



BATISÖKE
ANNUAL REPORT
2023





BATISÖKE

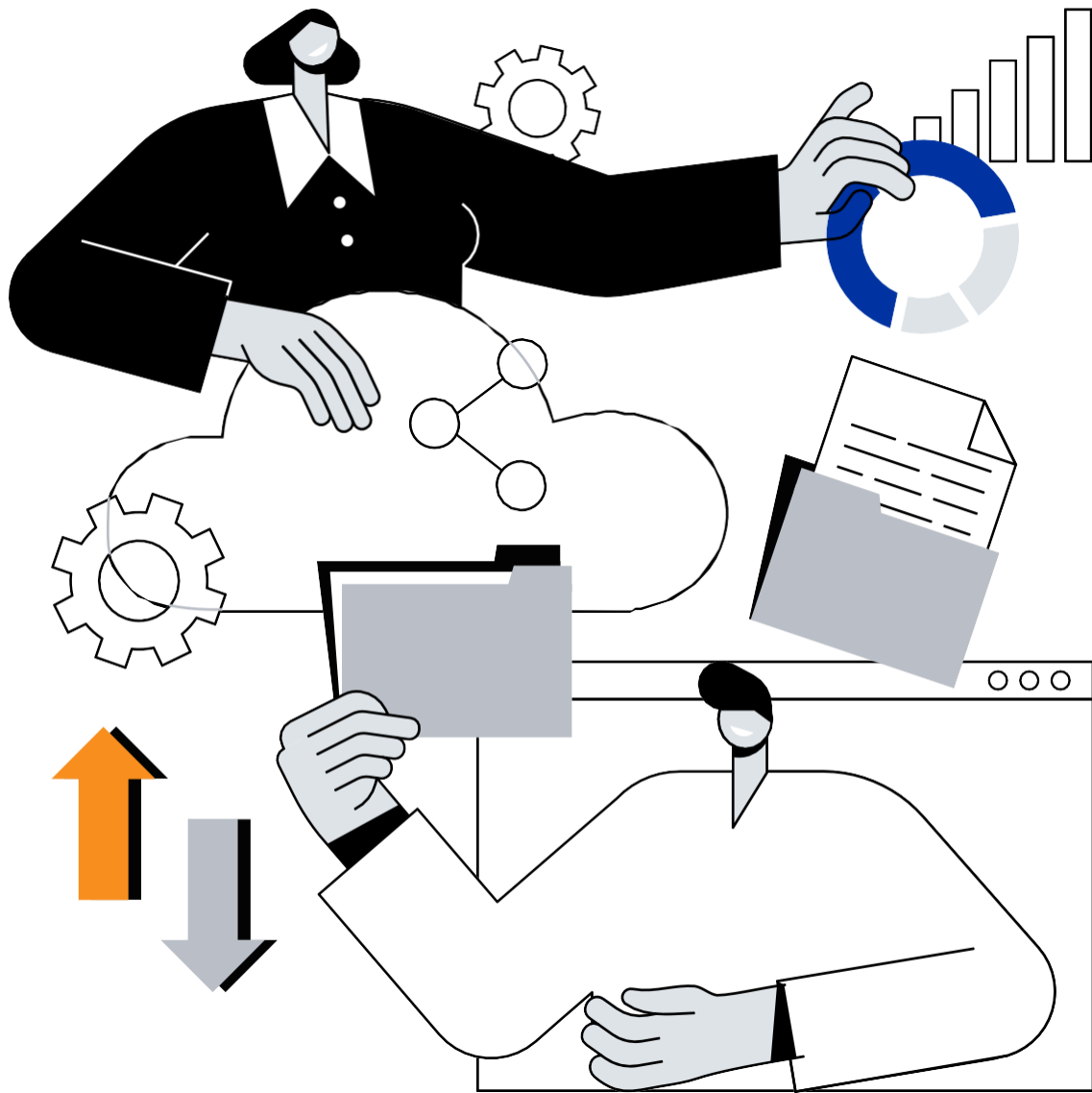
ANNUAL REPORT 2023

THE SPECIAL GENERAL MEETING OF CLASS A SHAREHOLDERS

July 2, 2024 Time: 9:30 A.M.

THE ORDINARY GENERAL
MEETING

July 2, 2023 Time: 10:30 P.M.



AGENDA FOR THE SPECIAL GENERAL MEETING OF CLASS A SHAREHOLDERS OF BATISÖKE SÖKE ÇİMENTO SANAYİİ TÜRK A.Ş.

1. **Opening**, formation of the Chairperson's Committee, and granting authority for the Chairperson's Committee to sign the Minutes of the General Meeting; and
2. Nomination of the candidates for the Board of Directors to be submitted for approval by the General Assembly.

AGENDA FOR THE ORDINARY GENERAL MEETING OF BATISÖKE SÖKE ÇİMENTO SANAYİİ TÜRK A.Ş.

1. **Opening**, formation of the Chairperson's Committee, and granting authority for the Chairperson's Committee to sign the Minutes of the General Meeting;
2. Reading, discussing, and approving the Board of Directors' Annual Report and the reports of the Independent External Audit Firm, as well as the company's balance sheet and profit-loss statements for the year 2023;
3. Presentation of information regarding related party transactions;
4. Presentation of information regarding donations and contributions made in 2023;
5. Information on the guarantees, liens, and mortgages provided by the Company in favor of third parties, as well as the income or benefits received;
6. Release of the Members of the Board of Directors individually for their activities, accounts, and any other actions taken during the year 2023;
7. Amendment of Article 18 of the Company's Articles of Association;
8. Determination of the number and terms of office of the Board of Directors members and their election;
9. Resolution on the remuneration to be paid to the Members of the Board of Directors;
10. Resolution on the upper limit of donations to be made in 2024;
11. Discussion and resolution regarding the Board of Directors' proposal for profit distribution;
12. Selection of the Independent External Audit Firm for the audit of the Company's accounts and financial statements for the year 2024;
13. Granting permission to the Members of the Board of Directors in accordance with Articles 395 and 396 of the Turkish Commercial Code;
14. Questions and suggestions.

INDEPENDENT AUDITOR'S REPORT ON THE ANNUAL REPORT OF THE BOARD OF DIRECTORS

To the General Assembly of Batisöke Söke Çimento Sanayii Türk A.Ş. (Joint Stock Company)

1- OPINION

We have audited the annual report of Batisöke Söke Çimento Sanayii Türk A.Ş. (Joint Stock Company) (hereinafter the 'Company') for the fiscal year from January 1, 2023, to December 31, 2023.

In our opinion, the financial information included in the annual report of the Board of Directors, along with the Board's assessments regarding the Company's position, are consistent, in all material respects, with the audited full set of financial statements and the information obtained during the independent audit, and they present a true and fair view.

2- BASIS FOR THE OPINION

We conducted our independent audit in accordance with the independent auditing standards issued by the Capital Markets Board (CMB) of Türkiye and the Independent Auditing Standards (BDS) as part of the Turkish Auditing Standards issued by the Public Oversight, Accounting and Auditing Standards Authority (KGK). Our responsibilities under these Standards are detailed in the section of our report titled Independent Auditor's Responsibilities for the Independent Audit of the Annual Report. We declare that we are independent from the Company in accordance with the Code of Ethics for Independent Auditors (Code of Ethics) published by KGK and the ethical provisions in the applicable regulations regarding independent auditing. Other responsibilities related to ethics under the Code of Ethics and

applicable regulations have also been fulfilled by us. We believe that the independent audit evidence obtained during the independent audit process is sufficient and appropriate to form the basis for our opinion.

3- OUR AUDITOR'S OPINION ON THE FULL SET OF FINANCIAL STATEMENTS

We have expressed a favorable opinion in our auditor's report dated April 4, 2024, regarding the full set of financial statements of the Company for the fiscal year from January 1, 2023, to December 31, 2023.

4- RESPONSIBILITIES OF THE BOARD OF DIRECTORS FOR THE ANNUAL REPORT

The Company management is responsible for the annual report in accordance with Articles 514 and 516 of the Turkish Commercial Code (TCC) No. 6102 and the Capital Markets Board's (CMB) Communiqué No. II-14.1 on the 'Principles on Financial Reporting in Capital Markets' (the 'Communiqué') for the following:

- a) The Group prepares the annual report within the first three months following the balance sheet date and submits it to the general assembly.
- b) The Company prepares its annual report to accurately, completely, straightforwardly, truthfully, fairly, and honestly reflect the flow of its activities for that year and its financial position in all aspects. In this report, the financial position is assessed based on the financial statements. The report also clearly indicates the potential risks to the Company's development and those it is likely to encounter. The assessment of the board of directors on these issues is also included in the report.

c) The annual report also includes the following:

- Material events that occurred in the Company after the end of the fiscal year;
- The Company's research and development (R&D) activities;
- Financial benefits paid to board members and senior executives, including wages, bonuses, premiums, allowances, travel, accommodation and representation expenses, in-kind and cash benefits, insurance, and similar guarantees.

While preparing the annual report, the Board of Directors also considers the secondary regulations issued by the Ministry of Trade and other relevant authorities and institutions.

5- INDEPENDENT AUDITOR'S RESPONSIBILITIES FOR THE INDEPENDENT AUDIT OF THE ANNUAL REPORT

Our aim is to provide an opinion on whether the financial information included in the annual report and the discussions made by the Board of Directors are consistent with the Company's audited financial statements and the information obtained during the independent audit, and whether they present a true and fair view, and to prepare a report containing this opinion within the framework of TCC provisions and the Communiqué.

We conducted our independent audit in accordance with the Independent Auditing Standards (BDS) and the independent auditing standards issued by the Capital Markets Board of Türkiye. These standards require that we ensure compliance with ethical provisions and plan and perform the independent audit to obtain reasonable assurance about whether the financial information in the annual report and the discussions of the Board of Directors are consistent with the financial statements and the information obtained during the independent audit, and whether they present a true and fair view.

Mehmet Başol Çengel is the responsible auditor who has duly conducted and finalized this independent audit.

Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (Joint Stock Company)
A member firm of Ernst & Young Global Limited

Mehmet Başol Çengel, Certified Public Accountant (CPA)
Responsible Auditor
April 4, 2024 İzmir, Türkiye





**BATISÖKE SÖKE ÇİMENTO SANAYİİ T. A.Ş. January 1,
2023 – December 31, 2023**

ANNUAL REPORT

INFORMATION REQUIRED BY THE CAPITAL MARKETS BOARD

A- GENERAL INFORMATION

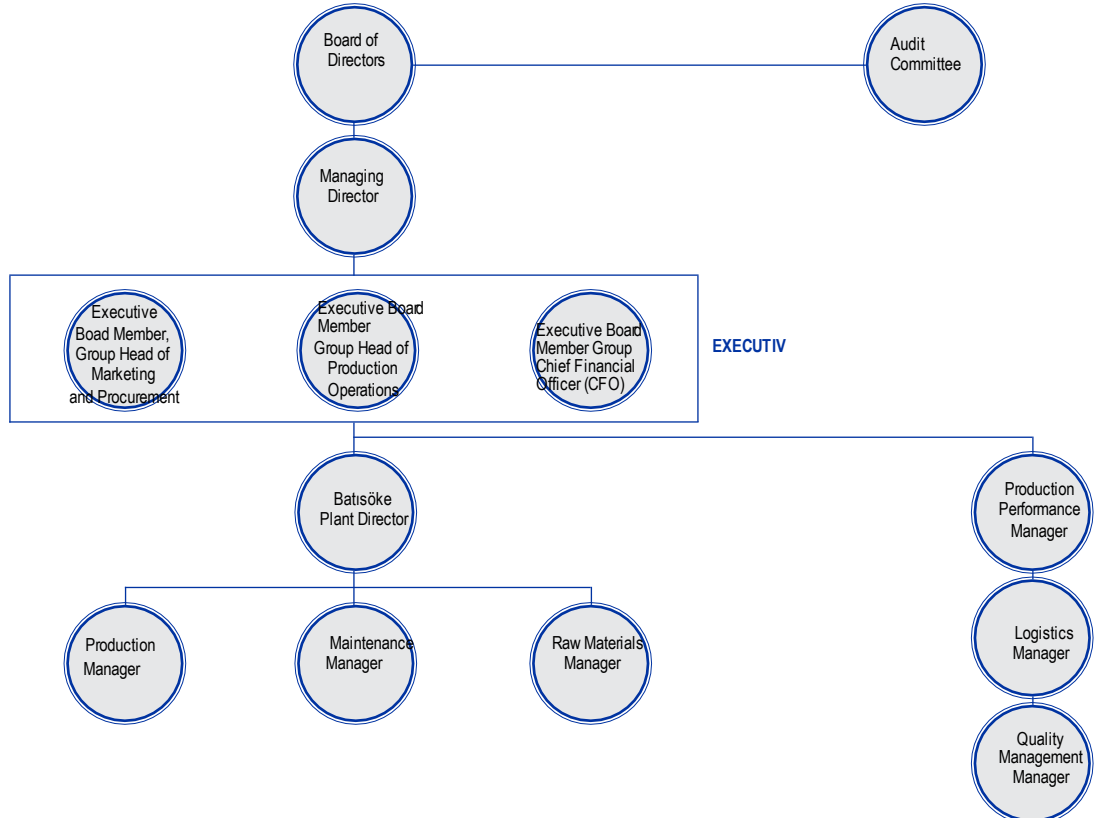
1. Reporting Period

January 1, 2023 -
December 31, 2023

2.

Trade Name	:	Batisöke Söke Çimento Sanayii T.A.Ş.
Trade Registry Number	:	5744/K-5900 (Mersis No.: 0150001414500012)
Contact Information	:	
Headquarters	:	Ankara Caddesi No: 335 Bornova – İzmir
Branch (Plant)	:	Atatürk Mah. Aydın Cad. No: 234 Söke – İzmir
Branch (Çavdır)	:	Fethiye Yolu Üzeri 5. Km. Çavdır - Burdur
Phone	:	0 232 478 44 00
Fax	:	0 232 478 44 44
Email	:	info@batisoke.com.tr
Website	:	www.batisoke.com.tr

3. Company's Organizational Structure



4. Shareholding Structure, Capital Distribution and Privileged Shares

The Company is subject to the registered capital system. The registered capital ceiling of the Company amounts to TRY 800,000,000 as of December 31, 2023, and this capital is divided into 80,000,000,000 shares, each with a nominal value of 1 kuruş.

TRY 14,956.13 of the Company's shares consist of Class A registered shares, while TRY 59,824.54 are Class A bearer shares. The remaining shares consist of Class B bearer shares. Each Company share has a nominal value of TRY 0.01. The Company's issued capital consists of 40,000,000,000 shares, each with a nominal value of 1 kuruş, totaling TRY 400,000,000.

The Company's share capital consists of Class A and Class B shares.

The Company's issued capital and shareholding structure as of December 31, 2023, are presented below.

Shareholders	Nominal Value (TRY)	Share in Capital (%)
Batıçim Batı Anadolu Çimento Sanayii A.Ş.	298,494,052.78	74.62
Other	101,505,947.22	25.38
General Total	400,000,000.00	100.00

Class A shareholders have the following rights and privileges according to the Company's Articles of Association:

All members of the Board of Directors are elected from among the candidates to be nominated by the majority of Group A shareholders. The Company's Class A (Privileged) shares as of December 31, 2023, are presented below.

Class	Registered /	Nominal Value of Each Share (TRY)	Total Nominal Value (TRY)	Proportion to Capital (%)	Type of Privilege	Publicly Traded? (Yes/No)
A	Registered	0.01	14,956.13	0.00	Privilege in the Election of Members to the Board of Directors	No, not publicly traded.
A	Bearer	0.01	59,824.54	0.01	Privilege in the Election of Members to the Board of Directors	No, not publicly traded.

5. Information on the Board of Directors, Senior Management, and Personnel Count

The members of the Board of Directors are elected in accordance with the provisions of the Turkish Commercial Code and the provisions of the Company's Articles of Association.

Board of Directors	Role	Independent Member of the Board of Directors? (Yes/No)
Sabit AYDIN	Chair of the Board of Directors	No, not an Independent Member
Gülant CANDAŞ	Vice Chair of the Board of Directors	No, not an Independent Member
Erdoğan GÖĞEN	Member of the Board of Directors	No, not an Independent Member
Ömer Çağdaş SELVİ	Executive Member of the Board of Directors	No, not an Independent Member
Şükrü Serdar BAĞCIOĞLU	Independent Member of the Board of Directors	Independent Member
Mustafa Teoman GÜRGAN	Independent Member of the Board of Directors	Independent Member
Ufuk Bala Yücel	Independent Member of the Board of Directors	Independent Member

Changes in the Board of Directors During the Period

There were no changes in the Board of Directors during the period.

Duties and Authorities of the Members of the Board of Directors

There were no changes related to the duties and authorities of the members of the Board of Directors during the period.

The Chair and Members of the Board of Directors are vested with the duties and authorities set forth in the relevant provisions of the Turkish Commercial Code and the Company's Articles of Association.

Information on the Roles of the Members of the Board of Directors and Executives Carried Out Outside the Company and Declarations on the Independence of the Members of the Board of Directors

Information on the roles of the representatives of the members of the Board of Directors and executives carried out outside the Company is included in the Corporate Governance Principles Compliance Report.

Number of Board of Directors Meetings During the Year and Attendance of Board Members at These Meetings

The Board of Directors held a total of 19 meetings from January 1, 2023, to December 31, 2023. Members of the Board of Directors regularly attended the meetings.

Committee Members of the Board of Directors' Committees, Meeting Frequency, Working Principles Including Activities Conducted, and the Board of Directors' Assessment of Committee Effectiveness For the period from January 1, 2023, to December 31, 2023, the Audit Committee met 5 times, the Corporate Governance Committee met 1 time, and the Early Detection of Risks Committee met 6 times within the Board of Directors. Members of the Board of Directors regularly attended the meetings. The working guidelines for the committees are available on the website: www.batisoke.com.tr

The Company has established the Audit Committee, Corporate Governance Committee, and Early Detection of Risks Committee to effectively fulfill the roles and responsibilities of the Board of Directors and to comply with the Corporate Governance Principles. The working principles for these committees have been published on the Company's website. Within the framework of the Capital Markets Board's Communiqué on Corporate Governance, the Corporate Governance Committee has also been entrusted with the authority, roles and responsibilities to fulfill the duties stipulated for the Nomination Committee and the Remuneration Committee.

Committee	Role/Title	First Name and Last Name	Type	Meeting Frequency
Audit Committee	Committee Chair	Şükrü Serdar BAĞCIOĞLU	Independent Member	At least 4 times a year, with a minimum of once every 3 months.
	Committee Member	Mustafa Teoman GÜRGAN	Independent Member	
Corporate Governance Committee	Committee Chair	Şükrü Serdar BAĞCIOĞLU	Independent Member	At least once a year.
	Committee Member	Erdoğan GÖĞEN	Non-Executive Member	
	Investor Relations Department Manager	Onur BAYRAM	Budget and Reporting Supervisor	
Early Detection of Risks Committee	Committee Chair	Mustafa Teoman GÜRGAN	Independent Member	At least 6 times a year, with a minimum of once every 2 months.
	Committee Member	Ufuk Bala YÜCEL	Independent Member	

Senior Management

Senior Management	
Akif GEÇER	Executive Board Member and General Manager (until March 31, 2023)
Selçuk UÇAR	Executive Board Member, Group Head of Marketing and Concrete
Caner TÜRKYENER	Executive Board Member, Group Head of Production Operations (as of April 17, 2023)
Reşat Bağış GÜNGÖR	Executive Board Member, Group Chief Financial Officer (as of November 22, 2023)
Arif Alp DÜNDAR 2023)	Executive Board Member, Group Head of Finance and Administrative Affairs (until November 10, 2023)

As of December 31, 2023, the total number of personnel in our Company is 359. (December 31, 2022: 356)

Changes in Senior Management During the Period

Akif Geer, Executive Board Member and General Manager of our Company, has resigned from his position as of March 31, 2023.

As of April 17, 2023, it was decided to create the position of Group Head of Production Operations within our Company and to appoint Caner Trkyener to the relevant position.

Caner Trkyener, Group Head of Production Operations, was appointed as an Executive Board Member as of April 25, 2023.

As of April 26, 2023, it was decided to create the position of Managing Director within our Company, appointing Glant Candaş to that position; to create the position of Group Head of Finance and Administrative Affairs, appointing Arif Alp Dndar; and to create the position of Group Head of Marketing and Concrete, appointing Seluk Uar, respectively.

Arif Alp Dndar, who served as the Group Head of Finance and Administrative Affairs within our Company, has resigned from his position as of November 10, 2023.

The Company's Board of Directors decided to appoint Reşat Baęış Gngr as a member of the Executive Board and as the Group Chief Financial Officer as of November 22, 2023.

6. Personnel and Labor Movements, Collective Bargaining Practices, and Rights and Benefits Provided to Employees and Workers

In-scope and out-of-scope personnel working in the Company are subject to Law No. 5510 on Social Security and General Health Insurance concerning social security and Labor Law No. 4857 concerning labor law.

The personal rights of out-of-scope personnel are governed by the service contracts signed between the Company and the employee, while the personal rights of in-scope personnel are regulated by the provisions of collective bargaining agreements.

In-scope personnel are affiliated with the Turkish imse-İş Trade Union, and the collective bargaining agreements cover the period from January 1, 2022, to December 31, 2023.

Pursuant to the Group Collective Bargaining Agreement effective from January 1, 2022, to December 31, 2023;

- In the first year of the Agreement, effective from January 1, 2022, a 43% increase shall be applicable to the gross hourly wages of employees who were working at the workplace and whose employment contracts were still in effect on the date of signing the collective bargaining agreement, based on their wages as of December 31, 2021; and
- In the second year of the Agreement, effective from January 1, 2023, a CPI+2 increase shall be applicable to the gross hourly wages of employees who were working at the workplace and whose employment contracts were still in effect, based on their wages as of December 31, 2022.

The negotiations for the new term Group Collective Bargaining Agreement between the Cement Industry Employers' Association (EİS), of which our Company is a member, and the T. imse İş Union have resulted in a two-year agreement. The Group Collective Bargaining Agreement covers the period from January 1, 2024, to December 31, 2025.

7. Corporate Governance Principles Compliance Report

The compulsory principles described in the Capital Markets Board's Communiqué on Corporate Governance are implemented.

8. Amendments to the Company's Articles of Association

At the Extraordinary General Meeting held on November 22, 2023, the proposed amendments to Articles 6 (Capital), 9 (Board of Directors and Term of Office), 18 (Procedures for General Assembly Meetings), 19 (Appointment of Proxies), 20 (Voting Procedures), and 25 (Profit Distribution Date) of the Company's Articles of Association, along with the addition of Article 30 (Compliance with Corporate Governance Principles), were approved in line with the approval letter dated November 16, 2023, numbered E-29833736-110.04.04-45303 from the Capital Markets Board and the approval letter dated November 20, 2023, numbered E-50035491-431.02-00091101878 from the Ministry of Trade of the Republic of Trkiye. The relevant amendments to the Articles of Association were registered by the İzmir Trade Registry Office of the Republic of Trkiye on January 16, 2024, and were published in the Turkish Trade Registry Gazette numbered 11006 on January 23, 2024.

B- TOTAL AMOUNT OF FINANCIAL BENEFITS SUCH AS ALLOWANCES, SALARIES, PREMIUMS, BONUSES, DIVIDENDS, AND OTHER FINANCIAL BENEFITS PROVIDED TO BOARD MEMBERS AND SENIOR EXECUTIVES

The total amount of remuneration and similar benefits provided to the Company's senior executives is TRY 1,853,000. (December 31, 2022: TRY 2,836,000).

C- RESEARCH AND DEVELOPMENT ACTIVITIES

The Company had no Research and Development expenses for the period from January 1, 2023, to December 31, 2023.

D- COMPANY ACTIVITIES AND MATERIAL DEVELOPMENTS RELATED TO THESE ACTIVITIES

1. Investing Activities

The Company did not have any material investments during the period.

2. Internal Control System and Internal Audit Activities

The Company's internal control system is audited annually by the internal audit unit. The Company management ensures the effective functioning of internal control.

3. Interests in Subsidiaries and Other Financial Assets

None.

4. Disclosures on Private and Public Audits

At the meeting of our Board of Directors on March 8, 2023, it was resolved to appoint Güney Bağımsız Denetim ve SMMM A.Ş. as the Independent Audit Firm to audit the Financial Reports for the fiscal year 2023. This decision also pertains to carrying out activities in accordance with the applicable regulations of the Turkish Commercial Code No. 6102 and the Capital Markets Law No. 6362. The resolution was submitted for approval to the General Assembly and was subsequently approved at the Ordinary General Meeting held on June 7, 2023.

The 2023 Full Certification Audit is conducted by Kuzey Yeminli Mali Müşavirlik ve Bağımsız Denetim A.Ş.

5. General Meetings

The 2022 Ordinary General Meeting took place on June 7, 2023, and the Extraordinary General Meeting was held on November 22, 2023. The outcomes of both the Ordinary General Meeting and the Extraordinary General Meeting were registered with the Trade Registry Office. In addition, the outcomes of both the Ordinary General Meeting and the Extraordinary General Meeting were published on the Public Disclosure Platform (PDP), the Company's website (www.batisoke.com.tr), and the Central Registry Agency's (MKK) information portal, thereby disclosing the information to the shareholders.

6. Donations Made and Social Responsibility Projects

During the period from January 1, 2023, to December 31, 2023, donations and contributions amounting to TRY 288,766.80 were made.

E- FINANCIAL POSITION

1. Summary of Financial Statements

The financial statements have been prepared in accordance with the CMB's Communiqué No. II.14.1.

Summary Balance Sheet (TRY)		
	December 31, 2023	December 31, 2022
Current Assets	1,589,778	1,550,135
Fixed Assets	7,236,846	6,862,343
Total Assets	8,826,624	8,412,478
Short-term Liabilities	2,529,818	2,253,582
Long-term Liabilities	2,493,332	3,647,488
Equity	3,803,474	2,511,408
Total Liabilities and Equity	8,826,624	8,412,478

Summary Income Statement (TRY)		
	December 31, 2023	December 31, 2022
Revenue	4,122,085	3,999,212
Operating Profit/Loss	(81,252)	(556,795)
Profit/Loss Before Tax from Continuing Operations	30,406	(130,291)
Profit/Loss for the Period from Continuing Operations	872,513	(210,079)
Other Comprehensive Income (Expense)	419,553	139,255
Total Comprehensive Income (Expense)	1,292,066	(70,824)

2. Profit Distribution Policy

The Company's policy regarding profit taking into account the provisions of the distribution is based on the condition that, Turkish Commercial Code, Capital Markets Regulations, and the Company's Articles of Association, and unless extraordinary economic adversities are experienced in national and international markets, or unless there is a cash requirement due to major investments, and considering the Company's financial position along with its profitability and cash situation, the distributable profit calculated within the framework of Capital Market Regulations and other applicable legislation is reviewed annually. In the event that a decision is made to distribute profits, it shall be distributed to shareholders in the form of cash and/or bonus shares, amounting to no less than 5%.

Dividends are paid within the legal timeframe on the date determined by the General Assembly, following its approval during the general meeting in which the distribution is decided.

Dividends may be paid in installments, either in equal or varying amounts, provided that this is resolved during the general meeting in which the distribution is decided. The number of installments shall be determined by the General Assembly or, if expressly authorized by the General Assembly, by the Board of Directors. Our Company does not have any practice regarding advance dividend distribution.

3. Information on the Sector in Which the Company Operates

According to data published by the Turkish Cement Manufacturers' Association, as of the end of December 2023, clinker production in Türkiye increased by 1.19% compared to the same period last year, while domestic sales of clinker increased by 26.64%, and clinker exports decreased by 53.36%. In the same period, cement production in Türkiye increased by 10.51%, while domestic sales of cement increased by 19.01%, and cement exports decreased by 17.61%.

As of the end of December 2023, clinker production in the Aegean Region decreased by 0.98% compared to the same period last year, while domestic sales of clinker saw an increase of 629.54%, and clinker exports decreased by 56.94%. In the same period, cement production in the Aegean region increased by 15.46%, cement domestic sales increased by 6.60%, and cement exports increased by 77.95%.

4. Company Activities

As of the end of December 2023, our clinker production decreased by 6.51% compared to the same period last year, while cement production increased by 41.72%. Clinker sales decreased by 46.10%, and cement sales increased by 36.46%.

F- RISKS AND ASSESSMENT OF THE BOARD OF DIRECTORS

1. Risk Management Policy

The Company manages risks by identifying risks that may jeopardize its existence, development and continuity, and by taking necessary measures against identified risks. Within this framework, the Company has established the Early Detection of Risks Committee.

2. Early Detection of Risks Committee

The Company established the committee on March 22, 2013, and it consists of 2 members. The committee met 6 times during the period from January 1, 2023, to December 31, 2023, and submitted its reports to the Board of Directors.

G- OTHER MATTERS

1. Information on Regulatory Changes Which May Materially Affect Company Activities

There are no regulatory changes that may materially affect the Company's activities.

2. Information for Stakeholders

The Company's shares are publicly traded on Borsa Istanbul A.Ş. (BIST) under the ticker symbol BSOKE. Information on the shares is published in the business sections of daily newspapers and on the websites of investing companies.

The increase of the Company's registered capital from TRY 800,000,000 to TRY 2,000,000,000, as approved by the Capital Markets Board and the General Directorate of Domestic Trade of the Ministry of Trade of the Republic of Türkiye, was registered by the İzmir Trade Registry Office on January 16, 2024.

In accordance with Resolution No. 710, dated January 26, 2024, of the Board of Directors, it was decided to increase the Company's paid-in capital from TRY 400,000,000 to TRY 1,600,000,000 within the registered capital ceiling of TRY 2,000,000,000. This increase will consist of TRY 304,517,841.66 in cash and TRY 895,482,158.34 attributed to the amounts transferred by the Company's main partner, Batıçim Batı Anadolu Çimento Sanayii A.Ş., to offset the Company's liabilities to Batıçim Batı Anadolu Çimento A.Ş. The total increase of TRY 1,200,000,000 was submitted for approval in the prospectus application to the Capital Markets Board on January 30, 2024.

The Company's annual reports and other information can be obtained from the address below or from the Company's website at www.batisoke.com.tr.

Investor Relations Department Contact Information

All activities related to shareholders are conducted by the Company's Financial Affairs Department, and the contact information is provided below.

