the achievement of the Company's goals and to increase motivation and engagement. A remuneration and benefits system is implemented that will attract qualified labor to the company and reward our employees in line with their responsibilities and the value they add to the organization.

Employees are provided with communication environments in which they can easily be involved with a view to ensuring their engagement and finding out about their perceptions and opinions on company practices, and practices are reviewed based on the feedback provided by employees. This aims to identify, and to a greater extent capitalize on, areas of strength, identify development areas, and ensure improvements through the implementation of action plans to be developed for improvement.

Collective Bargaining Activities

There is a XXVIth Term Group Collective Bargaining Agreement available between the Turkish Textile Industry Employers' Union (TTSİS), to which Yünsa is affiliated, and the Turkish Textile Knitting and Clothing Industry Workers' Union (TEKSİF), to which its employees are affiliated, which will be valid between 1 April 2022 and 31 March 2025.

Rights and Benefits Provided to Personnel and Workers

At Yünsa, employees are offered various benefits such as base salary, bonus, performance-based variable bonus, private health insurance, employer's contribution to private pension, accident and life insurance on the basis of job evaluation and remuneration policies. In addition, depending on their positions, vehicles are allocated and mobile communication facilities are provided. Employees who are members of a third party labor union are provided with wages, rights and social benefits within the framework defined in the collective bargaining agreement.

Continuous Development Practices

Human Resources and Corporate Development activities carried out within the framework of the Company's strategies and targets aim to support sustainable business results by standardizing and continuously improving employees, processes and systems.

Organizational Development activities, which are based on continuous development, are divided into four main categories: Leadership, Skills, Professional and Personal Development.

Long-term development programs (schools) carried out with the aim of supporting strategic priorities and development programs for target employee groups aim to contribute to the development of knowledge, skills and competencies at the organizational level.

The "Operator's Continuous Development School", which is organized for the improvement of operators' competencies, offers a full-time technical instructor program. To this end, job-specific continuous development activities for targeted areas aim to continuously improve operator knowledge and skill levels and to provide operators with multi-skills. Operator development levels can be monitored on ERP system and individual development needs can be differentiated. Operator competency levels and actual performance results are associated, and activities are carried out in a continuous improvement cycle.

In the light of the fact that the most valuable asset is "our employees", the Internal Trainers' School aims to support the development and motivation of employees through the effective use of internal resources.

In addition to the Professional Internship and Apprenticeship programs, the "First Step to the Future" program designed for university students provides successful university students with the opportunity to do project-based internships for three months. Thus, young talents are provided with the opportunity to experience the business environment through real business operations, and the recruitment of young talents to the Company is supported.

With a view to ensuring continuous improvement, management systems activities and process management activities that comply with Total Productive Management (TPM) and ISO standards have been organized under the Corporate Development activities.

Yünsa holds ISO 9001 Quality Management System, ISO 14001 Environmental Management System, ISO 45001 Occupational Health and Safety System, ISO 27001 Information Security Management System, ISO 50001 Energy Management System and ISO 10002 Customer Satisfaction certificates within the scope of ISO standards, and conducts its operations in accordance with the requirements of the relevant management systems.Implementing the TPM model since 2012, Yünsa carries out systematic activities to reduce waste, increase productivity and develop a culture of continuous improvement.

Employees contributed to the activities carried out with the matrix organizational structure through activities such as showing cards (Error Cards) for nonconformities they noticed in their fields, conducting B/A Kaizen studies, making individual suggestions, conducting 5S studies in production sites and offices, and conducting improvement projects for losses. Employees who participate in continuous improvement activities are rewarded within the framework of recognition, acknowledgement and rewarding practices. The process management efforts aim to improve process performance through processes that are completely defined, standardized, cleared of inefficiencies and digitized.

CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT

SECTION I - CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE STATEMENT

Being aware of its responsibilities towards its stakeholders as one of the pioneering and leading companies of the Turkish textile industry, Yünsa Yünlü Sanayi ve Ticaret A.Ş. (hereinafter referred to as "Yünsa" or the "Company") adopts the principle of complying with the Corporate Governance Principles published by the Capital Markets Board and the four principles of Corporate Governance based on transparency, fairness, responsibility and accountability, and making adjustments as required by changing conditions to ensure compliance. In line with this principle, Yünsa has complied with and implemented the "Corporate Governance Principles of the Capital Markets Board" set forth in the Corporate Governance Communiqué numbered II-17.1 ("Communiqué") published by the Capital Markets Board (CMB) in the Official Gazette dated 3 January 2014 and numbered 28871 for the accounting period between 1 January - 31 December 2024. Yünsa's 2022 "Corporate Governance Principles Compliance Report" has been prepared in accordance with the new format specified in the Capital Markets Board's Bulletin dated 27 January 2014 and numbered 2014/2.

Yünsa's 2024 "Corporate Governance Principles Compliance Report" has been prepared in accordance with the new format specified in the Capital Markets Board's Bulletin dated 27 January 2014 and numbered 2014/2.

Yünsa;

has taken the necessary steps in line with the Corporate Governance Principles and has proven that it is aware of its responsibility towards all its shareholders and stakeholders thanks to its commitment to comply with the Corporate Governance Principles as well as all the activities it has carried out to date, has set a new goal to further improve compliance with the Corporate Governance Principles together with all its employees and senior executives who are aware of the contribution made to the Company by the adoption of the Corporate Governance Principles within the Company, has shown the necessary diligence to comply with the compulsory/non-compulsory regulations included in the Corporate Governance Principles in 2024, and has explained these issues in detail at http://www.kap.gov.tr and the Company's website http://www.yunsa.com for the information of shareholders and stakeholders.

To this end,

- 2023 General Assembly information notice was prepared for providing general assembly-related information such as privileged shares, voting rights, organizational changes, remuneration policy for the board of directors and senior executives, as well as other information required to be disclosed, and was posted on the Company's website three weeks prior to the general assembly held on 24 May 2024 for the information of shareholders and stakeholders. The Company communicated the necessary information to all investors and analysts on a timely, reliable, consistent, and regular basis, organized investor meetings to ensure continuous and optimal communication with them, and attempted to reach out to more investors through press releases and media interviews.

- The Company communicated the necessary information to all investors and analysts on a timely, reliable, consistent, and regular basis, organized investor meetings to ensure continuous and optimal communication with them, and attempted to reach out to more investors through press releases and media interviews. Although the recommendation in Article 4.3.9. of the Communiqué, which provides that "The Company sets a target ratio and target time for the ratio of female members on the Board of Directors, provided that it shall not be less than 25%, and establishes a policy to achieve these targets" is not being implemented at the moment, the Board of Directors has adopted the "Board of Directors Diversity Policy" with its decision dated 24 November 2023 and published it on its website, and as a principle, a target has been set for the ratio of female members on the Board of Directors to reach a minimum of 25% within 5 years.

Yünsa believes in the importance of strict compliance with the Corporate Governance Principles, and Principle No. 4.2.6. of the Corporate Governance Communiqué No. II-17.1 reads as follows: "In case it is decided that the Chair of the Board of Directors and the Chief Executive Officer/General Manager should be the same person, this situation shall be disclosed on the Public Disclosure Platform (PDP) together with its justification." Therefore, it was announced to the public in our PDP disclosure dated 28 April 2023 that such a decision was made in relation to Mustafa Sürmegöz, who has been serving as the Chair of the Board of Directors and General Manager of our Company, taking into consideration the advantages that his extensive knowledge and experience of more than 30 years in the woolen fabric sector would bring to the Company. Principles other than those currently in force and those not put into practice yet have not led to any conflicts of interest among stakeholders to date.

Although the recommendation in Article 4.3.9. of the Communiqué, which provides that "The Company sets a target ratio and target time for the ratio of female members on the Board of Directors, provided that it shall not be less than 25%, and establishes a policy to achieve these targets" is not being implemented at the moment, the Board of Directors has adopted the "Board of Directors Diversity Policy" with its decision dated 24 November 2023 and published it on its website, and as a principle, a target has been set for the ratio of female members on the Board of Directors to reach a minimum of 25% within 5 years.

Full compliance with these principles has not yet been achieved due to the difficulties experienced in the implementation of some of the non-compulsory principles, the ongoing discussions on compliance with some of the principles both on the global arena and in our country, and the fact that some of the principles do not fully match the current structure of the market and the Company. Developments related to the subject are being monitored and our efforts towards compliance are still ongoing. These principles and the rationale for not following these principles are summarized below:

- As regards the requirement set forth in principle 2.1.3. that financial statement disclosures, excluding material events and footnotes, which are required to be disclosed to the public, should be disclosed simultaneously in English as well as in Turkish on the PDP, the Company's financial statement disclosures and explanations were not prepared in English in 2023 due to the additional workload and cost it would cause to the Company, since the persons who will benefit from the disclosures, which mainly include international investors, can access such information through the infrastructure of data distribution organizations such as Reuters, Foreks, etc. Pursuant to the decision dated 25 January 2024 and numbered 6/121 of the Capital Markets Board, since Yünsa is included in Group 1 companies, the disclosures to be made on the Public Disclosure Platform in 2024 have started to be made simultaneously in Turkish and English.
- As regards the recommendation that "the Company's Articles of Association should provide shareholders with the right to request a special audit and include additional provisions on minority rights", since it is considered that the existing regulations in the Turkish Commercial Code regarding the appointment of a special auditor and minority rights are sufficient, these rights have not been separately regulated in the Articles of Association. There have been no requests from investors in this regard, general best practices are being followed on the issue, and no change is foreseen in the near future.
- With respect to Principle 4.4.7, due to the significant contribution to the Board of Directors of the professional and sectoral experience of the members of the board of directors, no restriction has been imposed on the members of the board of directors preventing them from assuming other duties outside the Company. The resumes of our board members are included in our annual report. Considering that the board of directors functions effectively, the current practice, which is not considered to create any unfavorable situation in terms of corporate governance, is not foreseen to be changed in the short term.
- In addition, the responsibilities of the "Nomination Committee" and the "Remuneration Committee" stipulated in Article 4.5.1 of the Communiqué have been assumed by the "Corporate Governance Committee", and although care is taken to comply with the recommendation in Article 4.5.5 of the Communiqué that "a member of the Board of Directors should not serve on more than one committee", some members of the Board of Directors serve on more than one committee due to the number of members of the Board of Directors, committee structure requirements and the business expertise required for committee membership. Members serving on more than one committee increase the opportunities for communication and cooperation between committees working on interrelated issues. Considering the efficient work of the members of the board of directors thanks to their knowledge and experience, the current committee structures are considered to be effective and are not expected to be changed in the near future..
- Pursuant to Article 4.6.5 of the Corporate Governance Principles, remuneration and all other benefits provided to the members of the Board of Directors and senior executives are disclosed to the public through the annual report. However, the disclosure is not made on an individual basis.
- No model or mechanism has been established for stakeholders' participation in management. However, independent members on the Board of Directors ensure that not only the Company and its shareholders, but also all stakeholders are represented on the Board.

The 2024 Corporate Governance Compliance Report (CRF) and Corporate Governance Information Form (CGIF), which were prepared in accordance with the CMB Decision dated 10 January 2019 and numbered 2/49 and approved by the Company's Board of Directors, are provided in the following sections of this report, and the relevant documents are also available on the Company's corporate governance page on the Public Disclosure Platform. With a view to ensuring compliance with the principles in the coming period, in addition to legislative developments and practices, a corporate governance action plan has been prepared for the areas of development in corporate governance practices identified in the Yünsa Corporate Governance Rating Report prepared by Kobirate, and efforts are still being made for achieving full compliance with the corporate governance principles.

Principles other than those currently in force and those not put into practice yet have not led to any conflicts of interest among stakeholders to date.

As a result of the assessment made for the first time by Kobirate Uluslararası Kredi Derecelendirme ve Kurumsal Yönetim Hizmetleri A.Ş., which is authorized to perform rating activities in accordance with the Corporate Governance Principles of the Capital Markets Board (CMB), our Company's Corporate Governance Rating Score was determined as 8.86 (88.60) out of a 10-point scale as of 20 September 2024. The breakdown of our Corporate Governance Rating by subheadings is given below.

Corporate Governance Principles Compliance Rating Score

	Shareholders	Public Disclosure and Transparency	Stakeholders	Board of Directors	Total Score
Weight	%25	%25	%15	%35	%100
Score Received	89,60	93,14	90,98	83,54	88,60

The report prepared by Kobirate regarding the Corporate Governance Principles Compliance Rating is also available on our company's website www.yunsa.com. Yünsa started to be included in the Corporate Governance Index (XKURY) as of 25 September 2023.

With a view to ensuring compliance with the principles in the coming period, in addition to legislative developments and practices, a corporate governance action plan has been prepared for the areas of development in corporate governance practices identified in the Yünsa Corporate Governance Rating Report prepared by Kobirate, and efforts are still being made for achieving full compliance with the corporate governance principles.

SECTION II - STAKEHOLDERS

2.1.Investor Relations Unit

Our Company has an Investor Relations Department, which carries out activities to maintain regular relations with existing and potential shareholders, to protect and facilitate the exercise of shareholders' rights, to increase the visibility and recognition of our Company in the capital markets and to ensure the required compliance with Capital Markets Legislation.

At Yünsa, the Investor Relations Department reports to Murat Doğan, Finance and Investor Relations Manager. Responsibility for the fulfillment of the Company's obligations arising from Capital Markets Legislation and coordination of corporate governance practices rests with Murat Doğan, Finance and Investor Relations Manager, and İnci Tarı, who holds Capital Market Activities Level 3 and Corporate Governance Rating Licenses. İnci Tarı was appointed as a member of the Corporate Governance Committee with the Board of Directors' decision dated 16 September 2024.

Contact details of the officers working in the Investor Relations Department are provided below:

Company's Authorized Representatives to be Contacted

Name and Last Name	Position	Phone No.	E-mail Address
Murat Doğan	Finance and Investor Relations Manager	0 212 365 65 00	yatirimciiliskileri@yunsa.com
İnci Tarı	Investor Relations Director	0 212 365 65 00	yatirimciiliskileri@yunsa.com

The Investor Relations Department is responsible for regularly informing shareholders and potential investors about the Company's activities, financial status and strategies, excluding confidential information and trade secrets, and managing the mutual communication between shareholders and company executives.

The principal activities carried out by the Investor Relations Department during the reporting period to ensure that shareholders' rights to obtain information and their rights arising from share ownership are fully and promptly exercised are listed below:

- The records of correspondence between investors and the Company and other information and documents were kept in a sound, secure and up-to-date manner, and the transactions at the Central Registry Agency were coordinated.
- Inquiries received by the Department during the reporting period were answered clearly and concisely through communication tools in line with the Company's Disclosure Policy, with the exception of confidential information and trade secrets that have not been disclosed to the public.
- The Ordinary General Assembly meeting during the reporting period was held in compliance with applicable legislation, the Articles of Association and other internal regulations, and documents that could be consulted by shareholders at the General Assembly meeting were prepared and submitted for their information and review.

- The website has been continuously updated to ensure that shareholders receive uninterrupted and clear information about the Company.
- In addition to the disclosures made pursuant to the legislation, coordination of communication with the public was ensured by supervising and monitoring the fulfillment of the obligations arising from the Capital Markets Legislation, including all kinds of issues related to corporate governance and public disclosure.

The activities carried out in 2024 to provide investors with detailed information about the Company's activities are summarized in the table below:

The Company has not organized any investor conference in 2024. Responses were given to all investors who contacted yatirimciiliskileri@yunsa.com and called by phone. Upon request from Investment/Portfolio companies, 7 meetings were held at different times to discuss the publicly disclosed financial statements.

The report prepared by the Investor Relations Department, which provides communication between the Company's shareholders and investors and which reports directly to the Chief Financial Officer, in accordance with Article 11 of the Corporate Governance Communiqué No. II-17.1 of the Capital Markets Board (CMB), regarding the activities carried out in the 2024 activity period has been approved by the Corporate Governance Committee and was submitted to the Board of Directors on 17 March 2025.

In accordance with CMB regulations, the Company made 28 material disclosures through the PDP in 2024. These disclosures were made on time and no sanctions were imposed by the CMB or BIST.

Finally, Ak Yatırım Menkul Değerler A.Ş. and the Company signed a "Corporate Brokerage Agreement Regarding the Central Registry System" for the performance of issuer transactions at the Central Registry Agency and the services to be provided to the Company's shareholders within this scope.

2.2.Shareholders' Exercise of their Right to Obtain Information

Pursuant to the Company's Disclosure Policy, all shareholders, potential investors and analysts must be treated equally in exercising their right to obtain and review information, and disclosures must be delivered to everyone with the same content. All information exchange takes place on the basis of content that has already been publicly disclosed. All matters related to the public disclosure obligation are presented in accordance with the legislation and the Articles of Association, and in this context, material disclosures that are important for investors are disclosed to the public on the Public Disclosure Platform ("PDP") in a timely manner in accordance with the legislation and are published on the Company's website.

In 2024, the Investor Relations Department carefully and immediately responded to all written and mainly verbal inquiries received from shareholders via phone, e-mail and video conferences, primarily regarding the General Assembly meetings held in the previous fiscal year, dividend payments made in previous years and information on the Company's investments, and to this end, information that may be of interest to shareholders was announced on the website (http://www.yunsa.com) as required by the mandatory disclosure processes.

The Company's annual report is published on the corporate web site and announcements made to shareholders, material disclosures and interim financial statements are also made available to shareholders on the corporate website.

In 2024, the Company's website did not include any information or disclosures that may affect the exercise of shareholders' rights.

The appointment of a special auditor is not stipulated as a right in the Company's Articles of Association. Since this right is granted to every shareholder for joint stock companies pursuant to Article 438 of the Turkish Commercial Code, it was not deemed necessary to include a separate provision in the Articles of Association. The Company has not received any request for the appointment of a special auditor during the reporting period.

The Company's activities are regularly and periodically audited by the Independent Auditor appointed by the General Assembly. For 2024, independent audit activities were carried out by PwC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş.

2.3.General Assembly Meetings

"The Internal Directive on the Working Principles and Procedures of the General Assembly of Yünsa", which can be found under the "Information Society Services" section of the Company's website, sets forth the provisions governing Yünsa's General Assembly meetings. In addition, documents required to be shared with the public and the disclosures required to be made to the public through the Public Disclosure Platform (KAP) before and after the General Assembly pursuant to the legislation were also shared on the Company's website under the relevant headings under the "Investor Relations" tab.

The invitation for the General Assembly meeting was published in the Turkish Trade Registry Gazette dated 25 April 2024 and numbered 11069, on the Public Disclosure Platform http:// www.kap.gov.tr, on the E-General Assembly System of Merkezi Kayıt Kuruluşu A.Ş. and also on the Company's website http://www.yunsa.com , and the date and agenda of the meeting were announced at least three weeks prior to the date of the General Assembly meeting through all means of communication, including electronic communication, in order to reach the maximum possible number of shareholders, in addition to the performance of the procedures stipulated by the legislation.

The annual report including audited figures for 2023, the 2023 financial statements and reports, the independent audit report, the dividend distribution proposal, the amendment proposal including the former and new versions of the text amended by the amendment of the Articles of Association, the report on compliance with corporate governance principles, detailed explanations for each agenda item included in the information document prepared for the agenda items of the General Assembly, and other documents supporting the agenda items were made available for shareholders' review at the Head Office in Istanbul, on our website and on PDP, starting 21 days prior to the General Assembly Meeting. Questions regarding these documents have been answered.

With a view to allowing shareholders to be represented at the General Assembly, both the Electronic General Assembly System was used and a proxy to be approved by a notary public in accordance with the provisions of the Communiqué No. II-30.1 of the Capital Markets Board was made available at the Company headquarters and on the website. Thus, the shareholders whose shares are dematerialized at the Central Registry Agency and who have the right to attend the General Assembly meetings, or their proxies representing them by means of a notarized proxy, have been enabled to attend the General Assembly meetings in person or through the Electronic General Assembly System by using their secure electronic signatures, and care was taken to facilitate participation in the

General Assembly meetings in the easiest and least costly manner without causing any inequality among the shareholders.

No requests were received from the shareholders, the Capital Markets Board and/or other public institutions and organizations that have jurisdiction over the Company prior to the General Assembly for any items to be added to the agenda.

The 2023 Ordinary General Assembly Meeting of Yünsa was held on 24 May 2024 at 3:00 p.m. at the Hotel Raffles Istanbul Melissa Hall located at the address of Levazım, Koru Sokak Zorlu Center, 34340 Beşiktaş/İstanbul under the supervision of Güner KAKI, the Ministry Representative assigned by the letter dated 23 May 2024 and numbered ve E-90726394-431.03-00097141999 of the Provincial Directorate of Commerce of the Governorship of Istanbul. Shareholders attended the Ordinary General Assembly meeting physically and electronically either in person or through their proxies.

Out of the Company's shares with a total nominal value of TL 60,000,000, shares worth a total of TL 34,858,817.284 were represented at the Ordinary General Assembly meeting, which consisted of shares with a total nominal value of TL 34,731,270.117 which were represented by proxy and shares with a total nominal value of TL 127,547.167 which were represented in person, and the General Assembly convened with a participation rate of 58.098%.

The General Assembly was attended by the members of the Board of Directors, the Company Auditor, the General Manager, the Chief Financial Officer and the personnel who made the preparations for the General Assembly. As per Principle 1.3.11, General Assembly Meetings are held in a manner to be open to our shareholders, and the Electronic General Assembly allows our shareholders who cannot physically attend the General Assembly to participate in the General Assembly. Although there is no such provision in the Company's Articles of Association, our General Assembly Meetings are held in a manner to be open to stakeholders, without any voting rights on their part, and the public, including the media.

The main agenda items of this meeting included provision of information on the 2023 Annual Report and Auditors' Report, negotiation and approval of the financial statements, release of the members of the Board of Directors, determination of the use and distribution method of the dividend for 2023, information on donations and grants provided in 2023 and determination of the donation limit for 2024, amendment of Article 6 "Share Capital" of the Articles of Association, election of a new member of the Board of Directors to complete the remaining term of office of the member who resigned during the year, determination of the remuneration of the members of the Board of Directors, election of an Auditor, and authorization of the Chair and Members of the Board of Directors to carry out the transactions specified in Articles 395 and 396 of the Turkish Commercial Code.

Information on donations and aids and policy changes made during the period is provided in the General Assembly with a separate agenda item. At the General Assembly meeting, the shareholders were informed that TL 100,000 (Amount indexed according to inflation: TL 164,772.92) was donated to ITU Foundation in 2023 and it was unanimously decided to set the upper limit of donations to be made by the Company in 2024 as 1% of the previous year's corporate earnings

Shareholders were given the right to express their opinions and ask questions under equal conditions. During the meeting, no shareholder requested to speak about any items off the agenda and no questions were asked to the Company management outside the agenda.

No proposals were submitted by the shareholders at the General Assembly except for the agenda items.

The minutes of the General Assembly meeting were disclosed to the public through being posted on the Public Disclosure Platform (KAP) and the Electronic General Assembly System, and all announcements, papers and documents related to the General Assembly were also made available to shareholders and all stakeholders on the Yünsa website.

No Extraordinary General Meeting of Shareholders has been held during 2023.

No cases have been observed where the controlling shareholders, Members of the Board of Directors, senior managers and their spouses and relatives by blood and marriage up to the second degree have engaged in transactions that are of material nature which may lead to conflict of interest between them and the company or its subsidiaries, and/or performed any transaction that has the nature of commercial business activities falling into the scope of the field of activity of the company or its subsidiaries either on their own account or on the account of others, or acquired shares in any other company engaged in these activities in the capacity of shareholder with unlimited liability. There are no transactions made by persons other than these persons who have access to company information on their behalf within the scope of the Company's field of activity that may be subject to notification.

2.4.Voting Rights and Minority Rights

According to the Company's Articles of Association, each share is entitled to one vote at the General Assembly and there are no voting privileges.

The Company's Articles of Association do not stipulate cumulative voting rights in the current shareholding percentages and shareholding structure, as this would disrupt the harmonious management structure of the Company.

There are no companies with which the Company has mutual shareholding interests.

The Company's Articles of Association do not contain a provision on the representation of minority shareholders and stakeholders in management. However, two Independent Board Members serve on the Board of Directors to equally represent all shareholders and stakeholders, in particular minority shareholders.

Yünsa attaches importance to the exercise of minority rights in accordance with the Turkish Commercial Code and CMB regulations, and there were no criticisms or complaints raised in 2024 in this regard.

With respect to Principle 1.5.2, there is no violation of minority rights in the exercise of fundamental shareholder rights such as participation in the General Assembly, representation by proxy, and the non-application of upper limits on the exercise of voting rights. However, no provision has been included to broaden the scope of minority rights and to extend these rights to holders of less than one-twentieth of the share capital.

2.5.Right to Dividends

According to Yünsa's Dividend Distribution Policy approved at the Ordinary General Assembly meeting held on 28 March 2014, dividend distribution policy has been determined within the framework of the provisions of the Turkish Commercial Code, Capital Markets Legislation and other applicable legislation, as well as the article governing dividend distribution of our Articles of Association, in keeping with Yünsa's medium- and long-term strategies, investment and financial plans, while also taking into consideration the state of the country's economy and the sector, and striking a balance between the expectations of shareholders and the needs of Yünsa.

Although it has been resolved, with the decision made at the General Assembly, to determine the amounts of dividends to be distributed, it has been adopted as a principle to distribute at least 50% of the distributable profit to shareholders in the form of dividends in cash and/or bonus shares.

Although it is accepted to distribute dividends equally to all existing shares, regardless of their issue and acquisition dates, as soon as possible, dividends shall be distributed to shareholders on the date determined by the General Assembly following the approval of the General Assembly within the specified legal periods.

The General Assembly may transfer some or all of the net profit to the extraordinary reserve fund. In the event that the Board of Directors of Yünsa makes a proposal to the General Assembly for not distributing the profit, the shareholders are informed at the General Assembly meeting regarding the grounds for such situation and the manner in which the undistributed profit will be used. Likewise, this information is also shared with the public through the annual report and the website.

Yünsa does not have any advance dividend distribution policy.

The dividend distribution policy is submitted for the approval of the shareholders at the General Assembly Meeting. This policy is reviewed annually by the Board of Directors in the event of any unfavorable developments in national and global economic conditions, and according to the status of projects and funds on the agenda. The amendments to this policy are submitted for the approval of the shareholders at the first General Assembly meeting to be held after the amendment and are made public on the website.

The Dividend Distribution Policy and the annual dividend distribution proposal are included in the annual report, are submitted for the information of shareholders at the General Assembly and are disclosed to the public on the Investor Relations website.

It has been unanimously decided that the Net Distributable Period Profit amounting to TL 544,407,650.92 remaining upon deduction of the General Legal Reserves (1st Legal Reserve) and Legal Liabilities from the Period Profit amounting to TL 620,022,875 for 2023 calculated in accordance with the CMB Legislation, pursuant to Article 30 of our Articles of Association and in accordance with the CMB Communiqués, be distributed as follows:

First Dividend	:	3.000.000,00 TL
Second Dividend	:	233.736.631,38 TL
Total Gross Dividend	**:**	**236.736.631,38 TL**
Extraordinary Reserves	:	307.671.019,54 TL

as a result of the dividend distribution in accordance with the above principles, TL 236,736,631.38 of the Net Distributable Period Profit of TL 473,473,262.76, which is included in our legal records prepared in accordance with the provisions of the Tax Procedure Law, be set aside as Extraordinary Reserves, and thus, out of the profit for 2023, a total of TL 236,736,631.38 dividend at the rate of 394.5611% (Gross) and 355.1049 % (Net) be distributed to the shareholders representing the share capital of TL 60,000,000.00.- in cash as per their legal status, starting from 30 May 2024.

In accordance with the provisions of the Articles of Association, the Company does not grant any privileges regarding participation in dividend distribution.

2.6.Transfer of Shares

The articles of association do not contain any provision restricting the transfer of shares by other shareholders.

SECTION III - PUBLIC DISCLOSURE AND TRANSPARENCY

3.1.Corporate Website and Its Content

Our company has a corporate website at http://www.yunsa.com. Important information on the website is also available in English; however, since the persons who will make use of the disclosures, who mainly include international investors, can access such information through the infrastructures of data distribution organizations such as Reuters, Foreks, etc., some of the Company's disclosures are not prepared in English due to the additional workload and costs it would cause to the Company.

In addition, our Company receives Central Database Service Provider support service from Merkezi Kayıt Kuruluşu A.Ş. ("CRA") within the framework of the principles and procedures regarding the establishment of a website, dedicating a certain section of this website for the publication of announcements required by law to be made by the company and allocating it to information society services pursuant to the "Regulation on the Websites to be opened by Capital Companies" and the first paragraph of Article 1524 of the TCC, and the announcements required by law to be made by the Company can be accessed through CRA's "e-Company Companies Information Portal".

The Company's website is actively used in accordance with the Corporate Governance Principles with a view to disclosing information to the public and maintaining relations with shareholders in a more effective and faster manner, and ensuring continuous communication with shareholders.

The information provided in the CMB's Corporate Governance Principles is available on the website. The principles regarding the management of the website are listed in our "Disclosure Policy".

The main headings covered on the website are listed below:

- Detailed information about the company profile
- Mission, vision and company values
- Information on Members of the Board of Directors and Senior Management
- Company's shareholding structure
- CMB Material Disclosures
- Company's Articles of Association
- Trade registry information

- Financial information
- Investor presentations
- Earnings Calls
- Date of the General Assembly meeting, agenda, explanations on agenda items
- Internal directive of the General Assembly
- General Assembly Meeting minutes and list of attendees
- Corporate Governance practices and compliance report
- Dividend distribution policy
- Information policy
- Donation and Grants Policy
- Anti-Bribery and Anti-Corruption Policy
- Remuneration policy
- Sustainability policy

• 3.2.Annual Report

The Yünsa Annual Report is prepared in detail to ensure that the public has access to timely, complete and accurate information about the Company's activities, in accordance with the provisions of the "Regulation on Determining the Minimum Content of Companies' Annual Reports" published in the Official Gazette dated 28 August 2012, the deadlines set out in the "CMB Communiqué II-14.1 on Principles Regarding Financial Reporting in Capital Markets", Turkish Accounting Standards/Turkish Financial Reporting Standards (TAS/TFRS) and the formats determined by the CMB and Corporate Governance Principles, is subjected to the approval of the Board of Directors and is then disclosed to the public through PDP and the Company's website (http://www.yunsa.com) together with the financial statements, unless the Board of Directors decides to disclose it following the financial statements together with a separate statement of responsibility.

In addition, a summary annual report is prepared quarterly and published together with the financial statements on PDP and the Company's website. The annual report issued on an annual basis shall also be printed in hard copy to be given to the concerned parties.

In this respect, Yünsa 2023 Annual Report was made available for the review of our shareholders at the Company headquarters, on the Electronic General Assembly portal of the CRA and on the Company's website for three weeks prior to the 2023 Ordinary General Assembly meeting, as required by the Turkish Commercial Code, the Regulation and the Capital Markets Law and applicable regulations, and was read and discussed at the Ordinary General Assembly held on 24 May 2024.

SECTION IV - STAKEHOLDERS

4.1.Informing Stakeholders

Stakeholders are informed about developments concerning the Company through public disclosures made pursuant to applicable legislation. Public disclosures are made through press conferences, as well as statements made through the media. On the other hand, provision of detailed information both at our General Assembly Meetings and on our website, the comprehensiveness of our annual reports, our press releases, and our disclosure policy and practices based on the principle of transparency ensure that not only shareholders but also all stakeholders are informed.

Stakeholders are considered to include employees, customers, suppliers, trade unions, non-governmental organizations, the government, potential investors and others who have a direct relationship with the company. Taking into consideration the fact that collaboration between the Company and its stakeholders will serve the Company's own interests in the long run, the Company respects the rights of its stakeholders that are protected by law and mutual agreements and contracts, and protects these rights.

Yünsa relies on the Disclosure Policy published on 22 December 2014 at http://www.kap.gov.tr and in the Investor Relations section of its website http://www.yunsa.com with respect to the disclosure of information to stakeholders. Pursuant to the Disclosure Policy, information that does not constitute a trade secret is transparently shared with stakeholders through public disclosures, media, meetings and so on .

Company employees are also informed about their areas of expertise and the related general matters by means of meetings, seminars, trainings and information sent via e-mail. A portal is available for employees, through which they can access all kinds of information and documents that may be useful to them.

The Company has adopted ethical principles to protect the rights of stakeholders. It is possible for stakeholders to bring to the attention of the Ethics Committee any transactions that are not in compliance with the legislation and the Company's code of ethics through the mail address etik@yunsa.com that is available on the Company's website.

4.2.Stakeholder Participation in Management

- Stakeholders are ensured to participate in management by means of - General Assembly Meetings, investors' plant visits and requests and suggestions communicated to the Finance and Investor Relations;

- improvement interviews held with suppliers, questionnaires and supplier visits; and

- customers are ensured to participate in management through customer visits, satisfaction surveys, fairs, meetings and customer days.

The participation and contribution of employees to management is ensured through periodic meetings held within the Company, annual goal setting meetings, budget compliance and performance review meetings, TPM committee meetings, meetings on quality/environment/occupational safety and energy, improvement efforts, project groups, various exchange days and the proposal system. In addition, employees provide feedback to the management and their colleagues through various tools such as the work life evaluation survey, internal customer satisfaction surveys, information exchange and communication meetings, climate surveys, performance interviews, and meetings with the General Manager, and the results are discussed at management meetings and action plans are created for necessary changes.

These approaches ensure the necessary participation and contribution of stakeholders to ensure the effective management of the Company.

No model or mechanism has been established for stakeholders' participation in management. However, independent members on the Board of Directors ensure that not only the Company and its shareholders, but also all stakeholders are represented on the Board.

Shareholders' contribution to management takes place at the General Assembly level, where shareholders are given equal opportunity to express their opinions and ask questions under equal conditions. All members of the Board of Directors are elected by the General Assembly with the participation of stakeholders.

Our Company implements a management model that encourages employees to contribute to the development of key policies, the dissemination of policies throughout the Company and their translation into targets, the implementation of planned practices and the revision of implementation results so as to ensure continuous improvement.

Our Company implements a management model that encourages employees to contribute to the development of key policies, the dissemination of policies throughout the Company and their translation into targets, the implementation of planned practices and the revision of implementation results so as to ensure continuous improvement.

The participation of our white-collar employees in management is ensured through periodic meetings held within the Company and through annual goal setting and performance evaluation meetings. The Employee Engagement Survey collects and measures the opinions of our white-collar and blue-collar employees on the extent of their engagement and satisfaction, and action plans are created afterwards by focusing on areas of opportunity.

While making arrangements regarding the working conditions of our blue-collar employees, their working environment and the rights provided to employees and similar issues, we work together, hold meetings and seek the opinion of the Turkish Textile Knitting and Clothing Industry Workers' Union.

The Company's communication channels are kept open for stakeholders other than employees (customers, suppliers, etc.) and the issues raised in the meetings are taken into consideration while developing the Company's policies.

4.3.Human Resources Policy

Human Resources Policy is shared on the Company website, intranet, documentation system and internal visual management spaces.

Our Human Resources Policy

Recognizing that the most valuable asset in our Company's sustainable success is its employees, our main goal is to create and disseminate a participatory, sharing, entrepreneurial culture that values diversity and creativity through solutions and practices that address the current and future needs of the organization.

Our principles are as follows:

- Creating a working environment that promotes ethical values and that fosters mutual trust, where responsibilities are owned and achievements are recognized, diversity and variety are respected, ideas and expectations are considered, a balance is maintained between professional and personal life, and policies and applications exceeding legal requirements are implemented;

•To ensure continuity in the face of unforeseen circumstances, the Company develops a succession plan for all key management positions. This plan is finalized following CEO approval and is then submitted to the Board of Directors for final approval.

In line with the foregoing principles, we undertake to:

- attract people with high development potential who contribute positively to change;
- create opportunities for continuous improvement;
- manage processes that support individual performance for the achievement of company goals;
- support innovative and entrepreneurial employees;
- recognize and reward contributions and achievements;
- maintain strong relationship with all our stakeholders;
- create a corporate culture that fosters continuous development and improvement; and

•revise systems, processes and communication channels and reconstruct them in line with the requirements.

Our main expectation from our employees is to create added value to our Company's business results by always leading diversity and creativity in areas related to Yünsa's sustainable growth targets with a participatory, sharing and entrepreneurial culture.

Being defined as "recruitment and attraction of qualified workforce, corporate and individual performance management, career and succession management, individual and organizational development, training, remuneration and benefits management, industrial relations, occupational health and safety, environmental protection and general services management processes", Human Resources activities are carried out by Özgür Bali, Human Resources Manager.

Our recruitment process aims to select and place the most qualified and the most suitable candidates who will carry our Company into the future and who share our corporate values, which we believe will create a long-term, efficient and effective working life.

The selection process is ensured to be systematic and objective through the use of structured competency-based interviews, personality inventories, foreign language tests, role plays, case studies, presentations and skills tests.

The Corporate Scorecard approach ensures that the Company's long-term strategies and targets are translated into operations and performance is monitored. Company targets, Functional Targets and Department Targets are monitored through the Corporate Scorecard approach.

The individual performance management system ensures that the department's goals are turned into individual targets, that employees are evaluated based on accurate and objective criteria, that they are motivated to deliver results and that a culture of continuous development is established.

The most important part of the process is continuous monitoring and feedback.

A remuneration and benefits system is implemented that will attract qualified labor to the company and reward our employees in line with their responsibilities and the value they add to the organization.

The wage and benefits system for white-collar employees is based on a remuneration policy that is determined according to the size of the business, market data and the Company's performance, as well as the achievement of individual targets. The wages and benefits of blue collar employees are regulated by the Collective Bargaining Agreement.

The "Proposal System" implemented within the framework of the continuous development approach supports new ideas and opinions from our employees for improvement and development. All our employees can make proposals by accessing the relevant portal from the kiosks or computers located on the sites, and can also express their suggestions for corrective and preventive activities with the error cards they write.

Proposals made by the employees are evaluated by the relevant committees and managers, and the owners of the proposals that are accepted and implemented upon the evaluation process are rewarded.

In addition, recognition, acknowledgement and rewarding approaches are employed to reward individual/group efforts and achievements of employees, which thus contributes to increased motivation and company engagement. All job descriptions, organizational charts, performance and rewarding criteria are defined in the relevant procedures, and the documentation system accessible to all employees is shared on the intranet and on other platforms and is constantly updated.Şirkette 2024 yılı içerisinde ve öncesinde çalışanlardan ayrımcılık konusunda gelen bir şikayet olmamıştır.

The Company did not receive any complaints from employees regarding discrimination in 2024 or before.

With regard to the Principle 3.1.2, Yünsa, which operates in national and international markets, respects and complies with the local law rules in the markets in which it operates and, private law rules such as collective bargaining agreements, if any. The Company pays due attention to the protection and payment of all rights and receivables of its employees starting from the commencement of their employment contracts until their termination. The "Remuneration Policy for Employees" was developed and published on the Company's website in accordance with the decision dated 24 November 2023 of the Board of Directors, and was presented to investors as a separate agenda item at the General Assembly held on 24 May 2024.

With respect to Principle 3.3.6., the Company employees' job descriptions and distribution of duties, and performance and rewarding criteria are announced to the employees, and efficiency is taken into consideration in determining the remuneration and other benefits provided to the employees; however, there are no share acquisition programs implemented for the employees in accordance with the Human Resources Policy.

4.4. Code of Ethics and Social Responsibility

Our ethical values are ensured to be effectively transferred and disseminated to all our employees within the framework of sustainability responsibility through trainings. The Code of Business Ethics, which is published on company portals, is communicated to all employees during orientation trainings and/or in e-learning environments. Furthermore, at the end of each year, our employees renew their commitment to business ethics with the "Business Ethics Compliance Statement" and update their knowledge of codes of business ethics through an e-learning program.

In addition to its contribution to the national economy and its extensive employment opportunities, Yünsa is also sensitive to the environment, one of the world's indispensable values. It supports sustainability in this field with the projects it develops, the standards it implements and the projects aiming to use natural resources in the most efficient way.

Mitigating the negative impacts of climate change has been one of the most important targets in the "assessment of risks and opportunities" efforts carried out by the company. Focusing on climate change efforts for a livable world, a strategic and systematic management approach has been developed, as well as environmentally friendly projects and work programs.

Yünsa has become the first company in the Turkish textile industry to report on Climate Change within the scope of the Carbon Disclosure Project (CDP), demonstrating its sensitivity to climate change. The Company discloses its greenhouse gas emissions and water management to the entire public with a transparent approach through CDP reporting. In this context, the Company was included in the scoring in the water and climate change categories in the CDP Program in 2024. In the Water category, a score of B was achieved above the global level, while in the Climate Change category, a score of C was achieved, which is the global level.

With the importance of energy and energy management growing, energy efficiency has become even more crucial in the modern world. Yünsa supports sustainability with the standards it implements and the projects it develops to use natural resources in the most efficient way and certifies its efforts in this field with the ISO 50001 certificate it has held since 2016.

Yünsa has held ISO 9001:2015 Quality Management System certification since 1998 and ISO 27001:2017 Information Security Management System certification since 2016. In 2023, the Company added ISO 10002:2018 Customer Satisfaction Management System to its management systems.

Yünsa continued to work within the scope of its corporate sustainability roadmap in 2024.

Best chemical management practices are implemented under the Zero Discharge of Hazardous Chemicals (ZDHC) program. Compliance with published positive lists is ensured, the chemicals used are monitored through the BVe3 portal and the chemical load of wastewater is reduced through best practice studies. Wastewater is tested twice a year and the results are reported. This ensures that chemicals are controlled and used within the permitted limit value range. Prohibited chemicals are not used in production processes and close cooperation with suppliers is encouraged in this regard.

The Oeko-Tex® Standard 100 is a worldwide standard testing and certification system for raw materials, intermediate and end products in all processing stages related to textile products. Having adopted the principle of providing its customers with products that do not harm their health, Yünsa renewed its Oeko-Tex® 100 and Oekotex-recycle® 100 certificates, which cover the traceability of recycled products, in 2024.

Yünsa has been implementing the ISO 14001 Environmental Management System since 2004. Within this framework, the Company's environmental impacts are assessed and measures are taken to minimize or eliminate these impacts.

Yünsa uses the Higg Index Facility Environment Module (FEM) and Facility Social and Labor Management (FSLM) modules developed by the Sustainable Apparel Coalition (SAC), a platform established for sustainable production, where member brands, retailers and manufacturers in the sector transparently share their best practices. FEM is a control system which measures and reports the environmental sustainability performance of enterprises, where data entries are made on the management of environment, energy, water, wastewater, emissions, waste and chemicals, and then on-site audits are carried out. FSLM (Facility Social and Labor Management) ensures that social compliance conditions are assessed as part of the process of monitoring carefully prepared plans and programs to turn socially responsible ideas into action and to systematically assess and measure the goals, strategies and performance of the business in the area of social responsibility.

Dust and gas emissions resulting from our operations are regularly controlled through emission measurements conducted by accredited institutions and are reported to the Turkish Ministry of Environment, Urbanization and Climate Change.

Yünsa continued its efforts in 2024 in light of the principles committed in the Greenhouse Gas Policy. Greenhouse gas emissions were calculated and reported based on international standards, and the Corporate Carbon Footprint Inventory Report was verified and certified by an accredited institution.

At Yünsa, TPM and R&D projects are carried out to optimize the use of natural resources, reduce the negative impact on the environment and save electricity and natural gas energy.

The use and management of sustainable materials is one of the most important priorities for Yünsa. Efforts are being made to increase the proportion of recycled raw materials. With Global Recycled Standard (GRS) and Recycled Claim Standard (RCS) certificates, recycled materials used in the end product are monitored and verified throughout the supply chain. We also continued to certify our products with the RWS (Responsible Wool Standards) standard for wool, which sets standards for animal welfare and land management for grazing animals, supporting best practices in raising sheep in good conditions and in managing and protecting the land.

With a view to contributing to a healthy future with its respect for nature and social responsibility awareness, Yünsa has Yünsa Afforestation Areas at the Çerkezköy junction of the Istanbul-Edirne highway and at the Büyükçavuşlu location of the Çerkezköy-Saray state highway. All planting, irrigation and maintenance works of the afforestation areas are carried out by Yünsa on a voluntary basis.

Yünsa provides periodic sustainability trainings to employees at all levels to raise environmental awareness. In this context, training programs were organized for employees in 2024 to raise their awareness.

All wastes generated during Yünsa's operations are segregated and sent to licensed disposal or recycling organizations.

During the audits carried out every year on waste companies, evaluations are made on quality standards and environmental legislation, development areas are identified and companies are ensured to take action on the relevant deficiencies. These companies are provided with training on environmental and occupational safety issues and audits are conducted to contribute to their development in these areas.

Efforts have been made to raise awareness on sustainability in 2024, a year in which the serious depletion of our water resources, drought, flood disasters, and agricultural inefficiency problems have all confirmed the climate crisis. In this context, Yünsa R&D Center participated in the International Textile Sustainability and Technological Developments Congress and four oral presentations were delivered.

All occupational safety operations are reviewed at monthly review meetings attended by senior management, and necessary investments are planned and implemented. In terms of management systems standards, Yünsa has also documented its efforts in this field with the ISO 45001 certificate it has held since 2019.

Innovative Productive Generations Association (YÜNDER)

In order to give students with limited financial resources equal educational possibilities and the chance to pursue further education, Yünsa Yünlü Sanayi Ticaret A.Ş. employees founded the Innovative Productive Generations Association in 2018. In this context, we provided scholarships to 27 university students studying at 11 different universities and 2 secondary education students in 2024. Our employment priorities include ensuring diversity and equal opportunities for women employees.

In 2024, as part of its social responsibility vision, the Company continued to collaborate with universities—especially regional institutions such as Istanbul Technical University (ITU), Marmara University, and Namık Kemal University—through the 'First Step to the Future' Internship Program.

Within the scope of University-Industry Collaboration (UIC), Yünsa R&D Center started to sign mutual cooperation agreements with universities in 2014 in order to strengthen its cooperation with universities and maintained its cooperation activities in 2024. These efforts include joint research and development projects as well as open innovation meetings, internships for students, laboratory facilities, events, subscriptions to publications and technical tours. We have cooperation protocols signed with more than 10 universities in total.

"Sustainability Policy" has been published in order to share the sustainability approach in all activities of YÜNSA and to ensure its dissemination to our stakeholders.

The responsibilities we have adopted in the "Social" dimension of the policy are listed below.

SOCIAL

Human Resources and Employee Rights

- Acting in accordance with human rights in our relationship with all our stakeholders including our employees, suppliers and business partners in particular, and encouraging them to be sensitive in this regard;
- Identifying human rights risks for the people at our workplace and in our value chain, and taking necessary action to prevent such risks;
- Occupational Health and Safety
- Implementing and improving preventive occupational health and safety systems in all our activities, and turning this into a lifestyle for all our employees;
- Ensuring that everyone participates in risk reduction efforts;

•Taking measures one step ahead of the legal requirements;

Customer Health and Safety

- Developing safe and healthy products in line with a management approach focused on continuous improvement with a view to protecting human health;

Employment

•Creating a working environment that promotes ethical values for a sustainable work life and that fosters mutual trust, where responsibilities are owned and achievements are recognized, diversity and variety are respected, ideas and expectations are considered, a balance is maintained between professional and personal life, and policies and applications exceeding legal requirements are implemented;

Diversity and Equal Opportunities

•Implementing a diversity policy from recruitment to retirement and providing everyone with equal opportunities under the Constitution and the applicable law regardless of language, race, skin color, gender, political opinion, belief, religion, sect, age, physical disability and so on;

Training and Development

•Supporting Corporate Development and providing our employees with different trainings to help them develop skills that will allow them to do their job in the most effective manner;

The main social responsibility projects carried out by Yünsa within the scope of corporate citizenship activities in the 2023 operating period are discussed under the heading of "Social Sustainability".

Yünsa is sensitive to its social responsibilities and complies with regulations regarding the environment, consumers, public health and ethical rules. The Company supports and respects internationally recognized human rights. In addition to complying with Article 3.5.2 of the Corporate Governance Principles, Yünsa has developed an Anti-Bribery and Anti-Corruption Policy in 2015 and announced it to all stakeholders through the Yünsa website (http://www.yunsa.com). Yünsa fights against all forms of corruption, including extortion and bribery, within the framework of the Anti-Bribery and Anti-Corruption Policy.

SECTION V – BOARD OF DIRECTORS

5.1.The Composition and Formation of the Board of Directors

Name and Last Name of the Member of the Board of Directors	Executive or Non-Executive	Position
Mustafa Sürmegöz	Executive	Chair of the Board of Directors and General Manager
Tamer Saka	Non-Executive	Deputy Chair of the Board of Directors
Taha Adnan Sürmegöz	Non-Executive	Member of the Board of Directors
Cem Nuri Tezel	Non-Executive	Member of the Board of Directors
Ahmet Yarız	Non-Executive	Independent Member of the Board of Directors
Ahmet Cevat Acar	Non-Executive	Independent Member of the Board of Directors

The Company's Board of Directors ensures that the Company's activities are conducted in accordance with the legislation, Articles of Association, internal regulations, and established policies, and manages and represents the Company by taking into account the Company's risks, growth, and returns, as well as observing its long-term interests through strategic decisions.

The Company's Board of Directors consists of six members elected at the 2021 Ordinary General Assembly Meeting held on 14 April 2022 to serve until the 2024 Ordinary General Assembly Meeting to be held in 2025, in accordance with the provisions of the Turkish Commercial Code and Capital Markets Legislation and the Company's Articles of Association. As a result of the General Assembly Meeting held on 24 May 2024, Cem Nuri Tezel has been elected to the membership position vacated by Temel Tayyar Yeşil, who resigned as Deputy Chair and Member of the Board of Directors in May 2023.

The Articles of Association do not include the minimum qualifications to be sought for the members of the Board of Directors. However, the qualifications required for the members of the Company's Board of Directors are in line with the relevant articles of the Corporate Governance Principles of the CMB.

There are executive and non-executive members on the Board of Directors. The majority of the members of the Board of Directors are non-executive members as defined in the Corporate Governance Principles. The non-executive members of the Board of Directors include two independent members who are capable of performing their duties without being influenced under any circumstances, and the members of the Board of Directors are elected by the General Assembly in accordance with the Corporate Governance Principles.

Members of the Board of Directors have been granted the right to carry out transactions in accordance with Articles 395 and 396 of the Turkish Commercial Code by a decision of the General Assembly.

Amendments were made to the Articles of Association to include independent members in the Board of Directors within the scope of Article 4.3 of the Corporate Governance Principles of the CMB. The independent board members to be appointed to the Board of Directors were determined by the Board of Directors' decision dated 10 March 2022 and numbered 1182, and the list of independent board member candidates consisting of two persons was approved at the Ordinary General Assembly meeting held on 14 April 2022. At the time of their nomination, independent board member candidates have submitted their declarations of independence to the Board of Directors stating that they fulfill the independence criteria. No situation has arisen in the relevant period that may impair the independence of the independent board members.

The maximum term of office of the members of the Board of Directors is three years. The members whose term of office expires may be reelected.

The members of the Board of Directors of the Company as of 31 December 2024 are summarized in the table below with the executive/non-executive and independent member distinctions:

Principle No. 4.2.6. reads as follows: "In case it is decided that the Chair of the Board of Directors and the Chief Executive Officer/General Manager should be the same person, this situation shall be disclosed on the Public Disclosure Platform (PDP) together with its justification. " Therefore, it was announced to the public in our PDP disclosure dated 28 April 2023 that such a decision was made in relation to Mustafa Sürmegöz, who has been serving as the Chair of the Board of Directors and General Manager of our Company, taking into consideration the advantages that his extensive knowledge and experience of more than 30 years in the woolen fabric sector would bring to the Company.

Although the recommendation in Article 4.3.9. of the Communiqué, which provides that "The Company sets a target ratio and target time for the ratio of female members on the Board of Directors, provided that it shall not be less than 25%, and establishes a policy to achieve these targets" is not being implemented at the moment, the Board of Directors has adopted the "Board of Directors Diversity Policy" with its decision dated 24 November 2023 and published it on its website, and as a principle, a target has been set for the ratio of female members on the Board of Directors to reach a minimum of 25% within 5 years.

With respect to Principle 4.4.7., there is no restriction applicable to the members of the Board of Directors to prevent them from assuming other duties or tasks outside the Company; however, it is observed that the members of the Board of Directors take care to allocate the necessary time for the Company's affairs. Such a limitation was not deemed necessary, especially due to the significant contribution of the work experience and expertise of the Independent Board Members to the Board of Directors.

The Annual Report includes the resumes of Board Members, General Manager and Directors. The declarations of

independence of the Independent Board Members are presented below:

DECLARATION OF INDEPENDENCE

I hereby declare that I am hereby nominated to serve as an "independent member" on the Board of Directors of Yünsa Yünlü Sanayi ve Tic. A.Ş. (the Company) within the scope of the criteria specified in the legislation, articles of association and the Corporate Governance Communiqué (II-17.1) published by the Capital Markets Board, and within this scope;

a) There has been no employment relationship between the Company, companies in which the Company holds management control according to "TFRS 10" Standard or has material influence according to "TAS 28" Standard, shareholders who hold management control of the Company or have material influence (TAS 28) over the Company, legal entities controlled by these shareholders and myself, my spouse and my relatives by blood or marriage up to second degree in the last five years in a managerial position to undertake important duties and responsibilities, that I do not own, jointly or individually, more than 5% of the share capital or voting rights or privileged shares, or I do not have any material business relationship (TAS 28);

b) Within the last five years, I have not been a shareholder (5% or more), an employee in a managerial position with significant duties and responsibilities or a member of the Board of Directors in companies from which the Company purchases, or to which the Company sells, services or products to a significant extent within the framework of the agreements made, especially in relation to the audit (including tax audit, legal audit, internal audit), rating and consultancy of the Company, and

c) I have the professional training, knowledge and experience to duly fulfill the duties that I will undertake due to being an Independent Member of the Board of Directors;

ç) I do not currently/will not work full-time in public institutions and organizations after being elected as a member, except for university faculty membership which is subject to compliance will with the applicable legislation;

d) I am a resident of Türkiye according to the Income Tax Law dated 31 December 1960 and numbered 193;

e) I have strong ethical standards, professional reputation and experience to make positive contributions to the Company's activities, to maintain my impartiality in conflicts of interest between the Company and shareholders, and to make decisions freely by taking into account the rights of stakeholders;

f) I will allocate time for company affairs to the extent that I can follow the course of company activities and fully fulfill the requirements of the duties I have undertaken;

g) I have not been a member of the Board of Directors of the Company for more than 6 years within the last 10 years;

ğ) I have not served as an Independent Member of the Board of Directors in more than three of the companies controlled by the Company or the shareholders controlling the management of the Company and in more than five of the companies traded on the stock exchange in total; and

h)I have not been registered and announced on behalf of the legal entity elected as a Board Member.

I hereby submit the foregoing for the information of the Board of Directors, the General Assembly, our shareholders and all stakeholders.

Ahmet Cevat ACAR

Independent Member of the Board of Directors

DECLARATION OF INDEPENDENCE

I hereby declare that I am hereby nominated to serve as an "independent member" on the Board of Directors of Yünsa Yünlü Sanayi ve Tic. A.Ş. (the Company) within the scope of the criteria specified in the legislation, articles of association and the Corporate Governance Communiqué (II-17.1) published by the Capital Markets Board, and within this scope;

a) There has been no employment relationship between the Company, companies in which the Company holds management control according to “TFRS 10” Standard or has material influence according to “TAS 28” Standard, shareholders who hold management control of the Company or have material influence (TAS 28) over the Company, legal entities controlled by these shareholders and myself, my spouse and my relatives by blood or marriage up to second degree in the last five years in a managerial position to undertake important duties and responsibilities, that I do not own, jointly or individually, more than 5% of the share capital or voting rights or privileged shares, or I do not have any material business relationship (TAS 28);

b) Within the last five years, I have not been a shareholder (5% or more), an employee in a managerial position with significant duties and responsibilities or a member of the Board of Directors in companies from which the Company purchases, or to which the Company sells, services or products to a significant extent within the framework of the agreements made, especially in relation to the audit (including tax audit, legal audit, internal audit), rating and consultancy of the Company, and

c) I have the professional training, knowledge and experience to duly fulfill the duties that I will undertake due to being an Independent Member of the Board of Directors;

ç) I do not currently/will not work full-time in public institutions and organizations after being elected as a member, except for university faculty membership which is subject to compliance will with the applicable legislation;

d) I am a resident of Türkiye according to the Income Tax Law dated 31 December 1960 and numbered 193;

e) I have strong ethical standards, professional reputation and experience to make positive contributions to the Company’s activities, to maintain my impartiality in conflicts of interest between the Company and shareholders, and to make decisions freely by taking into account the rights of stakeholders;

f) I will allocate time for company affairs to the extent that I can follow the course of company activities and fully fulfill the requirements of the duties I have undertaken;

g) I have not been a member of the Board of Directors of the Company for more than 6 years within the last 10 years;

ğ) I have not served as an Independent Member of the Board of Directors in more than three of the companies controlled by the Company or the shareholders controlling the management of the Company and in more than five of the companies traded on the stock exchange in total; and

h) I have not been registered and announced on behalf of the legal entity elected as a Board Member.

I hereby submit the foregoing for the information of the Board of Directors, the General Assembly, our shareholders and all stakeholders.

Ahmet YARIZ

Independent Member of the Board of Directors

5.2. Operating Principles of the Board of Directors

The Board of Directors convenes as often as it can to effectively fulfil its duties and conducts its activities in a transparent, accountable, fair and responsible manner, while taking into account the long-term interests of the Company.

The Board of Directors is required to meet at least four times a year.

In 2024, the Company’s Board of Directors made a total of 38 Board decisions upon obtaining written approval in line with the provisions of the Turkish Commercial Code and the Articles of Association. The working principles, meeting and decision quorums of the Board of Directors shall be fulfilled in accordance with the provisions of the Company’s Articles of Association. Each member has one vote in Board meetings.

The agenda of the Company’s Board of Directors meetings is prepared by the Chair of the Board of Directors in consultation with the current members of the Board of Directors. The secretariat duties in our Company are carried out by the Financial Affairs Department. The secretariat is responsible for providing information and ensuring communication about the meeting agenda and preparing the minutes of the meeting.

No dissenting opinion was expressed against the decisions made by the members of the Board of Directors at the meetings held in 2024. Since the members of the Board of Directors did not have any questions on these matters, they were not recorded in the minutes.

Members of the Company's Board of Directors did not enter into any transactions with the Company in 2024 and did not participate in any ventures that would compete with the Company in the same fields of activity.

Members of the Board of Directors are not entitled to weighted voting rights.

Article 10 of the Corporate Governance Communiqué Series II.17.1 of the Capital Markets Board (CMB) provides that in the event that it is foreseen that the ratio of the amount of the common and continuous transactions performed between our Company and its related parties within an accounting period to the cost of sales according to the latest annual financial statements disclosed to the public for purchase transactions and to the amount of revenue according to the latest annual financial statements disclosed to the public for sales transactions will reach 10% or more, a report should be prepared on the terms of the transactions and a fair comparison with market conditions, and the report or its conclusion should be disclosed.

In the related period, there were no related party transactions and significant transactions submitted for the approval of the independent board members, and there were no transactions that were not approved and submitted for the approval of the General Assembly.

The management rights and representation powers of the Company's Board of Directors are defined in the Articles of Association.