Investor Relations Department Manager	
First Name and Last Name	Onur BAYRAM
Date of Appointment	December 29, 2023
Phone	0 (232) 478 44 00
Email Address	onurbayram@baticim.com.tr
Address	Ankara Caddesi No: 335 Bornova - İzmir
Licenses Held	Capital Markets Activities Level 3 License (License Certificate No.: 928768), Corporate Governance Rating License (License Certificate No.: 928840), Credit Rating License (License Certificate No.: 929445), Derivative Financial Instruments License (License Certificate No.: 929962)

Investor Relations Department Member	
First Name and Last Name	Adil ULUDAĞ
Date of Appointment	August 19, 2020
Phone	0 (232) 478 44 00
Email Address	adiluludag@baticim.com.tr
Address	Ankara Caddesi No: 335 Bornova - İzmir

BATISÖKE CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE REPORT

DECLARATION OF COMPLIANCE WITH CORPORATE GOVERNANCE PRINCIPLES

1. The compulsory principles described in the Capital Markets Board's Communiqué on Corporate Governance are implemented.

During the fiscal year ending on December 31, 2023, disclosures regarding compliance with the corporate governance principles outlined in the Communiqué on Corporate Governance, as well as those that have not been complied with, are included in the Corporate Governance Compliance Report ('CRF') and the Corporate Governance Information Form ('CGIF').

In the future, efforts will continue to improve our corporate governance practices within the framework of these principles, ensuring better implementation of mechanisms and developing our corporate governance practices, including the limited number of voluntary principles that have not yet been implemented.

SECTION I - SHAREHOLDERS

2. Shareholder Relations Unit:

Shareholder Relations Unit		
Onur BAYRAM	Phone: 232 478 44 00 onurbayram@baticim.com.tr	Unit Manager
Adil ULUDAĞ	Phone: 232 478 44 00 adiluludag@baticim.com.tr	Unit Member

Verbal or written inquiries have been responded to.

Activities Conducted by the Unit:

Responding to shareholders' written requests for information about the Company, except for those involving confidential information or trade secrets not disclosed to the public. Ensuring that the general meeting is held in accordance with the applicable legislation, articles of association, and other internal regulations. Preparing the documents that can be utilized by the shareholders at the general meeting. Ensuring that voting results are recorded and maintained, and that reports on the results are sent to shareholders upon request. Overseeing and monitoring all matters related to public disclosure, including applicable regulations and the Company's disclosure policy.

3. Shareholders' requests for information that does not constitute a trade secret are evaluated and responded to. In addition, material events and financial statements are publicly disclosed and shareholders through the Public Disclosure Platform (PDP) in accordance with the applicable regulations.

There is no provision in the Company's Articles of Association for the appointment of a special auditor. There was no request for the appointment of a special auditor during the reporting period.

4. During the period, the Ordinary General Meeting was held on June 7, 2023 with a quorum of 74.65%. On November 22, 2023, the Extraordinary General Meeting was held with a quorum of 74.624%. Shareholders and media representatives attended the meetings. An announcement was published in the Turkish Trade Registry Gazette within the legal timeframe. In addition, written notification was made to the shareholder for registered shares. In addition, meeting invitations were announced on the Public Disclosure Platform (PDP), and information was also provided on the Company's website.

Prior to the General Meetings, the annual report and financial statements were disclosed on the Public Disclosure Platform (PDP) and were also made available for shareholders' review at the Company headquarters and on the Company's website. Some shareholders exercised their right to ask questions at the General Meetings, and these questions were answered.

The minutes of our General Meetings are available on the Company's website. No agenda proposals were submitted by the shareholders.

Donations and contributions were presented to our shareholders as a separate agenda item at the General Meeting.

5. There is no privilege in voting rights.

Our Group companies involved in cross-shareholding did not attend the General Meeting. Minority shares are not represented in the management.

6. Profit distribution is carried out in accordance with Article 24 of the Company's Articles of Association and in compliance with the CMB regulations.

There is no privilege in profit distribution.

Profit distribution is always carried out within the legal timeframes. Our profit distribution policy is included in the annual report.

7. There is no provision in the Company's Articles of Association restricting the transfer of shares.

SECTION II - PUBLIC DISCLOSURE AND TRANSPARENCY

8. We have a disclosure policy and it is available on the Company's website.

Individuals Responsible for the Disclosure Policy

Onur BAYRAM - Budget and Reporting Supervisor

Adil ULUDAĞ - Financial Affairs and Accounting Manager

9. The annual report includes the information listed in the principles.

10. The Corporate Governance Principles Compliance Report is available on the Company's website. Our Company's website address is www.batisoke.com.tr.

SECTION III - STAKEHOLDERS

11. Stakeholders are informed about matters concerning the Company that are of interest to them through General Meetings, the web page and the Public Disclosure Platform (PDP).

Stakeholders can notify the necessary contact persons within the Company through the contact form available on our website.

12. Stakeholders do not directly participate in management. However, from time to time, stakeholders are consulted through mutual meetings to guide efforts on matters of interest to them.

13. The main principles of our human resources policy are outlined as follows:

- Finding the right people, placing them in the right job, and ensuring the continuity of a productive workforce without discrimination based on religion, language, race, or gender, in line with the goals and strategies of our Group companies,
- Creating a fair and happy working environment for our employees and implementing an accurate career planning along with their personal and professional development,
- Creating an employee family that is hardworking, honest, and has a developed sense of belonging in accordance with our corporate culture and values,
- Following all developments related to Human Resources and implementing all innovations in line with the goals and policies of our Group companies,
- Acting in accordance with the principles of fairness, transparency, objectivity, and accountability in all systems implemented by Human Resources, and
- Creating a human resources structure that acts responsibly towards the environment and society while fulfilling all these principles.

14. The Company's Code of Ethics is available on the website.

15. The members of the Board of Directors were elected to serve a term of three years, expiring at the end of October 2024. There are no specific rules governing the ability of Board members to assume other roles outside the Company.

Board of Directors:

Board of Directors		
Sabit AYDIN	Chair of the Board of Directors	Executive Member
Gülant CANDAŞ	Vice Chair of the Board of Directors	Executive Member
Erdoğan GÖĞEN	Member of the Board of Directors	Non-Executive Member
Ömer Çağdaş SELVİ	Member of the Board of Directors	Executive Member
Şükrü Serdar BAĞCIOĞLU	Member of the Board of Directors	Independent Member
Mustafa Teoman GÜRGAN	Member of the Board of Directors	Independent Member
Ufuk Bala YÜCEL	Member of the Board of Directors	Independent Member

FIRST NAME AND LAST NAME	TITLE	RESUME	IN-GROUP FUNCTIONS
Sabit AYDIN <i>Board</i>	<i>Chair of the Board of Directors</i>	Sabit Aydın was born in 1974 in Ankara. After completing his studies in 1994, he held senior executive positions at the family company, Çiftay İnşaat Taahhüt ve Ticaret A.Ş.	He serves as the Chair of the Board of Directors of Batıçim Batı Anadolu Çimento Sanayi A.Ş.
Gülant CANDAŞ	<i>Vice Chair of the Board of Directors</i>	He was born in 1960. He graduated from the Department of Economics and Finance at the Faculty of Political Science of Ankara University in 1982. After working in the family business for a while, he continued his career at Akbank from 1986 to 2007. He has been serving as the Chair of the Board of Directors of Çiftay İnşaat Taahhüt ve Ticaret A.Ş. and its various subsidiaries since 2007.	He serves as the Vice Chair of the Board of Directors of Batıçim Batı Anadolu Çimento Sanayi A.Ş. and as the Chair of the Board of Directors of Batıçim Enerji Elektrik Üretim A.Ş., Batıçim Enerji Toptan Satış A.Ş., Batibeton Sanayi A.Ş., Batılman Liman İşletmeleri A.Ş., and Ash Plus Yapı Malzemeleri San. Tic. A.Ş.
Erdoğan GÖĞEN	<i>Board Member</i>	He was born in 1959. After graduating from METU Electrical Engineering Department, he completed his master's degree in the same department. Between 1984 and 1996, he began his career as a department head in the Operation and System Control Department of TEİAŞ within the TEK & TEİAŞ organization. He served as a director for energy generation and infrastructure projects at BİL Enerji & Tepe Group. He served as the CEO of ITC İncesu Trading & Consulting AG and Kantur & Aktaş İnşaat Ticaret A.Ş. Since 2018, he has continued his career serving as the Chair of the Board of Directors of VEGA Atık Yönetimi ve Enerji Ür. San. ve Tic. A.Ş. At the same time, he has continued to serve as the Vice Chair of the Board of Directors of Enerbes Elektrik Üretim Dan. San. ve Tic. A.Ş. since 2021.	He serves as a member of the Board of Directors of Batıçim Batı Anadolu Çimento Sanayi A.Ş. and as the Vice Chair of the Board of Directors of Batıçim Enerji Elektrik Üretim A.Ş., Batıçim Enerji Toptan Satış A.Ş., Batibeton Sanayi A.Ş., Batılman Liman İşletmeleri A.Ş., and Ash Plus Yapı Malzemeleri San. Tic. A.Ş.
Ömer Çağdaş SELVİ	<i>Executive Member of the Board of Directors</i>	He was born in 1977 in Akdağmadeni, Yozgat. He graduated from Istanbul University Faculty of Law in 2001. He worked for Doğan Holding (2001-2003), Garanti Bankası (2003-2005), Aksu Savaş Çalışkan Law Partnership (2006-2013), Bilgiç Law Partnership (2013-2016), and Selvi Ertekin Law Partnership (2016-2022). Since 2022, he has been working at Selvi Law Partnership, bringing experience in project finance, acquisition finance, banking law, capital markets, derivative transactions, and mergers and acquisitions. He has been involved in numerous energy and infrastructure project financing and acquisition financing transactions, representing leading financial institutions and investors.	He serves as the member of the Board of Directors of Batıçim Batı Anadolu Çimento Sanayi A.Ş., Batıçim Enerji Elektrik Üretimi A.Ş., Batıçim Enerji Toptan Satış A.Ş., Batibeton Sanayi A.Ş., Batılman Liman İşletmeleri A.Ş., and Ash Plus Yapı Malzemeleri San. Tic. A.Ş. since 2022.
Şükrü Serdar BAĞCIOĞLU	<i>Independent Member of the Board of Directors</i>	He graduated from Boğaziçi University, Department of Industrial Engineering. He completed his master's degree at Swansea University in the United Kingdom. He worked as an engineering manager in various industrial organizations from 1979 to 1984, as a branch manager in various banks from 1984 to 1996, as an Assistant General Manager at Yapı ve Kredi Bankası A.Ş. from 1996 to 2000, as an Assistant General Manager at Koçbank A.Ş. from 2000 to 2004, and as the General Manager and Board Member at Çiftçiler Gayrimenkul Yatırım Danışmanlık A.Ş. from 2005 to 2015.	He has continued serving as an Independent Member of the Board of Directors of Batıçim Batı Anadolu Çimento Sanayi A.Ş. since 2020.
Mustafa Teoman GÜRGAN	<i>Independent Member of the Board of Directors</i>	He graduated from the Department of Economics and Finance at Ankara University's Faculty of Political Science. He began his career in 1967 as a limited partner in the family business engaged in imports and internal trade in İzmir, and he later served as a manager, founding partner, and board member in various other companies.	He has continued serving as an Independent Member of the Board of Directors of Batıçim Batı Anadolu Çimento Sanayi A.Ş. since 2020.
Ufuk Bala YÜCEL	<i>Independent Member of the Board of Directors</i>	Ufuk Bala Yücel completed his bachelor's degree at Boğaziçi University and his master's degree in Banking and Insurance at Marmara University. He began his career at Uluslararası Endüstri ve Ticaret Bankası A.Ş. in 1987, then worked as the Corporate Banking Branch Manager at Yapı ve Kredi Bankası A.Ş. from 1987 to 1999 and at Finansbank A.Ş. from 1999 to 2000. Afterwards, he served as the Loans Department Manager at Türkiye Sınai Kalkınma Bankası from 2001 to 2007 and as Assistant General Manager from 2008 to 2018. He then worked as the Assistant General Manager for Loans and Legal Affairs at Türkiye Kalkınma ve Yatırım Bankası from 2019 until May 2022. Ufuk Bala Yücel served as a board member in various companies between 2006 and 2014. He served as the Chair of the Board of Directors at TSKB GYO A.Ş. between 2014 and 2018. He currently serves as a board member for various companies.	He has continued serving as an Independent Member of the Board of Directors of Batıçim Batı Anadolu Çimento Sanayi A.Ş. since 2022 (from October 6, 2022).

16. The agenda for Board meetings is prepared by the executive members of the Board of Directors. During the period, 19 Board meetings were held. The provisions of the Turkish Commercial Code are applicable for Board meetings and quorums. Members of the Board of Directors have the right to declare a dissenting vote and to record this in the minutes of the meeting. Each member of the Board of Directors has 1 vote in the meetings.

17. Audit Committee:

Audit Committee		
Şükrü Serdar BAĞCIOĞLU	Committee Chair	Independent Member
Mustafa Teoman GÜRGAN	Committee Member	Independent Member

Corporate Governance
Committee:

Corporate Governance Committee		
Şükrü Serdar BAĞCIOĞLU	Committee Chair	Independent Member
Erdoğan GÖĞEN	Committee Member	Non-Executive Member
Onur BAYRAM	Shareholder Relations Department Manager	-

Early Detection of Risks Committee:

Early Detection of Risks Committee		
Mustafa Teoman GÜRGAN	Committee Chair	Independent Member
Ufuk Bala YÜCEL	Committee Member	Independent Member

The Company also has an Executive Board.

In accordance with the provisions of the Communiqué published by the CMB, which stipulates that an independent member of the board of directors should chair committees established within the board, excluding the Audit Committee, each of the two committees includes one independent member. In addition, the other members of the Corporate Governance and Early Detection of Risk Committees, apart from the independent members, consist of the same individuals due to their experience.

Since the Remuneration Committee and the Nomination Committee have not been established within the Board of Directors, the Corporate Governance Committee has also taken on their responsibilities. Compliance with the applicable provisions of the Communiqué published by the CMB is ensured regarding the minimum meeting frequency criteria for the committees. The Regulations and Procedures of the Audit Committee, Corporate Governance Committee, and Early Detection of Risk Committee are available on the Company's website.

18. A risk management and internal control system has been established within the Company. The Internal Control unit prepares its annual work plan, communicates it to the other relevant units within the Company, and continues its efforts in coordination with such units.

19. Production, sales, and revenue targets are set annually for our organizations operating in the cement, ready-mixed concrete, logistics, and energy sectors. The Board of Directors reviews and approves the investment plans and budgets prepared by the executive board, receives updates on these matters during monthly meetings, and monitors the activities.

20. The members of the Board of Directors receive a monthly remuneration.

The Company has not loaned any money, granted any credit, or provided any guarantees or sureties in favor of any member of the Board of Directors or senior executives.

BATISÖKE CORPORATE GOVERNANCE COMPLIANCE REPORT (CRF) AND CORPORATE GOVERNANCE INFORMATION FORM (CGIF)

Corporate Governance Compliance Report (CRF)	Yes	Partially	No	Exempt	Not applicable	Disclosure
1.1. FACILITATING THE EXERCISE OF SHAREHOLDER RIGHTS						
1.1.2 - Up-to-date information and disclosures that may affect the exercise of shareholders' rights are made available to investors on the corporate website of the Company.	X					
1.2. RIGHT TO REQUEST INFORMATION AND REVIEW						
1.2.1 - The Company management has refrained from taking any actions that make it difficult to conduct special audits.	X					
1.3. GENERAL ASSEMBLY						
1.3.2 - The Company has ensured that the General Meeting agenda is clearly stated and that each proposal is given under a separate item.	X					
1.3.7 - Individuals with privileged access to Company information have informed the Board of Directors about the items to be added to the General Meeting agenda, providing details of transactions conducted on their behalf within the scope of the Company's activities.					X	There is no such item.
1.3.8 - The members of the Board of Directors, other related individuals, authorized persons who are responsible for preparing the financial statements and auditors were present at the general meeting.	X					
1.3.10 - The amounts of all donations and contributions and the beneficiaries of such donations and contributions are included in a separate item on the agenda of the general meeting.	X					
1.3.11 - The General Meeting was open to the public, including stakeholders and media representatives, without the right to speak.	X					
1.4. VOTING RIGHTS						
1.4.1 - There are no restrictions or practices that hinder shareholders from exercising their voting rights.	X					
1.4.2 - The Company does not have any shares with privileged voting rights.			X			The Company's share capital consists of TRY 14,956.13 in Class A registered shares and TRY 59,824.54 in Class A bearer shares. All members of the Board of Directors are elected from among the candidates proposed by the majority of Class A shareholders.
1.4.3 - The Company has not exercised its voting rights in the general meeting of any company with which it has a cross-shareholding relationship that also entails a controlling relationship.	X					
1.5. MINORITY RIGHTS						
1.5.1 - The Company has exercised utmost diligence in facilitating the exercise of minority rights.	X					
1.5.2 - Minority rights are also recognized for shareholders holding less than one-twentieth of the share capital, and the scope of these rights is extended by the Articles of Association.			X			The Company's Articles of Association do not contain any provisions on minority rights; therefore, the provisions of the Turkish Commercial Code, the Capital Markets Law, and other relevant regulations apply.
1.6. RIGHT TO DIVIDEND						
1.6.1 - The profit distribution policy approved by the General Assembly is publicly disclosed on the corporate website of the	X					

Company.						
1.6.2 - The profit distribution policy contains the minimum information necessary for shareholders to predict the procedures and principles of distributable profit and dividend distribution for future periods.	X					
1.6.3 - The reasons for not distributing dividends and the utilization of undistributed profit are stated in the relevant agenda item.	X					
1.6.4 - The Board of Directors has reviewed whether the profit distribution policy balances the interests of shareholders with those of the Company.	X					
Corporate Governance Compliance Report (CRF)	Yes	Partially	No	Exempt	Not applicable	Disclosure
1.7. TRANSFER OF SHARES						
1.7.1 - There are no restrictions that make it difficult to transfer shares.	X					
2.1. CORPORATE WEBSITE						
2.1.1 - The Company's corporate website contains all the elements listed in the corporate governance principle numbered 2.1.1.	X					
2.1.2 - Shareholding structure (i.e., names, privileges, number and percentage of shares held by individual shareholders (i.e. natural persons) holding more than 5% of the issued capital) is updated on the corporate website at least every 6 months.	X					
2.1.4 - The information on the Company's corporate website is also prepared in foreign languages chosen based on need, ensuring that the content in those languages is identical to that in Turkish.	X					
2.2. ANNUAL REPORT						
2.2.1 - The Board of Directors ensures that the annual report fully and accurately reflects the Company's activities.	X					
2.2.2 - The annual report includes all elements of principle 2.2.2.	X					
3.1. COMPANY POLICY ON STAKEHOLDERS						
3.1.1- Stakeholders' rights are protected in accordance with applicable regulations, contractual provisions, and in good faith.	X					
3.1.3 - Policies and procedures regarding the rights of stakeholders are published on the corporate website of the Company.	X					
3.1.4 - Necessary mechanisms have been established for stakeholders to report transactions that violate applicable regulations or ethical standards.	X					
3.1.5 - The Company manages conflicts of interest among stakeholders in a balanced manner.	X					
3.2. SUPPORTING STAKEHOLDERS' PARTICIPATION IN COMPANY MANAGEMENT						
3.2.1 - Employee participation in management is governed by the Articles of Association or internal regulations.			X			The Company's Articles of Association and internal regulations do not contain provisions regarding employee participation in management.
3.2.2 - Methods such as surveys and consultations have been implemented to gather stakeholder opinions on key decisions that may affect them.			X			Methods such as surveys and consultations have not been implemented to gather stakeholder opinions on key decisions that may affect them.
3.3. COMPANY'S HUMAN RESOURCES POLICY						
3.3.1 - The Company has adopted an equal opportunity employment policy along with succession planning for all key management positions.	X					
3.3.2 - The criteria for personnel recruitment are defined in writing.	X					
3.3.3 - The Company has a Human Resources Development Policy and organizes training activities for employees.	X					
3.3.4 - Meetings were held to inform employees about the Company's financial position, wages, career planning, training, and health matters.	X					
3.3.5 - Decisions that may affect employees are communicated to them and their representatives. The relevant trade unions were also consulted on these matters.	X					

3.3.6 - Job descriptions and performance criteria were prepared in detail for all employees, communicated to them, and utilized in wage decisions.	X					
3.3.7 - Measures such as procedures, training activities, awareness-raising campaigns, targets, monitoring, and complaint mechanisms have been implemented to prevent discrimination among employees and protect them from physical, mental, and emotional mistreatment within the Company.	X					
3.3.8 - The Company supports freedom of association and effectively recognizes the right to collective bargaining.	X					
3.3.9 - A safe working environment is provided for employees.	X					
Corporate Governance Compliance Report (CRF)	Yes	Partially	No	Exempt	Not applicable	Disclosure
3.4. RELATIONS WITH CUSTOMERS AND SUPPLIERS						
3.4.1 - The Company measures customer satisfaction and operates with an unwavering commitment to ensuring customer satisfaction.	X					
3.4.2 - Customers are notified of any delays in processing their requests for purchased goods and services.	X					
3.4.3 - The Company is committed to quality standards for goods and services.	X					
3.4.4 - The Company has implemented controls to safeguard the confidentiality of sensitive information related to customers and suppliers within the framework of trade secrets.	X					
3.5. CODE OF ETHICS AND SOCIAL RESPONSIBILITY						
3.5.1 - The Board of Directors has established the Code of Ethics and published it on the Company's corporate website.	X					
3.5.2 - The Company is dedicated to social responsibility. It has taken measures to prevent corruption and bribery.	X					
4.1. THE FUNCTION OF THE BOARD OF DIRECTORS						
4.1.1 - The Board of Directors ensures that strategies and risks do not jeopardize the Company's long-term interests and that effective risk management measures are implemented.	X					
4.1.2 - Meeting agendas and minutes indicate that the Board of Directors discusses and approves the Company's strategic goals, identifies the necessary resources, and monitors management performance.	X					
4.2. OPERATING PRINCIPLES OF THE BOARD OF DIRECTORS						
4.2.1 - The Board of Directors has documented its activities and provided this information to the shareholders.	X					
4.2.2 - The duties and authorities of the members of the Board of Directors are detailed in the annual report.		X				Although the annual report states that the members of the Board of Directors possess the powers specified in the Turkish Commercial Code and the Articles of Association regarding their duties and authorities, a detailed regulation has not been provided.
4.2.3 - The Board of Directors has established an internal control system appropriate to the scale of the Company and the complexity of its operations.	X					
4.2.4 - Information regarding the operation and effectiveness of the internal control system is included in the annual report.	X					
4.2.5 - The duties of the Chair of the Board of Directors and the Chief Executive Officer (i.e., General Manager) are clearly defined and segregated.	X					
4.2.7 - The Board of Directors ensures the effective functioning of the Investor Relations Department and the Corporate Governance Committee. It has worked closely with these entities to resolve disputes between the Company and shareholders, as well as to facilitate communication with shareholders.	X					
4.2.8 - For any damages the members of the Board of Directors may cause to the Company due to potential defaults while carrying out their duties, the Company has obtained executive liability insurance for an amount exceeding 25% of its share capital.			X			There is no executive liability insurance for damages the members of the Board of Directors may cause to the Company due to potential defaults in carrying out

						their duties.
4.3. STRUCTURE OF THE BOARD OF DIRECTORS						
4.3.9- The Board of Directors has set a target of at least 25% female representation on the Company's Board of Directors and has established a policy to achieve this goal. The composition of the Board of Directors is reviewed annually, and the nomination process is conducted in accordance with this policy.			X			There is currently no policy regarding a target of at least 25% female representation on the Board of Directors. However, one nominee to serve as a member of the Board of Directors is a woman.
4.3.10 - At least one member of the audit committee must have a minimum of 5 years of experience in audit, accounting, or finance.	X					
Corporate Governance Compliance Report (CRF)	Yes	Partially	No	Exempt	Not applicable	Disclosure
4.4. FORMAT OF BOARD OF DIRECTORS MEETINGS						
4.4.1 - All members of the Board of Directors were present, either physically or electronically, at the majority of the Board meetings.	X					
4.4.2 - The Board of Directors has established a minimum timeframe for sending information and documents related to agenda items to all members before the meeting.	X					
4.4.3 - The opinions of members who could not attend the meeting but submitted their views in writing to the Board of Directors were shared with the other members.			X			There have been no instances in this regard.
4.4.4 - Each member of the Board of Directors has one vote.	X					
4.4.5 - The conduct of board meetings is documented in writing through internal regulations.	X					
4.4.6 - The minutes of the board meeting indicate that all agenda items were discussed and that they include dissenting opinions.	X					
4.4.7 - The ability of Board members to assume other roles outside the Company is restricted. The external roles of the members of the Board of Directors were presented to the shareholders at the general meeting.			X			There are no restrictions on Board members assuming other roles outside the Company.
4.5. COMMITTEES ESTABLISHED BY THE BOARD OF DIRECTORS						
4.5.5 - Each member of the Board serves on only one committee.			X			The Committees are composed of at least one independent member of the Board and additional members as deemed appropriate.
4.5.6- The Committees invited individuals they deemed necessary to the meetings to provide input and gathered their opinions.	X					
4.5.7 - Information regarding the independence of the individual or organization from which the Committee receives consultancy services is included in the annual report.			X			The Committees did not receive any consultancy services.
4.5.8 - A report on the outcomes of the committee meetings was prepared and submitted to the Board of Directors.	X					
4.6. FINANCIAL BENEFITS PROVIDED TO BOARD MEMBERS AND EXECUTIVES WITH ADMINISTRATIVE RESPONSIBILITIES						
4.6.1 - The Board of Directors conducted a performance evaluation to assess whether it has effectively fulfilled its responsibilities.			X			There has been no performance evaluation of the Board of Directors.
4.6.4 - The Company has not extended any loans or credit to its Board members or executives with administrative responsibilities, nor has it extended the term or improved the terms of any loans under the title of personal loans through third parties, or provided any guarantees, such as surety, in their favor.	X					
4.6.5 - The remuneration of the Board members and executives with administrative responsibilities is disclosed on an individual basis in the annual report.		X				Salaries, bonuses, and similar benefits provided to senior executives are disclosed in the annual reports, but not on an individual basis.

CORPORATE GOVERNANCE INFORMATION FORM (CGIF)

1. SHAREHOLDERS	
1.1. Facilitating the Exercise of Shareholder Rights	
Number of investor conferences and meetings organized by the Company throughout the year	Our Company did not organize any conferences or meetings for investors, except for the general meeting.
1.2. Right to Request Information and Review	
Number of special auditor requests	There is no special auditor request.
Number of special auditor requests accepted at the general meeting	There is no special auditor request.
1.3. General Assembly	
Link to the PDP announcement disclosing the information requested under Principle 1.3.1 (a-d)	https://www.kap.org.tr/tr/Bildirim/1160823
Whether the documents related to the general meeting were provided in English simultaneously with the Turkish documents	Not provided. Company announcements and disclosures are published only in Turkish.
Links to PDP disclosures regarding transactions that lack the approval of the majority of independent members or the unanimous vote of those attending, as outlined in Principle 1.3.9	There are no Board resolutions or disclosures made in this regard.
Links to PDP disclosures regarding related party transactions under Article 9 of the Communiqué on Corporate Governance (II-17.1)	https://www.kap.org.tr/tr/Bildirim/1121781
Links to PDP disclosures regarding recurrent and ongoing transactions under Article 10 of the Communiqué on Corporate Governance (II-17.1)	https://www.kap.org.tr/tr/Bildirim/1121781
The name of the section on the Company's corporate website that includes the policy on donations and contributions	Investor Relations / Corporate Governance / Donation Policy
Link to the PDP disclosure containing the minutes of the general meeting where the policy on donations and contributions was approved	None.
Number of the article in the Articles of Association regarding the attendance of stakeholders at the general meeting	Article 15
Information on stakeholders who attended the general meeting	There was no participation in the 2022 General Meeting held in 2023, other than that of the shareholders. However, there are no restrictions on the attendance of stakeholders in the General Meeting.
1.4. Voting Rights	
Whether there are any voting privileges	No
If there are privileged voting rights, the privileged shareholders and their voting ratios	None.
Percentage of shares of the largest shareholder	74.62%
1.5. Minority Rights	
Whether minority rights are extended (in terms of content or ratio) in the Company's Articles of Association	No
If minority rights have been extended in terms of content and ratio, please specify the number of the relevant article in the Articles of Association.	None.
1.6. Right to Dividend	
The name of the section on the corporate website that includes the profit distribution policy	Investor Relations / Corporate Governance / Profit Distribution Policy
In the event that the Board of Directors proposes to the General Assembly not to distribute the profit, the text of the minutes related to the General Meeting agenda item stating the reasons for this decision and the use of the undistributed profit	The proposal from the Company's Board of Directors regarding the distribution of the 2022 profits was presented. As stated in the Board resolution numbered 699, dated May 12, 2023, the net loss for the fiscal year 2022, calculated in accordance with capital market regulations, amounted to TRY 769,715,184 (seven hundred sixty-nine million seven hundred fifteen thousand one hundred eighty-four) Turkish Lira. Due to the losses incurred in 2022, the proposal to withhold profit distribution was submitted to the General Assembly for approval. The Board of Directors' proposal not to distribute any profit was accepted unanimously, receiving 29,849,806,452.5 votes in favor and 10,000,000 votes against.
Link to the PDP disclosure with the relevant minutes of the general meeting if the Board of Directors proposed to the General Assembly not to distribute any profit	https://www.kap.org.tr/tr/Bildirim/1160823

General Meetings	
Date of the General Meeting	June 7, 2023 / November 22, 2023
CORPORATE GOVERNANCE INFORMATION FORM (CGIF)	
1. SHAREHOLDERS	
Number of requests for additional disclosures regarding the agenda items of the general meeting	0 / 0
Shareholders' attendance rate at the general meeting	74.65% / 74.624%
Percentage of shares represented directly	0.026% / 0%
Percentage of shares represented by proxy	74.624% / 74.624%
The name of the section on the Company's corporate website that includes the minutes of the general meeting, detailing both affirmative and dissenting votes on each agenda item	Investor Relations/General Meetings/Minutes of Ordinary General Meetings Investor Relations/General Meetings/Minutes of Extraordinary General Meetings
The name of the section on the corporate website that includes all questions raised at the general meeting and the corresponding answers provided	- / -
Article or paragraph number of the minutes of the general meeting regarding related parties	Article 3 / -
Number of individuals with privileged access to shareholder information who report to the Board of Directors (Insider list)	38 / 38
Link to the general assembly notice published on PDP	https://www.kap.org.tr/tr/Bildirim/1160823 https://www.kap.org.tr/tr/Bildirim/1242260
2. PUBLIC DISCLOSURE AND TRANSPARENCY	
2.1. Corporate Website	
Names of the sections on the corporate website that include information required by Corporate Governance Principle 2.1.1.	Investor Relations / Financial Information / Annual Financial Statements and Annual Reports
The section of the corporate website that contains the list of individual shareholders who directly or indirectly own more than 5% of the shares	Investor Relations / Company Information / Shareholding Structure
Languages in which the corporate website is available	Turkish and English
2.2. Annual Report	
Page numbers or section headings in the annual report where the information specified in Corporate Governance Principle 2.2.2 is included	
a) Page number(s) or section heading(s) containing the Roles of the members of the Board of Directors and executives carried out outside the Company and declarations on the independence of the members of the Board of Directors	Investor Relations / Financial Information / Annual Financial Statements and Annual Reports / December 2023 Annual Report / Corporate Governance Principles Compliance Report / Section-III Stakeholders / Article 15
b) Page number(s) or section heading(s) containing information on the committees established by the Board of Directors	Investor Relations / Financial Information / Annual Financial Statements and Annual Reports / December 2023 Annual Report / Corporate Governance Principles Compliance Report / Section-III Stakeholders / Article 17
c) Page number(s) or section heading(s) containing information on the number of Board of Directors meetings during the year and attendance of board members at these meetings	Investor Relations / Financial Information / Annual Financial Statements and Annual Reports / December 2023 Annual Report / A- General Information / Number of Board of Directors Meetings During the Year and Attendance of Board Members at These Meetings / Article 5 and Annual Report / Corporate Governance Principles Compliance Report Section-III Stakeholders / Article 17
c) Page number(s) or section heading(s) containing information on regulatory changes which may materially affect Company activities	Investor Relations / Financial Information / Annual Financial Statements and Annual Reports / December 2023 Annual Report / G- Other Matters / Information on Regulatory Changes Which May Materially Affect Company Activities / Article 1
d) Page number(s) or section heading(s) containing information on material legal proceedings brought against the Company and their possible outcomes	Investor Relations / Financial Information / Annual Financial Statements and Annual Reports / December 2023 Notes / Provisions for Litigation
e) Page number(s) or section heading(s) containing information on conflicts of interest between the Company and the institutions that provide services such as investment consultancy and rating services and the measures taken to prevent them	The Company has not received any services from any institution regarding investment consultancy or rating services.
f) Page number(s) or section heading(s) containing information on the subsidiaries with which the Company has a cross-shareholding relationship with a direct capital participation rate exceeding 5%	There are no subsidiaries with which the Company has a cross-shareholding relationship with a direct capital participation rate exceeding 5%.

g) Page number(s) or section heading(s) containing information on corporate social responsibility activities related to social rights and vocational training of employees and other company activities that have social and environmental consequences	Investor Relations / Financial Information / Annual Financial and Activity Reports / December 2023 Annual Report / A- General Information / Personnel and Labor Movements, Collective Bargaining Practices, and Rights and Benefits Provided to Employees and Workers / Article 6
CORPORATE GOVERNANCE INFORMATION FORM (CGIF)	
3. STAKEHOLDERS	
3.1. Company Policy on Stakeholders	
The name of the section on the corporate website that includes the compensation policy	Investor Relations / Corporate Governance / Compensation Policy
Number of judicial decisions finalized against the Company due to violation of employee rights	3
Title of the official in charge of the whistleblowing mechanism	None.
Information on access to the Company's whistleblowing mechanism	None.
3.2. Supporting Stakeholders' Participation in Company Management	
The name of the section on the corporate website that includes the regulations on the employees' participation in the Company's management bodies	None.
Management bodies where employees are represented	Trade Union.
3.3. Company's Human Resources Policy	
The role of the Board of Directors in developing a succession plan for key executive positions	The Board of Directors does not have a defined role outside the Company and market conditions.
The name of the section on the corporate website that includes the human resources policy on equal opportunities and recruitment criteria or a summary of the relevant articles of the HR policy	Investor Relations / Corporate Governance / Human Resources (HR) Policy
Whether there is an employee stock ownership program	Not, there is not an employee stock ownership program.
The name of the section on the corporate website that includes the human resources policy on measures to prevent discrimination among employees and protect them from mistreatment or a summary of the relevant articles of the HR policy	Investor Relations / Corporate Governance / Human Resources (HR) Policy
Number of judicial decisions finalized against the Company due to liability related to occupational accidents	There are no finalized lawsuits against the Company related to occupational accidents.
3.5. Code of Ethics and Social Responsibility	
The name of the section on the corporate website that includes the code of ethics policy	Investor Relations / Corporate Governance / Code of Ethics
The name of the section on the corporate website that includes the corporate social responsibility (CSR) report. If there is no corporate social responsibility report, measures taken on environmental, social and corporate governance issues	Environment / Environmental Activities / Waste Management / Carbon Footprint
Measures to combat all forms of corruption, including extortion and bribery	Batisöke Board Members, employees, and all third parties must refrain from any actions or behaviors that could cast suspicion on Batisöke regarding corruption. Regardless of whether in the public or private sector, it is prohibited to accept or provide any cash or non-cash benefits that could be considered corrupt. During the general operation of the Company's activities, no transaction may be initiated and concluded by the same department. Therefore, an internal control mechanism has been established to continuously monitor operations and transactions between departments.
4. BOARD OF DIRECTORS-I	
4.2. Operating Principles of the Board of Directors	
Date of the last performance evaluation of the Board of Directors	There has not been any activity related to performance evaluation of the Board of Directors.
Whether independent experts were utilized in performance evaluation of the Board of Directors	No

Whether all board members are discharged	Yes
Names of the members of the Board of Directors to whom authority has been delegated, along with the content of those authorities	At the Board of Directors meeting held after the General Meeting with the agenda of distribution of duties; Sabit AYDIN - Chair of the Board of Directors, Gülant CANDAŞ - Vice Chair of the Board of Directors, Ömer Çağdaş SELVİ - Executive Member of the Board
Number of reports submitted by the internal control unit to the audit committee or other relevant committees	3
CORPORATE GOVERNANCE INFORMATION FORM (CGIF)	
The section heading(s) or page number(s) of the annual report that includes the assessment on the effectiveness of the internal control system	Investor Relations / Financial Information / Annual Financial and Activity Reports / December 2023 Annual Report / D- Company Activities and Material Developments related to These Activities / Internal Control System and Internal Audit Activities / Article 2 and Annual Report / Corporate Governance Principles Compliance Report / Article 18
Name of the Chair of the Board of Directors	Sabit AYDIN
Name of the Chief Executive Officer/General Manager	The Company does not have a Chief Executive Officer. Mr. Gülant CANDAŞ serves as the Managing Director of the Company.
Link to the PDP disclosure stating the reason for the Chair of the Board of Directors and the Chief Executive Officer/General Manager being the same person	-
Link to the PDP disclosure regarding obtaining an executive liability insurance for an amount exceeding 25% of the Company's share capital for any damages the members of the Board of Directors may cause to the Company due to potential defaults while carrying out their duties	There is no executive liability insurance for damages the members of the Board of Directors may cause to the Company due to potential defaults in carrying out their duties. However, there is no obligation under the applicable regulations.
The name of the section on the corporate website that provides information on the diversity policy to increase female representation on the Board of Directors	None.
Number and percentage of women members of the Board	The number of women members is one. The percentage is 14%.

Corporate Governance Information Form (CGIF)							
Structure of the Board of Directors							
First Name and Last Name of the Board Member	Whether Commissioned as an Executive Officer	Whether an Independent Member	Date of First Election to the Board of Directors	Link to the PDP Disclosure of Independence Declaration	Whether the Independent Member is Evaluated by the Nomination Committee	Whether any Member Lost Their Status of Independence	Whether There is a Minimum of 5 Years of Experience in Auditing, Accounting, and/or Finance
SABİT AYDIN	Executive Officer	No, not an Independent Member	August 17, 2021	-	Not evaluated	No	No
GÜLANT CANDAŞ	Executive Officer	No, not an Independent Member	August 17, 2021	-	Not evaluated	No	Yes
ERDOĞAN GÖĞEN	Not an Executive Officer	No, not an Independent Member	August 17, 2021	-	Not evaluated	No	Yes
ÖMER ÇAĞDAŞ SELVİ	Executive Officer	No, not an Independent Member	August 17, 2021	-	Not evaluated	No	No
ŞÜKRÜ SERDAR BAĞCIOĞLU	Not an Executive Officer	Independent Member	July 24, 2020	-	Evaluated	No	Yes
MUSTAFA TEOMAN GÜRGAN	Not an Executive Officer	Independent Member	July 24, 2020	-	Evaluated	No	Yes
UFUK BALA YÜCEL	Not an Executive Officer	Independent Member	October 6, 2020	-	Evaluated	No	Yes

CORPORATE GOVERNANCE INFORMATION FORM (CGIF)	
4. BOARD OF DIRECTORS-II	
4.4. Format of Board of Directors Meetings	
Number of Board meetings held physically or electronically during the reporting period	The Board of Directors held a total of 19 meetings during 2023.
Average attendance rate at the Board of Directors meetings	97%
Whether an electronic portal is used to facilitate the activities of the Board of Directors	Yes
In accordance with the working principles of the Board of Directors, how many days prior to the meeting the information and documents are presented to the members	5 Days
The name of the section on the corporate website that contains information about the internal regulations determining how the Board of Directors meetings are conducted	Investor Relations / Company Information / Articles of Association - The format of the Board of Directors meetings is set out in Article 11 of the Articles of Association of our Company under the title, Board of Directors Meetings.
The upper limit defined in the policy that restricts members from taking on other roles outside the Company	There are no restrictions in the Company's Articles of Association or as required by legal regulations.
4.5. Committees Established by the Board of Directors	
Page number(s) or section heading(s) of the annual report where information on the Board committees is presented	Annual Report / Corporate Governance Principles Compliance Report, Section-III Stakeholders / Article 17
Link to the PDP disclosure of the committees' working principles	-

CORPORATE GOVERNANCE INFORMATION FORM (CGIF)				
Committees Established by the Board of Directors-I				
Names of the Board Committees	Name of the Committee Indicated as "Other" in the First Column	Committee Members First-Last Name	Committee Chair (Yes/No)?	Board Member (Yes/No)?
Corporate Governance Committee	-	ŞÜKRÜ SERDAR BAĞCIOĞLU	Yes	Board Member
Corporate Governance Committee	-	ERDOĞAN GÖĞEN	No	Board Member
Corporate Governance Committee	-	ONUR BAYRAM	No	Not a Board Member
Audit Committee	-	MUSTAFA TEOMAN GÜRGAN	Yes	Board Member
Audit Committee	-	ŞÜKRÜ SERDAR BAĞCIOĞLU	No	Board Member
Early Detection of Risks Committee	-	MUSTAFA TEOMAN GÜRGAN	Yes	Board Member
Early Detection of Risks Committee	-	UFUK BALA YÜCEL	No	Board Member

4. BOARD OF DIRECTORS-III	
4.5. Committees Established by the Board of Directors-II	
Specify where the activities of the audit committee are presented in the annual report or corporate website (i.e., page number(s) or section headings(s) containing such information)	Investor Relations / Company Information / Articles of Association - The format of the Board of Directors meetings is set out in Article 11 of the Articles of Association of our Company under the title, Board of Directors Meetings.
Specify where the activities of the corporate governance committee are presented in the annual report or corporate website (i.e., page number(s) or section headings(s) containing such information)	Annual Report / Corporate Governance Principles Compliance Report, Section-III Stakeholders / Article 17
Specify where the activities of the nomination committee are presented in the annual report or corporate website (i.e., page number(s) or section headings(s) containing such information)	Annual Report / Corporate Governance Principles Compliance Report, Section-III Stakeholders / Article 17
Specify where the activities of the early detection of risks committee are presented in the annual report or corporate website (i.e., page number(s) or section headings(s) containing such information)	Annual Report / Corporate Governance Principles Compliance Report, Section-III Stakeholders / Article 17

Specify where the activities of the remuneration committee are presented in the annual report or corporate website (i.e., page number(s) or section headings(s) containing such information)	Annual Report / Corporate Governance Principles Compliance Report, Section-III Stakeholders / Article 17
CORPORATE GOVERNANCE INFORMATION FORM (CGIF)	
4.6. Financial Benefits Provided to Board Members and Executives with Administrative Responsibilities	
Page number(s) or section heading(s) of the annual report containing information about operational and financial performance targets and whether they have been achieved	Annual Report / D- Company Activities and Material Developments
The name of the section on the corporate website that includes the remuneration policy regarding executive and non-executive members	www.batisoke.com.tr / Investor Relations / Corporate Governance / Board Committees / Corporate Governance Committee / Remuneration Policy
Page number(s) or section heading(s) of the annual report containing information on the remuneration and all other benefits provided to board members and executives with administrative responsibilities	Annual Report / B- Total Amount of Financial Benefits such as Allowances, Salaries, Premiums, Bonuses, Dividends, and Other Financial Benefits Provided to Board Members and Senior Executives

CORPORATE GOVERNANCE INFORMATION FORM (CGIF)					
Committees Established by the Board of Directors-II					
Names of the Board Committees	Name of the Committee Indicated as "Other" in the First Column	Percentage of Directors Not Commissioned as an Executive Officer	Percentage of Independent Members in the Committee	Number of Physical Meetings Held by the Committee	Number of Reports Submitted to the Board of Directors on the Committee Activities
Audit Committee	-	100%	100%	5	5
Corporate Governance Committee	-	100%	33%	1	1
Early Detection of Risks Committee	-	100%	100%	6	6

BATISÖKE SUSTAINABILITY COMPLIANCE REPORT

Sustainability Compliance Report	Compliance Status				Disclosure	Publicly Disclosed Information Report Details
	Yes	Partially	No	Not applicable		
A. GENERAL PRINCIPLES						
A1. Strategy, Policy and Objectives						
A1.1. Environmental, social and corporate governance (ESG) material topics, risks, and opportunities have been identified by the Company's Board of Directors.		X			Environmental, social and corporate governance risks and impacts are managed within the scope of the Integrated Management System. In addition, an OHS, Environment and Sustainability Department was established in 2024, and the Sustainability Committee, authorized by the Board of Directors as of 2024, identifies environmental, social and corporate governance (ESG) material topics, risks, and opportunities and carries out necessary activities in this regard.	-
A1.1. The Company's Board of Directors has created ESG policies (e.g., Environmental Policy, Energy Policy, Human Rights and Employee Policy, etc.) and disclosed them to the public.		X			The Company's Board of Directors has created ESG policies. Integrated Management Systems Policy is available. Human Rights Policy, Anti-Bribery and Anti-Corruption Policy, Code of Ethics, and Working Principles are also available. These will be disclosed to the public during the year.	-
A1.2. Short- and long-term targets set within the scope of ESG policies have been publicly disclosed.		X			Partially mentioned in A1.1 of this report.	-
A2. Implementation/Monitoring						
A2.1. Committees and/or units responsible for implementing ESG policies, along with the top-level responsible individuals in the Company for ESG issues and their duties, have been defined and disclosed to the public.		X			A Sustainability Committee and a Sustainability Subcommittee have been established under the Board of Directors. Working topics have been identified and project teams will be formed from the subcommittee members. It is responsible for managing sustainability matters within the OHS, Environment and Sustainability Department established in 2024. These will be publicly disclosed during the year.	-
A2.1. The activities conducted by the responsible committee and/or unit under the policies have been reported to the Board of Directors at least once during the year.		X			A Sustainability Committee and a Sustainability Subcommittee have been established under the Board of Directors. The OHS, Environment and Sustainability Department established in 2024 is responsible for the management and coordination of sustainability matters. The Committee reports to the Board of Directors at least twice a year.	-
A2.2. Implementation and action plans aligned with the relevant ESG targets have been created and disclosed to the public.		X			Implementation and action plans aligned with the relevant ESG targets have been developed and included in the Sustainability Report. It is planned to be disclosed to the public during 2024.	-
A2.3. ESG Key Performance Indicators (KPIs) and the level of achievement of these indicators on an annual basis have been publicly disclosed.		X			Partially mentioned in A1.1 of this report.	-
A2.4. Activities to improve the sustainability performance of business processes or products and services have been publicly disclosed.		X			Activities are being carried out to improve the sustainability performance of business processes, products, and services. It will be disclosed to the public in the Sustainability Report planned for publication in 2024.	-
A3. Reporting						
A3.1. In the annual reports, information regarding the Company's sustainability performance, targets, and actions has been provided in a clear, accurate, and sufficient manner.			X		Information on the Company's sustainability performance, targets, and actions is included in the Sustainability Report to be published in 2024.	-

Sustainability Compliance Report	Compliance Status				Disclosure	Publicly Disclosed Information Report Details
	Yes	Partially	No	Not applicable		
A3. Reporting						
A3.2. The Company has publicly disclosed information on which of the United Nations (UN) 2030 Sustainable Development Goals its activities are related to.		X			As a result of the materiality/priority matrix developed, the Company has selected the Sustainable Development Goals (SDGs) that are currently being contributed to and those planned for future contributions, identified through value chain analyses. Activities carried out towards the Sustainable Development Goals will be publicly disclosed in the Sustainability Report planned for publication in 2024.	-
A3.3. Information on legal proceedings brought against and/or finalized on ESG issues, which are considered material in terms of ESG policies and/or which may materially affect operations, have been publicly disclosed.	X				There are no legal proceedings.	-
A4. Verification						
A4.1. The Company's ESG Key Performance Indicators (KPIs) have been verified by an independent third-party organization and disclosed to the public.		X			ESG performance targets and values are audited annually by independent third-party auditors as part of the Integrated Management Systems. In addition, the assessment of compliance with national Environmental Regulations is carried out through evaluations by the Ministry of Environment, Urbanization, and Climate Change and is documented. It will be disclosed to the public in the Sustainability Report planned for publication in 2024.	-
B. ENVIRONMENTAL PRINCIPLES						
B1. The Company has publicly disclosed its policies and practices, action plans, environmental management systems (i.e., the ISO 14001 standard), and programs implemented for environmental management.		X			Quality, Environmental, Occupational Health and Safety, and Energy Management Systems have been established and certified. Management systems are maintained in an integrated manner, with relevant policies and other documentation implemented accordingly. It will be disclosed to the public in the Sustainability Report planned for publication in 2024. https://www.batisoke.com.tr/yasal-bilgiler/the-management-systems-policy-of-bati-anadolu-group https://www.batisoke.com.tr/yasal-bilgiler/bati-anadolu-grubu-bilgi-guvenligi-politikasi	-
B2. Restrictions concerning the scope of the report, reporting period, reporting date, and reporting conditions related to the environmental reports prepared to provide information on environmental management have been publicly disclosed.		X			The obligations under the Environmental Regulations (e.g., notification of greenhouse gas emission reports, notification of waste, emission verification measurements, periodic measurements of waste incineration) are fulfilled within the periods specified in the applicable regulations, and the necessary disclosures are made in a timely manner without any undue delay. It will be disclosed to the public in the Sustainability Report planned for publication in 2024.	-

B4. Environmental targets included in the reward criteria of performance incentive systems for stakeholders (e.g., board members, managers, and employees) have been publicly disclosed.		X			In 2024, the Performance Management System was designed to be implemented and will be completed by the end of the first quarter.	-
Compliance Status					Disclosure	Publicly Disclosed Information Report Details
Sustainability Compliance Report	Yes	Partially	No	Not applicable		
B. ENVIRONMENTAL PRINCIPLES						
B5. How the prioritized environmental issues have been integrated into business targets and strategies has been publicly disclosed.		X			Within the scope of the established and maintained ISO 14001 Environmental Management System, targets are set for identifying material environmental aspects and controlling these aspects with the necessary measures to prevent environmental harm or to minimize damage within legally permissible limits. These targets are monitored through relevant action plans and completed within the deadlines established by those responsible. In addition, the compliance of this management system is audited by the Turkish Standards Institute (TSE). It will be disclosed to the public in the Sustainability Report to be published in 2024.	-
B7. The management of environmental issues and their integration into business targets and strategies throughout the operational process, including suppliers and customers across the Company's value chain, have been publicly disclosed.		X			Supplier assessments are conducted throughout the supply chain in the course of operations within the scope of integrated management systems and it will be publicly disclosed in the Sustainability Report to be published in 2024.	-
B8. Whether competent authorities and non-governmental organizations were involved in the environmental policy-making processes, as well as the cooperation with these institutions and organizations, has been publicly disclosed.		X			Activities and collaborations are shared in senior management reports and will be published from next year onward.	-
B9. In the light of environmental indicators (GHG emissions (Scope-1 (Direct), Scope-2 (Energy indirect), Scope-3 (Other indirect), air quality, energy management, water and wastewater management, waste management, biodiversity impacts), information on environmental impacts has been publicly disclosed in a periodically comparable manner.		X			In 2022, initiatives were launched to calculate the direct (Scope 1) and indirect (Scopes 2, 3, 4, 5, and 6) emissions arising from corporate activities in accordance with the ISO 14064 Greenhouse Gas Calculation and Reporting Standard. In order to ensure the validity of the data obtained from the calculations, emissions for the years 2022 and 2023 have been verified by a third-party independent verification organization accredited by TÜRKAK, in accordance with the ISO 14064-1 Standard for the Verification and Reporting of Greenhouse Gas (GHG) Emissions. It will be disclosed to the public in the Sustainability Report to be published in 2024.	-
B10. Details of the standards, protocols, methodologies, and reference year used to collect and calculate the data have been publicly disclosed.		X			Data collection and calculations are conducted in accordance with applicable legal regulations and standards.	-

B11. The increase or decrease in environmental indicators for the reporting year compared to previous years have been publicly disclosed.		X			It will be disclosed to the public in the Sustainability Report to be published in 2024.	-
B12. Short- and long-term targets have been established to reduce environmental impacts, and both these targets and the progress made against previous year's targets have been publicly disclosed.		X			It will be disclosed to the public in the Sustainability Report to be published in 2024.	-
B13. A strategy to combat the climate crisis has been established, and the planned actions have been publicly disclosed.		X			Corporate carbon footprint calculations have been conducted, leading to the establishment of a strategy to combat the climate crisis, and corresponding actions have been planned. It will be disclosed to the public in the Sustainability Report to be published in 2024.	-
Sustainability Compliance Report	Compliance Status				Disclosure	Publicly Disclosed Information Report Details
	Yes	Partially	No	Not applicable		
B. ENVIRONMENTAL PRINCIPLES						
B14. Programs or procedures have been established and publicly disclosed to prevent or minimize the potential negative impacts of products and/or services on the environment.		X			Within the scope of the ISO 14001 standard, the Company monitors the environmental performance of its products. It will be disclosed to the public in the Sustainability Report to be published in 2024.	-
B14. Actions have been taken to reduce the greenhouse gas emissions of third parties (e.g., suppliers, subcontractors, dealers, etc.), and these actions have been publicly disclosed.		X			Activities are being carried out to promote the reduction of greenhouse gas emissions from third parties, and this will be disclosed to the public in the Sustainability Report to be published in 2024.	-
B15. Environmental benefits/gains and cost savings from initiatives and projects aimed at reducing environmental impacts have been publicly disclosed		X			Targets to reduce environmental impacts are established within the framework of integrated management systems and monitored through performance tables under the ISO 14001 management system. The benefits/gains and cost savings achieved are regularly reported to senior management. It will be disclosed to the public in the Sustainability Report to be published in 2024.	-
B16. Data on energy consumption (e.g., natural gas, diesel, gasoline, LPG, coal, electricity, heating, and cooling) have been publicly disclosed as Scope 1 and Scope 2 emissions.		X			These data are monitored and will be disclosed to the public in the Sustainability Report to be published in 2024.	-
B17. Public disclosures have been made regarding the electricity, heat, steam, and cooling generated in the reporting year.		X			Electricity generation at the heat recovery plant is continuously monitored and reported to management. It will be disclosed to the public in the Sustainability Report to be published in 2024.	-
B18. Efforts were made to increase the use of renewable energy and transition to net-zero or low-carbon electricity, and this information has been publicly disclosed.	X				The green energy produced at the heat recovery plant has been registered with IREC and publicly disclosed.	-
B19. Renewable energy production and utilization data have been publicly disclosed.	X				The green energy produced at the heat recovery plant has been registered with IREC and publicly disclosed.	-

B20. Energy efficiency projects were carried out, and the amounts of energy consumption and emission reductions achieved through these projects have been publicly disclosed.		X			Within the framework of the integrated management system, energy efficiency projects are developed and reported to senior management. It will be disclosed to the public in the Sustainability Report to be published in 2024.	-	
B21. Water consumption, along with the amount of water withdrawn from underground or above ground (if applicable), as well as the quantities recycled and discharged, along with their sources and procedures, have been publicly disclosed.		X			This will be disclosed to the public in the Sustainability Report to be published in 2024.	-	
B22. Whether the Company's operations or activities are included in any carbon pricing system (e.g., Emissions Trading System, Cap & Trade, or Carbon Tax) has been publicly disclosed.				X	The Emissions Trading System has not yet been implemented in Türkiye.	-	
B23. Information on carbon credits accumulated or purchased during the reporting period has been publicly disclosed.		X			The carbon credits accumulated from the energy generated by waste heat in our Company have been certified by VCS. This will be disclosed to the public in the Sustainability Report to be published in 2024.	-	
B24. If carbon pricing is implemented within the Company, the details have been publicly disclosed.				X	The Emissions Trading System has not yet been implemented in Türkiye.	-	
		Compliance Status					
Sustainability Compliance Report	Yes	Partially	No	Not applicable	Disclosure	Publicly Disclosed Information Report Details	
B25. The platforms on which the Company discloses information about its environmental performance have been publicly disclosed.	X				Publicly disclosed. https://www.batisoke.com.tr/cevre	-	
C. SOCIAL PRINCIPLES							
C1. Human Rights and Employee Rights							
C1.1. A Corporate Human Rights and Employee Rights Policy has been established in accordance with the Universal Declaration of Human Rights, the ILO Conventions ratified by Türkiye, and other applicable regulations. Those responsible for implementing the policy have been identified, and both the policy and the individuals responsible have been publicly disclosed.		X			In 2024, the Batı Anadolu Group Human Rights Policy is in place, and responsible parties have been identified. It is planned to be publicly disclosed in 2024.	-	
C1.2. Considering the impacts of the supply and value chains, the employee rights policy includes fair labor practices, improvements in labor standards, and issues related to women's employment and inclusion (e.g., non-discrimination based on gender, race, religion, language, marital status, ethnic identity, sexual orientation, gender identity, family responsibilities, union activities, political opinion, disability, and social and cultural differences).	X				The Batı Anadolu Group Human Rights Policy is established and outlines approaches and standards based on human rights for its business and solution partners, suppliers, and contractors, aligning with its commitment to economic, environmental, and social sustainability.	-	

C1.3. Measures implemented across the value chain to protect the rights of vulnerable segments of society affected by specific economic, environmental, and social factors (e.g., low-income groups, women) as well as minority rights and equal opportunities have been publicly disclosed.		X			Measures for ensuring equal opportunities have been outlined within the framework of Batı Anadolu Group's Code of Business Ethics and Working Principles. It is planned to be publicly disclosed in 2024.	-
C1.4. Developments on preventive and corrective actions taken against discrimination, inequality, human rights violations, forced labor, and child labor have been publicly disclosed.		X			These have been outlined within the framework of Batı Anadolu Group's Code of Business Ethics and Working Principles as well as Batı Anadolu Group's Human Rights Policy. It is planned to be publicly disclosed in 2024.	-
C1.5. Investments in employees (e.g., training, development policies), compensation, fringe benefits, the right to unionize, work/life balance solutions, and talent management are included in the Company's policy on employee rights.	X				The Company's blue-collar employees are members of the Çimse-İş Trade Union, while the employer is a member of the Cement Industry Employers' Association (ÇEİS). The collective bargaining agreement signed between the union and the employers' association is implemented in our workplace. These have been outlined within the framework of Batı Anadolu Group's Integrated Management Systems Policy, Batı Anadolu Group's Code of Business Ethics and Working Principles, as well as Batı Anadolu Group's Human Rights Policy.	-
C1.5. Mechanisms for resolving employee complaints and disputes have been established and dispute resolution processes have been determined.	X				Dispute and conflict resolution processes have been outlined within the framework of Batı Anadolu Group's Code of Business Ethics and Working Principles.	-
C1.5. Activities carried out during the reporting period to ensure employee satisfaction have been publicly disclosed.		X			Employee satisfaction is monitored through individual interviews, and prompt actions are taken when necessary. An employee engagement survey is planned to be conducted next year. It will be disclosed to the public in the Sustainability Report to be published in 2024.	-
C1.6. Occupational health and safety policies have been established and publicly disclosed.	X				It was published under Batı Anadolu's Integrated Management System Policy. https://www.batisoke.com.tr/yasal-bilgiler/the-management-systems-policy-of-bati-anadolu-group	-
Sustainability Compliance Report	Compliance Status				Disclosure	Publicly Disclosed Information Report Details
	Yes	Partially	No	Not applicable		
C. SOCIAL PRINCIPLES						
C1.6. Measures taken to prevent occupational accidents and protect health, along with accident statistics, have been publicly disclosed.	X				Awareness activities aimed at preventing occupational accidents and protecting health are disseminated through various platforms, including meetings and digital channels. Accident statistics are monitored and presented in management reports. The number of accident-free days is displayed on the digital board at the entrance of the plant.	-
C1.7. Policies for the protection of personal data and data security have been established and publicly disclosed.	X				The relevant policies are available at: https://www.batisoke.com.tr/yasal-bilgiler/ki-sisel-verilerin-korunmasi-ve-gizlilik-politikasi	-
C1.8. An ethics policy has been established and publicly disclosed.		X			Batı Anadolu Group's Code of Business Ethics and Working Principles are in place. It is planned to be publicly disclosed in 2024.	-

C1.9. Activities related to social investment, social responsibility, financial inclusion, and access to finance have been disclosed.	X				Our projects are conducted in the domains of education, culture, and the arts. https://www.batisoke.com.tr/kurumsal/sosyal-sorumluluk	-
C1.10. Informational meetings and training programs have been organized for employees regarding ESG policies and practices.	X				Under Environmental Regulations, all employees receive training on ESG policies and practices annually. In addition, necessary training is provided and recorded within the framework of the Environmental Management System established and maintained by the Company.	-
C2. Stakeholders, International Standards and Initiatives						
C2.1. A customer satisfaction policy regarding the management and resolution of customer complaints has been established and publicly disclosed.		X			Surveys and practices are conducted to enhance customer satisfaction under the customer complaint evaluation guidelines. In addition, assessment and evaluation processes are conducted in accordance with the customer satisfaction survey guidelines. The relevant processes are monitored within management reports.	-
C2.2. Information regarding communications with stakeholders (e.g., stakeholders involved, subject matter, frequency, etc.) has been publicly disclosed.		X			Detailed information about communications with stakeholders is publicly disclosed in the Sustainability Report planned for publication in 2024.	-
C2.3. International reporting standards adopted in reporting have been disclosed.	X				The 'Sustainability Report' to be published in 2024 complies with the GRI Standards, 2021 version	-
C2.4. The sustainability principles adopted by the Company, along with the international organizations, committees, and principles of which it is a signatory or member, have been publicly disclosed.		X			This will be disclosed to the public in the Sustainability Report to be published in 2024.	-
C2.5. Developments have been made and necessary actions have been taken to be included in the sustainability indices of Borsa Istanbul and/or international index providers.			X		Development activities are set to commence in 2024.	-
D. CORPORATE GOVERNANCE PRINCIPLES						
D1. Stakeholder feedback has been sought in determining measures and strategies related to sustainability.	X				The Company has gathered stakeholder opinions and feedback through an online materiality survey, which serves as the basis for the materiality matrix used to determine sustainability strategies with selected stakeholder groups. Strategies related to sustainability have been established through the development of a materiality/priority matrix.	-
D2. Social responsibility projects, awareness-raising events, and training activities have been implemented to enhance awareness of sustainability and its importance.	X				Our projects are conducted in the domains of education, culture, and the arts. https://www.batisoke.com.tr/kurumsal/sosyal-sorumluluk	-

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INDEPENDENT AUDITOR'S REPORT **TO THE GENERAL ASSEMBLY OF BATISÖKE** **SÖKE ÇİMENTO SANAYİİ TÜRK A.Ş. (JOINT** **STOCK COMPANY);**

A) INDEPENDENT AUDIT OF FINANCIAL STATEMENTS

1- Opinion

We have audited the financial statements of Batisöke Söke Çimento Sanayii Türk A.Ş. (Joint Stock Company) (hereinafter the 'Company'), which include the statement of financial position as of December 31, 2023, the statement of profit or loss and other comprehensive income, the statement of changes in equity, and the cash flow statement for the fiscal year then ended. This also encompasses the notes to the financial statements, including a summary of material accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023, as well as its financial performance and cash flows for the fiscal year then ended, in accordance with Turkish Financial Reporting Standards ('TFRS').