Pursuant to Article 4.2.8 of the Communiqué, the Board Members' and Officers' Liability Policy with a coverage of USD 10 Million signed with Chubb European Group SE for the damages that may be caused by the members of the Board of Directors and officers during the execution of their duties was renewed in 2024. The total amount of gross salaries and benefits provided to the Company's Independent Members of the Board of Directors for the 2024 accounting period is TL 1,587,464 on a non-inflation indexed basis (the inflation indexed amount is TL 1,805,755). Total remuneration and benefits provided to the Company's senior executives* amounted to TL 34,558,355 (including the directors leading the Business Units).

5.3.Number, Structure and Independence of the Committees Established by the Board of Directors

In order for the Board of Directors to fulfill its duties and responsibilities in a sound manner, an Audit Committee, a Corporate Governance Committee and an Early Detection of Risk Committee were established in accordance with Capital Markets Legislation, CMB regulations and Corporate Governance Principles. The duties of the "Nomination Committee" and the "Remuneration Committee" set forth in Article 4.5.1 of the Communiqué have also been assumed by the "Corporate Governance Committee. Amendments to the Internal Regulations of all three committees were approved with the decision dated 28 November 2023 of the Board of Directors. No amendments were made to the Internal Regulations in 2024.

The decisions made as a result of the work carried out independently by the Committees are presented to the Board of Directors as recommendations, and the final decision is made by the Board of Directors.

Yünsa has organized its Board of Directors within the framework of the Communiqué on Corporate Governance Principles. Although care is taken to comply with the recommendation in Article 4.5.5 of the Communiqué that "a member of the Board of Directors should not serve on more than one committee", some members of the Board of Directors serve on more than one committee due to the number of members of the Board of Directors, committee structure requirements and the business expertise required for committee membership.

All members of the Audit Committee and the Chair of the Corporate Governance Committee and the Early Detection of Risk Committee were elected from among the independent board members in accordance with the Corporate Governance Communiqué Series II.17.1.

The duties and working principles of the Committees have been determined and published on the corporate web site. Committees may invite the relevant managers to meetings when deemed necessary within the scope of their working principles. The Committees may benefit from independent expert opinion on the issues it deems necessary in relation to its activities and may appoint advisors in this regard. The cost of the consultancy services required by the committees shall be covered by the company.

All committee reports are recorded.

Chief executive officer/general manager shall not serve on any committee. Some of our board members serve on more than one committee. However, members serving on more than one committee increase the opportunities for communication and cooperation between committees working on interrelated issues.

The Board of Directors is periodically informed about the work carried out in the committees. When necessary, specialists who are not members of the Board of Directors may also be assigned to committees. Committees act in accordance with their responsibilities and make recommendations to the Board of Directors. The final decision is made by the Board of Directors.

The committees have been working in a regular manner since the day they were established. No conflicts of interest arose in the Committees in 2024.

Information on the committees established by the Board of Directors is given below:

Audit Committee

The purpose of the Audit Committee is to inform the Company's Board of Directors about the Company's accounting system, financial reporting, publicly disclosed financial information, activities of the internal audit department, independent audit and the functioning and effectiveness of the internal control system, and to support the Company's efforts to comply with relevant laws and regulations, including in particular the Capital Markets Board Legislation, Corporate Governance Principles and the Company's code of ethics, and to fulfill its oversight function in relation to these matters.

At its meeting numbered 1220 held on 28 April 2023, the Company's Board of Directors decided to elect the following members of the Board of Directors as members of the Audit Committee. These duties of our Independent Board Members continue until the legal expiration of their 3-year term as Board Members at the Ordinary General Assembly Meeting to be held on 18 April 2025.

Name and Last Name	Position	Board Membership	Number of Meetings Held	Total Number of Meetings Attended	Attendance Ratio
Ahmet Cevat Acar	Chair of the Audit	Independent Member of the Board of	9	9	%100
Ahmet Yarız	Chair of the Audit	Independent Member of the Board of	9	9	%100

The members are composed of persons who do not directly undertake executive functions and who are independent members of the Board of Directors and who have sufficient knowledge and experience in financial matters. The Chair and members of the Audit Committee are appointed by the Board of Directors. The Internal Audit Department of the Company acts as the rapporteur of the Audit Committee. The Board of Directors provides the Audit Committee with the necessary resources and all kinds of support to carry out its work.

The Committee convenes at least four times a year, at least quarterly, and submits the results of the meeting to the Board of Directors.

The Audit Committee was first established at the Board of Directors Meeting held on 14 January 2003 to fulfill the duties stipulated for the Audit Committee in the CMB legislation.

The Audit Committee convened 9 times in the twelve-month period of 2024 and submitted a report to the Board of Directors on the selection of the Independent Audit Company, the truthfulness and accuracy of the financial statements to be disclosed to the public, approved the audit schedule with the internal audit department, reviewed the internal audit reports on business processes and discussed the adequacy of the internal control system.

In 2024, the main activities of the Audit Committee are as follows:

-Monitoring the financial and operational activities of the company;

-Supervision and approval of the truthfulness and accuracy of the annual and interim financial statements to be disclosed to the public in accordance with the accounting principles followed by the Company;

-Selection of the independent audit company, preparation of independent audit contracts and initiation of the independent audit process;

-Monitoring the effectiveness and performance of the independent audit activities;

-Oversight of the functioning and effectiveness of the internal control and internal audit system;

-Evaluating the findings obtained in relation to the internal control system and reporting them to the Board of Directors; and

-Review and approval of reports on internal control and internal audit.

Corporate Governance Committee4

The Corporate Governance Committee monitors the Company's compliance with Corporate Governance Principles, makes remedial suggestions and oversees the work of the Investor Relations Department. The Corporate Governance Committee also fulfills the functions of "Nomination Committee" and "Remuneration Committee". The Corporate Governance Committee consists of a maximum of three members, including the chair and two rapporteurs appointed by the Yünsa Board of Directors in line with the CMB's "Corporate Governance Principles". The Chair of the Corporate Governance Committee is appointed by the Yünsa Board of Directors from among the independent members.

Meeting agenda is determined by the Committee Chair. Members and shareholders inform the Chair of the Corporate Governance Committee about the issues they wish to be included in the agenda.

Meetings shall be held at least four times a year at a location to be determined by the Chair. Meeting and decision quorum is the absolute majority of the total number of members. Other persons deemed appropriate by the Chair may also attend the meetings.

The internal regulations approved on 16 May 2012 were revised on 4 July 2013 due to the separation of the Early Detection of Risk Committee, which was previously under this committee.

At its meeting numbered 1261 held on 28 April 2023, the Company's Board of Directors decided to elect the following members of the Board of Directors as members of the Corporate Governance Committee.

Name and Last Name	Position	Member of the Board of Directors	Number of Meetings Held	Total Number of Meetings	Attendance Ratio
Ahmet Yarız	Chair of Corporate Governance Committee	Corporate Governance Committee Member	6	6	%100
Tamer Saka	Corporate Governance Committee Member	Deputy Chair of the Board of Directors	6	6	%100
Taha Adnan Sürmegöz	Corporate Governance Committee Member	Member of the Board of Directors	6	6	%100
Mahmut Nadir Günak	Investor Relations Director		4	4	%100
İnci Tarı	Investor Relations Director		2	2	%100

With the decision dated 16 September 2024 of our Company's Board of Directors, pursuant to Article 11 of the Capital Markets Board's Corporate Governance Communiqué No. II-17.1, İnci Tarı, who holds Capital Market Activities Level 3 License/206564 and Corporate Governance Rating License/700895, has been appointed as the Investor Relations Manager, who will report to the Finance and Investor Relations Department of our company and work full time, to replace Mahmut Nadir Günak, who was serving as the Investor Relations Manager, to carry out the duties stipulated in the legislation and to serve as a member of the Corporate Governance Committee.
The Corporate Governance Committee documents all its activities in writing and keeps a record of them, and submits to the Board of Directors all information about its activities and reports containing the results of its meetings. The Corporate Governance Committee held 6 meetings in 2024. In 2024, the main activities of the Committee are as follows:

·Making recommendations to the Board of Directors to improve corporate governance practices within the scope of compliance with the Capital Markets Board's (CMB) Corporate Governance Communiqué No. II-17.1 and conducting and overseeing the necessary efforts to comply with the legislation within the Company;
·Overseeing the work of the Investor Relations Department;
·Determining the principles, criteria and practices to be used in the remuneration of executives with administrative responsibilities, taking into account the long-term goals of the Company and ensuring their oversight;
·Submitting proposals to the Board of Directors regarding the remuneration to be paid to managers with administrative responsibility, taking into account the degree of fulfillment of the criteria used in remuneration.

Early Detection of Risk Committee

The Committee carries out activities to identify risks that may jeopardize the existence, development and continuity of the Company, to prevent crises, to establish crisis prevention models and management systems, to identify and detect risks, to implement necessary measures to mitigate risks and to manage risks, and reviews risk management systems at least once a year.

Early Detection of Risk Committee consists of at least two members including the Chair. The Chair is appointed by the Company's Board of Directors from among the independent members. The Committee's rapporteur is the Internal Audit Manager.

Meetings shall be held at least six times a year at a location and on a date to be deemed appropriate by the Chair. At the beginning of each year, the annual meeting schedule of the Committee is determined by the Committee Chair and be announced to all members.

With its decision dated 4 July 2013, the Company's Board of Directors decided to establish the Early Detection of Risk Committee, to separate the Early Detection of Risk Committee from the Corporate Governance Committee, and to approve the Early Detection of Risk Internal Regulations.
At its meeting numbered 1261 held on 28 April 2023, the Company's Board of Directors decided to elect the following members of the Board of Directors as members of the Early Detection of Risk Committee.

Name and Last Name	Position	Board Member ship	Number of Meetings Held	Total Number of Meetings Attended	Attendance Ratio
Ahmet Yarız	Chair of the Early Detection of Risk Committee	Independent Member of the Board of Directors	6	6	%100
Tamer Saka	Member of Early Detection of Risk Committee	Deputy Chair of the Board of Directors	6	6	%100
Taha Adnan Sürmegöz	Member of Early Detection of Risk Committee	Member of the Board of Directors	6	6	%100
Cem Nuri Tezel	Member of Early Detection of Risk Committee	Member of the Board of Directors	4	4	%100

On 29 May 2024, Cem Nuri Tezel was appointed as a member of the Corporate Governance Committee with the Decision dated 29 May 2024 of the Board of Directors and attended all meetings held after this date.
The Early Detection of Risk Committee held 6 meetings in 2024.

5.4.Risk Management and Internal Control Mechanism

Risk assessment and internal control mechanisms are carried out at all levels of the Company.7

Being aware of the fact that risk brings along opportunities and with a view to managing these risks in the most effective manner, Corporate Risk Management is implemented within the Company. Yünsa Corporate Risk Management is a planned, coherent, consistent and continuous process that is designed within the Company to identify the factors that pose threats and opportunities in achieving the Company's goals and to determine and implement the measures and strategies to be taken against them.

Company risks are monitored by the main risk indicators determined by the Company. These indicators are continuously monitored and periodically reported. Necessary actions are taken by the Company to manage the risks indicated by the main risk indicators. The Board of Directors is periodically informed about these risks through the Early Detection of Risk Committee.

The Company acts in accordance with its risk management policy, which reflects its risk management understanding, strategies, methods and approaches, defines roles and responsibilities to that end, and forms a common language. Within the framework of this policy, the Company has a Risk Management Department to better identify, measure and manage its risks.

The Risk Management Department continues its activities with the full support and responsibility of the Management and with the active participation of the Company's employees in identifying the Company's main and critical risks within the framework of policies, standards and procedures approved by the Company's Management, collaborating with the risk officers to make recommendations to mitigate, eliminate or transfer such risks, monitoring the action plans of the functions, spending efforts to determine the Company's risk appetite and monitoring whether risks are managed within the framework of this appetite. There is an Internal Audit Department within the Company to conduct audits, investigations and reviews to protect the rights and interests of the Company and to develop recommendations regarding internal and external risks.

In accordance with the principle of independence, the Company's Internal Audit Department reports directly to the Audit Committee, which is composed of independent members of the Board of Directors, and performs the duties assigned to it by the Board of Directors within the framework of the existing Audit Committee Internal Regulations. The internal control mechanism is under the responsibility of senior management and is regularly reviewed by the Company's Internal Audit Department.

The duties of the Internal Audit Department include checking the reliability and accuracy of the financial statements of the Company and its subsidiaries, ensuring that the activities are carried out in accordance with the laws and the Company's adopted codes of ethics, analyzing the processes in order to increase the effectiveness and efficiency of operations, identifying existing and potential risks and providing assurance that these risks are reduced to a reasonable level, and checking whether the activities within the enterprise are carried out in accordance with the predetermined standards, policies and objectives.

5.5.Company's Strategic Goals

The Company's Board of Directors has determined the Company's vision and mission and disclosed it to the public in writing in the annual report and on the Company's website at http://www.yunsa.com.

The Board of Directors sets short- and medium-term strategic goals upon discussion with Senior Management. It approves the annual budgets prepared within the framework of these strategic goals.

The Board of Directors receives first-hand information about the implementation process of the decisions taken thanks to the comparative presentations delivered by the Company officials at its meetings. In these presentations, the Board of Directors is informed also about the data related to the same periods of the previous years, in addition to the comparison of the current year's budget and actual results.

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5.6.Financial Rights

The Company's Board of Directors has determined the Company's vision and mission and disclosed it to the public in writing in the annual report and on the Company's website at http://www.yunsa.com.

The Board of Directors sets short- and medium-term strategic goals upon discussion with Senior Management. It approves the annual budgets prepared within the framework of these strategic goals.

The Board of Directors receives first-hand information about the implementation process of the decisions taken thanks to the comparative presentations delivered by the Company officials at its meetings. In these presentations, the Board of Directors is informed also about the data related to the same periods of the previous years, in addition to the comparison of the current year's budget and actual results.

Company Activities and Important Developments Regarding Company Activities

The Company's activities and important developments related to the Company's activities are briefly described below and detailed information is also provided in the footnotes to the Company's Explanatory Report on the Condensed Consolidated Financial Statements for the 1 January - 31 December 2024 accounting period.

Developments Related to Investments

The investment in rapier and airjet weaving looms, which our company decided on July 17, 2023 in order to increase energy savings, increase employee productivity, reduce technical waste, increase the amount of output per unit time and production capacity and consequently reduce unit costs, was commissioned in January 2024. Thanks to the twisting machine investment commissioned in June 2024, the capacity of the twisting line—previously a bottleneck in the plant—was increased by 300 kg per day.

This investment aims to save energy, increase employee productivity, produce dyeing bobbins suitable for direct precision winding via the twisting machine and increase the production flexibility of the twisting facility. The facility's air conditioning infrastructure was modernized through the integration of efficient fan systems and the implementation of digital twin technology in industrial air handling units. In parallel with this investment, the smart-controlled air handling units have enhanced energy efficiency and improved overall quality through more stable ambient air conditioning. As part of our sustainability roadmap to reduce carbon footprint and energy intensity, we implemented energy-efficient motor upgrades on ring machines and commissioned a waste heat recovery project in the dyeing plants, taking further steps to lower overall energy usage. In addition to these investments for renewal and efficiency purposes, construction projects were also undertaken during the year to modernize plant infrastructure and upgrade outdated production lines.

As of 31 December 2024, total tangible and intangible fixed asset investment amount of Yünsa Yünlü Sanayi ve Ticaret A.Ş. is TL 73,408,302. The amount of R&D investments for the period is TL 38,373,277.

Internal Control and Internal Audit

There is an Internal Audit Department within the Company to conduct audits, investigations and reviews to protect the rights and interests of the Company and to develop recommendations regarding internal and external risks.

In accordance with the principle of independence, the Company's Internal Audit Department reports directly to the Audit Committee, which is composed of independent members of the Board of Directors, and performs the duties assigned to it by the Board of Directors within the framework of the existing Audit Committee Internal Regulations.

The internal control mechanism is under the responsibility of senior management and is regularly reviewed by the Company's Internal Audit Department. The duties of the Internal Audit Department include checking the reliability and accuracy of the financial statements of the Company and its subsidiaries, ensuring that the activities are carried out in accordance with the laws and the Company's adopted codes of ethics, analyzing the processes in order to increase the effectiveness and efficiency of operations, identifying existing and potential risks and providing assurance that these risks are reduced to a reasonable level, and checking whether the activities within the enterprise are carried out in accordance with the predetermined standards, policies and objectives.

Information on Subsidiaries and Shareholding Ratios

Yunsa Germany Gmbh

The name of Exsa Deutschland Gmbh which is a wholly owned subsidiary of Yünsa, has been changed to Yunsa Germany Gmbh as of 2009. The Company was established to organize and carry out marketing and sales activities in Germany and its surroundings.

Yunsa UK Ltd.

Yunsa UK Ltd, which is a wholly-owned subsidiary of Yünsa, was established in 2007 in Leeds, UK for the sales and marketing activities of Yünsa products.

Yunsa Italia S.R.L.

Yunsa Italia S.r.l., which is a wholly-owned subsidiary of Yünsa, serves as the design office in Italy.

Yunsa USA Inc

The name of company, which is a wholly owned subsidiary of Yünsa, has been changed to Yunsa UA Inc. as of 2009.

Yünsa Yünlü Sanayi ve Ticaret A.Ş. İstanbul Atatürk Airport Free Zone Branch

Yünsa Yünlü Sanayi ve Ticaret A.Ş. İstanbul Airport Free Zone Branch was registered with the Istanbul Trade Registry Office on 28 August 2008 and has been carrying out its activities since then.

Information on Ordinary General Assembly Meetings Held During the Year, if any

No Extraordinary General Assembly meeting was held during the year.

Changes in Organization, Share Capital and Shareholding Structure During the Year

At our Company's Board of Directors meeting held on 2 May 2024, it was decided to increase the Company's paid-in capital of TL 60,000,000.-, by TL 420,000,000.- with an increase of 700% to TL 480,000,000.-, within the registered capital ceiling of TL 500,000,000.- with the entire amount to be funded by own funds, to distribute the shares arising from the capital increase to the existing shareholders in dematerialized form as bonus shares in proportion to their shareholding in the capital, and to cover the capital increase of TL 420,000,000 to be made from own funds with the amount of TL 315,169,315 from Capital Adjustment Differences, TL 45,430,023 from Extraordinary Reserves Inflation Adjustment Differences and TL 59,400,662 from Legal Profit Reserves Inflation Adjustment Differences in the financial statements prepared in accordance with TFRS records.

The amendment to Article 6 "Share Capital" of the Articles of Association of our Company was registered by the Istanbul Trade Registry Office on 5 September 2024 and announced in the Turkish Trade Registry Gazette dated 5 September 2024 and numbered 11158.
Cem Nuri Tezel was appointed to the Board of Directors membership vacated by the resignation of Temel Tayyar Yeşil to serve for the remaining term of the resigning member with the decision dated 22 May 2024 of the Board of Directors and such appointment was approved by the shareholders at the General Assembly Meeting held on 24 May 2024.

Information on Lawsuits Filed Against the Company that may Affect the Company's Financial Position and Activities and Their Possible Outcomes
There are no lawsuits filed against the Company, including those related to environmental, social and corporate governance issues, which may affect the Company's financial position and operations.

Explanations on Administrative or Judicial Sanctions Imposed on the Company and the Members of the Management Body Due to Practices in Violation of the Provisions of the Legislation
There are no administrative or judicial sanctions imposed on the Company and managing body members due to practices conducted in violation of legislative provisions.

Information on Amendments to the Legislation that may Have a Material Impact on the Company Activities
There are no amendments to the legislation that may have a material impact on the Company activities.

Information on the Conflicts of Interest between the Company and the Institutions from which the Company receives services such as Investment Advisory and Rating Services and the Measures Taken by the Company to Prevent These Conflicts of Interest
No issue has arisen that could lead to a conflict of interest between the Company and the institutions that provide services to the Company such as investment consultancy and rating services.

Credit Rating
Credit rating agency JCR Eurasia Rating assigned Yünsa's long term national rating as "AA (tr)", short term national rating as "J1+ (tr)" and outlook as "stable". JCR Eurasia Rating has assigned our company's long-term foreign and local currency international rating of "BB" with a "stable" outlook.
Yünsa's ratings are as follows:.

- Long-Term National Corporate Credit Rating: AA (tr) (Stable Outlook)
- Short-Term National Corporate Credit Rating: J1+ (tr) (Stable Outlook)
- Long Term International Foreign Currency Corporate Credit Rating BB (Stable Outlook)
- Long Term International Local Currency Corporate Credit Rating BB (Stable Outlook)
- Downside risks to the growth outlook arising from the global recession, uncertainty stemming from heightened geopolitical risks due to the Ukraine-Russia war, and global monetary tightening

The factors that determine the scores are as follows:
- Maintained strong equity contribution in 2024 fiscal year, with manageable financial leverage and coverage metrics;,
- Sustainable FX income generation capacity through a continued FX surplus position on the balance sheet and stable export sales despite the shrinking in 2024 fiscal year,
- Commitment to sustainability efforts through environment-friendly production practices and environmentally responsible products;
- Shrinking sales revenues and profitability margins in 2024 fiscal year;
- Deterioration in cash flow metrics in 2024 fiscal year due to relatively long cash conversion cycle;
- Intense competition in the global textile industry and fluctuations in raw material prices that may put pressure on profit margins; and
- Decisions that may adversely affect global trade creating significant uncertainty in an environment where global soft landing actions are gaining importance.

Information on Amendments to the Articles of Association within the Period

We will update the text under the heading "Information on Amendments to the Articles of Association within the Period" as follows:
At our Company's Board of Directors meeting held on 2 May 2024, it was decided to increase the Company's paid-in capital of TL 60,000,000.-, by TL 420,000,000.- with an increase of 700% to TL 480,000,000.-, within the registered capital ceiling of TL 500,000,000.- with the entire amount to be funded by own funds, to distribute the shares arising from the capital increase to the existing shareholders in dematerialized form as bonus shares in proportion to their shareholding in the capital, and to cover the capital increase of TL 420,000,000 to be made from own funds with the amount of TL 315,169,315 from Capital Adjustment Differences, TL 45,430,023 from Extraordinary Reserves Inflation Adjustment Differences and TL 59,400,662 from Legal Profit Reserves Inflation Adjustment Differences in the financial statements prepared in accordance with TFRS records.
The issuance of shares for the shares with a nominal value of TL 420,000,000 to be issued due to the increase of our Company's

capital to TL 480,000,000 by fully being covered out of own funds and the amendment of Article 6 titled " Share Capital" of the Articles of Association have been approved by the Capital Markets Board and the announcement regarding the approval of the share issuance by the CMB has been published in the CMB bulletin dated 1 August 2024 and numbered 2024/37.
The right to receive bonus shares was exercised on 7 August 2024, and the amendment to Article 6 "Share Capital" of the Articles of Association of our Company was registered by the Istanbul Trade Registry Office on 5 September 2024 and announced in the Turkish Trade Registry Gazette dated 5 September 2024 and numbered 11158.

Information on Mutual Subsidiaries where the Direct Shareholding Ratio Exceeds 5%

There is no cross-shareholding relationship.

Information on Transactions carried out by the Management Body Members with the Company on Their Behalf or on Behalf of Others, as permitted by the Company's General Assembly of Shareholders, and Their Activities which are subject to the Competition Ban

Our Chair and Members of the Board of Directors have been authorized by the General Assembly to carry out transactions in accordance with Articles 395 and 396 of the Turkish Commercial Code. Members of the Company's Board of Directors did not enter into any transactions with the Company in the reporting period and did not participate in any ventures that would compete with the Company in the same fields of activity.

Information on Private Audit and Public Audit

No private or public audit was conducted in our Company during the 1 January - 31 December 2024 period.

Independent Audit Company

Our shareholders approved PwC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi as the independent audit firm to audit the Company's financial statements for the 2024 fiscal year and to carry out other activities within the scope of the relevant regulations in accordance with the principles set out in the Turkish Commercial Code No. 6102 and Capital Markets Law No. 6362, in line with the proposal of the Audit Committee and the recommendation of the Board of Directors at the Ordinary General Assembly Meeting held on 24 May 2024.

Collective Bargaining Activities26.
As the 26th Term Collective Labor Agreement expires on 31 March 2025, negotiations for the 27th Term Collective Labor Agreement have begun.

Rights and Benefits Provided to Personnel and Workers
Our employees are offered various benefits such as base salary, bonus, performance-based variable bonus, private health insurance, employer's contribution to private pension, accident and life insurance on the basis of job evaluation and remuneration policies. On the other hand, the vehicles allocated to the offices, initiatives for the use of various communication tools, and additional benefits for our employees pursuing master's and doctorate degrees are also included in this scope.
In addition, employees who are members of a third party labor union are provided with wages, rights and social benefits within the framework defined in the collective bargaining agreement.

Miscellaneous

The Company's targets and 2024 performance will be discussed at the Ordinary General Assembly to be held during the year, and information and assessments regarding the Company and the market in which it operates will be shared with our shareholders.
Pursuant to Article 199 of the Turkish Commercial Code No. 6102, information has been provided on all trading transactions and other transactions that Yünsa Yünlü San. ve Tic. A.Ş. entered into with its affiliates, controlling company and subsidiaries of the controlling company.
The transactions carried out are at arm's length as stipulated in the related articles of the TCC No. 6102 governing the disclosures of controlling companies, and there is no loss incurred as a result of the Company's participation in a group of companies. The Report dated 21 March 2025 prepared by the Board of Directors of Yünsa Yünlü Sanayi ve Ticaret A.Ş. states that all legal actions have been taken within the scope of the responsibilities assigned to the Board of Directors, which are specified in Article 199 of the Turkish Commercial Code No. 6102, regarding all transactions that Yünsa Yünlü San. ve Tic. A.Ş. entered into with its subsidiaries, controlling company and subsidiaries of the controlling company in 2024.
Pursuant to the Capital Markets Board's decision dated 10 January 2019 and numbered 2/49, Corporate Governance Compliance Report (CRF) and Corporate Governance Information Form (CGIF) templates were published on the PDP platform on 7 March 2025. The relevant documents are available at the following links: https://www.kap.org.tr/tr/Bildi- rim/1402694 https://www.kap.org.tr/tr/Bildi- rim/1402698
Pursuant to the Capital Markets Board's decision dated 10 January 2019 and numbered 2/49, Corporate Governance Compliance Report (CRF) and Corporate Governance Information Form (CGIF) templates were published on the PDP platform on 18 April 2024. The relevant documents are available at the following links:

https://www.kap.org.tr/tr/Bildirim/1274802

https://www.kap.org.tr/tr/Bildirim/1274804

Financial Rights Provided to the Members of the Board of Directors and Senior Executives

Detailed information is provided in Note 6 of the explanatory report on the condensed consolidated financial statements of the Company for the 1 January - 31 December 2024 accounting period in relation to the financial benefits provided to board members and senior executives.

Remuneration Policy for Board Members, Senior Executives and White Collar Employees of Yünsa Yünlü Sanayi Ticaret A.Ş.

This policy document defines the remuneration systems and practices for our board members, senior executives and white-collar employees, who are considered as persons with administrative responsibilities within the scope of CMB regulations.
Every year, a fixed remuneration is determined at the ordinary general assembly meeting, which applies to all members of board of directors.
Executive board members are paid within the scope of the policy defined for senior executives and white-collar employees as detailed below.
Payment plans based on the company's performance cannot be used in the remuneration of independent board members. In determining the remuneration levels of independent board members, care is also taken to ensure that the remuneration is kept at a level that protects the independence of the member.
Board members are paid on a pro-rata basis, taking into account the time they have been in office starting from their appointment until the date of their resignation. While determining the remuneration levels of board members, in addition to the corporate practices, the responsibility of the board member in the decision-making process, the level of required knowledge, skills, competence, experience and the time spent are taken into consideration. Expenses incurred by board members due to their contributions to the company (transportation, telephone, insurance, etc.) may be covered by the company.

Remuneration for senior executives and white-collar employees consists of two components: fixed and performance-based wages. Our remuneration policy is designed and implemented for the management of remuneration and benefits in line with the main objectives of setting fair, objective, high performance-appreciating, competitive, rewarding and motivating criteria. The remuneration policy takes into account economic data, market conditions, the size of the company, the qualifications required for the position and legislation.
Remuneration and benefits paid to senior executives and white-collar employees are submitted for the information of shareholders at the following general assembly meeting in accordance with the provisions of the Capital Markets Board and the Turkish Commercial Code.
Bonuses may be paid to senior executives and white-collar employees based on the annual performance of the company and their personal performance, subject to the decision of the board of directors.
The main objectives of our remuneration policy are to ensure remuneration by emphasizing the factors such as job size, performance, contribution to the business, knowledge/skills and competencies, to motivate employees and enhance their engagement by ensuring intra-company and inter-company wage balance and competitiveness in the market, and to recruit the workforce having the appropriate competencies that will help our company achieve its goals.
The Job Family Model we implement throughout our company defines roles in the organization, examples of key responsibilities, performance indicators, knowledge/skills/experience and competencies, and our remuneration policy is based on an objective system built on our Job Family Model. The purpose of the Variable Remuneration Management, which is also implemented in our Company, is to encourage our employees to achieve superior performance by rewarding success and to establish a target-oriented performance culture in our company in order to support our company in achieving its budget targets and achieving business results that exceed its targets.

With a view to supporting remuneration management with additional benefits, "fringe benefits" are considered an important part of total reward management. The fringe benefits we provide as a company are based on the principles of being competitive, fair and at arm's length.