2- Basis for the Opinion

We conducted our independent audit in accordance with the Independent Auditing Standards ('BDS'), which are part of the Turkish Auditing Standards issued by the Public Oversight, Accounting and Auditing Standards Authority ('KGK') and adopted under the regulations of the Capital Markets Board (CMB) of Türkiye. Our responsibilities under these Standards are detailed in the section of our report titled 'Independent Auditor's Responsibilities for the Independent Audit of the Financial Statements.' We declare that we are independent of the Company in accordance with the Code of Ethics for Independent Auditors ('Code of Ethics') issued by KGK, and in compliance with the ethical principles set forth in Capital Markets Board regulations and other applicable regulations governing the independent audit of financial statements. Other responsibilities related to ethics under the Code of Ethics and applicable regulations have also been fulfilled by us. We believe that the independent audit evidence obtained during the independent audit process is sufficient and appropriate to form the basis for our opinion.

3- Key Audit Matters

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

Key Audit Matters	How the Key Audit Matter is Addressed in the Audit
Accounting for Property, Plant, and Equipment Using the Revaluation Method	
<p>In its financial statements as of December 31, 2023, the Company measured its land and land improvements/plots, as well as property, plant, and equipment, at fair value based on the valuation results from an independent appraisal firm authorized by the CMB.</p> <p>The resulting increase in value for these assets, amounting to TRY 436,436,000 after tax effects, has been recognized in the revaluation surplus of property, plant, and equipment under other comprehensive income.</p> <p>The processes for recognizing these transactions in the financial statements, along with the valuation work that involves significant expertise, judgment, and assumptions, are of material importance to our audit. Accordingly, we have identified this as a key audit matter.</p> <p>Detailed disclosures on property, plant, and equipment are provided in Note 2 and Note 11.</p>	<p>During our audit, we applied the following audit procedures concerning the measurement of property, plant, and equipment in accordance with the revaluation model: In relation to the revaluation of property, plant, and equipment, we evaluated the qualifications, competence, and objectivity of the real estate appraisers appointed by management. In our audit, we evaluated the appropriateness of the methods used by the valuation experts in the valuation reports, which form the basis for the fair values of the related property, plant, and equipment measured under the revaluation model.</p> <p>In order to verify the conformity of the assumptions used by independent valuation experts during the valuation with market data, we involved the work of valuation experts from another organization and auditors from another firm within our audit network. In this context, based on the work and reviews conducted by experts on the relevant real estate valuation calculations, we assessed whether the estimates and assumptions used in the valuation report fall within an acceptable range of fair value as determined by the Company's independent valuation experts.</p> <p>The appropriateness of the valuation method used was assessed by evaluating the related machinery, property, plant, and equipment in conjunction with their intended use. In addition, within the scope of the specific recognitions mentioned above, we have examined the compliance of the information presented in the financial statements and explanatory notes in accordance with TMS 16 (Turkish Accounting Standards).</p>

Key Audit Matter	How the Key Audit Matter is Addressed in the Audit
TMS 29 Financial Reporting in Hyperinflationary Economies	
<p>As explained in Note 2.1, as of December 31, 2023, the Turkish Lira, which is the Company's functional currency, is considered a currency of a hyperinflationary economy.</p> <p>Consequently, the Company has begun applying 'TMS 29 Financial Reporting in Hyperinflationary Economies' in the preparation of the accompanying financial statements as of that date.</p> <p>In accordance with TMS 29, the financial statements and comparative financial information for prior periods have been restated to reflect changes in the general purchasing power of the Turkish Lira. Consequently, they are presented in terms of the purchasing power of the Turkish Lira as of the reporting date.</p> <p>The application of TMS 29 has a material impact on the financial statements, both overall and in terms of the calculated values. Furthermore, considering the additional efforts expended to conduct the audit of this application, the application of TMS 29 has been identified by us as a key audit matter.</p> <p>The accounting policies and related disclosures regarding the application of TMS 29 standards are provided in Note 2.1.</p>	<p>During our audit, the following audit procedures were adopted for the application of the TMS 29 'Financial Reporting in Hyperinflationary Economies' standard:</p> <ul style="list-style-type: none"> - Verifying that the distinction between monetary and non-monetary items made by the Company management is in accordance with TMS 29; - Testing, through sampling, that historical costs and purchase dates of non-monetary items are accurately included in the calculation by obtaining their detailed lists and comparing them with supporting documentation; - Verifying that the index coefficients used in the calculations are consistent with those obtained from the Consumer Price Index (CPI) for Türkiye, published by the Turkish Statistical Institute (TÜİK); - Testing the mathematical accuracy of the non-monetary items, as well as the statement of profit or loss and cash flow statement restated for the effects of inflation; and - Evaluating the adequacy and appropriateness of the disclosures in the notes to the financial statements concerning the application of TMS 29 in accordance with 'IFRS' standards.

4 Responsibilities of the Company Management and Senior Management for the Financial Statements

The Company management is responsible for the preparation and fair presentation of the financial statements in accordance with TFRS and for establishing internal control as deemed necessary to ensure the financial statements are free from material misstatements, whether due to errors or fraud.

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

Those responsible for senior management are tasked with overseeing the Company's financial reporting process.

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

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

Our objective is to obtain reasonable assurance that the financial statements, taken as a whole, are free from material misstatement, whether due to errors or fraud, and to issue an independent auditor's report that expresses our opinion. Reasonable assurance, which is a high level of assurance, does not guarantee that an independent audit conducted in accordance with the independent auditing standards issued by the Capital Markets Board (CMB) and the Independent Auditing Standards (BDS) will always detect a material misstatement when it exists. Misstatements may arise from errors or fraud. Misstatements are considered material if, individually or collectively, such misstatements could reasonably be expected to influence the economic decisions of users made based on these financial statements.

As part of an independent audit conducted in accordance with the independent auditing standards issued by the Capital Markets Board (CMB) and the Independent Auditing Standards (BDS), we exercise professional judgment and maintain professional skepticism throughout the audit. The following practices are also performed by us:

- Identification and assessment of the risks of 'material misstatement' in the financial statements, whether due to errors or fraud; designing and performing audit procedures to address these risks; and obtaining sufficient and appropriate audit evidence to provide a basis for our opinion. (The risk of failing to detect a material misstatement due to fraud is higher than the risk of failing to detect a material misstatement due to error, as fraud may involve collusion, forgery, intentional neglect, misrepresentations, or violations of internal controls.)
- Obtaining an understanding of internal control relevant to the audit is performed to design audit procedures that are appropriate under the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- We assess the appropriateness of the accounting policies used by management, as well as the reasonableness of the accounting estimates and related disclosures.
- We conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, assess whether a material uncertainty exists regarding events or conditions that may cast serious doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to highlight the relevant disclosures in the financial statements in our auditor's report or, if such disclosures are inadequate, to modify our favorable opinion accordingly. Our conclusions are based on the audit evidence obtained until the date of the independent auditor's report. However, future events or circumstances may lead to the Company ceasing its operations as a going concern.
- Evaluating the overall presentation, structure, and content of the financial statements, including the disclosures, and determining whether they fairly reflect the underlying transactions and events.

We communicate with those responsible for senior management regarding, among other things, the planned scope and timing of the independent audit, as well as material audit findings, including any material deficiencies in internal control that we identify during our audit.

We have informed those responsible for senior management that we comply with the ethical provisions regarding independence. We have also communicated to those responsible for senior management all relationships and other matters that may reasonably affect independence, along with any relevant measures, if applicable.

Among the matters communicated to those responsible for senior management, we have identified the key audit matters, which are those of the highest materiality in our independent audit of the financial statements for the current period. We may decide not to disclose a matter in our independent auditor's report if the applicable regulations prohibit disclosure, or in very exceptional circumstances where the adverse consequences of disclosure are reasonably expected to outweigh the public interest in making the disclosure.

B) OTHER OBLIGATIONS ARISING FROM APPLICABLE REGULATIONS

1) The Auditor's Report on the Early Detection of Risk System and Committee, prepared in accordance with Article 398, paragraph 4 of the Turkish Commercial Code No. 6102 ('TCC'), was submitted to the Company's Board of Directors on April 4, 2024.

2) In accordance with Article 402, paragraph 4 of the TCC, nothing has come to our attention to suggest that the Company's bookkeeping for the fiscal year from January 1 to December 31, 2023, is not in compliance with the applicable laws, regulations, and provisions of the Company's Articles of Association related to financial reporting.

3) Pursuant to Article 402, paragraph 4 of the TCC, the Board of Directors provided the necessary disclosures and the requested documents within the scope of the audit.

Mehmet Bařol engel is the responsible auditor who has duly conducted and finalized this independent audit.

Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (Joint Stock Company) A member firm of Ernst & Young Global Limited

Mehmet Bařol engel, Certified Public Accountant (CPA)
Responsible Auditor

April 4, 2024 İzmir,
Türkiye

Batisöke Söke Çimento Sanayii T.A.Ş.

Statement of Financial Position as of December 31, 2023

(All amounts are expressed in thousands of Turkish Lira ('TRY'))

in terms of the purchasing power of the Turkish Lira as of December 31, 2023, unless otherwise indicated.)

		Current period	Previous period
		Audited by an independent auditor	Audited by an independent auditor
	Note	December 31, 2023	December 31, 2022
Assets			
Current Assets			
Cash and cash equivalents	3	21,082	66,642
Trade receivables			
- Trade receivables from related parties	7.26	120,104	150,476
- Trade receivables from unrelated parties	7	526,257	286,311
Other receivables			
- Other receivables from related parties	8	5,592	7,126
- Other receivables from unrelated parties	8	3,548	2,098
Inventories	9	728,276	756,731
Prepaid expenses	10	47,515	111,472
Current tax assets	24	236	138
Other current assets	15	137,168	169,141
Total Current Assets		1,589,778	1,550,135
Fixed assets			
Other receivables			
- Other receivables from unrelated parties	8	905	575
Tangible fixed assets	11	7,225,738	6,842,462
Right-of-use Assets	12	5,457	2,295
Intangible assets	12	1,958	2,488
Prepaid expenses	10	2,788	14,523
Total Fixed Assets		7,236,846	6,862,343
Total Assets		8,826,624	8,412,478

Batisöke Söke Çimento Sanayii T.A.Ş.

Statement of Financial Position as of December 31, 2023

(All amounts are expressed in thousands of Turkish Lira ('TRY'))

in terms of the purchasing power of the Turkish Lira as of December 31, 2023, unless otherwise indicated.)

		Current period	Previous period
		Audited by an independent auditor	Audited by an independent auditor
	Note	December 31, 2023	December 31, 2022
Liabilities			
Short-term liabilities			
Short-term borrowings	6	405,309	830,390
Current portions of long-term borrowings	6	389,745	181,088
Trade payables			
- Trade payables to related parties	7.26	125,440	45,102
- Trade payables to unrelated parties	7	550,713	1,056,503
Liabilities for employee benefits	14	12,989	10,392
Other payables			
- Other payables to related parties	8.26	900,250	-
- Other payables to unrelated parties	8	6,619	10,486
Liabilities arising from customer contracts	10	125,776	111,274
Short-term provisions			
- Other short-term provisions		1,144	-
Other short-term liabilities	15	11,833	8,347
Total Short-Term Liabilities		2,529,818	2,253,582
Long-term liabilities			
Long-term borrowings	6	2,399,841	2,827,653
Long-term provisions			
- Long-term provisions for employee benefits	14	56,240	79,292
- Other long-term provisions	13	22,439	17,998
Deferred tax liability	24	14,812	722,545
Total Long-Term Liabilities		2,493,332	3,647,488
Total Liabilities		5,023,150	5,901,070
Equity			
Paid-in capital	16	400,000	400,000
Adjustments to share capital	16	3,563,553	3,563,553
Repurchased (Treasury) shares		(1,132)	(1,132)
Share Premiums (Discounts)		2,877	2,877
Other accumulated comprehensive income (expenses) not to be reclassified to profit or loss			
- Revaluation surplus of property, plant, and equipment	16	515,998	85,618
- Gains (losses) on remeasurement of defined benefit plans	16	(51,268)	(34,385)
Restricted reserves appropriated from profit		259,684	259,684
Retained earnings (accumulated losses)		(1,758,751)	(1,554,728)
Net profit (loss) for the period		872,513	(210,079)
Total Equity		3,803,474	2,511,408
Total liabilities		8,826,624	8,412,478

Batisöke Söke Çimento Sanayii T.A.Ş.

Statement of profit or loss and other comprehensive income for the period from January 1 to December 31, 2023

(All amounts are expressed in thousands of Turkish Lira ("TRY") in terms of the purchasing power of the Turkish Lira as of December 31, 2023, unless otherwise indicated.)

Profit or Loss Section	Note	Current period	Previous period
		Audited by an independent auditor January 1 – December 31, 2023	Audited by an independent auditor January 1 – December 31, 2022
Revenue	17	4,122,085	3,999,212
Cost of sales	17	(3,544,848)	(4,178,707)
Gross profit (loss) from trading activities		577,237	(179,495)
Gross profit (loss)		577,237	(179,495)
General administrative expenses	18	(123,693)	(88,666)
Marketing, sales, and distribution expenses	18	(256,623)	(124,634)
Other income from operating activities	20	201,867	89,580
Other expenses from operating activities	20	(480,040)	(253,580)
Operating profit (loss)		(81,252)	(556,795)
Income from investing activities	21	355	-
Expenses from investing activities (-)	21	-	(366,675)
Share of profit (loss) of investments accounted for using the equity method	5	-	58,317
Operating profit (loss) before financing income (loss)		(80,897)	(865,153)
Financing income	22	60,908	10,670
Financing expenses	23	(2,166,470)	(1,729,704)
Net monetary gain (loss)		2,216,865	2,453,896
Profit (loss) before tax from continuing operations		30,406	(130,291)
Tax (expense) income from continuing operations			
Deferred tax (expense) income	24	842,107	(79,788)
Current profit (loss) from continuing operations		872,513	(210,079)
Earnings (Loss) per Share	25	2.18	(0.53)
Other comprehensive income (expense)			
Other comprehensive income (loss) not to be reclassified			
- Revaluation increases (decreases) of tangible assets	11	576,437	107,022
- Revaluation increases (decreases) of tangible assets, tax effect	24	(140,001)	(21,404)
- Gains (losses) on remeasurement of defined benefit plans	14	(22,510)	(42,981)
- Gains (losses) on remeasurement of defined benefit plans, tax effect	24	5,627	8,596
- Gains (losses) on financial assets measured at fair value through other comprehensive income	4	-	92,652
- Gains (losses) on financial assets measured at fair value through other comprehensive income, tax effect	24	-	(4,630)
Other comprehensive income (expense)		419,553	139,255
Total comprehensive income (expense)		1,292,066	(70,824)

Batisöke Söke Çimento Sanayii T.A.Ş.

Statement of Changes in Equity for the Period from January 1 to December 31, 2023

(All amounts are expressed in thousands of Turkish Lira ('TRY'))

in terms of the purchasing power of the Turkish Lira as of December 31, 2023, unless otherwise indicated.)

					Other accumulated comprehensive income or expenses not to be reclassified to profit or loss			Accumulated profits			
	Paid-in capital	Adjustments to share capital	Repurchased (Treasury) Shares	Share Premiums/ Discounts	Revaluation surplus/deficit of property, plant, and equipment	Gains (losses) on remeasurement of defined benefit plans	Other gains (losses)	Restricted reserves appropriated from profit	Retained earnings / (accumulated losses)	Net profit (loss) for the period	Total equity
As of January 1, 2022, balance 400,000 (beginning of the period)		3,563,553	(1,132)	2,877	-	-	-	259,684	(1,642,750)	-	2,582,232
Transfers	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive	-	-	-	-	85,618	(34,385)	88,022	-	-	(210,079)	(70,824)
- Profit for the period income (loss)	-	-	-	-	-	-	-	-	-	(210,079)	(210,079)
Other comprehensive income (expense)	-	-	-	-	85,618	(34,385)	-	-	-	-	139,255
Increase (decrease) due to other changes (*)	-	-	-	-	-	-	(88,022)	-	88,022	-	-
As of December 31, 2022, balance 400,000 (end of period)	400,000	3,563,553	(1,132)	2,877	85,618	(34,385)	-	259,684	(1,554,728)	(210,079)	2,511,408
As of January 1, 2023, balance 400,000 (beginning of the period)		3,563,553	(1,132)	2,877	85,618	(34,385)	-	259,684	(1,554,728)	(210,079)	2,511,408
Transfers	-	-	-	-	(6,056)	-	-	-	(204,023)	210,079	-
Total comprehensive income (expense)	-	-	-	-	436,436	(16,883)	-	-	-	872,513	1,292,066
- Profit for the period (loss)	-	-	-	-	-	-	-	-	-	872,513	872,513
- Other comprehensive income	-	-	-	-	436,436	(16,883)	-	-	-	-	419,553
As of December 31, 2023, balance 400,000 (beginning of the period) (expense)		3,563,553	(1,132)	2,877	515,998	(51,268)	-	259,684	(1,758,751)	872,513	3,803,474

(*) Detailed disclosures regarding the sale of shares of Batıçim Batı Anadolu Çimento Sanayii A.Ş., the Company's main partner, are provided in Note 4.

Batisöke Söke Çimento Sanayii T.A.Ş.

Cash Flow Statement for the Period from January 1 to December 31, 2023

(All amounts are expressed in thousands of Turkish Lira ('TRY'))

in terms of the purchasing power of the Turkish Lira as of December 31, 2023, unless otherwise indicated.)

	Current period		Previous period
	Audited by an independent auditor		Audited by an independent auditor
	Note	January 1 – December 31, 2023	January 1 – December 31, 2022
A. Cash flows from operating activities		12,842	331,831
Profit (loss) for the period			
Current profit (loss) from continuing operations (I)		872,513	(210,079)
Adjustments to reconcile net profit (loss) for the period (II)		(273,104)	184,679
Adjustments related to depreciation and amortization expenses	11.12	317,214	314,742
Adjustments related to impairment (reversal)			
- Adjustments related to impairment (reversal) of inventory	9	30,131	18,286
Adjustments related to provisions			
- Provisions for employee benefits (reversal)	14	20,496	16,430
Adjustments related to provisions for litigation and/or penalties (reversal)		1,144	-
- Adjustments related to other provisions (reversals)	13	14,724	8,334
Adjustments related to interest (income) and expenses			
- Adjustments related to interest income	22	(10,656)	(2,917)
- Adjustments related to interest expenses	23	621,700	568,770
- Unearned financing income from credit sales	20	(73,897)	(43,527)
- Deferred financing expense from credit purchases	20	68,806	51,613
Adjustments related to unrealized foreign currency translation differences		1,409,699	933,667
Adjustments related to undistributed profits of investments accounted for using the equity method	5	-	(58,317)
Losses (gains) from the disposal or changes in shareholdings of subsidiaries, joint ventures, and financial investments related adjustments	21	-	66,788
Adjustments related to losses (gains) from the disposal of tangible fixed assets	21	-	299,887
Adjustments related to tax expense (income)	24	(842,107)	79,788
Adjustments related to monetary losses / (gains)		(1,830,358)	(2,068,865)
Changes in working capital (III)		(543,319)	366,770
Adjustments related to decrease (increase) in trade receivables		(278,380)	(16,708)
Adjustments related to decrease (increase) in other receivables related to operating activities			
- Decrease (increase) in other receivables from related parties related to operating activities		1,534	33,894
- Decrease (increase) in other receivables from unrelated parties related to operating activities		(1,780)	(572)
Adjustments related to decreases (increases) in inventory		(49,246)	(258,067)

Batisöke Söke Çimento Sanayii T.A.Ş.

Cash Flow Statement for the Period from January 1 to December 31, 2023

(All amounts are expressed in thousands of Turkish Lira ('TRY'))

in terms of the purchasing power of the Turkish Lira as of December 31, 2023, unless otherwise indicated.)

	Current period		Previous period
	Audited by an independent auditor		Audited by an independent auditor
	Note	January 1 – December 31, 2023	January 1 – December 31, 2022
Adjustments related to the increase (decrease) in other payables related to operating activities			
- Increase (decrease) in other payables related to operating activities to unrelated parties		(3,867)	4,800
Adjustments related to other increases (decreases) in working capital			
- Decrease (increase) in other assets related to operating activities		46,475	172,468
- Increase (decrease) in other liabilities related to operating activities		3,486	(477)
Cash flows from operating activities (I+II+III)		56,090	341,370
Payments made under provisions related to employee benefits	14	(43,150)	(9,541)
Tax refunds (payments)	24	(98)	2
B. Cash flows from investing activities		(85,210)	(40,916)
Cash inflows from the sale of tangible and intangible fixed assets			
- Cash inflows from the sale of tangible fixed assets		-	127,982
Cash outflows from the purchase of tangible and intangible fixed assets			
- Cash outflows from the purchase of tangible fixed assets	11	(73,475)	(154,377)
Cash advances and loans provided	10	(11,735)	(14,521)
C. Cash flows from financing activities		38,934	(223,339)
Cash inflows from borrowings			
- Cash inflows from loans	6	646,667	4,217,593
Cash outflows related to debt repayments			
- Cash outflows related to loan repayments	6	(1,069,632)	(4,162,584)
Increase (decrease) in other payables received from related parties		748,501	33,046
Interest received	22	10,656	2,917
Interest paid	6	(284,019)	(289,341)
Other cash inflows (outflows)		(13,239)	(24,970)
D. Effect of monetary gains (losses) on cash and cash equivalents		(34,617)	(7,436)
E. Effect of foreign currency translation differences on cash and cash equivalents		22,491	2,190
Net increase (decrease) in cash and cash equivalents (A+B+C+D+E)		(45,560)	62,330
F. Cash and cash equivalents at the beginning of the period	3	66,642	4,312
Cash and cash equivalents at the end of the period (A+B+C+D+E+F)	3	21,082	66,642

Batisöke Söke Çimento Sanayii T.A.Ş.

Notes to the Financial Statements as of December 31, 2023

(All amounts are expressed in thousands of Turkish Lira ('TRY'))

in terms of the purchasing power of the Turkish Lira as of December 31, 2023, unless otherwise indicated.)

1. ORGANIZATION AND SCOPE OF ACTIVITIES OF THE COMPANY

Batisöke Söke Çimento Sanayii T.A.Ş. (the 'Company') was incorporated in 1955 in Aydın, Türkiye, in accordance with the provisions of the Turkish Commercial Code (TCC).

The registered address of the Company is Ankara Caddesi No: 335, Bornova, İzmir and conducts its production activities in Atatürk Mahallesi Aydın Caddesi No: 234, Söke, Aydın. In addition, the Company has a grinding and packaging plant in Çavdır, Burdur.

The Company is registered with the Capital Markets Board of Türkiye ('CMB'), and its shares have been publicly traded on Borsa İstanbul A.Ş. ('Borsa İstanbul') since 2000. The ultimate parent of the Company is Batıçim Batı Anadolu Çimento Sanayii A.Ş. ('Batıçim'), which controls the Company with a 74.62% stake. The Company's capital structure is disclosed in Note 16.

The Company's main activity is the production and sale of clinker and cement and the number of personnel of the Company is 359 as of December 31, 2023 (December 31, 2022: 356).

2. PRINCIPLES OF PRESENTATION OF FINANCIAL STATEMENTS

21 Basic Principles of Presentation

The Company maintains its books of account and prepare its statutory financial statements in accordance with the accounting principles stipulated in the Turkish Commercial Code ('TCC') and applicable tax regulations.

The accompanying financial statements have been prepared in accordance with the provisions of the Capital Markets Board of Türkiye ('CMB') Communiqué No. II-14.1 on Principles Regarding Financial Reporting in Capital Markets, published in the Official Gazette No. 28676 dated June 13, 2013. According to Article 5 of the Communiqué, the Turkish Financial Reporting Standards ('TFRS') issued by the Public Oversight, Accounting and Auditing Standards Authority ('KGK') have been adopted. The financial statements have also been presented in accordance with the TMS taxonomy published by KGK on October 4, 2022.

According to Article 5 of the Communiqué, companies reporting in accordance with CMB regulations apply the Turkish Accounting Standards / Turkish Financial Reporting Standards and their related appendices and interpretations ('TMS/TFRS') issued by the Public Oversight, Accounting and Auditing Standards Authority ('KGK').

The accompanying financial statements are prepared on a historical cost basis, except for land and land improvements, as well as machinery and equipment asset groups, which are measured at fair value using the revaluation model in accordance with TMS 16. The determination of historical cost is generally based on the fair value of the amount paid for the assets.

Functional and Reporting Presentation Currency

The Company determines the currency of the primary economic environment in which it operates (functional currency) and prepare its financial statements in that currency in accordance with TMS 21, The Effects of Changes in Foreign Exchange Rates. The functional currency of the Company is the Turkish Lira ('TRY'). The financial position and operating results of the Company are expressed in TRY, which is both the functional currency of the Company and the presentation currency for the financial statements.

Restatement of Financial Statements in Hyperinflationary Periods

Following the announcement made by the Public Oversight, Accounting and Auditing Standards Authority (KGK) on November 23, 2023, entities applying 'TFRS' standards have begun to implement inflation accounting in accordance with TMS 29 Financial Reporting in Hyperinflationary Economies

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2. PRINCIPLES OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

for the annual reporting period ending on or after December 31, 2023. TMS 29 is applicable to the financial statements, including the consolidated financial statements, of entities whose functional currency is that of a hyperinflationary economy.

The accompanying financial statements are prepared on a historical cost basis, except for land and land improvements, as well as machinery and equipment asset groups, which are measured at fair value using the revaluation model in accordance with TMS 16.

These financial statements, along with all comparative figures for prior periods, have been adjusted for changes in the general purchasing power of the Turkish lira in accordance with TMS 29 and are expressed in terms of the purchasing power of the Turkish lira as of December 31, 2023.

In applying TMS 29, the Company has used adjustment factors based on the Consumer Price Index (CPI) values published by the Turkish Statistical Institute, following the guidance of KGK. The CPI and corresponding adjustment factors for the current and prior periods since January 1, 2005, the date on which the Turkish lira was no longer designated as the currency of a hyperinflationary economy, are as follows:

End of year	Index	Index, %	Correction coefficient
2004	113.86	13.86	16.33
2005	122.65	7.72	15.16
2006	134.49	9.65	13.83
2007	145.77	8.39	12.76
2008	160.44	10.06	11.59
2009	170.91	6.53	10.88
2010	181.85	6.40	10.22
2011	200.85	10.45	9.26
2012	213.23	6.16	8.72
2013	229.01	7.40	8.12
2014	247.72	8.17	7.51
2015	269.54	8.81	6.90
2016	292.54	8.53	6.36
2017	327.41	11.92	5.68
2018	393.88	20.30	4.72
2019	440.50	11.84	4.22
2020	504.81	14.60	3.68
2021	686.95	36.08	2.71
2022	1128.45	64.27	1.65
2023	1859.38	64.77	1

In order to make the necessary adjustments to the financial statements in accordance with TMS 29, assets and liabilities are first separated into monetary and non-monetary categories, with non-monetary assets and liabilities further classified into those measured at current value and those measured at cost. Monetary items (excluding those linked to an index) and non-monetary items measured at their current values as of the end of the reporting period are not subject to inflation adjustment, as they are already expressed in terms of the measuring unit current at December 31, 2023. Non-monetary items that are not expressed in terms of the measuring unit current at December 31, 2023, have been adjusted for inflation using the relevant coefficient.

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2. PRINCIPLES OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

When the inflation-adjusted carrying amount of a non-monetary item exceeds its recoverable amount or net realizable value, the carrying amount is reduced in accordance with the relevant TFRS. In addition, inflation adjustments have been applied to all items in equity components, as well as in the statement of profit or loss and other comprehensive income.

Non-monetary items acquired or assumed before January 1, 2005, the date on which the Turkish lira ceased to be designated as the currency of a hyperinflationary economy, as well as equity items contributed or incurred before that date, are restated based on the changes in the CPI from January 1, 2005, to December 31, 2023.

The application of TMS 29 necessitated adjustments due to the decrease in the purchasing power of the Turkish lira, which are presented as Net Gains (Losses) on Monetary Positions in the profit or loss section of the statement of profit or loss and other comprehensive income. Unless the value of monetary assets or liabilities is tied to changes in the index, during an inflationary period, the purchasing power of businesses holding more monetary assets than liabilities weakens, while the purchasing power of those holding more monetary liabilities than assets increases. Net gain or loss on monetary position is derived from the restatement differences of non-monetary items, equity, items in the statement of profit or loss and other comprehensive income, as well as index-linked monetary assets and liabilities.

Additionally, in the reporting period when TMS 29 is first applied, the provisions of the Standard are implemented under the assumption of persistent hyperinflation in the relevant economy. Therefore, the opening balance sheet as of January 1, 2022, indicating the beginning of the earliest comparative period, has been adjusted for inflation to serve as a basis for subsequent reporting periods. The inflation-adjusted amount of retained earnings/accumulated losses in the statement of financial position as of January 1, 2022, is derived from the balance sheet equivalence that should exist after the inflation adjustment of the other items in the statement.

Going Concern

As of December 31, 2023, the short-term (i.e., current) liabilities of the Company have exceeded its current assets by TRY 940,040,000. Total equity has reached TRY 3,803,474,000, which includes a net profit for the period of TRY 872,513,000 for the current year ending on the same date. The measures taken by the Company in 2023 to ensure the sustainable continuity of the substantial amount of cash flow generated during 2023, alongside the total equity that has increased to a positive level as a result of the implementation of TMS 29 inflation accounting, which came into effect in 2023, as well as the business plans for the upcoming period, are outlined below.

In 2023, the Company reduced its clinker exports by approximately half in terms of quantity (tons) compared to the previous year, considering production and inventory management as well as customer profitability. Additionally, it increased domestic cement sales by 17% in tons compared to the previous year and substantially boosted cement exports in tons compared to the previous year. However, the Company plans to maintain its clinker exports at the same volume (tons) level as of the end of 2023 while following the same strategy in 2024. In 2024, the objective is to increase cement sales in the domestic market, which has a higher profit margin, and to boost export revenues through a ton-based increase in cement exports compared to the previous year. In light of the projections made for 2024, the Company does not foresee any risks regarding the realization of principal and interest payments due within 2024, based on the EBITDA and cash flows generated from its core activities. However, as of the approval date of the year-end 2023 financial statements, the following transactions are in progress and are intended to be completed in accordance with the disclosures made on the Public Disclosure Platform (PDP):

- i) In accordance with the resolution of Batisöke's Board of Directors dated January 26, 2024, it is planned to increase the Company's issued capital from TRY 400,000,000 in 2024, provided that it remains within the registered capital ceiling of TRY 2,000,000,000.

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2. PRINCIPLES OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

In this process, it is planned to increase the paid-in capital of the Company to TRY 1,600,000,000, which represents a total increase of TRY 1,200,000,000 (300%). This increase will be realized by adding the portion amounting to TRY 895,482,158 reported under 'Other Payables' as 'Other Payables to Related Parties' within the short-term liabilities as of December 31, 2023. This amount was transferred in cash by the Company's main partner, Batıçim Batı Anadolu Çimento Sanayii A.Ş., to the capital. Additionally, a portion of TRY 304,517,841 will be provided to the Company as a cash contribution from partners other than the Company's main partner, Batıçim Batı Anadolu Çimento Sanayii A.Ş. This amount will be used for the early repayment of the current refinancing loan.

ii) As a result of the sale of all 772,189,137 Class B shares, held in the assets of Batlıman Liman İşletmeleri A.Ş., a subsidiary of the main partner Batıçim Batı Anadolu Çimento Sanayii A.Ş., totaling a nominal value of TRY 7,721,891.37 and representing approximately 4.29% of Batıçim's share capital, to Çiftay İnşaat Taahhüt ve Ticaret A.Ş.—one of Batıçim's main shareholders—approximately USD 25 million in cash flow is expected to be generated. This balance will be used for the early repayment of the current refinancing loan.

iii) As publicly disclosed in December 2023, Batlıman Liman İşletmeleri A.Ş.—a Group company—is initiating the process for the public offering of its shares through a capital increase and/or the sale of shares by existing shareholders. The cash flow generated from these transactions is planned to be used for the early repayment of Batisöke's existing refinancing loan, in accordance with the previously stated purpose. By reducing the loan debt, the aim is to minimize the potential foreign currency exchange differences and interest expenses that may arise in the future. Batisöke aims to gradually reduce the balance of its refinancing loan.

In addition to the aforementioned business plans, the Company management, as a requirement of the refinancing agreement, anticipates that the net cash flows projected to be generated within the framework of the consolidated business plans and cash flow projections—excluding the energy segment, which were prepared for Batıçim Group by independent expert institutions appointed by the lenders—along with the previously mentioned non-operating cash flows, will be sufficient to meet short-term liabilities and to reduce the refinancing loan prior to its maturity.

The management of Batıçim, as the main partner, has timely made the initial principal and interest payments due in December 2023 on the refinancing loan signed to cover the financial borrowings of its subsidiary, Batisöke.

As of December 31, 2023, it is evident that the debt service coverage ratio, which the Batı Anadolu Group, including Batisöke, is committed to meeting under the refinancing agreement, has been achieved. Moreover, concerning the forward-looking commitments specified in the same agreement, the net cash flow projected for 2024 demonstrates that the Group, as a whole, along with Batıçim Batı Anadolu Çimento Sanayii A.Ş., will not encounter any issues in making the related payments on time for the financial obligations that will become due within the next 12 (twelve) months.

Finally, as of the date of approval of the financial statements, Batıçim, the main shareholder of the Company, has stated that they will provide the necessary financial and operational support to meet the short-term liabilities if required. They also confirmed that as of the date of signing the support letter dated April 3, 2024, they possess the necessary and sufficient financial resources to offer this support.

In light of all these assessments, the Company's financial statements as of December 31, 2023, have been prepared in accordance with the principle of going concern.

Approval of Financial Statements

The financial statements were approved and authorized for issue by the Board of Directors on April 4, 2024. The General Assembly and the relevant legal entities have the right to approve the financial statements prepared in accordance with legal regulations and to amend these financial statements as necessary.

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2. PRINCIPLES OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

2.2 Changes in Accounting and Reporting Standards

New and Revised Standards and Interpretations

The accounting policies applied in the preparation of the financial statements for the fiscal year ended December 31, 2023, are consistent with those used in the previous year, except for the new and amended TFRS and TFRS interpretations that became effective on January 1, 2023, as summarized below. The effects of these standards and interpretations on the Company's financial position and performance are detailed in the relevant paragraphs.

i) New Standards, Amendments, and Interpretations Effective from January 1, 2023

Amendments to TMS 8 – Definition of Accounting Estimates

In August 2021, KGK issued amendments to TMS 8, introducing a new definition for 'accounting estimates'. The amendments clarify the distinction between changes in accounting estimates, changes in accounting policies, and corrections of errors. In addition, the amended standard clarifies that the effects of a change in an input or a change in a measurement technique on an accounting estimate are considered changes in accounting estimates, unless they result from corrections of prior period errors. The previous definition of a change in accounting estimate indicated that changes in accounting estimates could arise from new information or developments. Therefore, such changes are not regarded as corrections of errors. This aspect of the definition has been preserved by the KGK. The amendments will apply to changes in accounting estimates or changes in accounting policies that occur on or after the effective date.

The amendment did not have a material impact on the Company's financial position or performance.

Amendments to TMS 1 - Disclosure of Accounting Policies

In August 2021, KGK issued amendments to TMS 1 that provide guidance and examples to assist entities in applying materiality estimates to their accounting policy disclosures. Since there is no definition of the term 'significant' in TFRS, the KGK has decided to replace it with the term 'material' in the context of disclosing information on accounting policies. 'Material' is a defined term in TFRS and, according to KGK, is generally understood by users of financial statements. In assessing the materiality of accounting policy information, entities should consider both the size of the transactions and other events or circumstances, as well as their nature. Examples of circumstances in which an entity may consider accounting policy information to be material have also been included.

The amendment did not have a material impact on the Company's financial position or performance.

Amendments to TMS 12 - Deferred Tax on Assets and Liabilities Arising from a Single Transaction

In August 2021, KGK issued amendments to TMS 12 that narrow the scope of the initial recognition exception, ensuring that the exception does not apply to transactions that give rise to equal taxable and deductible temporary differences. The amendments clarify that when payments related to a liability are tax-deductible, it is a matter of judgment, considering applicable tax law, as to whether such deductions are attributable for tax purposes to the liability (and interest expense) or the related asset component (and interest expense) recognized in the financial statements.

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2. PRINCIPLES OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

2.2 Changes in Accounting and Reporting Standards (Continued)

This judgment is essential in determining whether any temporary differences exist on initial recognition of an asset or liability. The amendments are applied to transactions occurring on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period presented, deferred tax assets (provided there is sufficient taxable income) and deferred tax liabilities are recognized for all deductible and taxable temporary differences related to leases, decommissioning, restoration, and similar liabilities.

The amendment did not have a material impact on the Company's financial position or performance.

Amendments to TMS 12 - International Tax Reform - Pillar Two Model Rules

In September 2023, KGK published amendments to TMS 12 that establish a mandatory exception for the recognition and disclosure of deferred tax assets and liabilities related to Pillar 2 income taxes. The amendments clarify that TMS 12 applies to income taxes arising from tax laws that have been enacted, or are practically certain to be enacted, for the purpose of applying the Pillar 2 Model Rules issued by the Organization for Economic Cooperation and Development (OECD). These amendments also establish specific disclosure requirements for entities impacted by such tax laws. The exemption for not recognizing and disclosing information about deferred taxes within this scope, as well as the disclosure requirement regarding the application of this exemption, comes into effect with the issuance of the amendment. However, specific disclosure requirements introduced by the amendments are not mandatory for interim periods ending before December 31, 2023.

The amendment did not have a material impact on the Company's financial position or performance.

i) Standards Issued but Not Yet Effective and Not Early Adopted

New standards, interpretations, and amendments to existing standards that have been issued but are not yet effective as of the approval date of the consolidated financial statements and have not been early adopted by the Company are as follows. Unless otherwise stated, the Company will implement all necessary changes to its financial statements and notes that will be impacted by the new standards and interpretations following their effective date.

Amendments to TFRS 10 and TMS 28: Sales of Assets or Contributions to a Subsidiary or Joint Venture by the Investor Company

In December 2017, KGK indefinitely postponed the effective date of the amendments to TFRS 10 and TMS 28, pending further revisions based on the findings of its ongoing research project on the equity method. However, they still permit early adoption.

The Group will assess the effects of these amendments once the standards are finalized.

TFRS 17 - New Insurance Contracts Standard

In February 2019, KGK issued TFRS 17, a comprehensive new accounting standard for insurance contracts that encompasses recognition and measurement, presentation, and disclosure. TFRS 17 introduces a model that measures insurance contract liabilities at their current balance sheet values and recognizes profit over the period in which the services are provided. According to the announcement made by KGK, the mandatory effective date of the Standard has been postponed to accounting periods that begin on or after January 1, 2024.

The Standard is not applicable to the Company and will not impact the Company's financial position or performance.

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2. PRINCIPLES OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

2.2 Changes in Accounting and Reporting Standards (Continued)

Amendments to TMS 1 - Classification of Liabilities as Short-Term and Long-Term

In January 2021 and January 2023, KGK made amendments to TMS 1 to clarify the principles for classifying liabilities as short-term (i.e., current) and long-term (i.e., non-current). As amended in January 2023, if an entity's right to defer payment of a liability depends on its ability to comply with the terms of a loan agreement at a date after the reporting period, the entity retains the right to defer payment of that liability at the end of the reporting period (even if it is not in compliance with those terms at that time). The January 2023 amendments require entities to make various disclosures when a liability arising from a loan agreement is classified as long-term and the entity's right to defer payment depends on compliance with the terms of the loan agreement within the next 12 months. These disclosures should include information on the terms of loan agreements and related obligations. In addition, the amendments clarify that the right to defer payment for long-term classification must exist at the end of the reporting period, regardless of whether compliance with the contract terms will be assessed

at the reporting date or at a later date.

The amendments clarify that the possibility of an entity not exercising its right to defer payment for at least twelve months after the reporting period does not affect the classification of the liability. The amendments are effective for annual periods commencing on or after January 1, 2024. The amendments are applied retroactively in accordance with TMS 8. They permit early adoption. However, an entity that chooses to early adopt one of the amendments is required to also early adopt the other amendment.

The effects of the amendment on the Company's financial position and performance are being evaluated.

Amendments to TFRS 16 - Lease Liabilities in Sale and Leaseback Transactions

In January 2023, KGK issued amendments to TFRS 16. The amendments clarify the requirements for measuring lease liabilities arising from a sale and leaseback transaction by a seller-lessee, ensuring that no gain or loss is recognized in relation to the retained right of use. In this context, the seller-lessee will determine the 'lease payments' or 'revised lease payments' to ensure that no gain or loss related to the remaining right of use is recognized after the commencement date of the sale and leaseback transaction, while applying the provisions of TFRS 16 under the heading 'Subsequent Measurement of a Lease Liability'. The amendments do not include a specific requirement for measuring lease liabilities arising from leaseback transactions. The initial measurement of a lease liability may lead to the identification of payments, other than those included in the definition of lease payments in TFRS 16, as lease payments. The seller-lessee will need to develop and apply an accounting policy that provides reliable and relevant information in accordance with TMS 8. The amendments are effective for annual periods commencing on or after January 1, 2024. They permit early adoption. The seller-lessee applies the amendments retrospectively to sale and leaseback transactions entered into after the initial application date of TFRS 16, in accordance with TMS 8.

The effects of the amendment on the Company's financial position and performance are being evaluated.

Amendments to TMS 7 and TFRS 7 - Disclosures: Supplier Finance Arrangements

The amendments issued by KGK in September 2023 provide clarifications that enhance existing requirements to assist users of financial statements in understanding the impacts of supplier finance arrangements on an entity's liabilities, cash flows, and liquidity risks. Supplier finance arrangements are defined as agreements in which one or more finance providers undertake to pay an entity's debt to its supplier, and the entity agrees to pay the finance providers on the same day as, or after, the payments are made to the supplier.

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2. PRINCIPLES OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

2.2 Changes in Accounting and Reporting Standards (Continued)

The amendments require disclosures regarding the terms and conditions of such arrangements, quantitative information about the liabilities arising from them at both the beginning and end of the reporting period, and the nature and effects of non-cash changes in the carrying amount of those liabilities. In addition, within the framework of quantitative disclosures for liquidity risk mandated by TFRS 7, supplier finance arrangements are provided as examples of other factors that may require disclosure. The amendments are effective for annual reporting periods commencing on January 1, 2024. Early adoption is permitted, and this fact must be disclosed if early adoption occurs.

The effects of the amendment on the Company's financial position and performance are being evaluated.

iii) Amendments Issued by the International Accounting Standards Board (IASB) Not Yet Issued by KGK

The following amendments to IAS 21 have been issued by the IASB but not yet adapted for TFRS and/or issued by KGK. Therefore, they do not form part of the 'TFRS' Standards. The Company will make the necessary modifications to its financial statements and notes once the aforementioned amendments to TFRS become effective.

Amendments to IAS 21 - Lack of Exchangeability

In August 2023, the IASB issued amendments to IAS 21. The amendments clarify how to assess whether a currency is exchangeable and outline the method for determining the exchange rate when the currency is not exchangeable. According to the amendment, when an exchange rate is estimated due to a currency being non-exchangeable, information is disclosed to help users of the financial statements understand how the currency's lack of exchangeability has impacted, or is expected to impact, the entity's performance, financial position, and cash flows.

The effects of the amendment on the Company's financial position and performance are being evaluated.

2.3 Comparative Information and Restatement of Prior Period Financial Statements

The summary financial statements of the Company are prepared in comparison with the prior period to facilitate the assessment of financial position and performance trends. Comparative figures are reclassified, when necessary, to align with the presentation of the current period financial statements.

The reclassifications made in the summary financial statements for the interim period ended December 31, 2023, and in the comparative prior period financial statements are as follows:

- Interest income amounting to TRY 2,917,000, previously presented in the income from investing activities account in the statement of profit or loss for the interim period ended December 31, 2022, has been reclassified to the finance income account.

2.4 Summary of Material Accounting Policies

Revenue

Revenue is measured at the fair value of the receivable amount collected or to be collected. Net sales are stated as the sales amount of goods sold, less estimated and actual returns, discounts, commissions, turnover bonuses, and sales-related taxes.

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2. PRINCIPLES OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

2.4 Summary of Material Accounting Policies (Continued)

Sale of Goods

Revenue related to performance obligations arising from commitments to transfer goods or services is recognized as the Group fulfills its obligations by transferring the goods or services to its customers. In the sale of goods, the asset is transferred, and revenue is recognized when control of the asset passes to the customer. This typically occurs when the asset is delivered to the customer. However, if the Company has not created an asset with an alternative use and has a legally enforceable right to collect payment for the performance completed to date, it transfers control of the goods over time and recognizes revenue in accordance with production as it occurs.

When assessing the transfer of control of the goods or services sold to the customer, the Company considers the following conditions:

- a) The Company's ownership of the right to collect for the goods or services,
- b) The customer's legal ownership of the goods or services,
- c) Transfer of possession of the goods or services,
- d) The customer's possession of significant risks and benefits arising from ownership of the goods or services, and
- e) Conditions for the customer's acceptance of the goods or services.

At the beginning of the contract, the Company assesses whether there are different performance obligations that require consideration to be allocated. No material service components have been identified in the Company's customer contracts. If the Company identifies a significant financing component within the revenue, the revenue value is determined by discounting future collections using the interest rate included in that financing component. The difference is recognized as other income from operating activities for the relevant periods on an accrual basis.

Dividend and Interest Income

Dividend income from equity investments is recognized when the shareholders' right to receive dividends arises (provided that it is probable that the Company will receive the economic benefits and that the income can be measured reliably) and is classified under income from investing activities.

Interest income from financial assets is recognized when it is probable that the Company will receive the economic benefits and that the income can be measured reliably. Interest income is accrued based on the remaining principal balance of the financial asset and its expected life, using the effective interest rate that discounts the estimated future cash inflows over the asset's expected life to its carrying amount. This income is recognized in income from investing activities.

Related Parties

Related parties are individuals or entities that are associated with the entity preparing the financial statements (the reporting entity).

- (a) An individual or a close member of that individual's family is considered related to a reporting entity under the following conditions:

If that individual:

- i. has control or joint control over the reporting entity,
- ii. has material influence over the reporting entity,
- 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 exist:

- i. If the entity and the reporting entity are members of the same group,

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2. PRINCIPLES OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

2.4 Summary of Material Accounting Policies (Continued)

- ii. If the entity is a subsidiary or joint venture of the other entity (or of a member of a group of which the other entity is a member),
- iii. If both entities are joint ventures of the same third party,
- iv. If one entity is a joint venture of a third-party entity and the other entity is a subsidiary of the third-party entity,
- v. If the entity has a post-employment benefit plan for the employees of the reporting entity or of an entity related to the reporting entity, If the reporting entity itself has such a plan, the sponsoring employers are also considered related to the reporting entity,
- vi. If the entity is controlled or jointly controlled by an individual as defined in item (a) above,
- vii. If an individual identified in item (a)(i) above has material influence over the entity or is a member of the key management personnel of the entity (or of its parent).

Related party transactions are transactions in which assets, services, and liabilities are transferred between related parties, regardless of whether consideration is received. For the purpose of the financial statements, the Company's shareholders, the companies they own, their directors, and other known related groups are defined as related parties. The carrying amounts of receivables from and payables to related parties are assumed to approximate their fair values.

Inventories

Inventories are measured at the lower of cost or net realizable value, expressed in terms of the purchasing power of the Turkish Lira as of December 31, 2023. Costs, which include a portion of fixed and variable overhead costs, are valued using the method appropriate to the specific class of inventory, most commonly the weighted average method. Net realizable value is determined by the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale. When the net realizable value of inventories falls below cost, the inventories are written down to their net realizable value, and the loss is recognized as an expense in the statement of profit or loss in the year the write-down occurs. The provision for impairment of inventory is reversed when the conditions that previously led to the write-down of inventories to net realizable value no longer apply, or when there is evidence of an increase in net realizable value due to changing economic conditions. The amount reversed is limited to the previously recognized amount of the provision for impairment of inventory.

Right-of-use Assets

The Company recognizes right-of-use assets at the commencement date of the lease (i.e., the date when the asset is available for use). Right-of-use assets are measured at cost less accumulated amortization and impairment losses, calculated by deducting accumulated amortization and impairment losses from the adjusted acquisition cost expressed in the purchasing power of the Turkish Lira as of December 31, 2023. This amount is also adjusted when finance lease liabilities are revalued.

The cost of the right-of-use asset includes the following components:

- (a) the initial measurement amount of the lease liability,
- (b) all lease payments made on or before the commencement date, less any lease incentives received; and
- (c) All initial direct costs incurred by the Company.

Unless the transfer of ownership of the underlying asset to the Company at the end of the lease term is reasonably certain, the Company amortizes the right-of-use asset from the commencement date until the end of the useful life of the underlying asset.





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2. PRINCIPLES OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

2.4 Summary of Material Accounting Policies (Continued)

Right-of-use assets are subject to impairment testing.

Lease Liabilities

The Company measures the lease liability at the present value of the unpaid lease payments at the date the lease commences.

At the commencement date, the lease payments included in the measurement of the lease liability consist of the following payments for the right to use the underlying asset during the lease term, which are unpaid at the commencement date:

- (a) Fixed payments,
- (b) Variable lease payments based on an index or rate, initially measured using an index or rate at the commencement date,
- (c) Amounts expected to be paid by the Company under residual value obligations,
- (d) If the Company is reasonably certain that it will exercise the purchase option, the exercise price of the option, and
- (e) Penalty payments related to the termination of the lease if the lease term indicates that the Company will exercise an option to terminate the lease.

Variable lease payments not linked to an index or rate are recognized as an expense in the period in which the triggering event or condition occurs.

The Company determines the revised discount rate for the remaining lease term as the interest rate implicit in the lease, if readily determinable, or as the Company's alternative borrowing rate at the date of reassessment if not readily determinable.

After the commencement date, the Company measures the lease liability as follows:

- (a) Increases the carrying amount to account for interest on the lease liability, and
- (b) Reduces the carrying amount to reflect the lease payments made.

In addition, the value of finance lease liabilities is remeasured if there is a change in the lease term, a change in the in-substance fixed lease payments, or a change in the assessment of the option to purchase the underlying asset.

Property, Plant, and Equipment

Property, plant, and equipment are carried at restated cost, reflecting the purchasing power of the Turkish Lira as of December 31, 2023, less accumulated depreciation and accumulated impairment losses, except for land and plots held for own use, and machinery/equipment, which are measured at fair value in accordance with the revaluation model under TMS 16. The cost of property, plant, and equipment comprises the purchase price, import duties, non-refundable taxes and charges, and costs incurred to prepare the asset for its intended use.

Land and plots are not subject to provisions for depreciation. Assets under construction for administrative purposes or for other purposes not yet determined are carried at cost less any impairment losses. Assets that require a substantial amount of time to be prepared for their intended use and sale are defined as qualifying assets, and borrowing costs incurred until these qualifying assets are ready for use are capitalized. When the construction of these assets is completed and they are ready for their intended use, they are reclassified to the appropriate category of property, plant, and equipment. Such assets are depreciated when they are ready for use, following the same depreciation method applied to other fixed assets.

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2. PRINCIPLES OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

2.4 Summary of Material Accounting Policies (Continued)

Effective from December 31, 2017, the Company has decided to apply the revaluation model for land and land improvements under property, plant, and equipment, and has changed its accounting policy prospectively in accordance with the relevant standards under TFRS. However, the Company has changed its accounting policy to the revaluation model for the machinery and equipment asset group, effective September 30, 2022. The fair value measurements of property, plant, and equipment measured in accordance with the Company's revaluation model have been performed by a licensed real estate appraisal company authorized by the Capital Markets Board (CMB). As of December 31, 2023, the Company has renewed the revaluation measurements of land and land improvements, as well as machinery and equipment. These assets are reflected in the financial statements as of December 31, 2023, based on their fair values in the current valuation reports prepared by a real estate appraisal company authorized by the CMB.

For assets measured in accordance with the revaluation model, the valuation differences between the adjusted cost value and the fair value, expressed in the purchasing power of the Turkish Lira as of December 31, 2023, are recognized in the 'Gains (losses) on revaluation and measurement of property, plant, and equipment' account under equity, through other comprehensive income/expense accounts, net of the deferred tax effect.

When a revalued fixed asset is disposed of, the portion of the revaluation reserve relating to the asset sold is transferred directly to prior year losses. On the other hand, a portion of the increase in value is transferred to prior year's profit/loss as the asset is used by the entity.

Costs incurred after property, plant, and equipment is put into use, such as repairs and maintenance, are recognized as expenses in the period in which they are incurred. If the expenditures result in an increase in the economic value of the related property, plant, and equipment for its future use, those expenditures are added to the asset's cost and depreciated over its remaining economic life.

The frequency of revaluations depends on indications of material changes in the items of property, plant, and equipment subject to revaluation.

If the carrying amount of an asset has increased as a result of a revaluation, the increase is recognized in other comprehensive income and accounted for directly in equity as a revaluation surplus. However, a revaluation increase is recognized in profit or loss to the extent that it reverses a revaluation decrease of the same asset that was previously recognized in profit or loss.

If the carrying amount of an asset decreases as a result of a revaluation, the decrease is recognized as an expense. However, this decrease is recognized in other comprehensive income to the extent of any credit balance in the revaluation surplus relating to that asset. The decrease recognized in other comprehensive income reduces the amount accumulated in equity under the heading of revaluation surplus.

An item of property, plant, and equipment is derecognized (i.e., removed from the financial statements) upon disposal or when no future economic benefits are expected from its use or disposal. When these assets are sold or disposed of, the profit or loss arising on the carrying amount of the related property, plant, and equipment is recognized in the income statement under income (expense) from investing activities.

The cost of property, plant, and equipment, excluding land and plots as well as investments in progress, is depreciated using the straight-line method over their estimated useful lives. The estimated useful life, residual value, and depreciation method are reviewed at the end of each year, with the effects of any changes in estimates accounted for on a prospective basis.

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2. PRINCIPLES OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

2.4 Summary of Material Accounting Policies (Continued)

The estimated useful lives of property, plant, and equipment for depreciation purposes are as follows:

	Useful Life (Years)
Subsurface and Surface Installations	15-30
Buildings	10-50
Fixtures and Fittings	2-20
Plant/Facilities, Machinery, and Equipment	2-22
Vehicles	4-10
Other Property, Plant, and Equipment (Mining Assets)	10-30

Intangible Assets

Intangible assets consist of acquired computer software. The cost of these assets consists of the purchase price and costs incurred at the time of acquisition.

Acquired intangible assets with finite useful lives are carried at cost less accumulated amortization and accumulated impairment losses, expressed at the purchasing power of the Turkish Lira as of December 31, 2023. These assets are amortized on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each year to identify potential effects of any changes in estimates, and any changes in estimates are accounted for on a prospective basis. Acquired intangible assets with indefinite useful lives are carried at cost less accumulated impairment losses.

An item of intangible assets is derecognized from the financial statements upon disposal or when no future economic benefits are expected from its use or disposal. The profit or loss arising from the derecognition of an intangible asset is calculated as the difference, if any, between the net proceeds from the asset's disposal and its carrying amount. This difference is recognized in the profit or loss statement when the related asset is derecognized from the statement of financial position.

The estimated useful lives of tangible and intangible assets for depreciation and amortization purposes are as follows:

	Useful Life (Years)
Rights	3-15
Assets subject to depletion	5

Impairment of intangible assets, excluding property, plant, and equipment and goodwill At each reporting date, the Company examines the carrying amounts of its tangible and intangible assets to determine whether there is any impairment in value. In the event of impairment of assets, the recoverable amount of the assets is measured, if applicable, to determine the amount of impairment loss. In the event that the recoverable amount of an asset cannot be measured, the Company measures the recoverable amount of the cash-generating unit associated with the asset. The Company's assets are allocated to cash-generating units when a reasonable and consistent basis of allocation can be determined. If this is not possible, the Company's assets are allocated to the smallest cash-generating unit to determine a reasonable and consistent basis of allocation.

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2. PRINCIPLES OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

2.4 Summary of Material Accounting Policies (Continued)

When the recoverable amount of an asset (or cash-generating unit) is less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. If the asset is not measured at revalued amount, the impairment loss is recognized directly in profit or loss. In this case, the impairment loss is recognized as a revaluation decrease.

When an impairment loss is reversed in a subsequent period, the carrying amount of the asset (or related cash-generating unit) is increased to match the updated estimate of its recoverable amount. The increased carrying amount should not exceed the carrying amount that the asset (or related cash-generating unit) would have reached had no impairment loss been recognized for the asset in prior periods. Unless the asset is measured at revalued amount, the reversal of the impairment loss is recognized directly in profit or loss. The reversal of an impairment loss on a revalued asset is recognized as a revaluation increase.

Borrowing Costs

For assets that require a substantial amount of time to be prepared for their intended use or sale, borrowing costs that are directly attributable to the acquisition, construction, or production of these assets are included in the cost of the relevant assets until they are ready for their intended use or sale.

Borrowing costs comprise interest and other financing costs incurred in connection with borrowing. When the Company borrows funds in currencies other than its functional currency, TRY, for general purposes, and a portion of those funds is used to finance a qualifying asset, the amount of borrowing costs that can be capitalized is determined using a borrowing rate. This rate is applied to ascertain the real borrowing costs that would have been incurred if the expenditure on the asset had been made in TRY. The borrowing rate in question represents the borrowing costs that would have been incurred if the Company had borrowed in TRY under the same terms and conditions, as an alternative to the borrowings made for the construction of qualifying assets. Financial investment income earned by temporarily investing the unspent portion of the loan related to the investment in financial assets is deducted from the borrowing costs eligible for capitalization. Borrowing costs determined not to be capitalizable, along with all other borrowing costs, are recognized as finance expenses in the statement of profit or loss in the period in which they are incurred.

Financial Instruments

A financial instrument is any contract that creates a financial asset for one entity and a financial liability or equity instrument for another entity.

A financial asset is any asset that is:

- Cash and cash equivalents
- A contractual right to receive cash or other financial assets from another entity
- A contractual right to exchange financial instruments with another entity under potentially favorable conditions
- An equity instrument of another entity.

A financial liability is an obligation based on a contract to:

- Deliver cash or other financial assets to another entity, or
- Exchange financial assets with another company/entity under potentially unfavorable conditions.

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2. PRINCIPLES OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

2.4 Summary of Material Accounting Policies (Continued)

When a financial asset or liability is initially recognized, it is measured at cost, which is the fair value of the consideration given (for the asset) or received (for the liability).

Effective Interest Method

It is the method of valuing financial instruments at amortized cost and allocating the related interest income to the corresponding period. The effective interest rate is the rate that exactly discounts estimated future cash receipts over the expected life of the financial instrument or, where appropriate, over a shorter period, to the net present value of the financial asset.

Financial Assets

Classification

The Company classifies its financial assets into two categories: 'recognized at amortized cost' and 'recognized at fair value through other comprehensive income.' The classification is based on the business model used by the entity to manage financial assets and the characteristics of the contractual cash flows associated with those financial assets. The Company classifies its financial assets at the date of acquisition.