Risks and Assessment by the Management Body

Risk assessment and internal control mechanisms are carried out at all levels of the Company.
Being aware of the fact that risk brings along opportunities and with a view to managing these risks in the most effective manner, Corporate Risk Management is implemented within the Company. Yünsa Corporate Risk Management is a planned, coherent, consistent and continuous process that is designed within the Company to identify the factors that pose threats and opportunities in achieving the Company's goals and to determine and implement the measures and strategies to be taken against them.
Company risks are monitored by the main risk indicators determined by the Company. These indicators are continuously monitored and periodically reported. Necessary actions are taken by the Company to manage the risks indicated by the main risk indicators. The Board of Directors is periodically informed about these risks through the Early Detection of Risk Committee.
The Company acts in accordance with its risk management policy, which reflects its risk management understanding, strategies, methods and approaches, defines roles and responsibilities to that end, and forms a common language. Within the framework of this policy, the Company has a Risk Management Department to better identify, measure and manage its risks.

The Risk Management Department continues its activities with the full support and responsibility of the Management and with the active participation of the Company's employees in identifying the Company's main and critical risks within the framework of policies, standards and procedures approved by the Company's Management, collaborating with the risk officers to make recommendations to mitigate, eliminate or transfer such risks, monitoring the action plans of the functions, spending efforts to determine the Company's risk appetite and monitoring whether risks are managed within the framework of this appetite.
There is an Internal Audit Department within the Company to conduct audits, investigations and reviews to protect the rights and interests of the Company and to develop recommendations regarding internal and external risks.
In accordance with the principle of independence, the Company's Internal Audit Department reports directly to the Audit Committee, which is composed of independent members of the Board of Directors, and performs the duties assigned to it by the Board of Directors within the framework of the existing Audit Committee Internal Regulations.
The internal control mechanism is under the responsibility of senior management and is regularly reviewed by the Company's Internal Audit Department.

The duties of the Internal Audit Department include checking the reliability and accuracy of the financial statements of the Company and its subsidiaries, ensuring that the activities are carried out in accordance with the laws and the Company's adopted codes of ethics, analyzing the processes in order to increase the effectiveness and efficiency of operations, identifying existing and potential risks and providing assurance that these risks are reduced to a reasonable level, and checking whether the activities within the enterprise are carried out in accordance with the predetermined standards, policies and objectives.

Auditor’s Report about the Early Detection of Risk System and Committee

To the Board of Directors of Yünsa Yünlü Sanayi ve Ticaret A.Ş.

1. We have audited the early detection of risk system and committee established by Yünsa Yünlü Sanayi ve Ticaret A.Ş. (“the Company”).

Responsibility of the Board of Directors

2. Pursuant to the first paragraph of Article 378 of the Turkish Commercial Code No. 6102 (“TCC”), the Board of Directors is responsible for the early detection of risks that jeopardize the existence, development and continuity of the Company, and for implementing the necessary measures and remedies in this regard, and for establishing, operating and improving a specialized committee for the purpose of managing the risks.

Responsibility of the Auditor

3. Our responsibility is to reach a conclusion on the status of the early detection of risk system and committee based on our audit. Our audit was conducted in accordance with the Turkish Commercial Code, the “Principles Regarding the Auditor’s Report on the Early Detection of Risk System and Committee” published by the Public Oversight Accounting and Auditing Standards Authority and ethical rules. These Principles require us to determine whether the Company has established an early detection of risk system and committee, and if so, to assess whether the system and committee function within the framework of Article 378 of the TCC. The appropriateness of the remedies provided by the Early Detection of Risk Committee against risks and the actions taken by the management in response to risks are not included within the scope of our audit.

Information on the Early Detection of Risk System and Committee

4. The Company has established an early detection of risk system and committee and the committee consists of 3 members. The Committee submitted its reports to the Board of Directors for the 1 January - 31 December 2024 accounting period for the purposes of early detection of risks that jeopardize the existence and development of the Company, implementing the necessary measures and remedies in this regard, and managing the risks.

Conclusion

5. As a result of our audit, we have concluded that the early detection of risk system and committee of Yünsa Yünlü Sanayi ve Ticaret A.Ş. are adequate in all material respects in accordance with Article 378 of the TCC.

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

Gökhan Yüksel, CPA
Chief Auditor
Istanbul, 7 April 2025

Committees and Policies

Audit Committee

The Audit Committee is composed of two persons who do not directly undertake executive functions and who are independent members of the Board of Directors and who have sufficient knowledge and experience in financial matters.
During the Meeting of the Board of Directors held on 28 April 2024, Ahmet Cevat Acar, Independent Member of the Board of Directors, has been elected as the Chair and Ahmet Yarız, Independent Member of the Board of Directors, has been elected as a member of the Audit Committee. The term of office for Committee Members is the same as the term of the members of the Company's Board of Directors. The Chair and members of the Audit Committee are appointed by the Board of Directors. The Internal Audit Department of the Company acts as the rapporteur of the Audit Committee. The Rapporteur is appointed by the Chair of the Audit Committee. The Board of Directors provides the Audit Committee with the necessary resources and all kinds of support to carry out its work. The Audit Committee may benefit from independent expert opinion on the issues it deems necessary in relation to its activities and may appoint advisors in this regard. The cost of the consultancy services required by the Audit Committee shall be covered by the company. The duty of the Audit Committee is to inform the Company's Board of Directors about the Company's accounting system, financial reporting, public disclosure of financial information, independent audit and the functioning and effectiveness of the internal control system, and to support the Company's efforts to comply with relevant laws and regulations, including in particular the Capital Markets Board Legislation, Corporate Governance Principles and the Company's code of ethics, and to fulfill its oversight function in relation to these matters. The Audit Committee reviews internal audit reports, approves the audit calendar and submits a report to the Board of Directors on the truthfulness and accuracy of the financial statements to be disclosed to the public. The Audit Committee submits to the Chair of the Board of Directors its activities and the findings and recommendations it has reached in relation to its duties and responsibilities. The Audit Committee convenes in Company headquarters or at another location upon invitation of the Chair of Audit Committee, at least quarterly, with minimum four meetings per year. The Committee may be invited to convene for an extraordinary meeting by the Chair of the Board of Directors or the Chair of the Committee. It may hold meetings with auditors and directors with a special agenda.

Corporate Governance Committee

The Corporate Governance Committee consists of five members: four board members—including one independent member—and the Investor Relations Manager, who serves full-time within the company. At the Board of Directors Meeting held on 28 April 2024 , Ahmet Yarız, Independent Board Member, was elected as the Chair of the Committee, and Tamer Saka, Deputy Chair and Member of the Board of Directors, Taha Adnan Sürmegöz, Member of the Board of Directors, Cem Nuri Tezel, Member of the Board of Directors, and Mahmut Nadir Günak were elected as members of the Committee. With the decision dated 16 September 2024 of our Company's Board of Directors, pursuant to Article 11 of the Capital Markets Board's Corporate Governance Communiqué No. II-17. 1, İnci Tarı, who holds Capital Market Activities Level 3 License/206564 and Corporate Governance Rating License/700895, has been appointed as the Investor Relations Manager, who will report to the Finance and Investor Relations Department of our company and work full time, to replace Mahmut Nadir Günak, who was currently serving as the Investor Relations Manager, to carry out the duties stipulated in the legislation and to serve as a member of the Corporate Governance Committee, and it was decided with the unanimous vote of those attending the meeting to share their contact details on the Public Disclosure Platform. The term of office of the Committee members is parallel to the term of office of the members of the Board of Directors of Yünsa Yünlü Sanayi ve Ticaret A.Ş. The purpose of the Corporate Governance Committee is to make recommendations to the Company's Board of Directors in order to ensure that the Company's corporate governance principles comply with the internationally recognized corporate governance principles determined by the CMB and other internationally recognized corporate governance principles, to formulate recommendations to ensure the implementation and fulfillment of these principles, to monitor the Company's compliance with these principles and to undertake improvement efforts in this regard. It determines whether the Corporate Governance Principles are complied with at the Company, and if not, the reasons thereof and the conflicts of interest arising from the failure to fully comply with these principles, and makes recommendations to the Board of Directors to improve corporate governance practices. The Committee also fulfills the duties of the Nomination Committee and the Remuneration Committee as specified in the Corporate Governance Principles.

Meeting agenda is determined by the Committee Chair. Members and shareholders inform the Chair of the Corporate Governance Committee about the issues they wish to be included in the agenda. Meetings shall be held at least four times a year at a location and on a date to be deemed appropriate by the Chair.
At the beginning of each year, the annual meeting schedule of the Corporate Governance Committee is determined by the Committee Chair and be announced to all members. The Corporate Governance Committee documents all its activities in writing and keeps a record of them, and submits to the Board of Directors all information about its activities and reports containing the results of its meetings.
The meetings may be attended by persons deemed appropriate by the Chair. The Board of Directors of the Company shall provide all necessary resources and support for the Committee to fulfill its duties.
The Corporate Governance Committee may benefit from independent expert opinion on the issues it deems necessary in relation to its activities and may appoint advisors in this regard. The cost of the consultancy services required by the Corporate Governance Committee shall be covered by the company.

Committees and Policies

Early Detection of Risk Committee

The Early Detection of Risk Committee was established by the Board of Directors for the purpose of early detection of all kinds of strategic, operational, financial and other risks that may jeopardize the existence, development and continuity of Yünsa Yünlü Sanayi ve Ticaret AŞ, implementation of the necessary measures and remedies in this regard and management of the risks. The Chair of the Early Detection of Risk Committee is appointed by the Yünsa Board of Directors from among the independent members. The Committee consists of at least one member elected by the Board of Directors, excluding the Chair. At the Board of Directors Meeting held on 28 April 2024, Ahmet Yarız, Independent Board Member, was elected as the Chair of the Committee, and Tamer Saka, Deputy Chair and Member of the Board of Directors, Taha Adnan Sürmegöz, Board Member, and Cem Nuri Tezel, Board Member, were elected as members of the Committee. The term of office for Committee Members is the same as the term of the Members of the Company's Board of Directors. The Early Detection of Risk Committee carries out activities to identify risks that may jeopardize the existence, development and continuity of the Company, to prevent crises, to establish crisis prevention models and management systems, to identify and detect risks, to implement necessary measures to mitigate risks and to manage risks.
It reviews the risk management systems at least once a year and supervises the implementation of the practices related to risk management in compliance with the Committee Decisions. Meeting agenda is determined by the Committee Chair. The Board of Directors and Committee Members inform the Committee Chair about the issues they wish to be included in the agenda. The Committee may invite any manager to its meetings and receive their opinions. The Early Detection of Risk Committee may benefit from independent expert opinion on the issues it deems necessary in relation to its activities and may appoint advisors in this regard. The cost of the consultancy services required by the Early Detection of Risk Committee shall be covered by the company.

Committees and Policies

Compensation Policy for Employees

While determining the compensation policy for its employees, our Company has relied on the Labor Law numbered 4857 and dated 22 May 2003.
Compensation payments for the Company's employees are made in accordance with the applicable labor laws and secondary legislation, as well as the Company's Human Resources Policy, Personnel Regulation, other procedures, systems and regulations governing relations with employees, and within the framework determined by the provisions of the Collective Bargaining Agreement.
Severance Pay: Severance payments are made to the personnel whose employment contracts are terminated in accordance with the applicable labor laws in line with one of the conditions that require the payment of severance pay or to the legal heirs in case of death of the personnel, based on the total working time and salary of the relevant employee, again in accordance with the provisions of the labor law. The severance pay ceiling in effect during the period in which the related person has become entitled to severance pay shall be applied.
Notice Pay: In the event that the notice period is not used for the persons whose employment contracts are terminated upon prior notice in accordance with the applicable labor laws, the notice pay corresponding to the relevant notice period is paid to the relevant persons in accordance with the applicable labor laws. Accordingly, the employee is notified of the termination of the employment contract and is allowed to use the notice period to seek employment or, in cases where it is not deemed appropriate to allow the employee to use the notice period, the amount of compensation corresponding to the notice period is calculated and is paid to the employee within the legal framework.

Board of Directors Diversity Policy

In line with its Human Resources Policy, Yünsa aims to provide equal opportunities at all levels and to ensure diversity and inclusion. It believes that ensuring diversity in business life and especially in decision-making mechanisms will directly contribute to company performance. To this end, the Board of Directors attaches importance to ensuring diversity among its members as well as knowledge and experience at the Board level.
Yünsa believes that the diversity of knowledge, skills, sector experience, professional background and working periods of the members of the Board of Directors will provide the company with different views and perspectives, improve decision-making processes and benefit all stakeholders.
Yünsa Board of Directors Diversity Policy aims to contribute to more effective management of company activities, mainly the basic functioning of the Board of Directors. Accordingly, the nomination process for Board membership is managed in a way to prioritize the principles of diversity and inclusiveness. The process of nomination and election of members for the Board of Directors of Yünsa is carried out in accordance with the relevant regulations, which mainly include the mandatory provisions of the Turkish Commercial Code and the Capital Markets Law, as well as the provisions of the Company's articles of association.
Candidates for the Board of Directors are identified and selected on the basis of their performance based on measurable indicators, from among candidates with sufficient knowledge, experience and management competence required for the task, taking into consideration the combination of different competencies. Candidates shall not be discriminated on the basis of age, sex, race, color, language, religion, philosophical and political opinion, ethnic origin, economic status, life choices, health status and disability.
In order to ensure that the Board of Directors has an adequate and balanced structure, the renewal and election processes will always encourage member diversity according to Yünsa's needs. In particular, maximum effort will be made to ensure that women and men are represented in a balanced manner on the Board of Directors. In this context, when nominating candidates for the Board of Directors, priority is given to female candidates among candidates with the same qualifications in terms of knowledge, experience and competence, and as a principle, the ratio of female members in Yünsa's Board of Directors is targeted to reach a minimum of 25% within 5 years. Progress towards this goal is evaluated annually by the Board of Directors and the results are shared with the public. The target is revised if necessary.
The Corporate Governance Committee, which also fulfills the duties of the Nomination Committee, reviews and evaluates the composition of the Board of Directors to ensure the right balance of knowledge, skills and experience. The Committee identifies suitable candidates, taking into account the diversity criteria set out in this policy.
The Corporate Governance Committee regularly reviews the Policy, including an assessment of its effectiveness, discusses the necessary revisions and submits the revision proposals to the Board of Directors for approval.
While developing this Policy, the recommendations contained in the Capital Markets Board's Corporate Governance Communiqué and relevant best practices and suggestions at local and international level have been taken into consideration. The Corporate Governance Committee is responsible for reviewing and updating the Policy and the Board of Directors is responsible for its approval.
This policy is effective as of 24 November 2023, the date it was approved by the Board of Directors.

Committees and Policies

Policies

Detailed information on the following Company policies can be found on the Company's corporate website (www.yunsa.com) under Investor Relations > Corporate Governance.

Donation and Grants Policy	https://www.yunsa.com/files/document/594-bagis-ve-yardim-politikasi.pdf
Information Policy	https://www.yunsa.com/files/document/606-bilgilendirme-politikasi.pdf
Human Resources Policy	https://www.yunsa.com/files/document/619-insan-kaynaklari-politikasi.pdf
Dividend Distribution Policy	https://www.yunsa.com/files/document/599-kar-dagitim-politikasi.pdf
Anti-Bribery and Anti-Corruption Policy	https://www.yunsa.com/files/document/603-rusvet-ve-yolsuzlukla-mucadele-politikasi.pdf
Sustainability Policy	https://www.yunsa.com/files/document/2767-surdurulebilirlik-politikasi.pdf
Remuneration Policy	https://www.yunsa.com/files/document/620-ucretlendirme-politikasi.pdf
Sustainability Framework Compliance Report	https://www.yunsa.com/files/document/2768-surdurulebilirlik-uyum-raporu.pdf
Compensation Policy for Employees	https://www.yunsa.com/files/document/5011-tazminat-politikasi.pdf
Board of Directors Diversity Policy	https://www.yunsa.com/files/document/5012-cesitlilik-politikasi.pdf
Board of Directors Function Policy	https://www.yunsa.com/files/document/5013-yk-islevi-politikasi.pdf
Human Resources Key Management Succession Policy	https://www.yunsa.com/files/document/7077-yonetim-halefiyet-politikasi.pdf

Agenda of the Ordinary General Assembly Meeting for 2024 Accounting Period

1. Opening and election of the Meeting Chairing Committee;
2. Reading out and discussion of the 2024 Annual Report of Board of Directors;
3. Reading out of the Auditor’s Report for 2024 accounting period;
4. Reading out, discussion and approval of the Financial Statements for 2024 accounting period;
5. Releasing Members of Board of Directors due to their activities in 2024;
6. Determining the method of use of 2024 profit and the dividend to be distributed and earnings share rates;
7. Election of the members of the Board of Directors and determination of their terms of office,
8. Determination of the remuneration of the members of the Board of Directors;
9. Election of the Auditor;
10. Informing the General Assembly about the donations made by the Company in 2024;
11. Determination of the limit of the donations to be made by the company in 2025;
12. Informing the General Assembly about the Human Resources Key Management Succession Policy and Remuneration Policy for Board Members, Senior Executives and White Collar Employees;
13. Authorization of the Chair and Members of the Board of Directors to perform the transactions stated in Articles 395 and 396 of the Turkish Commercial Code; and
14. Wishes, requests and closure.

Board of Directors' Proposal on Dividend Distribution

MINUTES OF THE MEETING OF THE BOARD OF DIRECTORS OF YÜNSA YÜNLÜ SANAYİ VE TİCARET A.Ş.

MEETING

Place	: General Headquarters – Boğaziçi Meeting Hall
Date	: 24 March 2025
Hour	: 11:00 a.m.
Decision No	: 1292

MEETING ATTENDEES

- Mustafa SÜRMEGÖZ : Chair of the Board of Directors
- Tamer SAKA : Deputy Chair of the Board of Directors
- Taha Adnan SÜRMEGÖZ : Member of the Board of Directors
- Cem Nuri TEZEL : Member of the Board of Directors
- Ahmet Cevat ACAR : Member of Board of Directors - Independent
- Ahmet YARIZ : Member of Board of Directors - Independent

AGENDA:

Discussing and deciding on the Dividend Distribution Table for 2024 and the dividend distribution proposal to be submitted to the Ordinary General Assembly Meeting of our Company to be held on 18 April 2025

DISCUSSION AND DECISION:

Our consolidated financial statements for the 1 January 2024 - 31 December 2024 accounting period prepared by our Company in accordance with the Capital Markets Board's "Communiqué Series (II - No. 14.1) on the Principles of Financial Reporting in Capital Markets" and independently audited by PwC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. have revealed that a "Profit for the Period" amounting to TL 156,962,334 has been derived, whereas a "Profit for the Period" amounting to TL 211,202,919 has been derived according to the Tax Procedure Law ("TPL") records. It has been observed that while there is a net distributable profit after tax in the amount of TL 178,413,524 according to TPL records, there is a distributable profit of TL 36,647,022 obtained according to the financial statements prepared according to TFRS basis, and with the addition of donations worth TL 32,800 made during the year, which has been calculated according to the purchasing power as of 31 December 2024, a first dividend base of TL 36,679,822 has arisen, and accordingly;
it was decided by the unanimous votes of the participants that in accordance with the Capital Markets Legislation, the provisions of the Articles of Association and the Dividend Distribution Policy, the Net Distributable Profit for the Period be distributed as follows:

First Dividend	:	18.339.911,00	TL
Second Dividend	:	-	TL
Total Gross Dividend	:	18.339.911,00	TL
Extraordinary Reserves	:	18.307.111,00	TL

as a result of the dividend distribution according to the above principles,
- out of the Net Distributable Period Profit of TL 178,413,524 shown in our legal records prepared in accordance with the provisions of TPL, TL 160,073,613 be set aside as Extraordinary Reserves;

thus, distribution of total TL dividend at the rate of 3.8208% (Gross) and 3.2477% (Net) in cash to the shareholders representing the share capital worth TL 480,000,000.00 from the profit for 2024, depending on their legal status, starting from 28 May 2025, be submitted to the approval of the Ordinary General Assembly to be held on 18 May 2025.

Mustafa Sürmegöz
Chair of the Board of Directors

Tamer SAKA
Deputy Chair of the Board of Directors

Taha Adnan Sürmegöz
Board Member

Cem Nuri TEZEL
Board Member

Ahmet Cevat Acar
Independent Board Member

Ahmet Yarız
Independent Board Member

2024 Dividend Distribution Table

YÜNSA YÜNLÜ SANAYİ VE TİCARET A.Ş. DIVIDEND DISTRIBUTION TABLE FOR 2024 (TL)			
1. PAID IN / ISSUED CAPITAL			480.000.000,00 TL
2. General Legal Reserves (According to Legal Records)			191.119.712,45 TL
If there is a privilege in dividend distribution in accordance with the articles of association, information on such privilege			None
		According to CMB	According to Legal Records
3.	Profit for the Period	156.962.334,00 TL	211.202.919,31 TL
4.	Taxes (-)	120.315.312 TL	32.789.394,85 TL
5.	Net Profit for the Period (=)	36.647.022,00 TL	178.413.524,46 TL
6.	Losses from Previous Years (-)	0,00 TL	0,00 TL
7.	General Legal Reserves (-)	0,00 TL	0,00 TL
8.	NET DISTRIBUTABLE PROFIT FOR THE PERIOD (=)	36.647.022,00 TL	178.413.524,46 TL
9.	Donations Made within the Year (+)	32.800,00 TL	
10.	Net Distributable Profit for the Period Including Donations	36.679.822,00 TL	
11.	First Dividend to Shareholders	18.339.911,00 TL	
	-Cash	18.339.911,00 TL	
	-Bonus	0,00 TL	
	-Total	18.339.911,00 TL	
12.	Dividend Distributed to Holders of Privileged Shares	0,00 TL	
13.	Other Dividends Distributed	0,00 TL	
	- To the Members of the Board of Directors	0,00 TL	
	- To the Employees	0,00 TL	
	- To People other than Shareholders	0,00 TL	
14.	Dividend Distributed to Holders of Redeemed Shares	0,00 TL	
15.	Second Dividend to Shareholders	0,00 TL	
16.	General Legal Reserves	0,00 TL	
17.	Statutory Reserves	0,00 TL	
18.	Special Reserves	0,00 TL	
19.	EXTRAORDINARY RESERVES	18.307.111,00 TL	160.073.613,46 TL
	Other Resources to Be Distributed	0.00 TL	0,00 TL

	TOTAL DIVIDENDS DISTRIBUTED		TOTAL DIVIDENDS DISTRIBUTED/NET DISTRUBATABLE PROFIT FOR THE PERIOD	DIVIDEND PER SHARE WITH A NOMINAL VALUE OF TL 1	
	CASH (TL)	BONUS (TL)	RATE (%)	AMOUNT (TL)	RATE (%)
GROSS	15.588.924,35	-	42,5	0,032477	3,2477
NET*	15.588.924,35	-	42,5	0,032477	3,2477

* Net calculation is based on the assumption of 15% income tax withholding.

Independent Auditor's Report on the Annual Report of the Board of Directors

To the General Assembly of Yünsa Yünlü Sanayi ve Ticaret A.Ş.

1.Opinion

We have audited the annual report of Yünsa Yünlü Sanayi ve Ticaret A.Ş. ("Company") and its subsidiaries (shall be referred to as the "Group" collectively) for the accounting period of 1 January - 31 December 2024.
In our opinion, the financial information included in the annual report of the Board of Directors and all information obtained by the Board of Directors about the standing of the Group as shown in the audited consolidated financial statements are consistent with the audited full-set consolidated financial statements and the information we obtained during the independent audit, and reflect the truth in all material respects.

2.Basis for Opinion

We conducted the independent audit in accordance with Independent Auditing Standards (InAS), which are a part of the Turkish Auditing Standards as issued by the Public Oversight, Accounting and Auditing Standards Authority of Turkey (POA) and are recognized within the framework of Capital Markets Board regulations. Our responsibilities under those standards are further described in the "Independent Auditor's Responsibilities for the Independent Audit of the Annual Report" section of our report.
We would like to note that we are independent of the Group in accordance with the Code of Ethics for Independent Auditors (including Standards of Independence) ("Code of Ethics") as issued by the POA, and the ethical provisions set forth in the Capital Markets Board legislation and the other applicable legislation as regards independent audit.
We have fulfilled our other ethical responsibilities in accordance with the Code of Ethics and the legislation. We believe that the independent audit evidence we have obtained during the independent audit is sufficient and appropriate to provide a basis for our opinion.

3.Our Opinion as the Auditor For The Full-Set Consolidated Financial Statements

We have expressed an unqualified opinion on the full set of consolidated financial statements of the Group for the 1 January - 31 December 2024 accounting period in our auditor's report dated 7 March 2025.

4.The Responsibility of the Board of Directors for the Annual Report

The Group Management is responsible for the following in relation to the annual report according to Articles 514 and 516 of the Turkish Commercial Code No. 6102 ("TCC") and the Capital Markets Board's ("CMB") Communiqué Series II - 14.1 on the "Principles Regarding Financial Reporting in the Capital Markets" ("Communiqué):
a) Group's management prepares its annual report within the first three months following the date of balance sheet and submits it to the general assembly.
b) Group's management prepares the annual report in a manner to reflect the operations in the relevant year and the financial standing of the Group accurately, completely, directly, correctly and fairly in all respects. In this report, the financial standing is assessed in accordance with the financial statements.
The annual report also clearly indicates the details about the Group's development and the potential risks that might be faced by the Group. The assessment of the Board of Directors on these matters is also included in the report.
c) The annual report also covers the following:

- Significant events that took place at the company after the end of the operating year;
- Research and development efforts of the company;
- Financial benefits such as wages, premiums and bonuses paid to board members and officers, allowances, travel, accommodation and representation expenses, benefits in cash and kind, insurance and similar guarantees.

When preparing the annual report, the Board of Directors also considers the secondary legislation arrangements issued by the Ministry of Trade and related institutions.

5. Independent Auditor's Responsibility for the Audit of the Annual Report

We aim to provide an opinion on whether the financial information included in the annual report and the analysis made by the Board of Directors using the information included in the audited financial statements are consistent with the Group's audited consolidated financial statements and the information we obtained during the independent audit and reflect the truth, in line with the provisions of the TCC and the Communiqué, and to issue a report indicating such opinion.
The independent audit we have performed is in line with the InAS. These standards require compliance with ethical requirements and require the independent audit to be planned and be conducted with a view to obtaining reasonable assurance indicating that the financial information included in the annual report and analysis of the Board of Directors made by using the information included in the audited financial statements are consistent with the information included in the consolidated financial statements and the information obtained during the audit and reflect the truth.

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

Gökhan Yüksel, CPA
Chief Auditor
Istanbul, 7 April 2025

Statement of Responsibility

Statement of Responsibility Regarding the Financial Statements and Annual Report and Corporate Governance Reports for the 1 January 2024 - 31 December 2024 Period

Decision Date : 7 Mart 2025
2025 Decision Number: 1287

We have reviewed the Consolidated Financial Statements of Yünsa Yünlü Sanayi ve Ticaret A.Ş. for the accounting period 1 January 2024 - 31 December 2024 subjected to independent audit, which have been prepared in accordance with the Turkish Accounting Standards (“TAS”) and Turkish Financial Reporting Standards (“TFRS”) published by the Public Oversight, Accounting and Auditing Standards Authority (“KGK”) within the framework of the CMB’s “Communiqué No. II-14.1 on the Principles of Financial Reporting in Capital Markets” and in accordance with the 2016 TAS Taxonomy, whose presentation principles were developed by POA based on subparagraph (b) of Article 9 of the Decree Law No. 660 (“Decree Law”), determined and disclosed to the public with the POA’s Decision dated 2 June 2016 and numbered 30, and announced to the public with the Capital Markets Board’s Weekly Bulletin dated 15 July 2016 and numbered 2016/22, and updated in accordance with the 2019 TFRS Taxonomy, which was disclosed to the public by the Public Oversight Authority on 15 April 2019, its Annual Report for the accounting period 1 January 2024 - 31 December 2024 subjected to independent audit, prepared in accordance with the Turkish Commercial Code (“TCC”), the Ministry of Commerce’s (“Ministry”) “Regulation on Determining the Minimum Content of the Annual Report of Companies” and the CMB’s “Communiqué No. II-14.1 on the Principles of Financial Reporting in Capital Markets”, and in compliance with the financial statements and footnotes for the accounting period of 1 January 2024 - 31 December 2024 to be submitted to the General Assembly for approval, and its Corporate Governance Compliance Report (“CRF”) and Corporate Governance Information Form (“CGIF”) for the accounting period of 1 January 2024 - 31 December 2024, the presentation principles of which were determined by the CMB’s Decision dated 10 January 2019 and numbered 2/49 and announced in the CMB’s Weekly Bulletin dated 10 January 2019 and numbered 2019/02, and prepared in accordance with the CMB’s “Corporate Governance Communiqué” No. II-17.1 within this framework, and we have determined, to the best of our knowledge within the scope of our duties and responsibilities at the Company, that:

the Consolidated Financial Statements, Annual Report, Corporate Governance Compliance Report and Corporate Governance Information Form do not contain any false statement on material issues or any omissions that may be construed as misleading as of the date of the disclosure; and

the Consolidated Financial Report prepared in accordance with the applicable Financial Reporting Standards give a true and fair view of the Company’s assets, liabilities, financial position and profit and loss and that the Annual Report truly reflects the development and performance of the Company and its financial position, as well as the significant risks and uncertainties it faces.

Ahmet Cevat ACAR
Chair of the Audit Committee

Ahmet YARIZ
Member of the Audit Committee

Murat DOĞAN
Finance and Investor Relations
Manager

Financial Statements and Independent Auditor's Report

INDEPENDENT AUDIT REPORT

To the General Assembly of Yünsa Yünlü Sanayi ve Ticaret A.Ş.

A. Independent Audit of Consolidated Financial Statements

1.Opinion

We have audited the consolidated financial statements of Yünsa Yünlü Sanayi ve Ticaret A.Ş. (the "Company") and its subsidiaries (shall hereinafter be referred to as the "Group") comprising footnotes to the consolidated financial statement including its consolidated financial position statement as of 31 December 2024, as well as the consolidated profit or loss and other consolidated comprehensive income statements and the consolidated statements of changes in equity and cash flow statements related to the accounting periods ending on the same date, as well as the summary of its material accounting policies.