Financial assets are not reclassified after initial recognition, except in cases where the Company's business model for managing financial assets changes. In such instances, the financial assets are reclassified on the first day of the reporting period following the change.

Recognition and Measurement

'Financial assets measured at amortized cost' are non-derivative financial assets that are held within a business model whose objective is to collect contractual cash flows and whose contractual cash flows are solely payments of principal and interest on the principal amount outstanding at specified dates. The Company's financial assets carried at amortized cost comprise the following items: 'cash and cash equivalents,' 'trade receivables,' 'other receivables,' and 'financial investments'. The related assets are measured at fair value on initial recognition and are subsequently measured at amortized cost using the effective interest rate method. Gains and losses arising from the valuation of non-derivative financial assets measured at amortized cost are recognized in the income statement.

'Financial assets measured at fair value through other comprehensive income' are non-derivative financial assets that are held within a business model whose objective is to collect contractual cash flows, and whose contractual cash flows consist solely of payments of principal and interest on the principal amount outstanding at specified dates. Gains or losses on financial assets, excluding impairment gains or losses and foreign exchange gains or losses, are recognized in other comprehensive income. Upon the disposal of the assets, the valuation differences previously classified in other comprehensive income are reclassified to retained earnings. For investments in equity-based financial assets, the Company may irrevocably choose to recognize subsequent changes in fair value through other comprehensive income at the time of initial recognition. If such an election is made, dividends from the related investments are recognized in the income statement.

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2. PRINCIPLES OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

2.4 Summary of Material Accounting Policies (Continued)

Derecognition from Financial Statements

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire or when it transfers its rights to receive the contractual cash flows in a transaction where substantially all the risks and rewards of ownership of the financial asset are transferred. Any rights created or retained by the Company in relation to transferred financial assets are recognized as separate assets or liabilities.

Impairment

Impairment of financial assets and contract assets is calculated using the 'Expected Credit Loss' (ECL) model. The impairment model is applied to financial assets and contract assets measured at amortized cost.

Loss provisions are measured based on the following criteria:

- 12-month ECLs: ECLs resulting from potential default events within 12 months following the reporting date.
- Lifetime ECLs: ECLs arising from all potential default events over the expected life of a financial instrument.

Lifetime ECL measurement is applied when, at the reporting date, the credit risk associated with a financial asset has increased significantly since its initial recognition. In all other cases where the relevant increase did not occur, the 12-month ECL calculation is applied.

The Company may determine that the credit risk of a financial asset has not increased significantly if the asset has a low credit risk at the reporting date. However, the lifetime ECL measurement (simplified approach) always applies to trade receivables and contract assets that do not have a significant financing component.

Trade Receivables

Trade receivables with fixed or determinable payments that are not traded in an active market are classified in this category. Receivables (including trade and other receivables, bank account balances, cash and cash equivalents) are presented at amortized cost using the effective interest method, less impairment losses. Interest income is recognized using the effective interest rate method, except in cases where the effect of discounting is immaterial.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, demand deposits, and other short-term investments with maturities of three months or less that are easily convertible to cash and carry a low risk of significant value fluctuations (see Note 3).

Financial Liabilities

Financial liabilities are measured at fair value on initial recognition. Transaction costs directly attributable to the assumption of the financial liability are also added to the fair value.

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2. PRINCIPLES OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

2.4 Summary of Material Accounting Policies (Continued)

Effects of Exchange Rate Changes

The financial position and operating results of the Company are expressed in TRY, which is both the functional currency of the Company and the presentation currency for the financial statements.

In preparing the financial statements, transactions denominated in foreign currencies (currencies other than TRY) are recorded at the exchange rates prevailing on the transaction dates. Monetary assets and liabilities indexed to foreign currencies listed in the statement of financial position are translated into Turkish Lira at the exchange rates prevailing at the reporting date. Non-monetary items measured at fair value through profit or loss that are denominated in foreign currencies are translated into Turkish Lira at the exchange rates prevailing on the dates when the fair value is determined. Non-monetary items in foreign currencies measured at historical cost are not subject to retranslation.

Exchange differences are recognized in the statement of profit or loss in the period in which they arise, except for exchange differences related to qualifying assets under construction for future use. These are treated as an adjustment to interest costs on foreign currency-denominated liabilities and included in the cost of such assets.

Earnings (Loss) per Share

Earnings (loss) per share disclosed in the statement of profit or loss are calculated by dividing net profit (loss) by the weighted average number of shares outstanding during the year.

In Türkiye, companies can increase their paid-in capital by distributing 'bonus shares' to shareholders from retained earnings. Such 'bonus share' distributions are considered as issued shares in the calculation of earnings (loss) per share. Therefore, the weighted average number of shares used in these calculations is determined by accounting for the retrospective effects of the aforementioned share distributions.

For the purpose of earnings (loss) per share calculations, the weighted average number of ordinary shares outstanding during the period is adjusted for changes in shares issued due to cash-based paid-in capital increases, based on the date of the capital increase.

Events after the Reporting Date

Subsequent events encompass all events occurring between the reporting date and the date the financial statements are authorized and approved for issuance, even if they arise after any announcement of net profit or loss for the period or the public disclosure of other selected financial information.

The Company revises the amounts recognized in the financial statements to reflect any subsequent events that require adjustment after the reporting date. Matters arising after the reporting date that do not require adjustment are disclosed in the notes based on their materiality.

Provisions, Contingent Assets, and Liabilities

Provision is recognized in the financial statements when there is a present obligation arising from a past event, it is probable that the obligation will be settled, and a reliable estimate can be made of its amount.

The provision amount is calculated as the best estimate of the expenditure needed to settle the obligation as of the balance sheet date, factoring in the risks and uncertainties associated with the obligation.

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2. PRINCIPLES OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

2.4 Summary of Material Accounting Policies (Continued)

When the depreciation in the value of money over time becomes significant, provisions are reflected at the discounted value of the future probable expenses as of the reporting date. Provisions are reviewed at each reporting date and adjusted as necessary to reflect management's best estimates.

Contingent Assets and Liabilities

A contingent liability is a present obligation that arises from past events and is not entirely under the control of the entity, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events, or a present obligation that arises from past events but cannot be recognized in the financial statements for the following reasons:

- (i) The likelihood of an outflow of resources embodying economic benefits to settle the obligation is not probable;
- or
- (ii) The amount of the liability cannot be measured with sufficient reliability.

Contingent assets are those that arise from past events and are not entirely under the control of the Group, with their existence being confirmed only by the occurrence or non-occurrence of one or more uncertain future events.

The recognition of contingent assets in the financial statements may lead to the recording of revenue that may never be realized; therefore, such assets are not included in the financial statements. However, if the receipt of revenue is virtually certain, the asset is not considered a contingent asset and is recognized in the financial statements.

Provision for Mine Site Rehabilitation

Costs of reclamation, rehabilitation, and closure of mine sites are recognized in the financial statements at cost as of the reporting date to cover the highly probable expenditures that will be incurred during the closure and rehabilitation of the mines. Changes resulting from adjustments in management estimates used to calculate the provision for reclamation, rehabilitation, and closure of mine sites are reflected in the associated costs. On the other hand, the costs of reclamation, rehabilitation, and closure of mine sites are amortized based on the lower of the remaining economic lives of the related mine or the depreciation rate calculated by dividing the quantity of ore extracted from the open pit during the period by the remaining visible and probable recoverable reserves. Costs incurred for the prevention of environmental pollution and the protection of the environment within the scope of existing programs are recognized as expenses in the statement of profit or loss in the period they are incurred.

Taxes on Corporate Income

Turkish Tax Regulations do not allow a parent company and its subsidiaries/affiliates to prepare a consolidated tax return. Therefore, the tax provisions, as reflected in the accompanying financial statements, represent the Company's calculations.

Tax expense includes current tax expense and deferred tax expense. Tax is included in the income statement, except when it relates to items recognized directly in equity. Otherwise, the tax is recognized in equity together with the related transaction.

The application of inflation accounting has been postponed, effective from the balance sheet dated December 31, 2023, in accordance with the "Law Amending the Tax Procedure Law and Corporate Tax Law," adopted by the Grand National Assembly of Türkiye on January 20, 2023.

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2. PRINCIPLES OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

2.4 Summary of Material Accounting Policies (Continued)

Current Corporate Tax

Current income tax expense is calculated based on the tax laws in effect at the date of the statement of financial position, considering the jurisdictions in which the Company and its equity-accounted investees operate. According to Turkish tax regulations, corporations with their legal headquarters or principal place of business in Türkiye are subject to corporate income tax. Current year tax liability is calculated based on the taxable portion of the profit for the period.

Taxable profit differs from the profit reported in the income statement as it excludes items of income or expense that can be taxed or deducted in other years, as well as items that are never taxable or deductible. The Company's current tax liability is calculated using tax rates that have been enacted or substantially enacted as of the balance sheet date.

The corporate tax rate in Türkiye is 25%. (Applied at a rate of 23% for corporate income for the 2022 taxation period.) Corporate tax is payable at a rate applicable to the net corporate income of companies, calculated after adding back certain non-deductible expenses and deducting specific exemptions and reductions provided by tax laws. Corporate tax is declared by the evening of the thirtieth day of the fourth month following the end of the relevant year and is paid in a single installment by the end of that month.

Companies calculate advance tax at a rate of 25% on their quarterly financial profits, declare it by the 17th day of the second month following the relevant period, and pay it by the evening of the 17th day. Advance tax paid during the year is credited against the corporate tax to be calculated on the corporate tax return to be submitted in the following year. If, despite the offset, there remains an amount of advance tax paid, this amount may be refunded in cash or applied against any other financial obligation owed to the government.

According to the Turkish Corporate Tax Law, financial losses reported on the corporate tax return may be deducted from the corporate tax base for the period, provided they do not exceed five years. Tax returns and related accounting records may be examined by the tax office within five years.

Dividend payments made to companies resident in Türkiye, excluding those exempt from and not liable for corporate and income tax, as well as dividend payments made to resident and non-resident individuals and non-resident legal entities, are subject to a 10% income tax in accordance with Turkish law.

Dividend payments made by companies resident in Türkiye to joint stock companies also resident in Türkiye are not subject to income tax. In addition, no income tax is calculated if the profit is not distributed or is added to capital.

Provisions for taxes as of December 31, 2023, and December 31, 2022, have been made in accordance with the applicable tax regulations in effect.

75% of the gains arising from the sale of subsidiary shares, founders' shares, redeemable shares, and preemptive rights held in the Company's assets for more than two years, as well as 25% of the gains from the sale of real estate held in the assets for the same duration, are exempt from tax under the provisions of the Corporate Tax Law, provided they are either added to capital or maintained in a special fund account in liabilities for 5 years.

Deferred Tax

Deferred tax liability or asset is determined by calculating the tax effects of temporary differences between the carrying amounts of assets and liabilities presented in the financial statements and the amounts considered in the calculation of the taxable profit, in accordance with the balance sheet method, while taking into account the enacted tax rates.

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2. PRINCIPLES OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

2.4 Summary of Material Accounting Policies (Continued)

Deferred tax liabilities are recognized for all taxable temporary differences, while deferred tax assets arising from deductible temporary differences are recognized only to the extent that it is highly probable that future taxable profit will be available against which these deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (excluding business combinations) of other assets and liabilities in a transaction that does not affect either taxable profit or accounting profit.

In the deferred tax calculation, a tax rate of 25% is applied to temporary differences expected to be realized or settled in 2023 and beyond.

Deferred tax liabilities are recognized for all taxable temporary differences associated with investments in subsidiaries, affiliates, and interests in joint ventures, except in cases where the Company can control the reversal of the temporary difference and it is unlikely that the temporary difference will reverse in the foreseeable future.

Deferred tax assets arising from taxable temporary differences associated with such investments and interests are recognized on the condition that it is highly probable to benefit from these differences by generating sufficient taxable profit in the foreseeable future and that it is probable that the related differences will reverse in the future.

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

Deferred tax assets and liabilities are measured using the tax rates that are expected to apply in the period when the liability is settled or the asset is realized, based on tax rates (and applicable tax regulations) that have been enacted or substantively enacted by the balance sheet date. The measurement of deferred tax assets and liabilities reflects the tax implications that would arise from the methods the Company expects to use, as of the balance sheet date, to recover or settle the carrying amounts of its assets and liabilities.

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

Deferred tax income or expense is recognized in profit or loss for the period, except to the extent that it relates to items recognized directly in equity. If deferred tax arises from a transaction recognized in equity, it is recorded under the corresponding equity item.

Deferred tax liabilities are calculated for all taxable temporary differences, while deferred tax assets comprising deductible temporary differences are recognized in the financial statements only to the extent that it is highly probable that future taxable profits will be generated, allowing for the utilization of these differences. If there are sufficient taxable temporary differences and they are expected to reverse in the period in which the tax loss carryforward arises, it is considered probable that sufficient taxable profit will be available to utilize the deductible temporary differences, and the related tax assets are recognized in the period in which the deductible temporary difference arises.

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2. PRINCIPLES OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

2.4 Summary of Material Accounting Policies (Continued)

Deferred tax assets and deferred tax liabilities are offset against each other, provided that there is a legally enforceable right to offset current tax assets against current tax liabilities and that both are subject to the tax regulations of the same country. Deferred tax assets and liabilities are classified as long-term (i.e., non-current) in the financial statements.

Employee Benefits

Long-term provisions for employee benefits recognized in the financial statements comprise provisions for severance pay, liabilities related to employee termination incentive bonuses, and accrued vacation pay liabilities.

Under applicable Turkish laws and regulations, as well as the provisions of collective bargaining agreements, severance pay is provided to employees in the event of retirement or involuntary termination of employment by the Group. In accordance with TMS 19 Employee Benefits, such payments are classified as defined benefit plans for retirement purposes. The Company has calculated the provision for severance pay in the financial statements using the 'Projected Unit Credit Method,' based on its historical experience regarding employees completing their service and becoming eligible for severance pay (i.e., employment termination benefits). The discounted value has been recognized as of the balance sheet date.

The Company makes various assumptions in the calculation of provisions for employee benefits, including the discount rate, inflation rate, real salary increase rate, and the probability of voluntary termination by the employee. Actuarial gains and losses arising from the measurement of provisions for employment termination benefits and retirement incentive obligations classified as defined benefit plans in accordance with TMS 19 are recognized in other comprehensive income.

Liabilities arising from entitlements to unused paid absences, classified as long-term employee benefit provisions, are accrued and recognized in the periods in which the entitlement is earned.

Capital and Dividends

Ordinary shares are classified as equity. Dividends on ordinary shares are recognized as a deduction from retained earnings in the period in which the dividend is declared.

Share Premiums

Share premiums represent the difference arising from the sale of shares in subsidiaries or affiliates held by the Company at a price higher than their nominal value, as well as the difference between the nominal value and the fair value of shares issued by the Company in connection with acquired companies.

Repurchased (Treasury) Shares

In the event that the Company repurchases its own shares, the cost of these shares, including any amount exceeding their nominal value, is deducted from equity and presented as 'treasury shares' (or 'repurchased shares'). Profits or losses arising from transactions involving the Company's treasury shares are also recognized in equity.

Cash Flow Statement

In the cash flow statement, cash flows for the period are categorized and reported according to operating, investing, and financing activities.

Cash flows from operating (core) activities reflect the cash flows associated with the Company's primary business operations.

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2. PRINCIPLES OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

2.4 Summary of Material Accounting Policies (Continued)

Cash flows from investing activities reflect the cash used in and generated from the Company's investing activities (including property, plant, equipment, intangible assets, and financial investments).

Cash flows from financing activities represent the resources obtained and repaid by the Company in connection with its financing activities.

Netting

Financial assets and liabilities are offset and presented on a net basis in the statement of financial position when there is a legally enforceable right to offset the recognized amounts, and when there is an intent to either settle on a net basis or to realize the asset and settle the liability simultaneously.

2.5 Material Accounting Judgments, Estimates, and Assumptions

The preparation of financial statements requires the Company management to make estimates and assumptions that affect the reported amounts of assets and liabilities, as well as the determination of contingent liabilities and commitments that may arise as of the date of the consolidated statement of financial position, and the reported amounts of revenues and expenses for the reporting period. Actual results may differ from estimates. Estimates are reviewed regularly, adjusted as necessary, and recognized in the statement of comprehensive income in the period in which they are realized. However, actual results may differ from these estimates.

The assumptions below are based on estimates that existed at the date of the statements of financial position or that may be realized in the future, along with disclosures that may materially impact the amounts reflected in the financial statements:

Deferred Tax

The Company recognizes deferred tax assets and liabilities based on temporary differences arising between its statutory financial statements, adjusted for the purchasing power of the Turkish Lira (TRY) as of December 31, 2023, and its TFRS financial statements prepared in accordance with TMS 29.

Deferred tax liabilities are recognized for all taxable temporary differences, while deferred tax assets arising from deductible temporary differences are recognized only to the extent that it is highly probable that future taxable profit will be available against which these deductible temporary differences can be utilized.

Deferred tax assets and liabilities are measured using the tax rates expected to apply in the period when the liability is settled or the asset is realized, based on tax rates (and regulations) that have been enacted by the balance sheet date. The measurement of deferred tax assets and liabilities reflects the tax implications that would arise from the methods the Company expects to use, as of the balance sheet date, to recover or settle the carrying amounts of its assets and liabilities.

The Company has deferred tax assets and liabilities arising from taxable financial losses carried forward that may be deducted from future profits, tax assets resulting from cash capital increases, and other deductible temporary differences. The partially or fully recoverable amount of deferred tax assets has been estimated based on current conditions. During the assessment, the 5-year projection prepared by the Company management for the foreseeable future and the timing of the recovery of taxable temporary differences were taken into account. If the Company has taxable temporary differences related to the same tax authority that are expected to reverse in the same period as the deductible temporary differences, or in the period when it is probable that the tax loss carryforward of the deferred tax asset will reverse, deferred tax assets are recognized in the periods in which the deductible temporary differences arise (Note 24).

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2. PRINCIPLES OF PRESENTATION OF FINANCIAL STATEMENTS (CONTINUED)

2.5 Material Accounting Judgments, Estimates, and Assumptions (CONTINUED)

Fair Value of Property, Plant, and Equipment (Land and Land Improvements, Machinery/Equipment) Based on Revaluation Method

The Company recognizes land and land improvements, as well as machinery and equipment, under property, plant, and equipment using the revaluation model, updated to reflect their fair values in accordance with TMS 16. The Company collaborates with independent valuation firms authorized by the Capital Markets Board of Türkiye to determine the fair value of these assets. The revaluation of the land and land improvements, as well as machinery and equipment asset groups, was conducted as of December 31, 2023. The real fair value increases and decreases, adjusted for the effects of inflation in accordance with the provisions of TMS 29, have been recognized in the other comprehensive income (expense) accounts in the accompanying financial statements. In determining the fair values of property, plant, and equipment, assessments have been made by considering the current condition of the related assets, market conditions, and their most efficient use, employing both the market comparison method and the cost method (Notes 11 and 28).

Estimated Useful Lives of Tangible and Intangible Assets

The Company management estimates and regularly reviews the useful economic lives of depreciable assets at the date of initial recognition, as described in Note 2.4. The Company determines the useful life of an asset based on the estimated benefits that the asset is expected to provide. This assessment is based on the Company's experience with similar assets. When determining the useful life of an asset, the Company also considers the possibility that the asset may become technically and/or commercially obsolete due to changes or developments in the market.

Provision for Mine Site Rehabilitation

The Company recognizes a provision for mine site rehabilitation related to the restoration of lands disturbed by stone and soil-based mining activities. In calculating the provision, assumptions are made based on the opinions of technical personnel. As a result of these efforts, the disclosures related to the provisions for mine site rehabilitation are presented in Note 13. Provisions for mine site rehabilitation are reassessed at each reporting date based on the activities conducted at the sites and any additional costs expected to be incurred. The expense recognized during the period when the provision is updated is recorded in the cost of sales as the cost of rehabilitation (see Note 13).

Provisions for Employee Benefits

The severance pay and employee termination incentive bonus liabilities are determined through actuarial calculations based on several assumptions, including discount rates, future salary increases, and employee turnover rates. Due to the long-term nature of these plans, these assumptions involve significant uncertainties. Details regarding the provisions for employee benefits are included in Note 14.

2.6 Segment Reporting of Financial Information

The Company has no reportable segments other than the geographical group, as its primary activity is singular. All significant assets, production activities, and distribution channels of the Company are located in Türkiye. The information used by the Company's management to assess performance and allocate resources is based on the Company's overall financial data, while the geographical grouping is determined by the regions where sales are made. The Company management does not separately monitor operating results except for the geographical segments detailed in Note 17. Therefore, no performance measures other than revenue can be disclosed for the geographical segments.

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3. CASH AND CASH EQUIVALENTS

	December 31, 2023	December 31, 2022
Cash	4	10
Cash at bank		
- Demand deposits	11,076	21,229
- Time deposits	10,002	45,403
Cash and Cash Equivalents	21,082	66,642

The details of time deposits with a maturity of less than three months as of December 31, 2023, and December 31, 2022, are as follows:

Currency	Interest rate (%)	Maturity date	Original currency amount	December 31, 2023
TRY	25.00 / 40.00	January 2024	10,002	10,002
				10,002

Currency	Interest rate (%)	Maturity date	Original currency amount	December 31, 2022
TRY	7.60-19.00	January 2023	45,403	45,403
				45,403

4. FINANCIAL INVESTMENTS

The shares of Batıçim Batı Anadolu Çimento Sanayii A.Ş. (Joint Stock Company), held by the Company and measured at fair value through other comprehensive income, were sold to Batiliman Liman İşletmeleri A.Ş. on August 31, 2022, for a consideration of TRY 392,069,000 (Nominal value: TRY 214,160,000). The consideration has not been collected in cash; instead, it has been transferred to Batiliman Liman İşletmeleri A.Ş. as a transfer of the debt owed by the Company to Batıçim, its main shareholder, in the amount of the transfer price.

	2022
Opening, January 1	299,417
Increase (decrease) resulting from fair value measurement	92,655
Effect of disposal of financial investments	(392,072)
Closing, December 31	-

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5. INVESTMENTS ACCOUNTED THROUGH EQUITY METHOD

The details of the consolidated summary financial information as of September 30, 2022, when Batıçim Enerji Üretim A.Ş., the Company's related investee accounted for using the equity method, was derecognized from assets, and as of December 31, 2023, in accordance with the application of TMS 29 for the nine-month accounting period ending on the same date, based on the purchasing power of the Turkish Lira (TRY), are as follows:

September 30, 2022	
Current assets	289,967
Fixed assets	1,181,919
Short-term liabilities	(384,444)
Long-term liabilities	(287,655)
Total equity (net assets)	799,787
The Company's ownership interest	30.02%
The Company's share of net assets/(liabilities)	240,096
Goodwill	112,745
Carrying amount of equity-accounted investees	352,841

The movements of total equity / (net liabilities) as of December 31, 2023, and September 30, 2022, are as follows:

January 1 – September 30, 2022	
Opening	605,251
Net loss for the period	195,391
Other comprehensive expense	(1,131)
Closing	799,511

January 1 – September 30, 2022	
Net sales	2,146,424
Operating profit (loss)	160,270
Net profit (loss) for the period	195,391
Other comprehensive expense	(1,131)
Total comprehensive expense	194,260
The Company's ownership interest	30.02%
The Company's share of current period total comprehensive income (expense)	58,317

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5. INVESTMENTS ACCOUNTED THROUGH EQUITY METHOD (CONTINUED)

The movements of equity-accounted investees are as follows:

	January 1 – September 30, 2022
Opening	294,434
Share of net loss for the period	58,657
Share of other comprehensive expenses	(340)
Disposal effect due to sale of shares	(352,841)
Monetary gain / (loss)	90
Closing	-

The shares of Batıçım Enerji Elektrik Üretim A.Ş. owned by the Company were transferred to Batıçım Batı Anadolu Çimento Sanayii A.Ş. on September 30, 2022, for USD 8,697,000, equivalent to TRY 286,053,000, by offsetting the Company's payables to Batıçım Batı Anadolu Çimento Sanayii A.Ş. As a result of the related transfer transaction, a loss on sale amounting to TRY 66,788,000 was recognized in the consolidated financial statements prepared in accordance with the purchasing power of the Turkish Lira as of December 31, 2023, within the framework of TMS 29 inflation accounting. This loss was reported under expenses from investing activities.

6. FINANCIAL BORROWINGS

The repayment schedule of long-term bank loans principal as of December 31, 2023, and December 31, 2022, is as follows:

	December 31, 2023	December 31, 2022
Short-term bank loans	177,944	830,390
Current portion of long-term lease liabilities	1,783	762
Current portion of long-term bank loans	387,962	180,326
Long-term bank loans	2,399,386	2,827,421
Long-term lease liabilities	455	232
Letter of credit borrowings	227,365	-
	3,194,895	3,839,131

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6. FINANCIAL BORROWINGS (CONTINUED)

Currency	Interest type	Interest rate	Original foreign currency amount	December 31, 2023	
				TRY equivalent	
Short-term borrowings					
US Dollar	Fixed	8.75% - 11.5%	6,034	177,944	
Current portion of long-term bank loans					
US Dollar	Floating	6M LIBOR + 5.75%	1,664	49,088	
US Dollar	Floating	6M LIBOR + 7.5%	11,211	330,618	
US Dollar	Fixed	8.75% - 11.5%	280	8,256	
Long-term borrowings					
US Dollar	Floating	6M LIBOR + 5.75%	1,550	45,712	
US Dollar	Floating	6M LIBOR + 7.5%	78,053	2,301,897	
US Dollar	Fixed	8.75% - 11.5%	1,756	51,777	
Borrowings related to letter of credit transactions					
US Dollar	Floating	12M LIBOR + 5.75%	7,710	227,365	
				3,192,657	

Currency	Interest type	Interest rate	Original foreign currency amount	December 31, 2022	
				TRY equivalent	
Short-term borrowings					
US Dollar	Floating	3M LIBOR + 4.5%	2,533	78,167	
US Dollar	Floating	3M LIBOR + 6.5%	2,529	78,045	
US Dollar	Floating	3M LIBOR + 7.25%	892	27,519	
US Dollar	Floating	3M LIBOR + 6.35%	1,043	32,195	
US Dollar	Fixed	2.9% - 3.0%	4,500	138,894	
Turkish Lira	Fixed	9.0% - 14.0%	475,570	475,570	
Current portion of long-term bank loans					
US Dollar	Floating	6M LIBOR + 7.5%	5,842	180,326	
Long-term borrowings					
US Dollar	Floating	6M LIBOR + 7.5%	89,644	2,766,897	
US Dollar	Fixed	8.75%	1,961	60,524	
				3,838,137	

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6. FINANCIAL BORROWINGS (CONTINUED)

The details of the repayment schedule of long-term bank loans principal as of December 31, 2023, and December 31, 2022, are as follows:

	December 31, 2023	December 31, 2022
1-2 years	217,036	355,809
2-3 years	335,746	353,087
3-4 years	335,746	353,087
4-5 years	335,746	353,087
over 5 years	1,175,112	1,412,351
	2,399,386	2,827,421

The Company's exposure to liquidity and foreign currency risk related to financial liabilities is detailed in Note 27.

The movements of financial borrowings for the years ended December 31, 2023, and December 31, 2022 are as follows:

	2023	2022
Opening, January 1	3,839,131	4,717,880
In-period inflows	646,667	4,217,593
Principal repayments	(1,069,632)	(4,162,584)
Interest payment	(284,019)	(289,341)
Effects of foreign exchange losses and interest accruals	1,882,397	1,406,513
Monetary loss / (gain)	(1,819,649)	(2,050,930)
Closing, December 31	3,194,895	3,839,131

7. TRADE RECEIVABLES AND PAYABLES

a) Short-term trade receivables

The details of the Company's trade receivables as of the reporting dates are as follows:

	December 31, 2023	December 31, 2022
Current accounts, net	406,922	185,528
Receivables notes and checks	119,335	100,783
Trade receivables from related parties (Note 26)	120,104	150,476
	646,361	436,787

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7. TRADE RECEIVABLES AND PAYABLES (CONTINUED)

The average maturity of trade receivables is approximately 1-2 months (December 31, 2022: 1-2 months).

As of December 31, 2023, the Company has doubtful trade receivables amounting to TRY 51,000 (December 31, 2022: TRY 84,000). As of December 31, 2023, the Company has past due trade receivables amounting to TRY 55,463,000 (December 31, 2022: None).

Guarantees, collaterals, liens, and mortgages received, as well as credit risk disclosures related to the Company's trade receivables, are presented in Notes 13 and 27, respectively.

b) Short-term trade payables

The details of the Company's trade payables as of the reporting dates are as follows:

	December 31, 2023	December 31, 2022
Trade payables, net	550,713	1,056,503
Trade payables to related parties (Note 26)	125,440	45,102
	676,153	1,101,605

As of December 31, 2023, the Company has opened letters of credit with banks totaling TRY 118,463,000, corresponding to USD 3,132,000 and EUR 973,000, as collateral for raw material purchases under trade payables (December 31, 2022: USD 8,291,000 and EUR 1,771,000, totaling TRY 310,003,000).

The average maturity of trade payables is 1-2 months. (December 31, 2022: 1-2 months).

8. OTHER TRADE RECEIVABLES AND PAYABLES

	December 31, 2023	December 31, 2022
a) Other short-term receivables		
Non-trade receivables from related parties (Note 26)	5,592	7,126
Other receivables	3,548	2,098
	9,140	9,224

	December 31, 2023	December 31, 2022
b) Other long-term receivables		
Deposits and guarantees given	905	575
	905	575

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8. OTHER TRADE RECEIVABLES AND PAYABLES (CONTINUED)

	December 31, 2023	December 31, 2022
c) Other short-term payables		
- Other payables to related parties (Note 26)	900,250	-
Taxes and funds payable	6,619	10,486
	906,869	10,486

9. INVENTORIES

	December 31, 2023	December 31, 2022
Raw materials and supplies	113,991	133,372
Semi-finished products	215,366	218,624
Finished products	1,794	37,185
Other inventories	397,125	397,681
Provision for impairment of inventory (-)	-	(30,131)
	728,276	756,731

Other inventories consist of auxiliary materials, operating supplies, and spare parts used in the production, maintenance, and repair processes related to the Company's core operations.

As of December 31, 2023, there is insurance coverage on inventories amounting to USD 5,063,000, which is approximately TRY 149,046,000. (December 31, 2022: TRY 125,087,000).