In our opinion, the annexed consolidated financial statements fairly represent the consolidated financial position of the Group as of 31 December 2024, its consolidated financial performance and consolidated cash flows in the accounting period ending on the same dates in compliance with the Turkish Financial Reporting Standards ("TFRS") in all material aspects.

2. Basis for Opinion

We conducted the independent audit in accordance with Independent Auditing Standards (InAS), which are a part of the Turkish Auditing Standards as issued by the Public Oversight, Accounting and Auditing Standards Authority of Turkey (POA) and are recognized within the framework of Capital Markets Board regulations. Our responsibilities under those standards are further described in the Independent Auditor's Responsibilities for the Independent Audit of the Consolidated Financial Statements section of our report. We would like to note that we are independent of the Group in accordance with the Code of Ethics for Independent Auditors (including Standards of Independence) ("Code of Ethics") as issued by the POA, and the ethical provisions set forth in the Capital Markets Board legislation and the other applicable legislation as regards independent audit. We have fulfilled our other ethical responsibilities in accordance with the Code of Ethics and the legislation. We believe that the independent audit evidence we have obtained during the independent audit is sufficient and appropriate to provide a basis for our opinion.

3. Key Audit Mattersn

Key audit matters are those matters that, in our professional judgment, were of most significance in the independent audit of the consolidated financial statements of the current period. These matters were addressed in the context of the 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 key audit matter is addressed in the audit
Accounting of revenue The Company has generated sales revenue amounting to TL 1,939,288,545 for the 1 January 2024 - 31 December 2024 period. As stated in Note 2.3 "Summary of Key Accounting Policies", revenue is recognized when (or as) the performance obligation is fulfilled by transferring control of the products sold to the customers. Revenue represents one of the most significant amounts in the Group's statement of profit or loss and is an important aspect of our audit procedures because it has a significant impact on the Group's key performance indicators. The Group's revenue mainly consists of woolen fabric and apparel sales. The Group's sales are recognized on a periodic basis over the invoiced values on the date of delivery. For the reasons stated above, the accounting for these sales is a key issue for our audit. The basis for the related accounting is disclosed in Note 2.3 and Note 19.	During our audit, we performed the following audit procedures related to revenue recognition: ·Whether the accounting policies applied are in conformity with TFRSs and whether they are applied consistently for all periods · Analyzing significant changes and trends by examining monthly sales breakdowns, taking into account previous years' data · Comparing and reconciling the invoices accepted by the customers with the sales quantities and prices in the system · Comparing the consistency of the items recorded as revenue with the terms specified in the customer contracts to which they are subject and performing detailed tests to match the collections made · Performing detailed tests to ensure that transactions recognized as revenue before and immediately after the accounting period are recorded in the right period in accordance with the periodicity principle As a result of our efforts set forth above, we did not have any significant findings regarding the audit procedures performed in relation to revenue recognition.

4. Responsibilities of the Management and Those in Charge of 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 it deems necessary to enable the preparation of consolidated financial statements free from material misstatement, whether due to fraud or error.

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

Those in charge of governance are responsible for overseeing the Group's financial reporting process.

5. Independent Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

In an independent audit, our responsibilities as the auditors are:

Our objectives are 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 auditor's report that includes our opinion. A reasonable assurance given as a result of an independent audit executed in accordance with InAS (Independent Auditing Standards), albeit presenting a high level of assurance, cannot guarantee that an existing material error will always be identified. Misstatements can arise from fraud or error and 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 statements.

As required by the independent audit performed in accordance with InAS, we use our professional judgment and maintain our professional skepticism during the independent audit. We also:

- identify and assess the risks of material misstatement of 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.) evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management;
- obtain an understanding of 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 overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether these statements represent the underlying transactions and events in a manner that achieves fair presentation;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management;
- conclude on the appropriateness of the 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 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 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 these 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 businesses or business units within the Group to provide a basis for our opinion on the Group's consolidated financial statements. We are responsible for guiding, overseeing and reviewing the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate to those in charge of 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 also provide those in charge of governance with a statement that we have complied with relevant ethical requirements regarding independence. We also have communicated to them all relationships and other matters that may reasonably be thought to have an impact on our independence, and where applicable, the steps taken and measures implemented to eliminate threats.

Out of the matters communicated to those in charge of 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 the legislation 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 Obligations Arising from the Legislation

1. Pursuant to the fourth paragraph of Article 402 of the Turkish Commercial Code No. 6102 ("TCC"), we have found no significant matter that causes us to believe that the Company's bookkeeping activities for the period 1 January - 31 December 2024 are not in compliance with the law and provisions of the Company's articles of association in relation to financial reporting.

2. In accordance with the fourth paragraph of Article 402 of the TCC, the Board of Directors submitted to us the necessary explanations and provided required documents within the context of audit.

3. The Auditor's Report on the Early Detection of Risk System and Committee, prepared in accordance with paragraph four of Article 398 of the TCC, was submitted to the Company's Board of Directors on 7 March 2025.

PwC Bağımsız Denetim ve

Serbest Muhasebeci Mali Müşavirlik A.Ş.

Gökhan Yüksel, CPA

Chief Auditor

Istanbul, 7 April 2025

YÜNSA YÜNLÜ SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES

AS OF DECEMBER 31, 2024, AND FOR THE YEAR ENDED, THE CONSOLIDATED FINANCIAL STATEMENTS.

YÜNSA YÜNLÜ SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES

TABLE OF CONTENTS **PAGE**

YÜNSA YÜNLÜ SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2024

(Amounts expressed in Turkish Lira ("TRY"), unless otherwise indicated)

	Notes	Current Year (Audited) 31 December 2024	Prior Year (Audited) 31 December 2023
Assets			
Current assets		**1,487,285,942**	**2,069,670,147**
Cash and cash equivalents	3	238,929,675	690,791,260
Financial investments	4	1,396,013	26,019,034
Trade receivables	6	396,883,303	540,632,148
- Trade receivables from third parties		*396,883,303*	*540,632,148*
Other receivables	7	3,687,621	5,724,412
- Other receivables from third parties	7	*3,687,621*	*5,724,412*
Inventories	8	787,096,579	738,288,682
Prepaid expenses	9	39,874,300	61,039,402
Current tax assets	23	5,459,752	-
Other current assets	16	13,958,699	7,175,209
- Other current assets from third parties	*16*	*13,958,699*	*7,175,209*
Non-current assets		**3,025,093,910**	**3,042,491,450**
Financial investments	4	1,233,058	515,901
Property, plant and equipment	10	2,824,541,041	2,866,176,600
Right of use assets	10,1	39,877,683	21,313,392
Intangible assets	10,2	159,082,571	153,649,893
Prepaid expenses	9	359,557	835,664
- Prepaid expenses to third parties	9	*359,557*	*835,664*
Total assets		**4,512,379,852**	**5,112,161,597**

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

YÜNSA YÜNLÜ SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2024

(Amounts expressed inTurkish Lira (“TRY”), unless otherwise indicated)

	Notes	Current year (Audited) 31 December 2024	Prior year (Audited) 31 December 2023
Liabilities			
Total short term liabilities		**662,266,321**	**1,078,698,292**
Short-term borrowings	12	263,579,208	362,095,488
- Short term borrowings from third parties		*263,579,208*	*362,095,488*
- Bank loans	12	*254,010,074*	*339,197,991*
- Lease borrowings	12	*9,569,134*	*8,939,317*
- Other short term liabilities	12	-	*13,958,180*
Trade payables	6	244,513,948	452,071,219
Trade payables to third parties		*244,513,948*	*452,071,219*
Payables related to employee benefits	15	52,532,601	81,144,723
Short term provisions	16	28,516,283	29,590,966
- Provisions related to employee benefits	16	*10,251,701*	*18,151,192*
- Other provisions	16	*18,264,582*	*11,439,774*
Derivative instruments		-	274,396
- Hedging derivative instruments		-	*274,396*
Deferred income (Except obligations arising from customer contracts)	7	72,237,996	121,743,680
- Deferred income from third parties	7	*72,237,996*	*121,743,680*
Other short term liabilities	16	886,285	885,048
- Other short term liabilities to third parties	16	*886,285*	*885,048*
Current income tax liability	23	-	30,892,772
Total long term liabilities		**452,789,417**	**366,115,001**
Long term borrowings	12	69,551,268	68,847,199
- Long term borrowings from third parties	12	*69,551,268*	*68,847,199*
- Bank loans	12	*42,096,364*	*64,616,062*
- Lease borrowings	12	*27,454,904*	*4,231,137*
Long term provisions	15	126,191,342	121,796,193
- Long term provisions for the employee benefits	15	*126,191,342*	*121,796,193*
Deferred tax liabilities	23	257,046,807	175,471,609
Total equity		**3,397,324,114**	**3,667,348,304**
Share capital	17	480,000,000	60,000,000
Adjustment to Share Capital		1,074,351,732	1,352,739,833
Other comprehensive income and expenses not to be reclassified to accumulated profit or loss		1,697,856,223	1,721,340,161
- Defined benefit plans remeasurements gains/ (losses)		*(231,956,133)*	*(204,482,041)*
- Gain on property, plant & equipment at fair value through other comprehensive income		*1,929,812,356*	*1,925,822,202*
Other comprehensive income and expenses to be reclassified to accumulated profit or loss		24,824,312	26,996,178
- Foreign currency translation differences		*24,824,312*	*26,996,178*
Restricted profit reserves		836,334,555	591,575,936
Prior years profits		(752,689,730)	(871,074,986)
Net profit for the current year	24	36,647,022	785,771,182
Total liablities and equity		**4,512,379,852**	**5,112,161,597**

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

YÜNSA YÜNLÜ SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS TABLE FOR THE 31 DECEMBER 2023

(Amounts expressed in of Turkish Lira ("TRY"), unless otherwise indicated)

	Notes	Current Year (Audited) 1 January 2024- 31 December 2024	Prior Year (Audited) 1 January 2023- 31 December 2023
Revenue	18	1,939,288,545	3,159,798,213
Cost of sales	18	(1,572,209,645)	(2,241,835,843)
Gross profit from trade operations		**367,078,900**	**917,962,370**
General administrative expenses	19	(92,018,691)	(87,191,585)
Marketing expenses	19	(195,058,390)	(202,721,276)
Research and development expenses	19	(9,073,316)	(14,999,665)
Other operating income	20	115,062,138	319,884,399
Other operating expenses	20	(142,396,037)	(286,109,554)
Operating profit		**43,594,604**	**646,824,689**
Income from investment activities	20	59,859,116	33,217,334
Finance incomes	22	151,534,746	185,772,705
Finance expenses	22	(108,699,991)	(93,643,788)
Net Monetary Loss / (Gain)	27	10,673,859	123,010,470
Profit before tax from continuing operations		**156,962,334**	**895,181,410**
Tax (expense)/income from continuing operations	23	**(120,315,312)**	**(109,410,228)**
Tax (expense)/ income for the period	23	(32,869,130)	(177,436,001)
Deferred tax (income)/benefit	23	(87,446,182)	68,025,773
Profit for the year from continuing operations		**36,647,022**	**785,771,182**
Profit/(loss) for the year		**36,647,022**	**785,771,182**
Earnings per share	24	**0.0763**	**1.6370**

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

YÜNSA YÜNLÜ SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS TABLE FOR THE 31 DECEMBER 2023

(Amounts expressed in of Turkish Lira ("TRY"), unless otherwise indicated)

	Notes	Current year (Audited) 1 January 2024- 31 December 2024	Prior year (Audited) 1 January 2023- 31 December 2023
Profit for the period		**36,647,022**	**785,771,182**
Other comprehensive incomenot to be reclassified to profit or loss		**(23,483,938)**	**1,893,546,589**
Defined benefit plans remeasurements gains/(losses)	**15**	(34,049,222)	(40,344,516)
Gain on property, plant & equipment at fair value through other comprehensive income		4,694,300	*2,265,673,179*
Taxes on other comprehensive income items not to be reclassified in profit or loss		**5,870,984**	**(331,782,074)**
- Deferred tax (expense)/income	**23**	*5,870,984*	*(331,782,074)*
Other comprehensive income/(expense) to be reclassified to profit or loss		**(2,171,866)**	**1,462,059**
Foreign currency translation differences		(2,171,866)	1,462,059
- *Gain (losses) from foreign currency translation differences*		*(2,171,866)*	*1,462,059*
OTHER COMPREHENSIVE INCOME (LOSS)		**(25,655,804)**	**1,895,008,648**
TOTAL COMPREHENSIVE INCOME (LOSS)		**10,991,218**	**2,680,779,830**

The accompanying notes are integral part of these consolidated financial statements.

YÜNSA YÜNLÜ SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2024 AND 2023

(Amounts expressed in of Turkish Lira ("TRY"), unless otherwise indicated)

				Other comprehensive income /(expense) not to be reclassified to profit or loss		Other comprehensive Income/(expense) to be classified to profit and loss				
	Paid in Capital	Adjustment to share capial	Share premium	Gains (loses) on reveluation of property, plant and equipment	Gains (loses) on remasurements of defined benefit plans	Foreign currency translation differences	Restricted reserves	Retained earnings/ (accumulated deficit)	Net profit(loss) for the period	Total equity
As at 1 January 2023	**29,160,000**	**1,381,204,051**	**2,191,715**	**-**	**(172,206,428)**	**25,534,119**	**179,622,480**	**(934,783,681)**	**783,744,467**	**1,294,466,723**
Capital Increase	30,840,000	(28,464,218)	(2,191,715)	-	-	-	(184,067)	-	-	-
Transfer to retain earnings	-	-	-	-	-	-	-	783,744,467	(783,744,467)	-
Dividend	-	-	-	-	-	-	412,137,523	(720,035,772)	-	(307,898,249)
Actuarial losses	-	-	-	-	(32,275,613)	-	-	-	-	(32,275,613)
Foreign currency translation differences	-	-	-	-	-	1,462,059	-	-	-	1,462,059
Profit for the period	-	-	-	-	-	-	-	-	785,771,182	785,771,182
Other comprehensive income	-	-	-	1,925,822,202	-	-	-	-	-	1,925,822,202
Balances as at 31 December 2023	**60,000,000**	**1,352,739,833**	**-**	**1,925,822,202**	**(204,482,041)**	**26,996,178**	**591,575,936**	**(871,074,986)**	**785,771,182**	**3,667,348,304**
As at 1 January 2024	**60,000,000**	**1,352,739,833**	**-**	**1,925,822,202**	**(204,482,041)**	**26,996,178**	**591,575,936**	**(871,074,986)**	**785,771,182**	**3,667,348,304**
Capital Increase (*)	420,000,000	(278,388,101)	-	-	-	-	(114,710,238)	(26,901,661)	-	-
Transfer to retain earnings	-	-	-	-	-	-	-	785,771,182	(785,771,182)	-
Dividend	-	-	-	-	-	-	359,468,857	(640,484,265)	-	(281,015,408)
Actuarial losses	-	-	-	-	(27,474,092)	-	-	-	-	(27,474,092)
Foreign currency translation differences	-	-	-	-	-	(2,171,866)	-	-	-	(2,171,866)
Profit for the period	-	-	-	-	-	-	-	-	36,647,022	36,647,022
Other comprehensive income	-	-	-	3,990,154	-	-	-	-	-	3,990,154
Balances as at 31 December 2024	**480,000,000**	**1,074,351,732**	**-**	**1,929,812,356**	**(231,956,133)**	**24,824,312**	**836,334,555**	**(752,689,730)**	**36,647,022**	**3,397,324,114**

(*) The company's registered capital of 60 million TRY has been decided to be increased to 480 million TRY with the resolution taken on August 1, 2024. The entire increase of 420 million TRY has been provided through internal resources. The announcement regarding this capital increase was published in the CMB bulletin dated August 1, 2024, and numbered 2024/37. The amendment of Article 6 titled "Capital" in the company's Articles of Association was registered by the Istanbul Trade Registry Office on September 5, 2024, and was published in the Turkish Trade Registry Gazette dated September 5, 2024, and numbered 11158.

The accompanying notes are integral part of these consolidated financial statements,

YÜNSA YÜNLÜ SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED 31 DECEMBER 2024 AND 2023

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated)

	Notes	Current Year (Audited) 31 December 2024	Prior Year (Auidted) 31 December 2023
A. Cash flows from operating activities		**(23,172,590)**	**697,607,777**
Profit for the period	24	**36,647,022**	**785,771,182**
Adjustment to reconcile net profit/(loss)			
Adjustments related to depreciation and amortization	10	133,350,024	107,037,747
Adjustments for impairment(reversal) of inventories	8	(16,801,681)	8,949,240
Adjustments for (reversal of) provision related to employee benefits		3,828,491	26,266,296
Adjustments related to tax (income)/ expense	23	120,315,312	109,410,228
Adjustments related to gains on sale of securities		(6,132,103)	(5,352,240)
Adjustments for interest income		(112,161,405)	(115,082,975)
Adjustments for interest expense		90,473,093	62,004,045
Adjustments for loss (gains) on sale of property, plant and equipment and intangible assets	20	(53,727,013)	(27,865,094)
Adjustments for fair value (gains)/losses on financial assets		(8,268,548)	(5,352,239)
Adjustments for fair value (gains)/losses on derivative financial instruments	26	(274,396)	274,396
Adjustments for unrealized foreign exchange (gains)/ losses		15,526,138	19,000,226
Adjustments for impairment(reversal) of trade receivables	6	68,759	(23,320)
Adjustments for (reversal of) provision related with legal cases	16	11,763,136	6,765,673
Monetary (gains)/losses		35,862,581	26,517,159
Cash flow from operations before changes in working capital		**213,822,388**	**212,549,142**
Adjustments for decrease /(increase) in trade receivables		146,026,898	75,682,979
Adjustments for decrease /(increase) in inventories		(32,006,216)	17,683,385
Adjustments for decrease /(increase) in prepaid expenses		21,641,209	(36,397,234)
Adjustments for increase /(decrease) in trade payables		(207,557,271)	(83,870,701)
Adjustments for decrease /(increase) in other receivables		(10,206,451)	30,496,654
Adjustments for increase (decrease) in employee benefits		(25,982,337)	12,965,260
Adjustments for increase (decrease) in other liabilities		1,237	(562,596)
Adjustments for increase/(decrease)indeferred income (Except obligations arising from customer contracts)		(49,505,684)	52,728,638
Change in operating assets and liabilities		**(157,588,615)**	**68,726,385**
Provisions paid related to employee benefits	15,16	(41,980,109)	(182,944,044)
Tax refunds/(payments)	23	(74,073,276)	(186,494,888)
Net Cash Generated From Operating Activities		**(116,053,385)**	**(369,438,932)**
B. Cash flows from investing activities			
Cash outflow from purchase of intangible assets (-)	10	(39,054,712)	(32,102,892)
Cash outflow from purchase of property, plant and equipment (-)	10	(34,353,590)	(112,202,118)
Cash inflow from the sale of property, plant and & equipment and intangible assets	10	55,610,626	30,292,703
Cash outflow from the purchases of financial assets	4	(1,430,298,725)	(1,187,914,881)
Cash inflow from the sale of financial assets	4	1,457,478,770	1,213,975,210
Interest received		-	2,160,074
Net cash used in investment activities		**9,382,369**	**(85,791,904)**
C. Cash flows used in financing activities			
Interest / participation share received		103,051,192	107,932,457
Interest / participation share paid		(109,487,193)	(26,573,615)
Cash inflow from bank borrowings	12	591,829,725	344,859,306
Cash outflow from bank borrowings		(520,468,494)	(96,438,223)
Cash outflow from lease liabilities	12	(2,465,943)	(4,479,517)
Dividend paid, cash (-)		(281,015,408)	(307,898,249)
		(218,556,121)	**17,402,159**
D. Monetary loss/gain impact on cash and cash equivalents		**(202,031,575)**	**(244,017,822)**
E. Effect of foreign exchange-rate changes on cash and cash equivalents		**(17,698,005)**	**(17,005,900)**
Net increase in cash and cash equivalents (A+B+C+D+E)		**(452,075,922)**	**368,194,310**
F. Cash and cash equivalents at the beginning of the period	3	680,703,551	312,509,241
Cash and cash equivalents at the end of the period (A+B+C+D+E+F)	**3**	**228,627,629**	**680,703,551**

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

YÜNSA YÜNLÜ SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

NOTE 1 - GROUP'S ORGANIZATION AND NATURE OF OPERATIONS

Yünsa Yünlü Sanayi ve Ticaret A.Ş. ("The Company") and its subsidiaries (will be together referred as "The Group"). Yünsa Yünlü Sanayi ve Ticaret A.Ş. is the parent company, which owns/controls the majority of the shares, consist of four subsidiaries

Yünsa Yünlü Sanayi ve Ticaret A.Ş. was established in 21 June 1973 for the manufacturing, marketing and selling wool textile products. The main shareholder of the Company is Sürmegöz Tekstil Yatırım A.Ş. The shares of the Company and its main shareholder are quoted on Borsa İstanbul A.Ş. and traded in the national market. The share transfer agreement regarding the sale of all TRY16,878,507 nominal amount of capital, 57.88% of the Company's shares owned by Hacı Ömer Sabancı Holding A.Ş. to Sürmegöz Tekstil was signed on 27 August 2019 and the eligibility of the share transfers was allowed by the decision of the Competition Authority dated 24 October, 2019 and numbered 77234294-120.01.06-E,12159. As of 26 November 2019, sales and transfer transaction of all 57.88% of the Company's shares which represents TRY16,878,507 nominal amount of capital between Hacı Ömer Sabancı Holding A.Ş to Sürmegöz Tekstil was completed.

The average number of the personnel employed within the Company is 865 employees (Average number of the personnel for 2023 was 1,002 employees).

The registered office address of the Company is as follows:

Vadistanbul 1B Blok Kat: 23
34396 Ayazağa, İstanbul

As of 31 December 2024 and 2023, the subsidiaries controlled by the Company with their respective shareholding ratios (direct and indirect) and their field of activities are disclosed as follows:

	31 December 2024	31 December 2023	
Subsidiaries	**Direct Ownership Ratio (%)**	**Direct Ownership Ratio (%)**	**Field of Activity**
Yünsa Germany Gmbh	100	100	Marketing-Sale
Yünsa Italia SRL	100	100	Fabric Design
Yünsa UK Limited	100	100	Marketing-Sale
Yünsa USA Inc,	100	100	Marketing-Sale

<u>Approval of consolidated financial statements:</u>

The consolidated financial statements for the period ended 31 December 2024 have been approved by the Board of Directors on 7 March 2025. General Assembly and specific regulatory institutions have the power to amend the financial statements.

YÜNSA YÜNLÜ SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

2,1 Basis of presentation

a) Statement of compliance

The accompanying consolidated financial statements are prepared based on the Turkish Financial Reporting Standards ("TFRS") that have been put into effect by the Public Oversight Accounting and Auditing Standards Authority ("POA") in accordance with the requirements of Capital Markets Board ("CMB") Communiqué Serial II, No: 14.1"Basis of Financial Reporting in Capital Markets", which were published in the Official Gazette No: 28676 on 13 June 2013. TFRS's contain Turkish Accounting Standards ("TAS"), Turkey Financial Reporting Standards, TAS interpretations, and TFRS interpretations published by POA.

The consolidated financial statements are presented in accordance with the TFRS Taxonomy developed based on the Illustrative Financial Statements and User Guide published by POA on 3 July 2024.

b) Restatement of financial statements in hyperinflationary economies

The Company prepared its financial statements as at and for the year ended 31 December 2023 by applying TAS 29 "Financial Reporting in Hyperinflationary Economies" in accordance with the announcement made by POA on 23 November 2023 and the "Application Guidance on Financial Reporting in Hyperinflationary Economies". The standard requires that financial statements prepared in the currency of a hyperinflationary economy be stated in terms of the purchasing power of that currency at the balance sheet date and that comparative figures for the prior period financial statements be expressed in terms of the measuring unit current at the end of the reporting period. Therefore, the Company has presented its financial statements as of 31 December 2023 on the basis of the purchasing power of that currency as of 31 December 2024.

According to the decision of the Capital Markets Board dated December 28, 2023, numbered 81/1820, issuers and capital market institutions subject to financial reporting regulations that implement Turkish Accounting/Financial Reporting Standards have been mandated to apply inflation accounting through the provisions of IAS 29, starting with the annual financial reports for the fiscal periods ending December 31, 2023.

Restatements in accordance with TAS 29 have been made using the adjustment factor derived from the Consumer Price Index ("CPI") in Turkey published by the Turkish Statistical Institute ("TURKSTAT"). As at 31 December 2024, the indices and adjustment factors used in the restatement of the financial statements are as follows:

Date	Index	Adjustment Factor	Three-year Compounded Inflation Rate
31 December 2024	2,684.55	1.00000	290.79%
31 December 2023	1,859.38	1.44379	268.33%
31 December 2022	1,128.45	2.37897	156.17%

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

- The financial statements of the current period in TRY are expressed in terms of the purchasing power of the currency at the balance sheet date and the amounts of the previous reporting periods are restated in accordance with the purchasing power of the currency at the latest balance sheet date.

YÜNSA YÜNLÜ SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

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

2.1 Basis of presentation (Continued)

b) Restatement of financial statements in hyperinflationary economies (Continued)

- Monetary assets and liabilities are not restated as they are currently expressed in terms of the measuring unit current at the balance sheet date. Where the inflation-adjusted amounts of non-monetary items exceed the recoverable amount or net realizable value, the provisions of TAS 36 and TAS 2 have been applied, respectively.

- Non-monetary assets, liabilities and equity items that are not expressed in the current purchasing power at the balance sheet date are restated by applying the relevant conversion factors.

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

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

c) Basis of measurement

The consolidated financial statements are prepared on historical cost basis, except the derivative financial instruments, land on property,plant & equipment and financial assets that are carried at the fair value

d) Functional and presentation currency

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

As of 31 December 2024, the functional currencies of the subsidiaries of the Group as based on the countries in which they operate are Euro, Pound and USD and the currency for the presentation is TRY. The translation difference arising of these subsidiaries consolidated are reported under foreign exchange translation differences account under the equity. The Financial statements of subsidiaries operating in countries other than Turkey are compiled by the TAS/TFRS promulgated by the POA to reflect the proper presentation and content. Subsidiaries' assets and liabilities are translated into TRY from the foreign exchange rate at the reporting date and income and expenses are translated into TRY at the average foreign exchange rate. Exchange differences arising from the translation of the opening net assets and differences between the average and balance sheet date rates are recognised in the "currency translation difference" under the use of equity.

YÜNSA YÜNLÜ SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

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

2.1 Basis of presentation (Continued)

e) Basis of consolidation

Consolidated financial statements include the financial statements of the entities controlled by the Company. The control is provided when a control is achieved on the financial and operational policies in order to acquire benefits from the operations of an entity.

The results of the purchased or sold subsidiaries are shown in the consolidated income statement after the dates after they are purchased or until the date they are disposed. Where necessary, adjustments related to the accounting policies are made to the financial statements of subsidiaries to be in compliance with the accounting policies used by the Group.

The shares other than the parent company shares in the net assets of the consolidated subsidiaries (non-controlling interests) are shown separately in the equity of the Group. Non-controlling interests is the total of these shares that are formed during the first entity mergers and changes after the merger date.

When a company is purchased by the Group, the assets and the liabilities of the relevant subsidiary are measured with their fair values as of the purchase date. Non-controlling interests are measured by calculating the fair values of the assets and liabilities at the ratio of non-controlling interests. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

In case the Company pays a price over the net asset value for the asset purchased, then goodwill arises during the consolidation. Following the valuation, in case the net fair value of the Group shares of the assets, liabilities and the contingent liabilities of the purchased Company exceeds the cost related to the acquisition, then the surplus amount is accounted for in the income statement.

The changes in the capital share of the Group's existing subsidiary:

The changes in the Group's subsidiaries that do not result in loss of control of the subsidiaries are accounted for as equity transactions. Group's shares and the carrying amount of non-controlling interests are adjusted to reflect the changes in their shares in the subsidiaries. Any difference between the amount by which the non-controlling shares are adjusted and the fair value of the consideration paid or received is recognized directly in equity as the share of the Group.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the consideration received and the fair value of any remaining interest and (ii) the previous book values of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling shares.

YÜNSA YÜNLÜ SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

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

2.1 Basis of presentation (Continued)

e) Basis of consolidation

Consolidated financial statements include the financial statements of the entities controlled by the Company. The control is provided when a control is achieved on the financial and operational policies in order to acquire benefits from the operations of an entity.

The results of the purchased or sold subsidiaries are shown in the consolidated income statement after the dates after they are purchased or until the date they are disposed. Where necessary, adjustments related to the accounting policies are made to the financial statements of subsidiaries to be in compliance with the accounting policies used by the Group.

The shares other than the parent company shares in the net assets of the consolidated subsidiaries (non-controlling interests) are shown separately in the equity of the Group. Non-controlling interests is the total of these shares that are formed during the first entity mergers and changes after the merger date.

When a company is purchased by the Group, the assets and the liabilities of the relevant subsidiary are measured with their fair values as of the purchase date. Non-controlling interests are measured by calculating the fair values of the assets and liabilities at the ratio of non-controlling interests. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

In case the Company pays a price over the net asset value for the asset purchased, then goodwill arises during the consolidation. Following the valuation, in case the net fair value of the Group shares of the assets, liabilities and the contingent liabilities of the purchased Company exceeds the cost related to the acquisition, then the surplus amount is accounted for in the income statement.

The changes in the capital share of the Group's existing subsidiary:

The changes in the Group's subsidiaries that do not result in loss of control of the subsidiaries are accounted for as equity transactions. Group's shares and the carrying amount of non-controlling interests are adjusted to reflect the changes in their shares in the subsidiaries. Any difference between the amount by which the non-controlling shares are adjusted and the fair value of the consideration paid or received is recognized directly in equity as the share of the Group.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the consideration received and the fair value of any remaining interest and (ii) the previous book values of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling shares.

YÜNSA YÜNLÜ SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

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

2.2 The standards and amendments issued but not yet effective and not early adopted as of December 31, 2024

Changes in accounting policies are made if they result in a more appropriate and reliable presentation of transactions and events affecting the Group's financial position, performance, or cash flows in the financial statements. When an optional change in accounting policy affects prior periods, such policy is applied retrospectively as if it had always been in use. Changes in accounting policy resulting from the application of a new standard are applied retroactively or prospectively in accordance with the transition provisions of that standard, if any. Changes without any transition provisions are applied retrospectively.

The accounting policies adopted in the preparation of the financial statements for the year ended December 31, 2024, are consistent with those used in the previous year, except for the new and amended Turkish Accounting Standards ("TAS") / Turkish Financial Reporting Standards ("TFRS") and TAS/TFRS interpretations that are effective as of January 1, 2024, as summarized below. The effects of these standards and interpretations on the Company's financial position and performance are explained in the relevant paragraphs.

a. Standards, amendments and interpretations applicable as at 31 December 2024:

- **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 the information an entity provides related to liabilities subject to these conditions. The impact of this amendment on the Group's financial position and performance is being assessed.

- **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. The impact of this amendment on the Group's financial position and performance is being assessed.

- **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. The impact of this amendment on the Group's financial position and performance is being assessed.,

YÜNSA YÜNLÜ SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

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

2.2 The standards and amendments issued but not yet effective and not early adopted as of December 31, 2024 (Continued)

a. New standards and amendments to existing standards and interpretations effective as of December 31, 2024:

- **TSRS 1, General Provisions for Disclosure of Sustainability-Related Financial Information;** is effective for annual reporting periods beginning on or after January 1, 2024. This standard provides the foundational framework for disclosing significant sustainability-related risks and opportunities that a company is exposed to within its value chain.

- **TSRS 2, Climate-Related Disclosures;** is effective for annual reporting periods beginning on or after January 1, 2024. This standard is the inaugural topic standard for determining disclosure requirements regarding companies' climate-related risks and opportunities.

b. Standards, amendments, and interpretations issued but not yet effective as of December 31, 2024;

The codification of IFRS has been retained in standards newly issued by the International Accounting Standards Board but not yet incorporated into the legislation by the Public Oversight Accounting and Auditing Standards Authority.

- **TFRS 17, Insurance Contracts;** is effective for annual reporting periods beginning on or after January 1, 2023. This standard replaces TFRS 4, which currently allows a wide variety of practices. TFRS 17 will fundamentally change the accounting for all entities issuing insurance contracts and investment contracts with discretionary participation features**.**

- **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. The impact of this amendment on the Group's financial position and performance is being assessed.

- **Amendments to IFRS 9 and IFRS 7 regarding the classification and measurement of financial instruments are effective for annual reporting periods beginning on or after January 1, 2026 (early application is permitted). These amendments:**:

  - Clarify requirements related to the timing of recognition and derecognition for certain financial assets and liabilities, including a new exception for certain financial liabilities settled through an electronic cash transfer system;
  - Provide additional guidance and clarification on assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion;
  - Introduce new disclosures for certain instruments with contractual terms that could change cash flows (such as some instruments with features linked to achieving environmental, social, and governance (ESG) targets); and update disclosures regarding equity instruments designated at fair value through other comprehensive income.

YÜNSA YÜNLÜ SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

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

2.2 New standards and amendments to existing standards and interpretations effective as of December 31, 2024 (Continued)

- **Annual Improvements to IFRSs – 11th Edition;** The annual improvements are limited to amendments that clarify the wording in a Standard or correct relatively minor unforeseen consequences, oversights, or conflicts between the existing requirements of the Standards. The 2024 amendments have been made to the following standards:

  - TFRS 1 First-time Adoption of Turkish Financial Reporting Standards;
  - TFRS 7 Financial Instruments: Disclosures and Guidance on implementing TFRS 7 accompanying the Standarts;
  - TFRS 9 Financial Instruments
  - TFRS 10 Consolidated Financial Statements
  - TAS 7 Statement of Cash Flows,

- **IFRS 18 Presentation and Disclosure in Financial Statements;** is effective for annual reporting periods beginning on or after January 1, 2027. This is the new standard focusing on updates in the statement of profit or loss, related to the presentation and disclosure of financial statements. The key new concepts introduced in IFRS 18 pertain to:

  - The structure of the statement of profit or loss
  - Required disclosures in the financial statements for certain profit or loss performance measures reported outside the financial statements (i.e., management-defined performance measures)
  - Enhanced principles of aggregation and disaggregation applicable to primary financial statements and notes in general.

- **IFRS 19 Disclosures for Subsidiaries without Public Accountability;** effective for annual reporting periods beginning on or after January 1, 2027. Early application is permitted. This new standard is applied together with other IFRSs. An eligible subsidiary applies the recognition and measurement requirements of other IFRS Accounting Standards, except for disclosure requirements, and instead applies the reduced disclosure requirements of IFRS 19. The reduced disclosure requirements of IFRS 19 balance the information needs of users of financial statements of eligible subsidiaries with the cost savings for preparers. IFRS 19 is a voluntary standard that can be applied by eligible subsidiaries. A subsidiary qualifies in the following situations:

  - Lacks public accountability and
  - Has a parent (or intermediate parent) that produces consolidated financial statements available for public use that comply with IFRS Accounting Standards.

Additionally, it has been announced in the Board Decision published in the Official Gazette dated December 29, 2023, by the Public Oversight, Accounting and Auditing Standards Authority (KGK) that certain entities will be subject to mandatory sustainability reporting starting from January 1, 2024. The determination of entities required to undertake sustainability reporting under the Board Decision titled 'Scope of Application for Turkish Sustainability Reporting Standards (TSRS)' dated January 5, 2024, lists the entities included within the scope of sustainability practices.

YÜNSA YÜNLÜ SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

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

2.3 Summary of significant accounting policies

Significant accounting policies used in the preparation of the consolidated financial statements are summarized below:

a) Revenue

TFRS 15 requires revenue recognition for all contracts with customers to follow the five-step approach to revenue recognition.

Step 1: Identifying the contract

A contract exists only if it is legally enforceable, the collection of the consideration is probable, the rights to goods and services and payment terms can be identified, the contract has commercial substance; and the contract is approved and the parties are committed to their obligations. If either contracts were negotiated as a single commercial package, or consideration in one contract depends on the other contract or goods or services (or some of the goods or services) are a single performance obligation the Group accounts the contracts as a single contract.

Step 2: Identifying the performance obligations

The Group defines 'performance obligation' as a unit of account for revenue recognition. The Group assesses the goods or services promised in a contract with a customer and identifies as:

(a) A performance obligation either a good or service that is distinct;

(b) Or a series of distinct goods or services that are substantially the same and have the same pattern of transfer to the customer.

The Group defines a good or service in a contract separately from other commitments in the contract and defines it as a different good or service if it enables the customer to benefit from the good or service alone or in combination with other resources available for use. A contract may contain promises to deliver a series of distinct goods or services that are substantially the same. At contract inception, an entity determines whether the series of goods or services is a single performance obligation.

Step 3: Determining the transaction price

In order to determine the transaction price, the Group assesses how much consideration it expects to be entitled to by fulfilling the contract. In arriving at the assessment, the Group considers variable elements of consideration, as well as the existence of a significant financing component.

YÜNSA YÜNLÜ SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024
(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

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

2.3 Summary of significant accounting policies (Continued)

a) Revenue (Continued)

Significant financing component

The Group revises the promised amount of consideration for the effect of a significant financing component to the amount that reflects what the cash selling price of the promised good or service. As a practical expedient, the Group does not adjust the transaction price for the effects of a significant financing component if, at contract inception, the entity expects the period between customer payment and the transfer of goods or services to be one year or less.

In cases where advance for the services are received and the payment scheme is broadly aligned with the Group's performance throughout the period, the Group concludes that the period between performance and payment is never more than 12 months, therefore the expedient is applied.

Variable consideration

The Group identifies items such as price concessions, incentives, performance bonuses, completion bonuses, price adjustment clauses, penalties, discounts, credits, or similar items may result in variable consideration if there is any in a customer contract.

Step 4: Allocating the transaction price to performance obligations

If distinct goods or services are delivered under a single arrangement, then the consideration is allocated based on relative stand-alone selling prices of the distinct goods or services (performance obligations). If directly observable stand-alone selling prices are not available, the total consideration in the service contracts is allocated based on their expected cost plus a margin.

Step 5: Recognition of revenue

The Group recognizes revenue over-time if any of the following conditions is met:

- Customer simultaneously receives and consumes the benefits as the entity performs, or
- The customer controls the asset as the entity creates or enhances it, or
- Group's performance does not create an asset for which the entity has an alternative use and there is a right to payment for performance to date.

YÜNSA YÜNLÜ SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

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

2.3 Summary of significant accounting policies (Continued)

a) Revenue (Continued)

For each performance obligation that is satisfied over time, an entity selects a single measure of progress, which depicts the transfer of control of the goods or services to the customer. The Group uses a method that measures the work performed reliably. The Group uses cost incurred to measure the progress towards to completion of the project where the input method is used and uses units transferred to measure the progress towards to completion of the project where the output method is used

If a performance obligation is not satisfied over time, then the Group recognize revenue at the point in time at which it transfers control of the good or service to the customer.

The Group recognizes a provision in accordance with TAS 37 "Provisions, Contingent Liabilities and Contingent Assets" when the unavoidable costs of meeting the obligations under a contract exceed the economic benefits.

Contract modifications

The Group recognizes a contract modification as a separate contract if the modification results in a promise to deliver additional goods or services that are distinct and an increase in the price of the contract by an amount of consideration that reflects the entity's stand-alone selling price of those goods or services adjusted to reflect the circumstances of the contract. If the goods or services are distinct, then the entity accounts for the modification as if it were a termination of the existing contract and the creation of a new contract. If the modification to the contract does not add distinct goods or services, then the entity accounts for it on a combined basis with the original contract, as if the additional goods or services were part of the initial contract.

Sales of the Group are mainly comprised of wool fabric.

The Group has determined that for made-to-order products, the Group controls all of the work in progress as the products are being manufactured. This is because if a contract is terminated by the customer, then the Group is not entitled to reimbursement of the costs incurred to date, including a reasonable margin. Customers obtain control of products when the goods are delivered to and have been accepted at their premises for order made to order products

The customers acquire the control of the fabric when the products are delivered during the sales which are not made on order and the revenues are accounted on this date.

YÜNSA YÜNLÜ SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024
(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

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

2.3 Summary of significant accounting policies (Continued)

b) Inventories

Inventories are stated at the lower of cost and net realizable value. Costs, including an appropriate portion of fixed and variable overhead expenses, are assigned to inventories held by the method most appropriate to the particular class of inventory, with the majority being valued with weighted average method.

Net realizable value represents the estimated selling price less all estimated costs of completion and costs necessary to make a sale. When the net realizable value of inventory is less than cost, the inventory is written down to the net realizable value and the expense is included in statement of profit/(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.

c) Related Parties

A related party is a person or entity that is related to the entity that is preparing its financial statements (referred to as the 'reporting entity')

(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 defined 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 related parties, regardless of whether a price is charged.

d) Financial instruments

i, Recognition and initial measurement

Trade receivables are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instrument.

YÜNSA YÜNLÜ SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

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

2.3 Summary of significant accounting policies (Continued)

d) Financial instruments (Continued)

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

ii, Classification and subsequent measurement

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL

Financial assets are not reclassified after initial recognition unless the Group changes its operating model to manage financial assets. In this case, all affected financial assets are reclassified on the first day of the first reporting period following the change in operating model.

ii, Classification and subsequent measurement

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- It is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

YÜNSA YÜNLÜ SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

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

2.3 Summary of significant accounting policies (Continued)

d) Financial instruments (Continued)

Financial assets - Business model assessment:

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- The stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- The purpose of the business model; manage daily liquidity needs, maintain a certain interest rate, or align the maturity of financial assets with the maturity of the debts that fund these assets;
- How the performance of the portfolio is evaluated and reported to the Group's management;
- How managers of the business are compensated - e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected;
- The frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

ii, Classification and subsequent measurement

Financial assets - Assessment whether contractual cash flows are solely payments of principal and interest:

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

YÜNSA YÜNLÜ SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

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

2.3 Summary of significant accounting policies (Continued)

d) Financial instruments (Continued)

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract.

Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Financial assets – Subsequent measurement and gains and losses:

Financial assets at FVTPL:

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Financial assets at amortised cost:

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Financial liabilities – Classification, subsequent measurement and gains and losses:

Financial liabilities are classified as measured at amortised cost or FVTPL.

A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

YÜNSA YÜNLÜ SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024
(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

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

2.3 Summary of significant accounting policies (Continued)

d) Financial instruments (Continued)

iii, Derecognition

Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

iv, Financial assets and liabilities offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

v, Derivative financial instruments and hedge accounting

TFRS 9 also includes new hedge accounting rules that are intended to align hedge accounting with risk management practices. TFRS 9 provides the option of deferring the adoption of TFRS 9's hedge accounting in the selection of accounting policies and the option to continue the application of the requirements in TAS 39 "hedge accounting". In this context, the Group will continue to apply the requirements of TAS 39 hedge accounting.

Derivative instruments are initially recognized at their fair value. Subsequent to their initial recognition, changes in the fair value of derivative instruments are recognized in profit or loss.

YÜNSA YÜNLÜ SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

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

2.3 Summary of significant accounting policies (Continued)

d) Financial instruments (Continued)

Derivatives are initially recognised at fair value on the date the derivative contract is entered into and are subsequently measured at their respective fair values. Following the first accounting of the derivative instruments, they are accounted for the fair value changes in the profit or loss. The Group uses derivative financial instruments (primarily foreign currency forward contracts) in order to hedge risk arising from exchange rate fluctuations due to projected cash flows.

The Group documents, at the inception of the transaction the relationship between hedging instrument and hedged item, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

Cash flow hedging transactions

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in the statements of income. The gain or loss relating to the ineffective portions of cross currency swaps and forward transactions that are designated for hedging is recognised in the statement of profit or loss. The effective portion of the change in the fair value of the derivative instrument determined on the present value basis from the beginning of the hedge relationship recognized in other comprehensive income is limited to the cumulative effect of the change in the fair value of the hedging instrument. As of 31 December 2024 and 2023, the Group did not have any derivative financial instruments.

e) Imparemet of the assets

i, Non-derivative financial assets

Financial instruments and contract assets

The Group recognises loss allowances for ECLs on:

- Financial assets measured at amortised cost;

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECLs.

In determining whether the credit risk of a financial asset has increased significantly since initial recognition and in estimating its ECL, the Group takes into account reasonable and supportable information that is available without undue cost or effort that relates to the estimation of expected credit losses, including the effects of expected prepayments.. This information includes quantitative and qualitative information and analysis based on the Group's past credit loss experience and containing forward-looking information.

The Group assumes that the credit risk on a financial asset increases significantly after 90 days due.

YÜNSA YÜNLÜ SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

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

2.3 Summary of significant accounting policies (Continued)

e) Imparement of the assets (Continued)

The Group considers a financial asset to be in default in the following situations:

- Failure of the borrower to fully fulfill its loan obligations without taking actions such as using the collateral (if any) by the Group, or
- Financial instrument being past due 360 days.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive)

The cash shortfalls is the difference between the cash flows to be incurred and the cash flows expected to be received by the entity. As the amount and timing of payments are considered in expected credit losses, a credit loss occurs even if the entity expects to receive the full payment in the contract with the maturity specified in the contract.

ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortized cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data significant financial difficulty of the borrower or issuer;

- The borrower or issuer is in significant financial difficulty;
- A breach of contract such as a default or being more than 90 days past due;
- The restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- It is probable that the borrower will enter bankruptcy or other financial reorganisation;
- The disappearance of an active market for a security because of financial difficulties

YÜNSA YÜNLÜ SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

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

2.3 Summary of significant accounting policies (Continued)

e) Impairment of the assets (Continued)

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Write-off

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

For customers, the Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off.

However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

ii, Non-financial assets

In each reporting period, the Group reviews the book values of non-financial assets (excluding inventories, contract assets and deferred tax assets) to determine whether there are any signs of impairment. If there is such an indicator, the recoverable amount of the asset is estimated.

For impairment testing, assets are grouped into the smallest group of assets that generate cash inflows, regardless of continuous use, cash inflows from other assets or NYBs. Goodwill arising from a business combination is allocated to CGUs or NYB groups that are expected to benefit from the synergy of the merger.

The recoverable amount of an asset or CGUs is the higher of its value in use and its GUD at lower costs. Value in use is based on the time value of money and estimated future cash flows, which are reduced to their present value using a pre-tax discount rate that reflects current market assessments of risks specific to the asset or NYB.

If the recoverable amount of an asset or CGU is lower than its book value, the book value of the said asset or CGU is reduced to its recoverable amount.

Impairment losses are recognized in profit or loss. It will first reduce the book value of any goodwill distributed to the NYB, and then it is distributed by reducing the book values of other assets in the NYB.

YÜNSA YÜNLÜ SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

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

2.3 Summary of significant accounting policies (Continued)

f) Property, plant and equipment

Property, plant and equipment are carried at cost less any accumulated depreciation and any accumulated impairment losses. Depreciation is provided on property, plant and equipment on a straight-line basis (except land). Lands are not subject to depreciation due to their unlimited useful life.

As of December 31, 2023, the Group changed its accounting policy and ceased measuring land and plots within property, plant, and equipment at cost. Instead, it began measuring them at fair value by revaluation, with the revaluation surplus recognized in other comprehensive income. Since land and plots are considered to have indefinite useful lives, they have not been subjected to depreciation.

When the parts that make up property, plant and equipment have different useful lives, they are accounted for as separate parts (significant components) of the property, plant and equipment.

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

	Years
Land improvements	15-25
Buildings and land improvements	25-50
Machinery and equipment	4-15
Motor vehicles	5
Furniture and fixtures	3-10
Leasehold improvements	5

The useful lives of leasehold improvements are depreciated over their economic life or the shorter of the lease period.

Expected useful life, residual value and depreciation method are reviewed annually for possible effects of changes in estimates and are recognized prospectively if there is a change in estimates.

The gain or loss resulting from the disposal of tangible fixed assets or decommissioning a tangible fixed asset is determined as the difference between the sales revenue and the asset's book value and is included in the consolidated statement of profit or loss

Maintenance and repair expenses incurred, are recognized as expenses.The capital expenditures that raise the future benefits by increasing the capacity of the tangible assets, are added to cost of tangible assets.

YÜNSA YÜNLÜ SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

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

2.3 Summary of significant accounting policies (Continued)

g) Intangible Assets

Intangible assets comprise acquired intellectual property and computer software. They are recorded at acquisition cost and amortized on a straight-line basis over their estimated economic lives for a period. Where an indication of impairment exists, the carrying amount of any intangible asset is assessed and written down immediately to its recoverable amount.

Internally generated intangible assets and research and development expenses

Research expenses are recorded in the profit or loss statement in the period they are incurred.

Development activities (or Intra-group's project at the development phase) , resulting from internally generated intangible assets are only recognized when the following conditions are all met:

- Technical possibility to completion of the intangible asset's readiness for use or to sell,
- Having intention to sell, operate or completion of intangible assets,
- Intangible assets that can be used or sold,
- The asset that would generate probable future economic benefits are certain,
- The existence of the required appropriate technical, financial and other resources in order to complete the development of intangible assets, use or sell. The development cost of the asset during the development process are to be measured in a reliable way

The amount of internally generated intangible assets, consist of the expenditures that meet the requirements of the above mentioned recognition criteria from the moment the total amount of the expenditure is composed. When internally generated intangible assets are not recorded, development expenditure is recognized as an expense in the period in which they occur.

After initial recognition, the internally-generated intangible assets are shown as the seperately acquired intangible assets. After reducing the accumulated amortization and accumulated impairment losses. These assets are amortized within 5 years.

Other intangible assets

Other intangible fixed assets purchased by the Group with a certain useful life are measured by subtracting the accumulated amortization and, if any, accumulated impairment losses from their costs.

h) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an qualifying assets are included in the cost of the asset until the asset is ready to use or sale.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

YÜNSA YÜNLÜ SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

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

2.3 Summary of significant accounting policies (Continued)

i) Corporate income taxes

Turkish Tax Legislation does not permit to file a consolidated tax preparation to parent company and its subsidiary, as reflected in the accompanying financial statements, the tax provision is calculated separately based on each company.

Income tax expense consists of the sum of current tax and deferred tax expense.

Current tax

Current year tax liability is calculated over the part of the taxable profit. Corporate tax is applied on taxable corporate income, which is calculated from the statutory accounting profit by adding back non-deductible expenses, and by deducting dividends received from resident companies, other exempt income and investment incentives utilized. The Group's current tax liability is computed by using enacted or substantively enacted tax rate.

Deferred Tax

Deferred tax is recognized on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases which is used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such assets and liabilities are not recognised 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 assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on business plans for individual subsidiaries in the Group and the reversal of temporary differences. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

YÜNSA YÜNLÜ SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024
(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

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

2.3 Summary of significant accounting policies (Continued)

i) Corporate income taxes

Deferred tax assets and liabilities are calculated over the tax rates (tax regulations) that are expected to be effective in the period in which the assets and liabilites are realized.

During the calculation of deferred tax assets and liabilities, the tax consequences of the Group's anticipated recovery of its carrying amount or the fulfillment of its obligation as at the balance sheet date are taken into account.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority or if there is a legal right for the Group to offset these items.

Deferred tax and tax charge for the current period

The tax charge for the current period recognized as expense or income in the profit or loss at the current period except for the items recognized under equity (in which case the deferred tax related to those items is recognized under equity as well) or the items, that were recognized under equity for business mergers. Tax effect is taken into consideration in business mergers in calculating goodwill or in determining the fair value of the acquired share of defined assets, liabilities or contingent liabilities exceeding the purchasing costs.

j) Employee benefits

(i) Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided.

A liability is recognized for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(ii) Vacation pay liability

In accordance with the existing labor law in Turkey, the Company is required to pay to the employee, whose employment is terminated due to any reasons, the wage of the deserved and unused vacation days over the gross prevailing wage and other benefits subject to contract at the date the contract is terminated. Unused leave provision is the earned and unused vacation rights of its employees of the Company, and measured on an undiscounted basis and are recognised in profit or loss as the related service is provided.

YÜNSA YÜNLÜ SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

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

2.3 Summary of significant accounting policies (Continued)

j) Employee benefits (Continued)

(iii) Long-term employee benefits

In accordance with the current labor law in Turkey, the Company is obliged to pay certain amounts to employees who have completed 1 year who quit their jobs for reasons such as retirement, military service or death. The provision for severance pay represents the present value of the Company's estimated probable future liability in the event of the retirement of its employees. The provision for severance pay is calculated as if all employees would be subject to such payment and is reflected in the financial statements on an accrual basis. The provision for severance pay is calculated according to the severance pay ceiling announced by the government.

All actuarial gains and losses are accounted under the other comprehensive income.

k) Effects of change in the rates of exchange

Each Group entity's financial statements are presented by the functional currencies of their economic environments. Financial positions and operational results of the each entity is presented in TRY, which is Company's functional and presentation currency for the consolidated financial statements.

Transactions realized in foreign currencies (currencies other than TRY) during the preparation of the financial statements of each of the entities are recorded based on the exchange rates at the transaction date. Monetary assets and liabilities in foreign currencies are converted to Turkish Lira at the rates prevailing at the balance sheet date. Non-monetary items that are measured at fair value and recorded in foreign currency, are converted to TRY (based on the dates the fair values are determined.). Non-monetary items that are measured in terms of historical cost in a foreign currency are not subject to conversion again.

Date	USD/TRY	Euro/TRY
31 December 2024 buying / selling	35.2803 / 35.3438	36.7362 / 36.8024
31 December 2023 buying / selling	29.4382 / 29.4913	32.5739 / 32.6326

Exchange differences, except as specified below, are recognized in profit or loss in the period in which;

YÜNSA YÜNLÜ SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024
(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

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

2.3 Summary of significant accounting policies (Continued)

k) Effects of change in the rates of exchange (Continued)

- Foreign exchange gain/losses related to assets under construction for future productive use, and included as an adjustment to interest costs and added on cost of those assets,
- Foreign exchange differences arising from hedging transactions for foreign currency risks.

Foreign exchange differences forming part of the foreign operation net investment, accounted under reserves, associated with profit or loss on sale of the net investment, and debt and receivables without intention or possibility of any payment, which arise due to operations in foreign jurisdictions.The Group's assets and liabilities of foreign operations are expressed in TRY using exchange rates prevailing on the statement of financial position date in the financial statements. Income and expense items, unless exchange rates fluctuates significantly at the dates of the transactions in the period (in case of major fluctuations, exchange rates at the transaction date is used) , are translated using average exchange rates during the period. Exchange differences are recognized in other comprehensive income and accumulated equity in a separate component.

l) Earnings per share

Earnings per share disclosed in the accompanying consolidated statement of income are determined by dividing net income by the weighted average number of shares in existence during the period concerned

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

m) Capital and dividends

The ordinary shares are classified as equity. Dividends on ordinary shares are recognized in equity in the period are deducted.

n) Provisions, contingent assets and liabilities

A provision is recognized in the accompanying consolidated financial statements if as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably and it is probable that an outflow of economic benefits will be required to settle the obligation.

Contingent liabilities are reviewed to determine if there is a possibility that the outflow of economic benefits will be required to settle the obligation. Except for the economic benefit outflow possibility is remote such contingent liabilities is disclosed in the notes to the financial statements.

In case the provision is measured by using the estimated cash flows required to meet the current liability, the book value of the said provision is equal to the present value of the relevant cash flows.

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

YÜNSA YÜNLÜ SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024
(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

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

2.3 Summary of significant accounting policies (Continued)

o) Reporting of cash flow

In the consolidated cash flow statement, cash flows are classified as operating, investing and financing activities.

Cash flows from operating activities shows the cash flows from main operations of the Group including sales of garment and textile products. Cash flows from investing activities represent the cash flows used in / provided from investing activities (tangible and intangible investments).

Cash flows from financing activities represent the funds used in and repayment of the funds during the period.

Cash and cash equivalents are cash, bank deposits and other short term investments whose maturity are less than 3 months after purchasing date, having high liquidity without having risks of significant change of value.

p) Subsequent events

Subsequent events represent the events that occur against or on behalf of the Company between the reporting date and the date when reporting was authorised for the issue. There are two types of subsequent events:

- Those that provide evidence of conditions that existed as at reporting date (adjusting events after the reporting date); and
- Those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

The Group adjusts its consolidated financial statements according to the new condition if adjusting subsequent events arise subsequent to the reporting date. If it is not necessary to adjust the consolidated financial statements according to subsequent events, these subsequent events must be disclosed in the notes to the consolidated financial statements

r) Segment reporting of financial information

The operating segment is a division that periodically reviewed by the authority to make decisions about the operations of the business in order to make decisions about the resources to be allocated to the department and evaluate the performance of the business, and that separate financial information is available about the business.

Reportable segment is an activity segment whose segment information must be disclosed. Requirement for an operating segment to be designated as a reportable segment; The majority of segment revenue is earned from sales to non-group customers and segment revenue from sales to non-group customers and transactions with other segments constitutes at least 10% of the total internal and external revenue for all segments, or the segment result resulting in profit or loss means that the total results of the divisions making a profit and the total results of the losing segments correspond to at least 10% of the absolute largest, or the segment assets constitute at least 10% of the total assets of all segments.

YÜNSA YÜNLÜ SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024
(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

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

2.3 Summary of significant accounting policies (Continued)

s) Government grants and incentives

Government incentives are not reflected in the financial statements; without the business fulfilment of the necessary conditions for obtaining that incentive which will and a reasonable assurance that they shall be obtained.

Government grants are reflected in profit or loss in a systematic manner throughout the periods in which expenses that intended to be recovered by these government grants recognized as an expense. The government grants as a financing tool, rather than being accounted as a net off item profit or loss, should be associated with the statement of financial position (balance sheet) as unearned income, should be reflected in a systematic manner in profit or loss during the economic life of the related assets.

The Group is supported by the Scientific and Technological Research Council of Turkey ("TUBITAK"). TUBITAK carries out a program to organize and regulate the support of the Republic of Turkey in order to encourage research and technology development activities of industries in Turkey. Within the framework of this program, some part of the development expenses of industrial companies is reimbursed.

Government incentives granted in order to recover the expenses and losses incurred previously or to provide immediate finance support without causing the entity any cost in the future are recognized in profit or loss in the period in which they become collectable. The benefit of the loan taken from the government with an interest rate lower than that of the market is considered as government incentive. The benefit created by this lower interest rate is measured as the difference between the carrying value of the loan in the beginning and the acquired gains

t) Finance income and finance expenses

Finance income consists of bank deposit interest income, which forms part of the cycle used for financing purposes, and foreign exchange difference income on financial assets and liabilities (other than trade receivables and liabilities).

Finance expenses include interest expenses on bank loans, early collection commission expenses on credit cards, and foreign exchange difference expenses on financial assets and liabilities (other than trade receivables and payables). Borrowing costs, which cannot be directly related to the acquisition, construction or production of an asset, are accounted for in profit or loss using the effective interest rate.

Foreign exchange difference income and expenses on financial assets and liabilities (other than trade receivables and liabilities) are reported as net in financing income or financing expenses according to the net position of foreign exchange difference movements. Foreign exchange difference and rediscount income on trade receivables and liabilities are reported in other income from operating activities and foreign exchange difference and rediscount expenses are reported in other expenses from operating activities. Interest income is recognized using the effective interest method.