The movements of the provision for inventory impairment are as follows:

	2023	2022
Opening, January 1	30,131	-
Provisions recognized during the period	-	18,286
Provisions no longer applicable	(30,131)	-
Monetary gain / (loss)	-	11,845
Closing, December 31	-	30,131

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10. PREPAID EXPENSES AND DEFERRED REVENUES

a) Short-term prepaid expenses

	December 31, 2023	December 31, 2022
Advances given for inventory purchases	42,174	110,711
Expenses for the coming months	5,341	761
	47,515	111,472

a) Long-term prepaid expenses

	December 31, 2023	December 31, 2022
Advances given for the purchase of fixed assets	2,788	14,523
	2,788	14,523

b) Liabilities arising from customer contracts

	December 31, 2023	December 31, 2022
Order advances received	125,776	111,274
	125,776	111,274

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11. TANGIBLE ASSETS FIXED

	January 1, 2023	Additions	Disposals	Transfers	Revaluation Effect	December 31, 2023
Cost:						
Land and land improvements	1,918,589	-	-	-	151,351	2,069,940
Subsurface and surface installations	508,919	-	-	-	-	508,919
Buildings	2,903,808	33	-	-	-	2,903,841
Machinery, plant, and equipment	2,329,288	5,219	-	103,191	208,242	2,645,940
Vehicles	9,850	1,317	(2,792)	-	-	8,375
Fixtures and fittings (*)	429,820	6,110	-	47,575	-	483,505
Other property, plant, and equipment	13,999	-	-	-	-	13,999
Ongoing investments	118,514	60,796	-	(103,191)	-	76,119
	8,232,787	73,475	(2,792)	47,575	359,593	8,710,638
Accumulated depreciation:						
Subsurface and surface installations	(341,833)	(18,673)	-	-	-	(360,506)
Buildings	(677,515)	(67,193)	-	-	-	(744,708)
Machinery, plant, and equipment	(43,303)	(173,541)	-	-	216,844	-
Vehicles	(7,728)	(922)	2,788	-	-	(5,862)
Fixtures and fittings	(305,947)	(53,878)	-	-	-	(359,825)
Other property, plant, and equipment	(13,999)	-	-	-	-	(13,999)
	(1,390,325)	(314,207)	2,788	-	216,844	(1,484,900)
Net book value	6,842,462				576,437	7,225,738

(*) Represents firebricks that were transferred from inventories to fixed assets during the current period.

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11. TANGIBLE FIXED ASSETS (CONTINUED)

	As of January 1,	Additions	Disposals	Transfers	Revaluation effect	December 31, 2022
Cost:						
Land and land improvements	2,346,035	-	(427,446)	-	-	1,918,589
Subsurface and surface installations	508,919	-	-	-	-	508,919
Buildings	2,903,561	-	-	247	-	2,903,808
Machinery, plant, and equipment	4,526,142	6,373	(386)	-	(2,202,841)	2,329,288
Vehicles	9,481	369	-	-	-	9,850
Fixtures and fittings (*)	338,383	31,851	(54)	59,640	-	429,820
Other property, plant, and equipment	13,999	-	-	-	-	13,999
Ongoing investments	2,977	115,784	-	(247)	-	118,514
	10,649,497	154,377	(427,886)	59,640	(2,202,841)	8,232,787
Accumulated depreciation:						
Subsurface and surface installations	(323,159)	(18,674)	-	-	-	(341,833)
Buildings	(610,327)	(67,188)	-	-	-	(677,515)
Machinery, plant, and equipment	(2,170,153)	(183,030)	17	-	2,309,863	(43,303)
Vehicles	(7,130)	(598)	-	-	-	(7,728)
Fixtures and fittings	(261,885)	(44,062)	-	-	-	(305,947)
Other property, plant, and equipment	(13,999)	-	-	-	-	(13,999)
	(3,386,653)	(313,552)	17	-	2,309,863	(1,390,325)
Net book value	7,262,844				107,022	6,842,462

(*) Represents firebricks that were transferred from inventories to fixed assets during the current period.

As of December 31, 2023, the Company has recognized land and land improvements, as well as machinery and equipment, measured in accordance with the TMS 16 revaluation model, within property, plant, and equipment, taking into account the current valuation reports prepared by a valuation company licensed by the Capital Markets Board (CMB).

As of December 31, 2023, the Company has a first-degree mortgage of USD 400 million and a second-degree mortgage of TRY 2.6 billion on its property, plant, and equipment. (As of December 31, 2022, there is a first-degree mortgage of USD 400 million and a second-degree mortgage of TRY 2.6 billion). Details of additional guarantees, liens, and mortgages provided under the refinancing agreement signed by the Company on February 28, 2022, are disclosed in Note 13.

There is insurance coverage amounting to approximately TRY 2,112,897,000, equivalent to USD 71,744,000, on tangible fixed assets (December 31, 2022: approximately TRY 2,029,992,000, equivalent to USD 65,888,000).

	January 1 – December 31, 2023	January 1 – December 31, 2022
Tangible fixed assets	314,207	313,552
Intangible assets	530	531
Right-of-use Assets	2,477	659
	317,214	314,742

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11. TANGIBLE FIXED ASSETS (CONTINUED)

	January 1 – December 31, 2023	January 1 – December 31, 2022
Cost of sales	310,693	308,855
Sales and marketing costs	67	26
General administrative expenses	6,454	5,861
	317,214	314,742

12. INTANGIBLE ASSETS AND RIGHT-OF-USE ASSETS

a) Intangible Assets

	January 1, 2023	Additions	Disposals	December 31, 2023
Cost:				
Rights	19,807	-	-	19,807
Assets subject to depletion	8,970	-	-	8,970
	28,777			28,777
Accumulated amortization:				
Rights	(17,319)	(530)	-	(17,849)
Assets subject to depletion	(8,970)	-	-	(8,970)
	(26,289)	(530)	-	(26,819)
Net book value	2,488			1,958
	January 1, 2022	Additions	Disposals	December 31, 2022
Cost:				
Rights	19,807	-	-	19,807
Assets subject to depletion	8,970	-	-	8,970
	28,777	-	-	28,777
Accumulated amortization:				
Rights	(16,789)	(531)	-	(17,320)
Assets subject to depletion	(8,969)	-	-	(8,969)
	(25,758)	(531)	-	(26,289)
Net book value	3,019	-	-	2,488

As of December 31, 2023, the Company has no liens, pledges, or mortgages on its intangible assets (December 31, 2022 – None).

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12. INTANGIBLE ASSETS AND RIGHT-OF-USE ASSETS (CONTINUED)

b) Right-of-use Assets

	January 1, 2023	Additions	Disposals	December 31, 2023
Cost:				
Vehicles	4,493	5,639	-	10,132
Accumulated depreciation (-):				
Vehicles	(2,198)	(2,477)	-	(4,675)
Net book value	2,295			5,457

	January 1, 2022	Additions	Disposals	December 31, 2022
Cost:				
Vehicles	4,345	148	-	4,493
Accumulated depreciation (-):				
Vehicles	(1,539)	(659)	-	(2,198)
Net book value	2,806			2,295

13. PROVISIONS, CONTINGENT ASSETS, AND LIABILITIES

a) Long-term provisions

The details of the provision for mine site rehabilitation for the years ended December 31, 2023, and December 31, 2022, are as follows:

	December 31,	December 31,
Provision for mine site rehabilitation	22,439	17,998
	22,439	17,998

The movements of the provision for mine site rehabilitation for the years ended December 31, 2023, and December 31, 2022, are as follows:

	2023	2022
January 1	17,998	18,003
Current period expense, net	14,724	8,334
Monetary loss / (gain)	(10,283)	(8,339)
As of	22,439	17,998

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13. PROVISIONS, CONTINGENT ASSETS, AND LIABILITIES (CONTINUED)

This is a provision for expenses related to the rehabilitation of mine sites disturbed by the Company's cement operations, classified as part of the stone and soil-based mining segment. The expense for the related period is included in the cost of sales as a rehabilitation cost.

b) Guarantees, liens, and mortgages

The details of the guarantees, liens, and mortgages provided by the Company as of December 31, 2023, and December 31, 2022, are as follows:

	December 31, 2023	December 31, 2022
A. Total amount of guarantees, liens, and mortgages (GLM) provided in its own corporate name (*)	12,048,033	13,528,598
B. Total amount of guarantees, liens, and mortgages provided in favor of subsidiaries included in the scope of full consolidation	-	-
C. Total amount of guarantees, liens, and mortgages provided to secure the liabilities of third parties for the purpose of conducting ordinary commercial activities	-	-
D. Total amount of other guarantees, liens, and mortgages given (**)	48,000	79,091
i. Total amount of guarantees, liens, and mortgages provided in favor of the parent company	-	-
ii. Total amount of guarantees, liens, and mortgages provided in favor of other group companies not included in items B and C.	48,000	79,091
iii. Total amount of guarantees, liens, and mortgages provided in favor of third parties not included in item C	-	-
Total amount of GLMs provided	12,096,033	13,607,689
Ratio of other GLMs to total equity	1.26%	3.15%

(*) Within the scope of the 'Refinancing Agreement' signed with the consortium banks (Emlak Katılım, Halk Bankası, İş Bankası, TSKB, Vakıf Katılım, Vakıfbank, Ziraat Bankası, Ziraat Katılım), a first-degree mortgage of USD 400 million and a second-degree mortgage of TRY 2.6 billion have been established on the immovable properties of Batıçim and Batisöke, referred to as 'Borrowers,' while a commercial movable lien of the same amounts has been placed on their movable assets, with Batiliman and Batibeton acting as 'Guarantors.'

(**) Consists of guarantees given for Group companies Batıçim Enerji Toptan, Batibeton, and Batiliman.

The details of the guarantees and collaterals provided by the Company as of December 31, 2023, and December 31, 2022, are as follows:

	December 31, 2023	December 31, 2022
Mortgages, liens, and pledges given	11,796,520	12,323,900
Guarantee letters issued	133,050	894,695
Letter of credits issued	118,463	310,003
Total	12,048,033	13,528,598

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13. PROVISIONS, CONTINGENT ASSETS, AND LIABILITIES (CONTINUED)

The details of the bank letters of guarantee issued by the Company to various financial and non-financial institutions are as follows:

	December 31, 2023	December 31, 2022
Guarantee letters issued in relation to the Eximbank loan	106,791	788,816
Guarantee letters issued to suppliers	23,944	53,471
Guarantee letters issued to public institutions	1,826	1,352
Guarantee letters issued to the execution office	489	294
Guarantee letters issued to tax offices	-	50,762
Total	133,050	894,695

Guarantees received

The details of the guarantees received by the Company as of December 31, 2023, and December 31, 2022, are as follows:

	December 31, 2023	December 31, 2022
Guarantees received (*)	221,836	189,677
	221,836	189,677

(*) Consists of bank letters of guarantee received from customers.

14. EMPLOYEE BENEFITS

a) Liabilities for employee benefits

	December 31, 2023	December 31, 2022
Social security premiums payable	8,254	6,749
Wages payable to employees	4,735	3,643
	12,989	10,392

b) Long-term provisions for employee benefits

	December 31, 2023	December 31, 2022
Provision for severance pay	23,086	55,659
Provision for employee termination incentive bonus	28,467	18,683
Provision for unused paid absences	4,687	4,950
	56,240	79,292

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14. EMPLOYEE BENEFITS (CONTINUED)

Provision for severance pay

Under the Turkish Labor Law, the Company is required to pay severance pay to each employee who has completed at least one year of service and whose employment is terminated without just cause, who is called up for military service, who dies, or who retires after completing 25 years of service and reaching the retirement age (58 for women and 60 for men). As of December 31, 2023, the payable severance pay is subject to a monthly ceiling of TRY 23,489.83 (December 31, 2022: TRY 15,371.40). As of January 1, 2023, the severance pay ceiling was updated to TRY 35,058.58.

The severance pay obligation is not legally subject to any funding. The provision for severance pay is calculated by estimating the present value of the Company's future probable obligations arising from the retirement of employees. TMS 19 Employee Benefits stipulates that actuarial valuation methods should be used to estimate the Company's obligations under defined benefit plans. In this regard, the actuarial assumptions used in calculating total liabilities are as follows: The primary assumption is that the maximum liability for each year of service will increase in accordance with inflation. Therefore, the discount rate applied reflects the expected real rate after adjusting for the effects of future inflation. For this reason, in the accompanying financial statements as of December 31, 2023, provisions are calculated by estimating the present value of the probable future obligations arising from the retirement of employees. The provisions at the reporting dates

have been calculated using a real net discount rate of approximately 2.55%, obtained based on annual inflation and interest rate assumptions of 21.75% and 24.85%, respectively (December 31, 2022: 2.26%). Voluntary termination rates are considered to be 2.70% for employees with 0-15 years of service and 0% for those with more than 15 years of service.

The movements of the provision for severance pay:

	2023	2022
Opening, January 1	55,659	38,987
Interest cost	8,945	6,042
Service cost	5,415	6,688
Prior period service cost	2,150	-
Actuarial loss / (gain)	12,037	31,625
Payments during the period (-)	(40,478)	(6,555)
Monetary loss / (gain)	(20,642)	(21,128)
Closing, December 31	23,086	55,659

As of December 31, 2023, the sensitivity analysis of the significant assumptions used in the calculation of provision for severance pay is as follows:

Sensitivity level	Net discount rate		Employee turnover rate related to the probability of	
	0.5% basis point decrease	0.5% basis point	0.5% basis point	0.5% basis
Ratio	2.05%	3.05%	96.80%	97.80%
Change in severance pay liability (TRY)	2,386	(2,119)	656	(686)

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14. EMPLOYEE BENEFITS (CONTINUED)

Provision for employee termination incentive bonus

The provision for the employee termination incentive bonus is a benefit provided to employees in accordance with Company policy. The value that has created a liability as of the reporting dates has been accounted for at its present value, discounted at the net discount rate.

The movements of the provision for the employee termination incentive bonus are as follows:

	2023	2022
Opening balance, January 1	18,683	8,550
Interest cost	3,190	1,325
Service cost	10,779	6,263
Actuarial loss / (gain)	10,473	11,356
Payments during the period	(2,672)	(2,986)
Monetary loss / (gain)	(11,986)	(5,825)
Closing balance, December 31	28,467	18,683

The movements of the provision for unused paid absences are as follows:

	2023	2022
Opening, January 1	4,950	3,305
Service cost	2,152	3,479
Monetary loss / (gain)	(2,415)	(1,834)
Closing, December 31	4,687	4,950

15. OTHER ASSETS AND LIABILITIES

i) Other current assets

	December 31, 2023	December 31,
Value added tax (VAT) carried forward	137,168	169,141
	137,168	169,141

ii) Other short-term liabilities

	December 31, 2023	December 31,
Mining tax accruals	11,833	8,347
	11,833	8,347

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16. CAPITAL, RESERVES, AND OTHER EQUITY ITEMS

a) Paid-in capital

The details of the paid-in capital structure of the Company as of December 31, 2023, and December 31, 2022, are as follows:

Shareholders	Ownership Percentage (%)	December 31, 2023		December 31, 2022	
		Share amount (TRY)	Ownership Percentage (%)	Share amount (TRY)	Ownership Percentage (%)
Batıçim Batı Anadolu Çimento Sanayii A.Ş.	74.62	298,494	74.62	298,494	
Other	25.38	101,506	25.38	101,506	
Nominal capital		400,000		400,000	
Inflation adjustment difference		3,563,553		3,563,553	
Adjusted capital		3,963,553		3,963,553	

The Company is subject to the registered capital system. As of December 31, 2023, the Company's registered capital ceiling is TRY 800,000,000.

TRY 14,956.13 of the Company's shares are registered shares. Each Company share has a nominal value of TRY 0.01. The Company's issued capital consists of 40,000,000 shares, each with a nominal value of 1 kuruş, totaling TRY 400,000,000.

The Company's share capital consists of Class A and Class B shares.

Class A shareholders have the following rights and privileges according to the Company's Articles of Association:

All members of the Board of Directors are elected from among the candidates to be nominated by the majority of Group A shareholders.

According to the 'Communiqué on Principles Regarding Financial Reporting in Capital Markets' (Communiqué No. II-14.1), published in the Official Gazette dated June 13, 2013, and numbered 28676, which has entered into force, the amounts for 'Paid-in capital,' 'Restricted reserves appropriated from profit,' and 'Share premium' must be presented based on their values in the statutory records. During the application of the aforementioned Communiqué, any differences arising from valuations (such as those resulting from inflation adjustments) must be associated with:

- 'Adjustments to share capital differences' item, to be opened following the 'Paid-in capital' item, if they arise from 'Paid-in capital' and have not yet been added to the capital; and
- 'Retained earnings/losses from prior years,' if they arise from 'Restricted reserves appropriated from profit' and 'Share premium,' and have not yet been subject to profit distribution or capital increase.

The other equity items are presented at their values as measured under the Turkish Accounting Standards (TMS).

Adjustments to share capital differences have no other use except to be added to share capital.

Publicly traded companies distribute dividends in accordance with the CMB's Communiqué on Dividends No. II-19.1, effective as of February 1, 2014.

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16. CAPITAL, RESERVES, AND OTHER EQUITY ITEMS (CONTINUED)

Group companies distribute their profits within the framework of the profit distribution policies to be determined by their general assemblies and in accordance with the provisions of the applicable regulations. The Communiqué does not establish a minimum distribution rate for publicly listed companies. Companies pay dividends as specified in their articles of association or profit/dividend distribution policies. In addition, dividends may be paid in equal or different installments and advance dividends may be distributed in cash based on the profit in the interim financial statements.

Unless and until the reserves required to be set aside pursuant to the Turkish Commercial Code and the dividends specified for shareholders in the articles of association or dividend distribution policy are allocated, no decision can be made to set aside other reserves, to carry profits forward to the following year, or to distribute dividends to holders of redeemable shares, members of the board of directors, company employees, or non-shareholder persons. Furthermore, dividends cannot be distributed to these individuals unless the dividend specified for shareholders is paid in cash.

Shareholders' equity inflation adjustment differences and the carrying amount of extraordinary reserves can be utilized for issuing bonus shares, distributing cash dividends, or offsetting losses. However, shareholders' equity inflation adjustment differences will be subject to corporate tax if they are utilized in cash dividend distribution.

Legal reserves and share premiums, classified as legal reserves under Article 466 of the Turkish Commercial Code, are presented at their statutory amounts. In this context, the differences arising from inflation adjustments in valuations conducted in accordance with IFRS principles, which have not been subject to profit distribution or capital increase as of the reporting date, are associated with retained earnings from prior years.

Legal reserves are appropriated from statutory profits at a rate of 5% per annum until the total reserve reaches 20% of the paid-in/issued capital, in accordance with the first paragraph of Article 519 of the New Turkish Commercial Code No. 6102. After deducting the amount allocated as the first legal reserve from the 'profit,' the first dividend is allocated to shareholders from the remaining balance. The General Assembly, considering the Company's dividend distribution policy, is authorized to decide whether to set aside or distribute the remaining balance after the first legal reserves and the first dividend have been allocated as extraordinary reserves. According to subparagraph 3 of the second paragraph of Article 519 of the New Turkish Commercial Code, the second legal reserve is appropriated at a rate of one-tenth of the amount remaining after deducting the dividend, calculated at 5% of the issued/paid-in capital, from the portion designated for distribution. In the event that a decision is made to distribute bonus shares by capitalizing the profits, the second legal reserve shall not be appropriated.

b) Share Premiums

They represent the difference between the nominal value of the newly issued shares resulting from the capital increase and the proceeds from their sale. As of December 31, 2023, it is TRY 2,877,000 (December 31, 2022: TRY 2,877,000).

c) Other comprehensive income and expenses not reclassified to profit or loss

The movements in value increases/(decreases) recognized directly in equity and not reflected in the statement of profit or loss are as follows:

Actuarial gain (loss) fund for defined benefit plans:

	2023	2022
Opening balance, January 1	(34,385)	-
Current period remeasurement effect	(22,510)	(42,981)
Deferred tax effect	5,627	8,596
Closing balance, December 31	(51,268)	(34,385)

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16. CAPITAL, RESERVES, AND OTHER EQUITY ITEMS (CONTINUED)

Revaluation surplus (deficit) fund of property, plant, and equipment:

	2023	2022
Opening balance, January 1	85,618	-
Current period remeasurement effect	576,437	107,022
Deferred tax effect	(140,001)	(21,404)
Transfer to retained earnings (loss) related to the effect of current period depreciation	(6,056)	-
Closing balance, December 31	515,998	85,618

The movements in other gains (losses) recognized in equity that will not be associated with the statement of profit or loss in subsequent periods are as follows:

	2022
Opening balance, January 1	-
Current period effect of fair value measurement increase (decrease)	92,652
Deferred tax effect	(4,630)
Disposal effect due to sale of financial assets	(88,022)
Closing balance, December 31	-

d) Retained earnings / (accumulated losses):

The Company's net distributable profit for the period, along with the amount of other resources eligible for profit distribution in the statutory records as of the reporting date, is as follows.

	December 31, 2023	December 31, 2022
Net profit (loss) for the period	(1,313,647)	(573,122)
Extraordinary reserves	1,904,476	119,228
Special funds/reserves	7,748	849
Retained earnings (accumulated losses)	(2,836,235)	(1,266,500)
	(2,237,658)	(1,719,545)

In accordance with the Turkish Tax Procedure Law and the relevant Communiqué published in the Official Gazette dated December 30, 2023, No. 32415 (2nd Duplicate), the balance sheet dated December 31, 2023, prepared under the Tax Procedure Law, has been adjusted using the Producer Price Indices (PPI) published by the Turkish Statistical Institute as part of inflation accounting practices. The accompanying financial statements have been adjusted for inflation in accordance with TMS 29, using the Consumer Price Index (CPI) published by the Turkish Statistical Institute. Consequently, the amounts for the current and prior reporting periods are expressed in terms of purchasing power as of December 31, 2023. Due to the use of different indices in the inflation accounting applications of the Tax Procedure Law and TMS 29, and the adjustment of prior reporting periods' amounts to the purchasing power as of December 31, 2023 under TMS 29, differences have arisen between the amounts reported in the balance sheet prepared in accordance with the Tax Procedure Law and those reported in the financial statements prepared in accordance with TMS/IFRS for the items 'Adjustments to Share Capital Differences,' 'Share Premiums (Discounts),' 'Restricted Reserves Appropriated from Profit,' and 'Other Reserves'.

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16. CAPITAL, RESERVES, AND OTHER EQUITY ITEMS (CONTINUED)

These differences are reflected in 'Retained Earnings or Accumulated Losses' in the TMS/IFRS financial statements, and further details regarding these differences are provided below:

December 31, 2023							
	Capital Differences	Share Repurchased Premiums	Legal Reserves	Repurchased Share Reserves	Special Provision for Recorded Commodities	Special Reserves	Extraordinary Reserves
As per the TMS/IFRS Financial Statements	3,563,553	2,877	259,684	(1,132)	-	-	-
As per Turkish Tax Procedure Law	4,671,073	4,556	351,256	-	79,510	7,748	1,904,476
Difference*	(1,107,520)	(1,679)	(91,572)	(1,132)	(79,510)	(7,748)	(1,904,476)

	Adjustments to Share Capital Differences	Share Premiums	Legal Reserves	Repurchased (Treasury) Share Reserves	Special Provision for Recorded Commodities	Special Reserves	Extraordinary Reserves
As per the TMS/IFRS Financial Statements	3,563,553	2,877	259,684	(1,132)	-	-	-
As per Turkish Tax Procedure Law	18,913	511	20,200	-	20,227	849	119,228
Difference*	3,544,640	2,366	239,484	(1,132)	(20,227)	849	(119,228)

1. As of January 1, 2022, the amount of 'Retained Earnings (Accumulated Losses)', prior to any inflation adjustment, is TRY (1,287,720,000). Following the inflation adjustment in accordance with TMS 29, the amount of 'Retained Earnings (Accumulated Losses)' as of January 1, 2022, adjusted to the purchasing power as of December 31, 2023, is TRY (1,642,750,000).

17. REVENUE AND COST OF SALES

Net sales

	January 1 – December 31, 2023	January 1 – December 31, 2022
Domestic sales	2,914,971	2,228,628
Export sales	1,248,551	1,781,691
Sales returns (-)	(920)	(293)
Sales discounts (-)	-	(499)
Other discounts (-)	(40,517)	(10,315)
	4,122,085	3,999,212

The Company recognizes revenue by transferring control of all goods sold to customers at a specific point in time, thereby fulfilling its performance obligations.

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17. REVENUE AND COST OF SALES (CONTINUED)

Cost of sales

	January 1 – December 31, 2023	January 1 – December 31, 2022
Raw materials and supplies expenses	(1,723,726)	(2,265,408)
General production expenses	(1,189,262)	(1,625,018)
Amortization expenses	(310,693)	(308,855)
Personnel expenses	(267,794)	(146,005)
Change in semi-finished goods and inventories (Note 9)	(38,649)	174,913
Provision for mine site rehabilitation	(14,724)	(8,334)
	(3,544,848)	(4,178,707)

18. GENERAL ADMINISTRATIVE EXPENSES, MARKETING, SALES AND DISTRIBUTION COSTS

	January 1 – December 31, 2023	January 1 – December 31, 2022
a) General administrative expenses:		
Tax expenses	(35,815)	(18,377)
Employee benefits	(33,897)	(25,100)
Personnel expenses	(27,751)	(19,497)
Consulting expenses	(5,042)	(5,611)
Amortization expenses	6,454	(5,861)
Fuel expenses	(1,087)	(1,799)
Other expenses (*)	(13,647)	(12,421)
	(123,693)	(88,666)

(*) Other expenses consist of vehicle maintenance, travel, office, and landscaping expenses.

	January 1 – December 31, 2023	January 1 – December 31, 2022
b) Marketing, sales, and distribution expenses:		
Export, freight/shipping, and loading expenses	(245,410)	(119,693)
Personnel expenses	(4,171)	(3,749)
Amortization expenses (Note 11)	(67)	(26)
Other	(6,975)	(1,166)
	(256,623)	(124,634)

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19. EXPENSES BY CATEGORY

	January 1 – December 31, 2023	January 1 – December 31, 2022
Raw materials and supplies expenses	(1,723,726)	(2,265,408)
General production expenses	(1,189,262)	(1,625,018)
Amortization expenses	(317,214)	314,742
Personnel expenses	(299,716)	(169,251)
Export, shipping, and loading expenses	(245,410)	(119,693)
Change in semi-finished and finished goods inventories	(38,649)	174,913
Tax expenses	(35,815)	(18,377)
External benefits	(33,897)	(25,100)
Provision for rehabilitation costs	(14,724)	(8,334)
Consulting expenses	(5,042)	(5,611)
Fuel expenses	(1,087)	(1,799)
Other	(20,622)	(13,587)
	(3,925,164)	(4,392,007)

20. OTHER INCOME / (EXPENSES) FROM OPERATING ACTIVITIES

a) Other income from operating activities

	January 1 – December 31, 2023	January 1 – December 31, 2022
Foreign exchange gains from operating activities	124,282	43,006
Deferred financing (maturity difference) income	73,897	43,527
Other	3,688	3,047
	201,867	89,580

b) Other expenses from operating activities

	January 1 – December 31, 2023	January 1 – December 31, 2022
Foreign exchange loss from operating activities	401,814	201,961
Deferred financing expenses	68,806	51,613
Other	9,420	6
	480,040	253,580

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21. INCOME AND EXPENSES FROM INVESTING ACTIVITIES

	January 1 – December 31, 2023	January 1 – December 31, 2022
Income from investing activities:		
Gains on sale of property, plant, and equipment	355	-
	355	-
Expenses from investing activities:		
Loss on sale of property, plant, and equipment	-	299,887
Loss on sale of assets accounted for using the equity method	-	(66,788)
	-	(366,675)

22. FINANCING INCOME

	January 1 – December 31, 2023	January 1 – December 31, 2022
Foreign exchange gains	50,252	7,753
Interest income	10,656	2,917
	60,908	10,670

23. FINANCING EXPENSES

	January 1 – December 31, 2023	January 1 – December 31, 2022
Foreign exchange loss	1,544,770	1,160,934
Interest expenses on bank loans	435,931	470,654
Interest expenses on payables to related parties	151,749	65,927
Interest expenses on letter of credit borrowings	14,285	-
Interest cost on employee benefits	12,135	7,367
Letter of guarantee commission expenses	5,757	20,185
Bank commission expenses	1,843	4,637
	2,166,470	1,729,704

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24. INCOME TAXES (INCLUDING DEFERRED ASSETS AND LIABILITIES)

Corporate Tax

The corporate tax rate in Türkiye is 25%. (Applied at a rate of 23% for corporate income for the 2022 taxation period.) Corporate tax is payable at a rate applicable to the net corporate income of companies, calculated after adding back certain non-deductible expenses and deducting specific exemptions and reductions provided by tax laws. Corporate tax is declared by the evening of the thirtieth day of the fourth month following the end of the relevant year and is paid in a single installment by the end of that month.

	December 31, 2023	December 31, 2022
Current period corporate tax provision	-	-
Minus: Prepaid taxes and fund	(236)	(138)
Current tax assets	236	138
Tax income / (expense) in the statement of profit or loss	January 1 – December 31, 2023	January 1 – December 31, 2022
Current tax expense	-	-
Deferred tax income (expense)	842,107	(79,788)
	842,107	(79,788)

Deferred Tax

As of December 31, 2023, a tax rate of 25% has been used in the calculation of deferred tax assets and liabilities.

	Taxable temporary differences		Deferred tax assets (liabilities)	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
Tangible and intangible fixed assets	2,638,481	-	659,620	-
Taxable financial losses carried forward	-	-	563,375	77,003
Cash capital increase interest incentive	-	-	103,788	86,722
Provision for mine sites rehabilitation	22,439	17,044	5,610	3,409
Provisions for employee benefits	56,240	79,292	14,060	15,858
Effect of amortized cost method on receivables and payables	11,313	2,010	2,828	463
Impairment of inventory	-	30,132	-	6,026
Deferred tax liabilities	2,728,473	128,478	1,349,281	189,481
Tangible and intangible fixed assets	(1,697,055)	(5,274,143)	(318,197)	(870,171)
Inventories	(246,214)	(192,025)	(61,554)	(38,405)
Other	(12,553)	(17,257)	(3,138)	(3,450)
Deferred tax liabilities	(1,955,822)	(5,483,425)	(382,889)	(912,026)
Deferred tax assets / (liabilities), net			966,392	(722,545)
Provision for deferred tax assets			(981,204)	-
Deferred tax liabilities, net			(14,812)	(722,545)

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24. INCOME TAXES (INCLUDING DEFERRED ASSETS AND LIABILITIES) (CONTINUED)

The partially or fully recoverable amount of deferred tax assets has been estimated based on current conditions. During the assessment, the 5-year projection prepared by the Company management for the foreseeable future and the timing of the recovery of taxable temporary differences were taken into account. In accordance with the financial profit projections prepared for the foreseeable future, the Company has reviewed the deferred tax effects arising as of the reporting date related to the temporary differences from the carried forward taxable financial losses and inflation accounting under the provisions of the Turkish Tax Procedure Law. It has not recognized deferred tax for the portion that is not expected to be recoverable in the foreseeable future.