YÜNSA YÜNLÜ SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

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

2.3 Summary of significant accounting policies (Continued)

u) Significant accounting estimates and assumptions

The preparation of financial statements in conformity with TFRS requires management to make judgments, estimates and assumptionsthat affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Changes to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Liability for employee termination benefits

The present values of employee termination liabilities are determined on an actuarial basis using certain assumptions. These assumptions are used in determining the net cost of employee termination liabilities and include the discount rate. The carrying amount effects employee termination liability is affected by changes in these assumptions. The Group recognizes actuarial gains and losses in the consolidated statement of comprehensive income.

The Group determines the appropriate discount rate at the end of each year. Discount rate is used during computation of present value of employee termination liabilities (Note 16).

Net realizable value of inventory

Inventories are stated at the lower of cost and net realizable value. The Group management has determined that the cost of some portion of the inventories is higher than the realizable value as of the reporting date. The impairment calculation requires management to estimate the future cash flows expected to arise from the sale of inventories and the estimated selling price less all estimated costs of completion and costs necessary to make the sale. Based on the estimation made by the Management as of 31 December 2024 the cost of inventories was reduced by TRY 28,077,451 (31 December 2023: TRY 44,879,132) (Note 9).

Doubtful receivables

The Company calculates the provision for impairment of trade receivables to cover the estimated losses resulting from the inability of its customers to make required payments and according to expected credit loss model. In case of collection of partial or all doubtful receivable, the amount collected is deducted from the provision for doubtful receivable and is associated with profit or loss. Changes to the expected credit losses are recognized in profit or loss in the same way.

YÜNSA YÜNLÜ SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

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

2.3 Summary of significant accounting policies (Continued)

u) Significant accounting estimates and assumptions (Continued)

Recovery of internally generated intangible assets

During the period, the Group management has re-examined the existence of probable future economic benefits of internally generated intangible assets. The Group's management believes that the projects will continue as expected, and analysis of projects is expected to generate similar economic benefits. Management is sure to recover the carrying values of the assets, even if economic benefits have decreased. This situation is closely monitored by the Group management and the management will make such corrections in cases where it is necessary due to the future market conditions.

In preparing the (consolidated) financial statements, the management made judgments, estimates and assumptions that affect the application of the Group's accounting policies and the amounts of reported assets, liabilities, income and expenses. Actual amounts may vary from estimated amounts.

Estimates and related assumptions are constantly reviewed. Changes to estimates are accounted prospectively.

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Company has access at that date. The fair value of a liability reflects its non-performance risk.

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

When one is available, the Company measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as 'active' if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Company uses valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

If an asset or a liability measured at fair value has a bid price and an ask price, then the Company measures assets and long positions at a bid price and liabilities and short positions at an ask price.

YÜNSA YÜNLÜ SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

(Amounts expressed in thousands of Turkish Lira (“TRY”) unless otherwise indicated.)

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

2.3 Summary of significant accounting policies (Continued)

u) Significant accounting estimates and assumptions (Continued)

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received. If the Company determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique for which any unobservable inputs are judged to be insignificant in relation to the measurement, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price. Subsequently, that difference is recognized in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

When measuring the fair value of an asset or liability, the company uses as much market-observable information as possible. Fair valuation is classified to different levels in the fair valuation hierarchy determined based on the information used in the valuation techniques mentioned below:

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities;
Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices);
Level 3: Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

If an asset or a liability is used to measure the fair value of the fair valuation hierarchy of information that can be classified to a different level if this fair valuation fair valuation hierarchy that is significant to the whole measurement of smallest information to the same level of are classified.

The Company accounts for transfers between levels in the fair valuation hierarchy at the end of the reporting period when the change occurs.

YÜNSA YÜNLÜ SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

NOTE 3 - CASH AND CASH EQUIVALENTS

	31 December 2024	31 December 2023
Bank		
- Demand deposit	2,289,413	35,892,684
- Time deposit	226,338,216	644,810,867
Cash and cash equivalents on cashflow statment	**228,627,629**	**680,703,551**
Interest accrual	10,302,046	10,087,709
Total	**238,929,675**	**690,791,260**

The Group has no blocked deposits on 31 December 2024 and 2023.The explanations on the nature and level of the risks of the cash and cash equivalent are disclosed in Note 26.

As of December 31, 2024, the average effective interest rates of time deposits in TRY, Euro and USD are 44.48%, 0.80%, 0.29%, respectively. (31 December 2023; 43.20%, 4% and 4%.)

The maturity distribution of cash and cash equivalents is as follows

	2024	2023
Up to 30 days	104,274,947	254,988,184
Between 30-90 days	122,063,269	389,822,683
	226,338,216	**644,810,867**

NOTE 4 -FINANCIAL INVESTMENTS

Short-term financial investments	31 December 2024	31 December 2023
Financial asset at fair value through profit or loss	1,396,013	26,019,034
	1,396,013	**26,019,034**

The movements of assets whose fair value differences are recorded in other comprehensive income for the accounting periods ending on 31 December are as follows:

	2024	2023
1 January	**26,019,034**	**77,185,473**
Change in fair value (*)	8,268,548	5,352,239
Interest received	-	(2,160,074)
Additions	1,430,298,725	1,187,914,881
Disposal	(1,457,478,770)	(1,213,975,210)
Monetary gain/(loss)	(5,711,524)	(28,298,275)
31 December	**1,396,013**	**26,019,034**

(*) Financial assets at fair value through profit or loss primarily consist of investment funds.

YÜNSA YÜNLÜ SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

NOTE 5 - RELATED PARTY DISCLOSURES

a) Wages and similar remuneration paid to Board members and senior management personnel:

	1 January- 31 December 2024	1 January- 31 December 2023
Salaries and other short term benefits	31,779,728	47,426,407
Other long term benefits	2,778,627	2,094,830
Total	**34,558,355**	**49,521,237**

There is no receivable or payable amount to the Board members and senior management personnel.

NOTE 6 - TRADE RECEIVABLES AND PAYABLES

Short term trade receivables	1 January- 31 December 2024	1 January- 31 December 2023
Trade receivables	269,247,559	483,598,269
Notes receivable	143,485,634	65,274,638
Provision for doubtful trade receivables	(4,763,760)	(7,041,813)
Total	**407,969,433**	**541,831,094**
Less: Financing income not accrued	(11,086,130)	(1,198,946)
Trade receivables, net	**396,883,303**	**540,632,148**

Trade receivables generally have a maturity of less than 90 days (31 December 2023: less than 90 days) and As of 31 December 2024, trade receivables in TRY and foreign currency, respectively 24.63% per annum.(31 December 2022: 11.85%) and discounted using market interest rates

The explanations of nature and level of risks in trade receivables are given in Note 26.

Provision for doubtful receivables	2024	2023
1 January	(7,041,813)	(11,489,729)
Provisions made during the period	(98,966)	(1,383,946)
Provisions no longer required	30,207	1,407,266
Monetary gain/(loss)	2,346,812	4,424,596
31 December	**(4,763,760)**	**(7,041,813)**

YÜNSA YÜNLÜ SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

NOTE 6 - TRADE RECEIVABLES AND PAYABLES (Continued)

Short term trade payables	31 December 2024	31 December 2023
Trade payables to domestic suppliers	153,184,326	298,174,728
Trade payables to foreign suppliers	94,003,987	155,395,998
Work and service payables	3,892,488	7,689,496
	251,080,801	**461,260,222**
Less: Financing expense not accrued	(6,566,853)	(9,189,003)
Trade payables, net	**244,513,948**	**452,071,219**

The maturity of trade payables is 90 days (2023: longer than 90 days), and as of December 31, 2024, trade payables in TRY and foreign currencies have been discounted using annual rates of 24.63% (December 31, 2023: 11.85%) and market profit share rates, respectively.

The explanations of nature and level of risks in trade receivables are given in Note 26.

NOTE 7 - OTHER RECEIVABLES AND DEFERRED INCOME

Other receivables	31 December 2024	31 December 2023
Minimum wage tax incentive	2,825,862	3,013,767
Deposits and guarantees given	719,702	885,576
Due from personnel	141,657	332,731
Income accruals (*)	-	1,346,741
Other	400	145,597
Total	**3,687,621**	**5,724,412**

(*) As of 31 December 2024 and 2023, income accruals are mainly consist of incentive accruals.

Deferred income	31 December 2024	31 December 2023
Order advances received (*)	72,237,996	121,743,680
	72,237,996	**121,743,680**

(*) Consists of the revenue arising from the contractual obligations, related to the sales whose payment has been received but the control has not yet been transferred. It will be recognized in the profit or loss statement after the transfer of control takes place.

YÜNSA YÜNLÜ SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

NOTE 8 - INVENTORY

	31 December 2024	31 December 2023
Work in progress	152,225,315	234,158,358
Finished goods	195,710,473	207,157,354
Raw materials	377,084,378	250,602,361
Other inventories	1,225,412	1,342,181
Trade goods	88,928,452	89,907,560
Provision for impairment of inventories (-)	(28,077,451)	(44,879,132)
Total	**787,096,579**	**738,288,682**

The movement in the provision for impairment of inventories is as follows:

	1 January- 31 December 2024	1 January 31 December 2023
1 January	(44,879,132)	(35,929,892)
Provisions used within the period	29,379,782	2,424,608
Provisions recognized during the period	(12,578,101)	(11,373,848)
31 December	**(28,077,451)**	**(44,879,132)**

Due to the sale of inventories for which provisions had been set aside in prior and current periods, a provision amount of 29,379,782 TRY was reversed during the period ended December 31, 2024 (December 31, 2023: 2,424,608 TRY). The provision for impairment of inventories and the utilized provisions have been presented under the cost of goods sold.

NOTE 9 - PREPAID EXPENSES

Short term	31 December 2024	31 December 2023
Consultancy and fair advances	2,367,933	7,965,975
Insurance expenses	11,216,239	21,984,278
Advance given for inventory purchase	2,239,826	4,560,378
Prepaid profit share expenses	18,636,366	23,074,093
Other	5,413,936	3,454,678
Total	**39,874,300**	**61,039,402**

Long term	31 December 2024	31 December 2023
Consultancy and fair expenses	-	217,309
Other	359,557	618,355
Total	**359,557**	**835,664**

YÜNSA YÜNLÜ SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

NOTE 10 - PROPERTY, PLANT AND EQUIPMENT

Movements of tangible fixed assets during the period are as follows:

	1 January 2024	Additions	Disposals	Transfers	Tangible Fixed Asset Increase	31 December 2024
Cost:						
Land	2,273,701,435	-	-	-	4,836,551	2,278,537,986
Land improvements	148,905,563	-	-	3,544,034	-	152,449,597
Buildings	906,444,907	-	(1,500,320)	2,063,268	-	907,007,855
Machinery,plant and equipment	3,475,455,512	5,061,332	(110,390,407)	83,462,762	-	3,453,589,199
Vehicles	1,959,045	2,660,230	-	-	-	4,619,275
Furniture and fixture	144,841,741	2,188,292	-	1,339,488	-	148,369,521
Leasehold improvements	15,259,485	-	-	-	-	15,259,485
Construction in progress	71,165,882	24,443,736	-	(90,409,552)	-	5,200,066
	7,037,733,570	**34,353,590**	**(111,890,727)**	**-**	**4,836,551**	**6,965,032,984**
Accumulated depreciation						
Land improvements	(137,853,055)	(1,503,303)	-	-	-	(139,356,358)
Buildings	(677,351,198)	(12,786,491)	-	-	-	(690,137,689)
Machinery and equipment	(3,221,711,854)	(53,609,134)	110,007,115	-	-	(3,165,313,873)
Vehicle	(1,914,709)	(433,479)	-	-	-	(2,348,188)
Furniture and fixture	(121,830,977)	(7,557,783	-	-	-	(129,388,760)
Leasehold improvements	(10,895,177)	(3,051,898)	-	-	-	(13,947,075)
	(4,171,556,970)	**(78,942,088)**	**110,007,115**	**-**	**-**	**(4,140,491,943)**
Net book value	**2,866,176,600**					**2,824,541,041**

Of the current period depreciation expenses, 68,046,738 TRY are included in the cost of goods sold and 10,716,753 TRY are included in operating expenses. The capitalized depreciation on the stock is 178,597 TRY . (As of December 31, 2023, 49,305,912 TRY of depreciation expenses are included in the cost of goods sold and 7,894,651 TRY are included in operating expenses. The capitalized depreciation on the stock is 953,268 TRY .)

Insurance coverage for tangible assets in 2024 as of December 31, It is 29,386,037 USD (31 December 2023: 98,982,632 USD).

The Group has a machinery and equipment pledge of 20,000,000 TRY , pursuant to the loan agreement made with the Development and Investment Bank of Turkey. (December 31, 2023: 47,579,424 TRY .)

YÜNSA YÜNLÜ SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

NOTE 10 - PROPERTY, PLANT AND EQUIPMENT (Continued)

Movements of tangible fixed assets in the past period are as follows:

	1 January 2023	Additions	Disposals	Transfers	Increase in the value of tangible asset (*)	31 December 2023
Cost:						
Land	8,028,255	-	-	-	2,265,673,180	2,273,701,435
Land improvements	145,784,053	3,121,510	-	-	-	148,905,563
Buildings	869,563,861	1,824,289	-	35,056,757	-	906,444,907
Machinery,plant and equipment	3,410,340,708	3,198,430	(63,354,330)	125,270,704	-	3,475,455,512
Vehicles	1,959,045	-	-	-	-	1,959,045
Furniture and fixture	132,972,672	11,812,438	-	56,631	-	144,841,741
Leasehold improvements	15,259,485	-	-	-	-	15,259,485
Construction in progress	139,304,523	92,245,451	-	(160,384,092)	-	71,165,882
	4,723,212,602	**112,202,118**	**(63,354,330)**	**-**	**2,265,673,180**	**7,037,733,570**
Accumulated depreciation						
Land improvements	(136,400,021)	(1,453,034)	-	-	-	(137,853,055)
Buildings	(662,880,546)	(14,470,652)	-	-	-	(677,351,198)
Machinery and equipment	(3,251,950,917)	(32,690,677)	62,929,740	-	-	(3,221,711,854)
Vehicle	(1,762,450)	(152,259)	-	-	-	(1,914,709)
Furniture and fixture	(115,495,665)	(6,335,312	-	-	-	(121,830,977)
Leasehold improvements	(7,843,280)	(3,051,897)	-	-	-	(10,895,177)
	(4,176,332,879)	**(58,153,831)**	**62,929,740**	**-**	**-**	**(4,171,556,970)**
Net book value	**546,879,723**					**2,866,176,600**

(*) As of December 31, 2023, the Group changed its accounting policy and ceased measuring land and plots within property, plant, and equipment at cost. Instead, it began measuring them at fair value by revaluation, with the revaluation surplus recognized in other comprehensive income.

YÜNSA YÜNLÜ SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024
(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

NOTE 10.1 - RIGHT OF USE ASSETS

	1 January 2024	Additions	Disposals	31 December 2024
Cost				
Properties	28,120,425	32,865,525	(176,774)	60,809,176
Vehicles	44,262,700	6,484,669	-	50,747,369
Total	**72,383,125**	**39,350,194**	**(176,774)**	**111,556,545**
Accumulated amortization				
Properties	(20,327,346)	(9,625,970)	176,774	(29,776,542)
Vehicles	(30,742,387)	(11,159,933)	-	(41,902,320)
Total	**(51,069,733)**	**(20,785,903)**	**176,774**	**(71,678,862)**
Net book value	**21,313,392**			**39,877,683**

Of the depreciation expenses for the period ending on December 31, 2024, 17,917,096 TRY were included in the cost of goods sold and 2,821,782 TRY were included in operating expenses. The depreciation capitalized on the stock is 47,025 TRY . (As of December 31, 2023, 9,974,496 TRY of depreciation expenses are included in the cost of goods sold and 1,597,073 TRY are included in operating expenses. The capitalized depreciation on the stock is 192,844 TRY .).

	1 January 2023	Additions	Disposals	31 December 2023
Cost				
Properties	28,120,425	-	-	28,120,425
Vehicles	29,554,075	14,708,625	-	44,262,700
Total	**57,674,500**	**14,708,625**	**-**	**72,383,125**
Accumulated amortization				
Properties	(14,396,855)	(5,930,491)	-	(20,327,346)
Vehicles	(24,908,465)	(5,833,922)	-	(30,742,387)
Total	**(39,305,320)**	**(11,764,413)**	**-**	**(51,069,733)**
Net book value	**18,369,180**			**21,313,392**

YÜNSA YÜNLÜ SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

NOTE 10.2 - INTANGIBLE ASSETS

	1 January 2024	Additions	Disposals	Transfers	31 December 2024
Cost:					
Rights	5,690,615	-	-	-	5,690,615
Software programs	130,581,136	681,435	(192,712)	-	131,069,859
R&D projects in progress	28,832,083	38,373,277	-	(1,142,764)	66,062,596
Capitalized development project costs	501,076,209	-	-(78,385,811)	1,142,764	423,833,162
	666,180,043	**39,054,712**	**(78,578,523)**	**-**	**626,656,232**
Accumulated amortization:					
Rights	(3,284,382)	(472,646)	-	-	(3,757,028)
Software programs	(120,919,600)	(1,994,440)	192,712	-	(122,721,328)
R&D projects	(388,326,168)	(31,154,947)	78,385,810	-	(341,095,305)
	(512,530,150)	**(33,622,033)**	**78,578,522**	**-**	**(467,573,661)**
Net book value	**153,649,893**				**159,082,571**

28,981,621 TRY of the current period amortization charges are included in the cost of goods sold, and 4,564,346 TRY are included in the operating expenses. The depreciation capitalized on the stock is 76,066 TRY . (As of December 31, 2023, 31,471,889 TRY of amortization shares are included in the cost of goods sold and 5,039,144 TRY in operating expenses. The depreciation capitalized on the stock is 608,470 TRY .) There is no pledge or mortgage on intangible assets. (2023: Non-available).

	1 January 2023	Additions	Disposals	Transfers	31 December 2023
Cost:					
Rights	4,872,807	817,808	-	-	5,690,615
Software programs	129,819,847	2,453,001	(1,691,712)	-	130,581,136
R&D projects in progress	28,150,365	28,832,083	(2,003,019)	(26,147,346)	28,832,083
Capitalized development project costs	474,928,863	-	-	26,147,346	501,076,209
	637,771,882	**32,102,892**	**(3,694,731)**	**-**	**666,180,043**
Accumulated amortization:					
Rights	(3,059,639)	(224,743)	-	-	(3,284,382)
Software programs	(120,554,172)	(2,057,140)	1,691,712	-	(120,919,600)
R&D projects	(353,488,548)	(34,837,620)	-	-	(388,326,168)
	(477,102,359)	**(37,119,503)**	**1,691,712**	**-**	**(512,530,150)**
Net book value	**160,669,523**				**153,649,893**

YÜNSA YÜNLÜ SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

NOTE 11 - GOVERNMENT INCENTIVES AND GRANTS

	31 December 2024	31 December 2023
Development incentive (*)	7,316,901	9,415,041
	7,316,901	**9,415,041**

(*) Group, as a result of Research and Development Center application, has been granted to obtain, Industry and Trade Ministry's Research and Development Center Certificate on 25 October 2010 consists of the incentive amount received according to 5746 numbered Research and Development Activities in Support of the Law on the framework provided in the amount of Research and Development Center staff on the wages benefited income Tax, Stamp Tax, Social Security incentives, approved TUBITAK projects and European Union (EU) Horizon 2020 project

Government incentives, as a finance tool, recognized at balance sheet by netting cost of investments instead of recognizing in profit or loss, and depreciated over the useful lives of related assets on a systematic basis in profit or loss.

NOTE 12 - BORROWINGS

	31 December 2024		31 December 2023	
	Weighted average annual effective interest rate %	TRY	Weighted average annual effective interest rate %	TRY
Short term bank loans				
TRY borrowings	26.43	227,579,235	11.00	321,269,017
Interest accrual		11,351,892		13,706,779
Interest accrual (Short-term portions of long- term borrowings)		15,078,947		4,222,195
Other short-term payables		-		13,958,180
Short-term lease liabilities TRY		9,569,134		8,939,317
Short term borrowings Total		**263,579,208**		**362,095,488**
Long-term bank loans				
TRY borrowings	14.16	42,096,364	13.30	64,616,062
Short-term lease liabilities TRY		27,454,904		4,231,137
Long term borrowings Total		**69,551,268**		**68,847,199**

Explanations on the nature and level of risks in borrowing are explained in Note 26. As of 31 December 2024, the Group does not have any mortgages or guarantees given for its financial borrowings.

YÜNSA YÜNLÜ SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

NOTE 12 - BORROWINGS (Continued)

Reconciliation of liabilities arising from financing activities:

	31 December 2024		31 December 2023	
	Borrowings	**Lease Liabilities**	**Borrowings**	**Lease Liabilities**
1 January Financial liabilities at the beginning of the period	417,772,233	13,170,454	275,892,525	10,153,027
Loan principal inflows during the period	591,829,725	-	344,859,306	-
Other non-cash transactions	-	41,239,346	-	14,708,625
Term interest/profit share expense	(595,854,033)	(2,465,943)	(84,590,272)	(4,479,517)
Monetary gain/(loss)	(117,641,487)	(14,919,819)	(118,389,326)	(7,211,681)
End of period Financial Liabilities	**296,106,438**	**37,024,038**	**417,772,233**	**13,170,454**

NOTE 13 - PROVISIONS, CONTINGENT ASSETS AND CONTINGENT LIABILITIES

	31 December 2024	**31 December 2023**
Bails received and guarantee notes	191,909,528	234,716,723
Letters of guarantees received	236,827,652	227,864,715
Mortgages received	655,000	945,681
Total	**429,392,180**	**463,527,119**

Guarantees received has been received essentially regarding the sale made to customers. Financial risks regarding with letter of guarantee received is shown in Note 26. Company's exports are also insured by Turkish Eximbank.

As of December 31, 2024, and December 31, 2023, the tables related to the Group's collateral/pledge/mortgage ("CPM") position are as follows:

	31 December 2024		31 December 2023	
	TRY equivalent	**TRY**	**TRY equivalent**	**TRY**
A. Total amount of CPM's given for companies own legal entity	266,661,524	266,661,524	510,965,101	510,965,101
Collateral	246,661,524	246,661,524	463,385,677	463,385,677
Pledge	20,000,000	20,000,000	47,579,424	47,579,424
Mortgage	-	-	-	-
B. Total amount of CPM's given on behalf of fully consolidated companies	-	-	-	-
C. Total amount of CPM's given for continuation of its economic activities on behalf of third parties	-	-	-	-
D. Total amount of other CPM's given	-	-	-	-
Total CPM	**266,661,524**	**266,661,524**	**510,965,101**	**510,965,101**

The issued letters of guarantee are related to various Customs Directorates. As of December 31, 2024, and December 31, 2023, the Group has no other CPMs provided.

YÜNSA YÜNLÜ SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

NOTE 14 - COMMITMENTS

The Group, under the inward processing authorization documents, has export commitment amounting USD 20,926,130 (31 December 2023: USD 15,586,118).

Lease Contracts:

For the fiscal year ending on 31 December 2024, the Group's direct costs related to operating leases not categorized under IFRS 16 amount to 1,301,023 TRY . Comparatively, for the period ending on 31 December 2023, these costs totaled 952,402 TRY .

The Group's lease commitments related to operating leases are as follows:

	31 December 2024	31 December 2023
Within 1 year	408,000	368,840
	408,000	**368,840**

NOTE 15 - PROVISIONS AND LIABILITIES RELATED TO EMPLOYEE BENEFITS

Short term provision for employee benefits:

	31 December 2024	31 December 2023
Social security deductions payable	14,805,784	17,435,569
Unused vacation liability	14,003,238	26,743,212
Taxes and funds payable	11,221,923	14,074,490
Wages of employee payable	12,501,656	22,891,452
Total	**52,532,601**	**81,144,723**

Provisions for long-term employee benefits

	31 December 2024	31 December 2023
Provision for employee termination benefits	126,191,342	121,796,193
	126,191,342	**121,796,193**

Under the Turkish Labour Law, the Group is required to pay termination benefits to each employee who has completed one year of service and whose employment is terminated without due cause, or who is called up for military service, dies or retires after completing 25 years of service (20 years for women).

The indemnity payable is one month's salary limited to a maximum of TRY 41,828.42 for each year of service as of 31 December 2024 (31 December 2023: TRY 23,489.83).

TAS 19 ("Employee Benefits") suggests that the Group's liabilities are developed using the actuarial valuation techniques within the scope of defined benefit plans. Accordingly, the actuarial assumptions used in the calculation of total liabilities are mentioned below:

YÜNSA YÜNLÜ SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

NOTE 15 - PROVISIONS AND LIABILITIES RELATED TO EMPLOYEE BENEFITS (Continued)

Provisions for long-term employee benefits (Continued):

The principal assumption is that the maximum liability for each year of service will increase in line with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. Therefore, as of 31 December 2024, provisions in the accompanying consolidated financial statements, future, contingent liabilities due to retirement of employees is calculated by estimating the present value. Provisions in the balance sheet date, 25.25% of the annual inflation rate and 29.32% of discount rate is calculated on the estimations obtained as 3.25% real discount rate used (31 December 2023: 3%). Estimated turnover rate for probability of retirement is calculated as 95.20%. The severance pay amount that not given to the employee, as a consequence of optional reginations is taken into account. Employees of the Group as of 31 December 2024 of 4.57% are more likely to leave the job with their requests. (31 December 2023: 7.87%).

For the periods ended 31 December; movements in the provision for employment termination benefits are as follows:

	2024	2023
1 January	121,796,193	272,937,097
Interest cost	38,825,296	21,723,652
Cost of services	15,067,593	17,266,816
Actuarial gain / loss	34,049,222	40,344,516
Payments	(41,980,109)	(126,519,337)
Monetary gain/(loss)	(41,566,853)	(103,956,551)
31 December	**126,191,342**	**121,796,193**

NOTE 16 - OTHER ASSETS AND LIABILITIES AND OTHER PROVISIONS

Other current assets	31 December 2024	31 December 2023
VAT return to be requested	10,603,643	5,426,234
Deferred VAT	3,022,792	1,112,239
Other	332,264	636,736
Total	**13,958,699**	**7,175,209**

Other short term liabilities	31 December 2024	31 December 2023
Other Miscellaneous Payables	807,227	770,639
Other Liabilities Payable	79,058	107,406
Other Miscellaneous Foreign Resources	-	7,003
Total	**886,285**	**885,048**

YÜNSA YÜNLÜ SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

NOTE 16 - OTHER ASSETS AND LIABILITIES AND OTHER PROVISIONS (Continued)

Short-term provisions for employee benefits	31 December 2024	31 December 2023
Provision for other liabilities under employee benefits	10,251,701	-
Return for gesture	-	18,151,192
	10,251,701	**18,151,192**

Movements of short-term provisions for employee benefits for the periods ending 31 December 2024 and 31 December 2023 are as follows:

Movement Schedule for Provisions for Bonuses	2024	2023
1 January	18,151,192	67,560,366
Provision /(reversal)	(13,091,998)	16,617,067
Payments	-	(56,424,707)
Monetary gain/(loss)	(5,059,194)	(9,601,534)
31 December	**-**	**18,151,192**

Other provisions	31 December 2024	31 December 2023
Lawsuit provisions	18,264,582	11,439,774
	18,264,582	**11,439,774**

The movements for the lawsuit provisions for the period ending on December 31 are as follows:

	2024	2023
1 January	11,439,774	9,866,864
Provision	11,763,136	6,765,673
Monetary gain/(loss)	(4,938,328)	(5,192,763)
31 December	**18,264,582**	**11,439,774**

NOTE 17 - EQUITY

A) Paid in capital:

As of 31 December 2024, the issued capital of the Group is TRY 480,000,000 and it is divided into 480,000,000,000 bearer shares with a nominal value of 1 Kurus each, a total of 48,000,000,000 shares, There are no privileged shares (31 December 2023: 6,000,000,000 bearer shares with a nominal value of 1 Kurus each, a total of 6,000,000,000 shares).

YÜNSA YÜNLÜ SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

NOTE 17 - EQUITY (Continued)

A) Paid in capital (Continued)

On August 1, 2024, it was decided to increase the Company's registered capital from 60 million TRY to 480 million TRY . The entire increase of 420 million TRY was financed through internal resources. The announcement regarding this capital increase was published in the Capital Markets Board bulletin dated August 1, 2024, numbered 2024/37. The amendment to Article 6, tiTRY ed "Capital," of the Company's Articles of Association was registered by the Istanbul Trade Registry Office on September 5, 2024, and announced in the Turkish Trade Registry Gazette dated September 5, 2024, numbered 11158.

Shareholders of the Company as of 31 December 2024 and 31 December 2023 are as follows:

	31 December 2024		31 December 2023	
	TRY	Pay (%)	TRY	Pay (%)
Sürmegöz Tekstil Yatırım A,Ş,	277,835,497	57.88	34,729,438	57.88
Publicly listed and other	202,164,503	42.12	25,270,562	42.12
Paid-in capital	**480,000,000**		**60,000,000**	
Adjustment to Share Capital (*)	1,074,351,732		1,352,739,833	
Inflation-adjusted capital	**1,554,351,732**		**1,412,739,833**	

(*) Adjustment to Share Capital express the difference between the total amounts of capital adjusted according to inflation accounting and the amounts before the adjustment. Adjustment to Share Capital have no use other than being added to the paid-in capital.

The entire capital increase of 420,000,000 TRY was fully sourced from internal resources, with 278,388,101 TRY from capital adjustment differences reflected in the financial statements prepared in accordance with IFRS, 114,710,238 TRY from reserves set aside from profits and restricted reserves, and 26,901,661 TRY from retained earnings from previous years.

NOTE 18 - REVENUE AND COST OF SALES

a) Revenue	1 January- 31 December 2024	1 January- 31 December 2023
Export sales	982,630,385	1,655,466,997
Domestic sales	964,015,334	1,497,235,257
Other sales	1,726,838	15,033,388
Sales returns (-)	(5,637,485)	(6,549,043)
Other discounts from the sales (-)	(3,446,527)	(1,388,386)
Net sales	**1,939,288,545**	**3,159,798,213**
Cost of sales	**(1,572,209,645)**	**(2,241,835,843)**
Gross profit	**367,078,900**	**917,962,370**

YÜNSA YÜNLÜ SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

NOTE 18 - REVENUE AND COST OF SALES (Continued)

b) Cost of sales	**1 January- 31 December 2024**	**1 January- 31 December 2023**
Raw material and material expenses	(670,129,010)	(994,590,593)
Direct labor costs	(397,037,381)	(387,958,741)
General production expenses	(521,934,616)	(665,933,825)
Amortization expense	(114,945,455)	(90,752,297)
Change in inventories of work in progress	(11,446,881)	(76,219,149)
Changes in inventories of finished goods	126,482,017	(17,431,998)
Cost of finished goods sold	**(1,589,011,326)**	**(2,232,886,603)**
Change in provision for impairment of inventories (Note 8)	**16,801,681**	**(8,949,240)**
Cost of sales	**(1,572,209,645)**	**(2,241,835,843)**

NOTE 19 - GENERAL ADMINISTRATIVE EXPENSES AND MARKETING, SELLINGAND DISTRIBUTION EXPENSES

General administrative expenses	**1 January- 31 December 2024**	**1 January- 31 December 2023**
Personnel	(57,635,021)	(67,104,059)
Consulting	(18,718,518)	(7,722,901)
Depreciation and amortization	(7,745,421)	(6,842,348)
Representation and hospitality	(1,307,970)	(335,028)
Vacation	(1,151,886)	(1,530,126)
Rent	(3,480,720)	(1,480,424)
Other	(1,979,155)	(2,176,699)
Total general administrative expenses	**(92,018,691)**	**(87,191,585)**

YÜNSA YÜNLÜ SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

NOTE 19 - GENERAL ADMINISTRATIVE EXPENSES AND MARKETING, SELLINGAND DISTRIBUTION EXPENSES (Continued)

Marketing expenses	1 January- 31 December 2024	1 January- 31 December 2023
Export and freight	(60,403,840)	(70,505,563)
Personnel	(39,312,104)	(59,838,125)
Advertising expenses	(26,175,352)	(11,853,250)
Consulting	(19,947,366)	(5,520,503)
Transportation	(16,509,420)	(19,012,088)
Depreciation and amortization	(7,052,736)	(6,244,359)
Travel and communication expenses	(6,561,665)	(5,791,955)
Cargo expenses	(4,178,819)	(6,233,997)
Rent	(3,739,283)	(2,879,398)
Tender expenses	(4,591,956)	(7,071,267)
Other	(6,585,849)	(7,770,771)
Total marketing expenses	**(195,058,390)**	**(202,721,276)**

Research and development expenses	1 January- 31 December 2024	1 January- 31 December 2023
Personnel	(6,244,202)	(11,394,404)
Depreciation and amortization	(1,627,276)	(1,444,162)
Other	(1,201,838)	(2,161,099)
Total research and development expenses	**(9,073,316)**	**(14,999,665)**

NOTE 20 - OTHER OPERATING INCOME / (EXPENSES) AND INCOME FROM INVESTING ACTIVITIES

Other operating income	1 January- 31 December 2024	1 January- 31 December 2023
Foreign exchange gain from trade receivables and payables	61,783,078	273,601,749
Rediscount income	29,660,717	14,964,889
Fair incentive income	9,990,323	8,008,696
Incentives	4,875,259	13,712,397
Price difference claim income	4,801,381	4,887,497
Raw material and scrap material sales income	1,512,085	2,606,837
Diğer	2,439,295	2,102,334
Total other operating income	**115,062,138**	**319,884,399**

YÜNSA YÜNLÜ SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

NOTE 20 - OTHER OPERATING INCOME / (EXPENSES) AND INCOME FROM INVESTING ACTIVITIES (Continued)

	1 January- 31 December 2024	1 January- 31 December 2023
Income from the sale of property,plant and equipment	53,727,013	27,865,094
Income from the sale of marketable securities	6,132,103	5,352,240
Total income from investment activities	**59,859,116**	**33,217,334**

Other operating expense	1 January- 31 December 2024	1 January- 31 December 2023
Rediscount expenses	(41,699,002)	(5,797,589)
Foreign exchange loss from trade receivables and payables	(70,692,217)	(227,096,146)
Lawsuit provisions	(11,763,136)	(6,765,673)
Losses from derivatives	(3,268,745)	(802,528)
Disallowable expenses	(7,282,050)	(4,598,620)
Fees, dues and additional earthquake expenses	(5,089,957)	(34,444,071)
Other	(2,600,930)	(6,604,927)
Total other operating expenses	**(142,396,037)**	**(286,109,554)**

NOTE 21 - EXPENSES BY NATURE

A) Accrued wages and salaries	1 January- 31 December 2024	1 January- 31 December 2023
Cost of the goods sold	(397,037,381)	(387,958,741)
Marketing, selling and distribution expenses	(39,312,104)	(59,838,125)
General administrative expenses	(57,635,021)	(67,104,059)
Research and development expense	(6,244,202)	(11,394,404)
Capitalized at development projects	(27,961,461)	(18,266,180)
Total	**(528,190,169)**	**(544,561,509)**

B) Distribution of depreciation and amortization	1 January- 31 December 2024	1 January- 31 December 2023
Cost of the goods sold	(114,945,455)	(90,752,297)
Marketing, selling and distribution expenses	(7,052,736)	(6,244,359)
General administrative expenses	(7,745,421)	(6,842,348)
Research and development expense	(1,627,276)	(1,444,162)
Total	**(131,370,888)**	**(105,283,166)**

YÜNSA YÜNLÜ SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

NOTE 22 – FINANCING INCOME AND EXPENSE

	1 January- 31 December 2024	1 January- 31 December 2023
Interest expense	(90,473,093)	(40,280,394)
Foreign exchange difference (expense)/income	(6,883,612)	(20,180,749)
Other financial expenses	(11,343,286)	(33,182,645)
Total	**(108,699,991)**	**(93,643,788)**

	1 January- 31 December 2024	1 January- 31 December 2023
Interest / Participation share incomes	122,249,114	115,082,974
Foreign exchange gain	29,285,632	70,689,731
Total	**151,534,746**	**185,772,705**

NOTE 23 - TAX ASSETS AND LIABILITIES

The tax amounts reflected in the consolidated statement of financial position are as follows:

	31 December 2024	31 December 2023
Corporate and income taxes payable (-)	(37,720,752)	(177,436,001)
Less: Prepaid taxes	43,180,504	146,543,229
(Current tax liability) / net current tax assets	**5,459,752**	**(30,892,772)**

Corporation tax

The Company, which is the main shareholder of the Group, is subject to corporate tax valid in Turkey, In Turkey, the corporate tax rate is 25% (2023: 25%), , Necessary provisions have been made in the attached financial statements for the estimated tax liabilities regarding the Group's current period operating results, The corporate tax rate is applied to the net corporate income, which will be found as a result of adding the expenses that are not accepted as deductible in accordance with the tax laws to the commercial income of the institutions and deducting the exemptions and deductions in the tax laws,

In the Group's consolidated financial statements, the effective tax rate is calculated as 20% (for its subsidiaries located in Turkey) due to deferred tax assets and liabilities, deductions and exemptions benefited from,

YÜNSA YÜNLÜ SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

NOTE 23 - TAX ASSETS AND LIABILITIES (Continued)

For the years ended 31 December 2024 and 2023, tax amounts recognized in the profit or loss statement are as follows:

	1 January - 31 December 2024	1January - 31 December 2023
Tax expense for the period	(32,869,130)	(177,436,001)
Deferred tax income / (expense)	(87,446,182)	68,025,773
	(120,315,312)	**(109,410,228)**

Deferred Tax

The Group recognizes deferred tax assets and liabilities for temporary timing differences arising from differences between its tax financial statements and its financial statements prepared in accordance with TFRS, These differences generally arise from the fact that some income and expense items are included in different periods in the tax-based financial statements and the financial statements prepared in accordance with TFRS, and the differences in question are stated below,

In the consolidated financial statements dated 31 December 2024, deferred tax assets and liabilities are calculated with a 20% tax rate, Since businesses in Turkey cannot declare tax returns, subsidiaries with deferred tax assets cannot be netted with subsidiaries with deferred tax liabilities and are shown separately,

The breakdown of accumulated temporary differences and deferred tax assets and liabilities as of December 31, 2024 and December 31, 2023, using the applicable tax rates, is as follows:

	Cumulative temporary differences		Deferred tax assets/(liabilities) (*)	
	31 December 2024	**31 December 2023**	**31 December 2024**	**31 December 2023**
Property, plant and equipment and intangible assets	1,788,780,907	1,807,365,026	(244,168,967)	(252,643,909)
Right of use assets	74,709,279	8,828,213	(14,941,856)	(1,765,643)
Inventories	122,931,552	(95,587,158)	(24,586,310)	19,117,432
Provision for employee termination benefits	(126,191,342)	(121,796,193)	25,238,268	24,359,239
Unused vacation liability	(14,805,784)	(17,435,569)	2,961,157	3,487,114
Other provisions	(21,356,832)	(11,439,774)	4,271,366	2,287,955
Allowance for doubtful recivables	(20,719,415)	(7,041,813)	4,143,883	1,408,363
Non-accrued financial expenses (net)	(5,455,800)	10,842,951	1,091,160	(2,168,590)
Other	55,277,542	(152,232,178)	(11,055,508)	30,446,430
Deferred tax assets - net	**1,853,170,107**	**1,421,503,505**	**(257,046,807)**	**(175,471,609)**

(*) The Company is fully liable in Turkey and is subject to a corporate tax rate of 25% under the Corporate Tax Law No. 5520. However, in light of investment incentive certificates and effective tax burden analyses, it has projected future tax obligations. In this context, the Company has estimated the effective corporate tax rate at 20% for the calculation of current period tax obligations and has accounted for deferred tax liabilities and assets at this 20% rate in accordance with IAS 12 "Income Taxes".

YÜNSA YÜNLÜ SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

NOTE 23 - TAX ASSETS AND LIABILITIES (Continued)

	2024	2023
Balance at 1 January	**(175,471,609)**	**88,284,692**
Reflected in the statement of profit or loss	(87,446,182)	68,025,773
Reflected to other comprehensive income statement	5,870,984	(331,782,074)
Balance at 31 December	**(257,046,807)**	**(175,471,609)**

	31 December 2024	31 December 2023
Deferred tax assets expected to be benefitted from in a period longer than one year	(218,930,699)	(204,019,198)
	(218,930,699)	**(204,019,198)**

The reconciliation of the period's tax expense with the period's profit is as follows:

	1 January 31 December 2024	1 January 31 December 2023
(Loss)/profit before tax	**156,962,336**	**895,181,410**
Income tax rate	25%	25%
Calculated tax expense	**(39,240,584)**	**(223,795,353)**
Non-tax deductible expenses	(1,819,035)	(5,154,296)
Research and development deduction	10,378,854	9,575,098
Lump sum expense deduction	-	1,597,843
Other exceptions	28,113,008	22,304,382
Corporate tax deduction (*)	1,864,912	41,495,318
Effect of statutory tax rate change on deferred tax amount	-	(3,622,326)
Monetary gain/(loss)	(53,936,007)	103,807,168
Effect of Difference in Effective Tax Rate (**)	(65,676,460)	(55,654,157)
Other	-	36,095
Tax income/(expense) on profit or loss statement	**(120,315,312)**	**(109,410,228)**

(*) As of January 22, 2021, Law No. 7351 introduced changes to the Corporate Tax Law. According to these amendments, export-oriented companies and/or manufacturing firms were eligible for a 1% reduction in corporate tax. However, with the publication of Law No. 7456 in the Official Gazette on July 15, 2023, this tax reduction has been increased from 1% to 5% specifically for companies that generate income solely from exports.

(**) This reflects the difference between the Group's effective tax rate of 20% and the statutory rate of 25% under the Tax Procedure Law.

YÜNSA YÜNLÜ SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024
(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

NOTE 24 - EARNINGS / (LOSSES) PER SHARE

	31 December 2024	31 December 2023
Net profit	36,647,022	785,771,182
Weighted average number of shares per 1 Kr in nominal value	48,000,000,000	48,000,000,000
Diluted (loss)/earnings per share (Kr)	**0.0763**	**1.6370**

NOTE 25 - NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

a,1 Credit risk management

As of 31 December 2024, the Group holds cash and cash equivalents (excluding cash on hand) and financial investments amounting to 241,558,746 TRY (31 December 2023: 717,326,195 TRY). These cash and cash equivalents and financial investments are maintained with reputable financial institutions based in Turkey.

a,2 Liquidity risk management

Ultimate responsibility belongs to the Board of Directors for liquidity risk management, The Board of Directors has created an appropriate liquidity risk management for the Group's short, medium and long-term funding and liquidity management requirements, The Group manages the liquidity risk estimation and monitoring of actual cash flows on a regular basis and ensures the availability of adequate funds and borrowing reserves by matching the maturities of financial assets and liabilities,

The following table shows the details of the Group's expected maturity for its non-derivative financial liabilities, Non-derivative financial liabilities is prepared on the basis of undiscounted cash flows and on the earliest dates, The interest payments on the obligations in question were included in the following table,

b,1) Market risk management

The Group's activities are primarily exposed to financial risks related to changes in foreign currency exchange rates and interest rates, as detailed below,

Market risks are also assessed through sensitivity analyzes,

There has been no change in the Group's exposure to market risk or exposure to risks in its management and measurement methods in the current year,

b,1,1) Currency Risk Management

Group is exposed to foreign currency risk, principally the USD, EUR and GBP, The Group controls this risk through a natural method of offsetting foreign currency assets and liabilities, Management is responsible for analyzing the Group's foreign exchange position and taking precautions when necessary,

The table below shows the Group's sensitivity to a 20% increase and a decrease in USD, EUR and GBP exchange rates, The 20% rate is used during the reporting of the foreign exchange risk within the Group to the senior management, This means that the rate management indicates the possible change in exchange rates, Sensitivity analysis only covers monetary items at the end of the period in terms of open foreign currencies and shows the effect of the 20% exchange rate change at the end of the year, This analysis includes loans that are used for foreign operations within the Group together with outsourced loans, as well as loans outside the functional currency of the employing parties, Positive value refers to the increase in profit / loss and other equity items,

YÜNSA YÜNLÜ SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

NOTE 25 - NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (Continued)

TRY equivalents of assets and liabilities denominated in foreign currency held by the Group as follows:

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated,)

31 December 2024	TRY Equivalent (Functional Currency)	USD	EURO	GBP	Other
1, Trade receivables	248,762,798	3,305,629	3,433,151	136,138	-
2a, Monetary financial assets (Cash, bank accounts included)	50,326,109	25,671	1,326,322	15,753	1
2b, Non-monetary financial assets	-	-	-	-	-
3, Other	5,790,945	11,393	141,183	4,580	-
4, Current assets (1+2+3)	**304,879,852**	**3,342,693**	**4,900,656**	**156,471**	**1**
5, Trade receivables	-	-	-	-	-
6a, Monetary financial assets	-	-	-	-	-
6b,Non- Monetary financial assets	-	-	-	-	-
7, Other	-	-	-	-	-
8, Non-current assets (5+6+7)	**-**	**-**	**-**	**-**	**-**
9, Total assets (4+8))	**304,879,852**	**3,342,693**	**4,900,656**	**156,471**	**1**
10, Trade payables	165,820,345	3,834,885	814,578	6,800	334
11, Financial liabilities	-	-	-	-	-
12a, Other monetary liability	19,849,461	204,911	319,405	19,142	1,629
12b, Other non-monetary liabilities	-	-	-	-	-
13, Current liabilities (10+11+12)	**185,669,806**	**4,039,796**	**1,133,983**	**25,942**	**1,963**
14, Trade payables	-	-	-	-	-
15, Financial liabilities	-	-	-	-	-
16a, Other monetary liabilities	-	-	-	-	-
16b, Other non-monetary liabilities	-	-	-	-	-
17, Non-current liabilities (14+15+16)	**-**	**-**	**-**	**-**	**-**
18, Total liabilities (13+17)	**185,669,806**	**4,039,796**	**1,133,983**	**25,942**	**1,963**
19,Net asset/liability position of off-balance sheet derivatives (19a-19b)	**-**	**-**	**-**	**-**	**-**
19a, Foreign currency derivatives accounted assets	-	-	-	-	-
19b, Foreign currency derivatives accounted liabilities	-	-	-	-	-
20, Net foreign currency position (9-18+19)	**119,210,046**	**(697,103)**	**3,766,673**	**130,529**	**(1,962)**
21, Monetary items net foreign currency asset/ liability position (=1+2a+5+6a-10-11-12a-14-15-16a)	**113,419,101**	**(708,496)**	**3,625,490**	**125,949**	**(1,962)**
22, Fair value of financial assets for foreign currency hedge	**-**	**-**	**-**	**-**	**-**
23, The amount of Currency Hedged portion of assets	**-**	**-**	**-**	**-**	**-**
24 The amount of Currency Hedged portion of liabilities	**-**	**-**	**-**	**-**	**-**
25, Export	**982,630,385**	**5,501,541**	**17,804,389**	**482,936**	**-**
26, Import	**555,657,489**	**12,925,888**	**2,130,352**	**110,569**	**721,042**

YÜNSA YÜNLÜ SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

NOTE 25 - NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (Continued)

b,1,1) Currency Risk Management (Continued)

31 December 2023	TRY Equivalent (Functional Currency)	USD	EURO	GBP	Other
1, Trade receivables	396,543,014	2,079,554	6,501,362	44,367	-
2a, Monetary financial assets (Cash, bank accounts included)	83,203,429	883,129	896,544	64,816	-
2b, Non-monetary financial assets	-	-	-	-	-
3, Other	-	-	-	-	-
4, Current assets (1+2+3)	**479,746,442**	**2,962,683**	**7,397,906**	**109,183**	**-**
5, Trade receivables	-	-	-	-	-
6a, Monetary financial assets	-	-	-	-	-
6b,Non- Monetary financial assets	-	-	-	-	-
7, Other	-	-	-	-	-
8, Non-current assets (5+6+7)	**-**	**-**	**-**	**-**	**-**
9, Total assets (4+8))	**479,746,442**	**2,962,683**	**7,397,906**	**109,183**	**-**
10, Trade payables	334,088,490	6,422,055	1,252,495	29,937	3,217
11, Financial liabilities	-	-	-	-	-
12a, Other monetary liability	-	-	-	-	-
12b, Other non-monetary liabilities	-	-	-	-	-
13, Current liabilities (10+11+12)	**334,088,490**	**6,422,055**	**1,252,495**	**29,937**	**3,217**
14, Trade payables	-	-	-	-	-
15, Financial liabilities	-	-	-	-	-
16a, Other monetary liabilities	-	-	-	-	-
16b, Other non-monetary liabilities	-	-	-	-	-
17, Non-current liabilities (14+15+16)	**-**	**-**	**-**	**-**	**-**
18, Total liabilities (13+17)	**334,088,490**	**6,422,055**	**1,252,495**	**29,937**	**3,217**
19,Net asset/liability position of off-balance sheet derivatives (19a-19b)	-	-	-	-	-
19a, Foreign currency derivatives accounted assets	-	-	-	-	-
19b, Foreign currency derivatives accounted liabilities	-	-	-	-	-
20, Net foreign currency position (9-18+19)	**145,657,953**	**(3,459,372)**	**6,145,411**	**79,246**	**(3,217)**
21, Monetary items net foreign currency asset/ liability position (=1+2a+5+6a-10-11-12a-14-15-16a)	**145,657,953**	**(3,459,372)**	**6,145,411**	**79,246**	**(3,217)**
22, Fair value of financial assets for foreign currency hedge	**-**	**-**	**-**	**-**	**-**
23, The amount of Currency Hedged portion of assets	**-**	**-**	**-**	**-**	**-**
24 The amount of Currency Hedged portion of liabilities	**-**	**-**	**-**	**-**	**-**
25, Export	**1,655,466,997**	**8,405,683**	**26,090,768**	**1,023,734**	**-**
26, Import	**841,404,150**	**21,535,618**	**5,623,492**	**171,523**	**981,336**

YÜNSA YÜNLÜ SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

NOTE 25 - NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (Continued)

The Group is exposed to foreign exchange risk, due to the impact of rate changes of foreign currency denominated assets and liabilities translated into Turkish Lira, The foreign exchange risk, foreign currency position is monitored and limited by the analysis,

	31 December 2024	31 December 2024
	Profit/Loss	
	Appreciation of foreign currency	**Depreciation of foreign currency**
20% change in USD rate		
1 - USD net asset/liability	(4,927,654)	4,927,654
2- Hedged amount (-)	-	-
3- USD net effect (1 +2)	**(4,927,654)**	**4,927,654**
20% change in EURO rate		
4 - EURO net asset/liability	27,674,651	(27,674,651)
5 - Hedged amount (-)	-	-
6- EUR net effect (4+5)	**27,674,651**	**(27,674,651)**
20% change in GBP rate		
7- GBP net asset/liability	1,154,067	(1,154,067)
8- Hedged amount (-)	-	-
9- GBP net effect (7+8)	**1,154,067**	**(1,154,067)**
20% change in Other Currency (CHF and Japan Yen) rate		
7- Other currency net asset/liability	(15,282)	15,282
8- Hedged amount (-)	-	-
12- Other assets net effect (10+11)	**(15,282)**	**15,282**
TOTAL (3 + 6 +9+12)	**23,885,782**	**(23,885,782)**

	31 December 2023	31 December 2023
	Profit/Loss	
	Appreciation of foreign currency	**Depreciation of foreign currency**
20% change in USD rate		
1 - USD net asset/liability	(29,459,489)	29,459,489
2- Hedged amount (-)	-	-
3- USD net effect (1 +2)	**(29,459,489)**	**29,459,489**
20% change in EURO rate		
4 - EURO net asset/liability	57,803,577	(57,803,577)
5 - Hedged amount (-)	-	-
6- EUR net effect (4+5)	**57,803,577**	**(57,803,577)**
20% change in GBP rate		
7- GBP net asset/liability	856,775	(856,775)
8- Hedged amount (-)	-	-
9- GBP net effect (7+8)	**856,775**	**(856,775)**
20% change in Other Currency (CHF and Japan Yen) rate		
7- Other currency net asset/liability	(32,690)	32,690
8- Hedged amount (-)	-	-
12- Other assets net effect (10+11)	**(32,690)**	**32,690**
TOTAL (3 + 6 +9+12)	**29,168,173**	**(29,168,173)**

YÜNSA YÜNLÜ SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024
(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

NOTE 25 - NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (Continued)

b,1,2) Interest rate risk management

Group is exposed to interest rate risk due to Group's borrowings at both fixed and floating interest rates, Mentioned risk is managed by maintaining an appropriate distribution between the fixed and floating rate borrowings by the Group,

The Group's interest rate sensitive financial instruments are as follows:

	31 December 2024	31 December 2023
Financial instruments with fixed interest rate		
Financial Assets	228,967,287	681,433,511
Financial Liabilities	333,130,476	431,217,083

Fair value risk of fixed rate instruments:

The Group does not have financial assets and liabilities with fixed interest fair value reflected on profit or loss and hedging derivatives (forward interest rate swaps) recorded under the accounting model for hedging purposes, Therefore, as of the reporting period, changes in interest rates will not affect profit or loss,

c,1) Capital ratio risk management

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

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

The Group monitors the capital by using the net financial debts/equities ratio, Net financial debts are calculated by deducting the cash and cash equivalents from the total financial debt amount,

Net debt/invested capital ratios as of 31 December 2024 and 31 December 2024 are as follows:

	31 December 2024	31 December 2023
Total financial debt	333,130,476	431,217,083
Cash values and banks (*)	(241,558,746)	(717,326,195)
Net financial debt	91,571,730	(286,109,112)
Equities	3,397,324,114	3,667,348,304
Net financial debt/equities ratio	3%	-8%

(*) The amount of the cash values and banks as of 31 December; also includes the term deposits with maturity longer than three months shown in the financial investments possessed by the Group, in addition to cash and cash equivalents.

YÜNSA YÜNLÜ SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

NOTE 25 - NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (Continued)

c,2) Operational risk

Operational risk, is the risk that direct or indirect loss arising from a wide variety of reasons related to the Company's processes, employees, technology and infrastructure used, and external factors such as legal and regulatory requirements other than credit risk, market risk and liquidity risk, and generally accepted standards regarding legal personality, Operational risks arise from all of the Group's activities, The aim of the Group is to manage operational risk by avoiding financial losses and damaging the reputation of the Group, on the one hand, and by avoiding controls that restrict entrepreneurship and creativity on the other,

The improvement and implementation of controls in operational risk aversion are primarily the responsibility of senior managers in each business, This responsibility is supported by the improvement of the general standards regarding the management of operational risks in the following areas:

- Requirements for proper distribution of duties and responsibilities, including the independent authorization of transactions,
- Requirements for reconciliation and supervision of transactions and compliance with regulatory and other legal requirements,
- Documentation of controls and procedures,
- Periodic evaluation of the operational risks encountered and the adequacy of the controls and procedures to avoid the identified risks,
- Requirements for reporting operational losses and presenting improvement activities related to them,
- Establishing emergency plans,
- Training and work-related development of employees,
- Ethical and business standards and
- Risk reduction remedies, including insurance where effective,

Compliance with company standards is audited through the periodic audit program carried out by Internal Audit, The results of the review made by Internal Audit are reported to the management of the relevant operational department and shared with the Audit Committee and senior management,

YÜNSA YÜNLÜ SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024
(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

NOTE 26 - FINANCIAL INSTRUMENTS

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

1) Monetary assets

The carrying amounts of foreign currency denominated monetary assets which are translated at year end exchange rates are considered to approximate their fair values,

The carrying values of cash and cash equivalents are estimated to be their fair values since they are short term. The carrying values of trade receivables are estimated to be their fair values,

2) Monetary Payables

It is accepted that the fair values of bank loans and other monetary debts are close to their registered values due to their mosTRY y short-term nature,

It is estimated that the registered values of trade payables show their fair values,

3) Derivative financial instruments (futures contracts)

The Group enters into future contracts in foreign currency markets, The aforementioned future contracts made with respect to hedging in accordance with the risk management policies of the Group are recognized with their fair value under "derivative financial assets" (if revenue) or "derivative financial liabilities" (if expense) in financial statements since they do not provide appropriate conditions for hedge accounting according to IAS 9 Financial Instruments: Recognition and Measurement,

Fair values of derivative financial instruments are considered as future cash returns discounted in publicly traded markets or reduced to balance sheet date, All derivative instruments are carried as assets when their fair values are positive and as debt when they are negative,

The Group classifies the financial instruments that are reported with their fair values in the financial statements according to the source of the valuation inputs of each class of financial instruments using the three level hierarchy as follows:

Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities,
Level 2: Other valuation techniques including indirecTRY y and direcTRY y observable inputs
Level 3: Valuation techniques which do not include observable market inputs

Assets/(Liabilities)	Level 1	Level 2	Level 3	Total
31 December 2024				
Investment Funds	1,396,013	-	-	1,396,013
Land and Plots	-	2,278,537,986	-	2,278,537,986
Total	**1,396,013**	**2,278,537,986**	**-**	**2,279,933,999**

Assets/(Liabilities)	Level 1	Level 2	Level 3	Total
31 December 2023				
Investment Funds	26,019,034	-	-	26,019,034
Derivative instruments	-	(274,396)	-	(274,396)
Land and Plots	-	2,273,701,435	-	2,273,701,435
Total	**26,019,034**	**2,273,427,039**	**-**	**2,299,446,073**

YÜNSA YÜNLÜ SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

NOTE 27 - EXPLANATIONS RELATED TO NET MONETARY POSITION GAINS/(LOSSES)

Non Monetary Items	**31,Ara,24**
Financial position statement items	**(251,966,336)**
Prepaid expense	5,236,442
Inventory	223,315,999
Financial investments	
Right of use assets	11,752,926
Property, plant and equipment	689,708,809
Intangible assets	11,752,926
Deferred tax	(5,419,780)
Deferred revenue	(2,792,238)
Share capital	(26,627,263)
Accumulated Other Comprehensive Income or Expense not to be reclassified to profit or loss	49,044,202
Restricted Reserves Appropriated from Profit	(181,837,073)
Accumulated Other Comprehensive Income or Expense to Be Reclassified to Profit or Loss	(752,926,599)
Retain earnings	(273,174,687)
Profit or Loss statement items	**262,640,195**
Revenue	(234,484,718)
Cost of sales	384,784,734
Research and development expenses	1,424,323
Marketing expenses	26,197,637
General administrative expenses	22,008,111
Other operating income/(expense)	5,312,380
Investment activities income/(expense)	(17,950,732)
Financial income/(expense)	(10,884,474)
Current tax expense	5,010,158
Deferred tax expense	81,222,776
Net Monetary position Loss	**10,673,859**

YÜNSA YÜNLÜ SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

(Amounts expressed in thousands of Turkish Lira ("TRY") unless otherwise indicated.)

NOTE 28 - FEES RELATED TO SERVICES RECEIVED FROM INDEPENDENT AUDITOR / INDEPENDENT AUDIT FIRM

Regarding the fees calculated on the basis of purchasing power as of 31 December 2024 for the services provided by independent auditing institutions, which the Group has prepared pursuant to the Board Decision of the KGK published in the Official Gazette on 30 March 2021 and whose preparation principles are based on the KGK letter dated 19 August 2021, The description is as follows:

	31 December 2024	31 December 2023
Independent audit fee for the reporting period	4,072,311	1,501,539
Tax consultancy services fee for the reporting period	985,751	378,739
Fee for other assurance services for the reporting period	-	422,452
	5,058,062	**2,302,730**

NOTE 29 - SUBSEQUENT EVENTS

There is none,

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CREATION OF FABRICS

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