As of the reporting dates, the maturity distribution and expected expiration dates of the carried forward taxable financial losses are as follows:

	December 31, 2023	December 31, 2022
December 31, 2024	195,491	195,491
December 31, 2025	369,043	369,043
December 31, 2026	280,742	280,742
December 31, 2027	443,418	443,418
December 31, 2028	964,805	-
	2,253,499	1,288,694

As of December 31, 2023, the Company has recognized deferred tax liabilities amounting to TRY 14,812,000 by considering the closing periods of taxable temporary differences arising from tangible fixed assets after the index adjustments in accordance with TMS 29 and the Turkish Tax Procedure Law. This recognition also takes into account the taxable profit estimates in the 5-year projections, the amounts of carried forward taxable financial losses, and their expiration dates as presented in the table above.

Pursuant to Law No. 6637, titled 'Law Amending Certain Laws and Statutory Decrees,' published in the Official Gazette dated April 7, 2015, 50% of the amount calculated by taking into account the weighted average annual interest rate applied to commercial loans announced by the Central Bank of Türkiye (CBRT) will be deductible from the corporate tax base for cash capital increases in capital companies and the cash portion of the paid-in capital in newly established capital companies, effective from July 1, 2015, until the end of the relevant accounting year. With the decision numbered 2015/7910 published in the Official Gazette dated December 31, 2017, the 50% rate is adjusted as follows:

- For publicly traded capital companies whose shares are listed on the stock exchange, based on the shares that are recorded as publicly tradable at Merkezi Kayıt Kuruluşu A.Ş on the last day of the year for which the discount is applied, if the nominal value of these shares has a paid-in or issued capital ratio that is registered in the trade registry of 50% or less, an additional 25 points will be granted; for those with a ratio above 50%, an additional 50 points will be granted.
- In cases where the cash-increased capital is used in investments in production and industrial facilities that have investment incentive certificates, as well as in investments in machinery and equipment related to these facilities and/or in land and plots investments allocated for the construction of these facilities, the discount shall be applied by adding 25 points, limited to the fixed investment amount specified in the investment incentive certificate.

With the amendment made by Law No. 7417 dated July 5, 2023, the right to benefit from the interest deduction in cash capital increases is limited to the accounting period in which the decision regarding the capital increase or the registration of the Articles of Association during the initial incorporation phase occurs, as well as the four subsequent accounting periods. With the addition of the thirteenth paragraph to the provisional Article 15 in the Corporate Tax Law by Law No. 7414, it has been stipulated that taxpayers who have previously increased their capital and begun to benefit from the deduction will continue to do so for five more accounting periods, including the 2023 period, regardless of how many periods they benefited from the deduction in the past.

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24. INCOME TAXES (INCLUDING DEFERRED ASSETS AND LIABILITIES) (CONTINUED)

Amounts that cannot be deducted in the relevant periods due to insufficient earnings from the discount amounts accrued during the period of the right to benefit from the discount may also be eligible for deduction after the five-year period has expired. There is no time limit regarding this matter.

The movements of deferred tax assets / (liabilities), net balance are as follows:

	2023	2022
January 1 balance	(722,545)	(625,319)
Deferred tax income (expense) recognized in the statement of profit or loss	842,107	(79,788)
Tax income (expense) related to other comprehensive income items	(134,374)	(17,438)
December 31	(14,812)	(722,545)

A reconciliation of the income tax expense, calculated at the statutory income tax rate on profit before tax, to the total income tax expense recognized in the statement of total income, including deferred tax expense:

	January 1 – December 31, 2023	January 1 – December 31, 2022
Profit (loss) before tax from continuing operations	30,406	(130,291)
Effective statutory tax rate	25%	23%
Calculated tax income (expense)	(7,602)	29,967
Effect of cash capital increase interest incentive	17,066	(34,861)
Effect of non-deductible expenses	(88,589)	(54,571)
Effects of profit (loss) on the carrying amount of investments accounted for using the equity method	-	13,413
Effect of carried forward financial losses	245,170	(144,221)
Effect of other adjustment items	13,878	(3,019)
Deferred tax effect arising from temporary differences related to inflation accounting as per the provisions of the Turkish Tax Procedure Law (*)	788,318	-
Effect of non-taxable monetary gains / (losses)	(126,134)	113,504
Total tax income (expense) reported in the statement of profit or loss	842,107	(79,788)

(*) It consists of the deferred tax effect arising from temporary differences created by the adjustments related to inflation accounting, in accordance with the Communiqué No. 32415 (2nd Duplicate) of the Tax Procedure Law dated December 30, 2023.

25. EARNINGS (LOSS) PER SHARE

	January 1 – December 31, 2023	January 1 – December 31, 2022
Weighted average number of issued ordinary shares with a nominal value of TRY 0.01	40,000,000	40,000,000
Net profit / (loss) for the period (TRY)	872,513	(210,079)
Earnings / (loss) per share (for Class A and Class B shares with a nominal value of TRY 1)	2.18	(0.53)

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26. RELATED PARTY DISCLOSURES

As of December 31, 2023, and December 31, 2022, the balances of receivables from related parties and payables to related parties, along with a summary of key transactions conducted with related parties during the period, are presented below:

As of December 31, 2023, the details of trade and non-trade receivables from related parties are as follows:

Balances with related parties	Receivables Short-term		Payables Short-term	
	Trade	Non-trade	Trade	Non-trade
Batıçım Batı Anadolu Çimento Sanayii A.Ş. (*) (1)	35,547	1,422	77,726	900,250
Batıbeton Sanayi A.Ş. (2)	84,557	320	6,883	-
Batıçım Enerji Toptan Satış A.Ş. (2)	-	3,850	39	-
Batılıman Liman İşletmeleri A.Ş. (2)	-	-	40,792	-
	120,104	5,592	125,440	900,250

(*) *The non-trade payables obtained from Batıçım, classified as financing, are non-maturity and accrue interest at the market interest rate, which is reviewed quarterly.*

As of December 31, 2022, the details of trade and non-trade receivables from related parties are as follows:

Balances with related parties	Receivables Short-term		Payables Short-term	
	Trade	Non-trade	Trade	Non-trade
Batıçım Batı Anadolu Çimento Sanayii A.Ş. (1)	37,848	-	-	-
Batıbeton Sanayi A.Ş. (2)	112,628	-	33,945	-
Batıçım Enerji Toptan Satış A.Ş. (2)	-	7,126	-	-
Batılıman Liman İşletmeleri A.Ş. (2)	-	-	11,157	-
	150,476	7,126	45,102	-

(1) *Parent company*

(2) *Other companies controlled by the parent company*

Transactions with related parties	January 1 – December 31, 2023		
	Purchases of goods or services	Sales of goods	Other income (expense)
Batıbeton Sanayi A.Ş. (2)	862	307,206	1,000
Batıçım Batı Anadolu Çimento Sanayii A.Ş. (1) (*)	50,952	232,515	(145,285)
Batıçım Enerji Toptan Satış A.Ş. (2)	9,260	-	-
Batılıman Liman İşletmeleri A.Ş. (**) (2)	151,416	-	-
	212,490	539,721	(144,285)

(*) *The Company's sales of goods arise from export registered sales. Other expenses consist of interest expenses. (**) It consists of expenses for port services received from Batılıman.*

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26. RELATED PARTY DISCLOSURES

Transactions with related parties	January 1 – December 31, 2022		
	Purchases of goods or services	Sales of goods	Other income (expense)
Batıbeton Sanayi A.Ş. (2)	-	254,408	1,281
Batıçim Batı Anadolu Çimento Sanayii A.Ş. (1) (*)	19,287	1,340,254	(47,167)
Batıçim Enerji Toptan Satış A.Ş. (2)	40,635	-	(2)
Batılıman Liman İşletmeleri A.Ş. (**) (2)	62,105	-	-
	122,027	1,594,662	(45,888)

(*) The Company's sales of goods arise from export registered sales. Other expenses mainly consist of the loss reported under investing activities from the share transfer disclosed in Note 5 for the current period, along with interest expense arising from non-trade borrowings.

(**) It consists of expenses for port services received from Batılıman.

(1) Parent company

(2) Other companies controlled by the parent company

Benefits provided to key management personnel:

The Company's key management personnel consists of the Chief Executive Officer and the members of the Executive Board. The benefits provided to key management personnel include remuneration, salary/wages, bonus, health insurance, and transportation. The benefits provided to key management personnel during the period are as follows:

	December 31, 2023	December 31, 2022
Wages, bonuses, social welfare benefits	1,178	2,836
Employee termination incentive bonus, other benefits, and payments	675	-
	1,853	2,836

27. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

a) Credit risk:

Credit risk is defined as the risk that a party to a financial instrument will fail to fulfill a contractual obligation, resulting in a financial loss to the Company. The Company seeks to mitigate credit risk by conducting transactions solely with creditworthy counterparties and, where feasible, obtaining adequate collateral and guarantees. The Company's exposure to credit risks is continuously monitored.

Trade receivables primarily consist of a large number of customers in the construction sector. Credit assessments are conducted continuously on customers' trade receivable balances, and guarantees for receivables are obtained when deemed necessary.

The allowance for doubtful trade receivables related to financial assets is determined based on historical experience of non-collection.

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27. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (CONTINUED)

The credit risk analysis by type of financial instruments as of December 31, 2023, and December 31, 2022, is as follows:

December 31, 2023

	Receivables					Total
	Trade receivables		Other receivables		Deposits in banks	
	Related Parties	Other parties	Related Parties	Other parties		
as of reporting date	120,104	526,257	5,592	3,548	21,078	676,579
Maximum credit risk exposure (A+B+C+D+E) (*)						
- The portion of maximum risk secured by guarantees, etc. (**)	-	221,836	-	-	-	221,836
A. The net carrying amount of financial assets that have not matured or are not impaired	120,104	470,794	5,592	3,548	21,078	621,116
B. The carrying amount of financial assets that have been renegotiated under conditions that would otherwise be considered overdue or impaired	-	-	-	-	-	-
C. The net carrying amount of assets that are past due but not impaired	-	55,463	-	-	-	55,463
D. The net carrying amounts of impaired assets						
- Past due (gross carrying amount)	-	51	-	-	-	51
- Impairment (-)	-	(51)	-	-	-	(51)
E. Off-balance sheet items containing credit risk	-	-	-	-	-	-

(*) In determining the amount, factors that enhance credit reliability, such as guarantees received, are not taken into consideration. (**) Guarantees consist of letters of guarantee obtained from customers.

December 31, 2022

	Receivables					Total
	Trade receivables		Other receivables		Deposits parties in banks	
	Related parties	Other parties	Related parties	Other parties		
Maximum credit risk exposure as of reporting date (A+B+C+D+E) (*)	150,476	286,311	7,126	2,098	66,632	512,643
- The portion of maximum risk secured by guarantees, etc. (**)	-	189,677	-	-	-	189,677
A. The carrying amount of financial assets that have not matured or are not impaired carrying amount	150,476	286,311	7,126	2,098	66,632	512,643
B. The carrying amount of financial assets whose terms have been renegotiated and that would otherwise be considered past due or impaired	-	-	-	-	-	-
C. The carrying amount of assets that are past due but not impaired	-	-	-	-	-	-
D. The net carrying amount of impaired assets						
- Past due (gross carrying amount)	-	84	-	-	-	84
- Impairment (-)	-	(84)	-	-	-	(84)
E. Off-balance sheet items containing credit risk	-	-	-	-	-	-

(*) In determining the amount, factors that enhance credit reliability, such as guarantees received, are not taken into consideration. (**) Guarantees consist of letters of guarantee obtained from customers.

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27. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (CONTINUED)

b) Liquidity risk:

The primary responsibility for liquidity risk management rests with the Board of Directors. The Board of Directors has established an appropriate liquidity risk management framework to address the short-, medium-, and long-term funding and liquidity requirements of the Company management. The Company manages liquidity risk by regularly monitoring estimated and actual cash flows, as well as by matching the maturities of financial assets and liabilities to ensure the continuity of sufficient funds and borrowing reserves.

The following table presents the maturity profile of the Company's non-derivative financial liabilities. Non-derivative financial liabilities are presented on an undiscounted basis, reflecting the earliest settlement dates. Interest payable on these liabilities is included in the table below.

December 31, 2023

Contractual maturities	Carrying amount	Total cash outflows as per contract (I+II+III)	Less than 3 months (I)	3 to 12 months (II)	1 to 5 years and over (III)	Over 5 years (IV)
Non-derivative financial liabilities						
Bank loans	2,965,292	4,568,566	213,850	722,011	2,130,239	1,502,466
Liabilities from leasing transactions	2,238	2,465	610	1,379	476	-
Trade payables	676,153	687,292	687,292	-	-	-
Other payables to related parties (*)	900,250	-	-	-	-	-
Other payables to unrelated parties	6,619	6,618	6,618	-	-	-
Other financial liabilities	227,365	235,855	159,443	76,412	-	-
	4,777,917	5,500,796	1,067,813	799,802	2,130,715	1,502,466

(*) As disclosed in Note 2.1, it will be subject to the capital increase that the Company intends to complete in 2024.

December 31, 2023

Contractual maturities	Carrying amount	Total cash outflows as per contract (I+II+III)	Less than 3 months (I)	3 to 12 months (II)	1 to 5 years and over (III)	Over 5 years (IV)
Non-derivative financial liabilities						
Bank loans	3,838,137	5,527,124	45,062	1,300,985	2,373,291	1,807,786
Liabilities from leasing transactions	994	1,200	272	677	251	-
Trade payables	1,101,605	1,106,520	1,106,520	-	-	-
Other payables to unrelated parties	10,486	10,486	10,486	-	-	-
	4,951,222	6,645,330	1,162,340	1,301,662	2,373,542	1,807,786

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27. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (CONTINUED)

c) Market risk:

Currency risk management

The Company is primarily exposed to foreign currency risk in USD and EUR. The following table illustrates the Company's sensitivity to a 10% increase and decrease in the exchange rates of the US Dollar and Euro. This 10% sensitivity rate is used by senior management when reporting foreign currency risk internally and reflects the management's expectations of potential changes in foreign exchange rates. The sensitivity analysis includes only outstanding monetary items denominated in foreign currencies at year-end and illustrates the effects of a 10% change in exchange rates on the year-end valuation of these items. This analysis includes external borrowings as well as loans for foreign operations within the Company that are denominated in a currency other than the functional currency of both the borrowing and lending parties. A positive value signifies an increase in profit/loss and other equity items.

	December 31,			December 31,		
	TRY equivalent	US Dollar	Euro	TRY equivalent	US	
1. Trade receivables	180,303	6,124	-	76,494	2,483	-
2a. Monetary financial assets (including cash and bank accounts)	8,757	297	1	16,131	523	1
2b. Non-monetary financial assets	-	-	-	-	-	-
3. Other	8,740	134	148	7,191	-	219
4. Current assets (1+2+3)	197,800	6,555	149	99,816	3,006	220
5. Trade receivables	-	-	-	-	-	-
6a. Monetary financial assets	-	-	-	-	-	-
6b. Non-monetary financial assets	-	-	-	-	-	-
7. Other	-	-	-	-	-	-
8. Fixed assets (5+6+7)	-	-	-	-	-	-
9. Total assets (4+8)	197,800	6,555	149	99,816	3,006	220
10. Trade payables	346,528	10,191	1,409	775,996	22,896	2,149
11. Financial borrowings	793,271	26,898	-	524,723	17,031	-
liabilities	-	-	-	-	-	-
12b. Other non-monetary liabilities	-	-	-	-	-	-
13. Short-term liabilities (10+11+12a+12b)	1,139,799	37,089	1,409	1,300,719	39,927	2,149
14. Trade payables	-	-	-	-	-	-
15. Financial borrowings	2,399,386	81,359	-	2,822,334	91,605	-
16a. Other monetary liabilities	-	-	-	-	-	-
16b. Other non-monetary liabilities	-	-	-	-	-	-
17. Long-term liabilities (14+15+16a+16b)	2,399,386	81,359	-	2,822,334	91,605	-
18. Total liabilities (13+17)	3,539,185	118,448	1,409	4,123,053	131,532	2,149
19. Net asset / (liability) position of off-balance sheet derivative instruments (19a-19b)	-	-	-	-	-	-
19a. Amount of off-balance sheet derivatives denominated in foreign currency with asset characteristics	-	-	-	-	-	-
- 19b. Amount of off-balance sheet derivatives denominated in foreign currency with liability characteristics	-	-	-	-	-	-
-	-	-	-	-	-	-
20. Net foreign currency (liability) / asset position (9-18+19)	(3,341,385)	(111,893)	(1,260)	(4,023,237)	(128,526)	(1,929)
21. Net foreign currency (liability) / asset position of monetary items (TFRS7.B23) (=1+2a+5+6a-10-11-12a-14-15-16a)	(3,350,125)	(112,027)	(1,408)	(4,030,428)	(128,526)	(2,148)
22. Total fair value of financial instruments used for foreign currency hedging	-	-	-	-	-	-
23. Amount of the hedged portion of foreign currency assets	-	-	-	-	-	-
24. Amount of the hedged portion of foreign currency liabilities	-	-	-	-	-	-
25. Exports	1,265,895	42,754	-	442,229	14,157	-
26. Imports	527,513	17,908	-	495,700	13,866	2,256

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27. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (CONTINUED)

Foreign Currency Sensitivity Analysis Table

	Appreciation of foreign currency	December 31, 2023 Effect of profit (loss) before tax Depreciation of foreign currency
In case of a 10% appreciation of the US Dollar against the TRY		
1- US Dollar net asset / liability	(329,989)	329,989
2- US Dollar hedged portion (-)	-	-
3- US Dollar net effect (1+2)	(329,989)	329,989
In case of a 10% appreciation of the EUR against the TRY		
4- EUR net asset / liability	(4,114)	4,114
5- EUR hedged portion (-)	-	-
6- EUR net effect (4+5)	(4,114)	4,114
Total (3 + 6)	(334,103)	334,103

	Appreciation of foreign currency	December 31, 2022 Effect of profit (loss) before tax Depreciation of foreign currency
In case of a 10% appreciation of the EUR against the TRY		
1- US Dollar net asset / liability	(396,699)	396,699
2- US Dollar hedged portion (-)	-	-
3- US Dollar net effect (1+2)	(396,699)	396,699
In case of a 10% appreciation of the EUR against the TRY		
4- EUR net asset / liability	(6,348)	6,348
5- EUR hedged portion (-)	-	-
6- EUR net effect (4+5)	(6,348)	6,348
Total (3 + 6)	(403,767)	403,047

Interest rate risk:

The Company's borrowings at fixed and floating interest rates expose the Company to interest rate risk. This risk is managed by the Company. Hedging strategies are regularly evaluated to ensure alignment with interest rate expectations and the identified risk. Thus, the objective is to establish the optimal hedging strategy, review the balance sheet position, and control interest expenses across various interest rates.

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27. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (CONTINUED)

The Company's interest rate position as of December 31, 2023, and December 31, 2022, is presented below:

	2023	2022
Financial instruments with a fixed interest rate		
Financial Assets	10,002	45,403
Financial Liabilities	240,215	675,982
Financial instruments with a floating interest rate		
Financial Liabilities	2,954,680	3,163,149

As of December 31, 2023, a +100 / -100 basis point change in the interest rates of variable-rate loans will result in an increase of 753 thousand TRY / a decrease of (754) thousand TRY in the Group's financial expenses, respectively.

d) Capital risk management

The Company manages its capital to ensure its ability to continue as a going concern while aiming to maximize profits by optimally utilizing the balance between debt and equity.

The capital structure of the Company comprises debt, including the borrowings disclosed in Note 6, and equity attributable to the equity holders of the parent, which includes cash and cash equivalents, issued capital, reserves, and retained earnings.

The Company's Board of Directors reviews the capital structure biannually. During these reviews, the Board evaluates the cost of capital along with the risks associated with each class of share capital. Based on the recommendations made by the Board, the Company aims to preserve the balance of its capital structure.

The Company reviews its capital in relation to leverage ratio, aligning with other firms in the industry. This leverage ratio is calculated by expressing net financial borrowings as a proportion of total equity. Net financial borrowings are calculated by subtracting cash and cash equivalents from total financial borrowings. Total capital is calculated by summing the 'Equity' item in the statement of financial position with net financial borrowings.

	December 31, 2023	December 31, 2022
Total financial borrowings	3,194,895	3,839,131
Minus: Cash and Cash Equivalents	(21,082)	(66,642)
Net financial borrowings	3,173,813	3,772,489
Total equity	3,803,474	2,511,408
Net financial debt / total invested capital ratio	0.834	1.502

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28. FAIR VALUE DISCLOSURES

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants on the measurement date.

Financial Instruments

The Company has determined the estimated fair values of financial instruments using available market information and appropriate valuation methods. However, judgment is required when interpreting market data to estimate fair value. Accordingly, the estimates used may differ from the values the Company might obtain in current market transactions.

The following methods and assumptions have been used to estimate the fair value of financial instruments for which fair value can be determined:

Financial Assets

The fair values of foreign currency-denominated balances, translated at the exchange rates prevailing at the reporting date, are considered to approximate their carrying values. Cash and cash equivalents are presented at their fair value. The fair values of trade receivables and receivables from related parties are assumed to approximate their carrying values due to their short-term nature. Quoted financial investments are presented at fair value based on Borsa Istanbul market data as of the reporting date.

Financial Liabilities

Trade payables, payables to related parties, and other monetary liabilities are estimated to be presented at amounts approximating their fair values, based on their discounted carrying values. It is also assumed that the fair values of foreign currency-denominated balances, translated at the exchange rates prevailing on the reporting date, approximate their carrying values.

The fair values of short-term bank loans and other monetary liabilities are considered to approximate their carrying values due to their short-term nature. Since the interest rates of long-term floating rate bank loans are updated in accordance with changing market conditions, the fair values of these loans are considered to represent their carrying values. The fair value of long-term fixed-rate bank borrowings approximates their carrying value when measured at the fixed interest rate applicable on the balance sheet date.

Fair Value Levels

The fair value classifications for the Company's financial assets and liabilities are as follows:

- **Level 1:** Financial assets and liabilities are measured at quoted market prices in active markets for identical assets and liabilities.
- **Level 2:** Financial assets and liabilities are measured using inputs other than Level 1 quoted market prices, which are either directly or indirectly observable for the asset or liability.
- **Level 3:** Financial assets and liabilities are measured using inputs that are not based on observable market data for determining the fair value of the asset or liability.

As of December 31, 2023, and 2022, there are no financial assets measured at fair value in the statement of financial position.

Batisöke Söke Çimento Sanayii T.A.Ş.

Notes to the Financial Statements as of December 31, 2023

(All amounts are expressed in thousands of Turkish Lira ('TRY'))

in terms of the purchasing power of the Turkish Lira as of December 31, 2023, unless otherwise indicated.)

28. FAIR VALUE DISCLOSURES (CONTINUED)

Non-Financial Assets

In the real estate appraisal reports used to determine the fair values of the Group's immovable properties measured under the revaluation model, the values appraised by independent and CMB-licensed valuation experts are primarily determined using the comparable sales approach for land and land improvements/plots, the market approach for machinery, plants, and equipment, and the cost model.

Valuation is defined as determining the value of the real estate to be appraised by applying the necessary adjustments based on these criteria to the sale prices of recently sold properties that possess similar characteristics to the property being valued, using appropriate comparison criteria. Comparable properties are analyzed in relation to property rights, financing, sales conditions, after-sales expenses, market conditions, location, and physical characteristics. Quantitative and qualitative techniques are applied in the adjustments to be made. It is considered to be the most appropriate approach for the valuation of all types of immovable property if sufficient and reliable data is available, and the best approach for determining the value when data is present.

The Company's machinery, plant, and equipment are valued using the 'market approach' and the 'cost approach' methods for revaluation. In the market value approach, the fair value of the assets is determined by deducting depreciation based on the period of use from the current second-hand market values and prevailing unused market values. Market research was conducted on the other items, and their current values and second-hand values were verified. The reliability of the information provided by third parties was verified by the appraiser through cross-confirmation from various sources and conducting industry research.

In the cost approach, the costs actually incurred by the entity in the acquisition or construction of the assets are regarded as the replacement value. Based on this value, impairment losses / (depreciation) due to physical wear and tear, as well as functional and economic obsolescence, were estimated, and the remaining value was appraised as the fair value.

December 31, 2023	Fair value level as of the reporting date		
	Level 1	Level 2	Level 3
	TRY	TRY	TRY
Land and land improvements	-	2,069,940	-
Machinery, plant, and equipment	-	2,645,940	-
	-	4,715,880	-

The fair values of land and land improvements measured at fair value in accordance with the revaluation model in the financial statements are based on real estate appraisal reports prepared by a CMB-authorized real estate appraisal company, and the relevant evaluation has been updated as of December 31, 2023.

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Notes to the Financial Statements as of December 31, 2023

(All amounts are expressed in thousands of Turkish Lira ('TRY'))

in terms of the purchasing power of the Turkish Lira as of December 31, 2023, unless otherwise indicated.)

28. FAIR VALUE DISCLOSURES (CONTINUED)

The methods and unobservable material assumptions used to determine the fair value of land and land improvements measured at fair value are as follows:

				December 31, 2023
	Revaluation method	Key inputs	Data range	Weighted
Property, Plant, and Equipment				
Land and land improvements	Market approach	Precedent sales price (TRY/m ²)	80–4,257	1,831

29. FEES FOR SERVICES RECEIVED FROM INDEPENDENT AUDITOR/INDEPENDENT AUDIT FIRM

The Company's disclosure concerning the fees for services provided by independent audit firms, prepared in accordance with the Board Decision of the KGK published in the Official Gazette on March 30, 2023, and based on the KGK's letter dated August 19, 2023, is as follows:

	January 1 – December 31, 2023	January 1 – December 31, 2022
Independent audit fee for the reporting period	1,279	478
Fees for tax advisory services	173	125
	1,452	603

30. EVENTS AFTER THE BALANCE SHEET DATE

The increase of the Company's registered capital from TRY 800,000,000 to TRY 2,000,000,000, as approved by the Capital Markets Board and the General Directorate of Domestic Trade of the Ministry of Trade of the Republic of Türkiye, was registered by the İzmir Trade Registry Office on January 16, 2024.

In accordance with Resolution No. 710, dated January 26, 2024, of the Board of Directors, the Company decided to increase its paid-in capital from TRY 400,000,000 to TRY 1,600,000,000 within the registered capital ceiling of TRY 2,000,000,000. This increase comprises TRY 304,517,841.66 in cash and TRY 895,482,158.34, which corresponds to amounts transferred by the Company's main partner, Batıçim Batı Anadolu Çimento Sanayii A.Ş., to offset the Company's liabilities to Batıçim Batı Anadolu Çimento A.Ş. The total increase of TRY 1,200,000,000 was submitted to the Capital Markets Board on January 30, 2024, for prospectus approval.

The negotiations for the new term Group Collective Bargaining Agreement between the Cement Industry Employers' Association (ÇEİS), of which the Company is a member, and the T. Çimse İş Trade Union have concluded with a two-year agreement effective January 1, 2024.

BATISÖKE SÖKE ÇİMENTO SANAYİİ T.A.Ş. (JOINT STOCK COMPANY) 2023 PROFIT DISTRIBUTION TABLE (TRY)

BATISÖKE SÖKE ÇİMENTO SANAYİİ T.A.Ş. (JOINT STOCK COMPANY) 2023 PROFIT DISTRIBUTION TABLE (TRY)			
1	Paid-in / Issued Capital	400,000,000.00	
2	Total Legal Reserves (First Legal Reserves According to Statutory Records)	10,313,318.57	
	If there are any privileges related to profit distribution in accordance with the Articles of Association, information regarding such privileges	There is no privilege in profit distribution.	
		According to CMB Records (SR)	According to Statutory Records (SR)
3	Profit for the Period	30,406,000	(1,313,647,207)
4	Taxes Payable (-)	842,107,000	-
5	NET PROFIT FOR THE PERIOD	872,513,000	(1,313,647,207)
6	Accumulated Losses (-)	-	-
7	General Legal Reserve (-)	-	-
8	NET DISTRIBUTABLE PROFIT FOR THE PERIOD	872,513,000	(1,313,647,207)
9	Donations Made During the Year	288,767	288,767
10	NET DISTRIBUTABLE PROFIT FOR THE PERIOD INCLUDING DONATIONS FOR CALCULATING THE FIRST DIVIDEND	872,801,767	(1,313,358,440)
11	First Dividend to Shareholders	-	-
	- Cash	-	-
	- Bonus Shares	-	-
	- Total	-	-
12	Dividends Distributed to Preferred Shareholders	-	-
13	Dividends Distributed to Members of the Board of Directors, Employees, etc.	-	-
14	Dividends Distributed to the Holders of Redeemable Shares	-	-
15	Second Dividend to Shareholders	-	-
16	General Legal Reserve (-)	-	-
17	Statutory Reserves	-	-
18	Special Reserves	-	-
19	EXTRAORDINARY RESERVE	872,513,000	(1,313,647,207)
20	Other Resources Planned for Distribution	-	-
	- Retained Earnings	-	-
	- Extraordinary Reserves	-	-
	- Cash	-	-
	- Bonus Shares	-	-
	- Total	-	-
	- Other Reserves Available for Distribution According to Law and the Articles of Association	-	-

CLASS	INFORMATION REGARDING THE DISTRIBUTED PROFIT SHARE RATIO DIVIDEND PER						
	SHARE DETAILS			WITH A NOMINAL VALUE OF TRY 1 FROM THE PERIOD PROFIT			
	CASH	BONUS	TOTAL DIVIDEND	CASH	BONUS SHARE	TOTAL AMOUNT (TRY)	PERCENTAGE
GROSS A (preferred)	-	-	-	-	-	-	-
GROSS B	-	-	-	-	-	-	-
TOTAL	-	-	-	-	-	-	-
NET A (preferred)	-	-	-	-	-	-	-
NET B	-	-	-	-	-	-	-
TOTAL	-	-	-	-	-	-	-

RATIO OF THE DISTRIBUTED PROFIT SHARE TO THE NET DISTRIBUTABLE PROFIT FOR THE PERIOD INCLUDING DONATIONS

AMOUNT OF DIVIDEND DISTRIBUTED TO SHAREHOLDERS (TRY)

RATIO OF THE PROFIT SHARE DISTRIBUTED TO SHAREHOLDERS TO THE NET DISTRIBUTABLE PROFIT FOR THE PERIOD

NOTES

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