(Convenience translation into English of the independent auditors' report and financial statements originally issued in Turkish – See Note 31)

Batısöke Söke Çimento Sanayii T.A.Ş.

Financial statements for the period between January 1-December 31, 2023 and independent auditors' report

(Convenience translation into English of the financial statements originally issued in Turkish)

Batısöke Söke Çimento Sanayii T.A.Ş.

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Building a better working world

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(Convenience translation into English of the independent auditors' report originally issued in Turkish)

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Batısöke Söke Çimento Sanayii Türk Anonim Şirketi;

A) Report on the Audit of the Financial Statements

1) Opinion

We have audited the financial statements of Batısöke Söke Çimento Sanayii Türk Anonim Şirketi Company (the Company), which comprise the statement of financial position as of December 31, 2023, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant 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, and its financial performance and its cash flows for the year then ended in accordance with the Turkish Financial Reporting Standards (TFRS).

2) Basis for Opinion

We conducted our audit in accordance with the Independent Auditing Standards (InAS) which are part of the Turkish Auditing Standards as issued by the Public Oversight Accounting and Auditing Standards Authority of Turkey (POA) and adopted within the framework of Capital Markets Board (CMB) regulations. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics for Independent Auditors (Code of Ethics) as issued by the POA and other ethical principles included in CMB legislation, and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

(Convenience translation into English of the independent auditors' report originally issued in Turkish)

3) Key Audit Matters

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

Key audit matters	How the key audit matter addressed in the Auditor's response
Accounting for property, plant and equipment using the revaluation method	
The Company remeasured the fair value of its land, machinery, and equipment in the financial statements in accordance with the results of valuation reports prepared by an independent valuation firm certified by the Capital Markets Board of Türkiye as of December 31, 2023. A revaluation gain of TRY 436.436 thousand, after the deferred tax effect, has been recognized under the revaluation reserve related to tangible assets in other comprehensive income. The complexity of these transactions and the fact that they involve significant judgment and assumptions are important to our audit and have therefore been identified as a key audit matter by us. The explanations about property, plant and equipments are disclosed in Note 2 and Note 11.	During our audit, the following audit procedures have been applied regarding the measurement of property, plant and equipment in accordance with the revaluation model: We have evaluated the qualifications, competencies and impartiality of the real estate appraisers appointed by the management. In our audit, the appropriateness of the methods used by the valuation experts in the aforementioned valuation reports, which constitute the basis for the fair values of the relevant tangible fixed assets measured according to the revaluation model, has been evaluated. In order to check the compatibility of the assumptions used by the independent valuation experts during the valuation with the market data, the valuation experts of another organization were included in the studies. In this framework, as a result of the studies and examinations carried out by the experts on the real estate valuation calculations in question, we have evaluated whether the estimations and assumptions used in the valuation report are within an acceptable range of fair value, as assessed by the Company's independent valuation experts. The accuracy of the valuation method used was checked by evaluating the relevant facility, machinery and equipment and their intended use. In addition, within the scope of the above-mentioned assessments, TAS 16 included in the footnotes in the table and explanatory notes were questioned and evaluated.

(Convenience translation into English of the independent auditors' report originally issued in Turkish)

Key audit matters	**How the key audit matter addressed in the Auditor's response**
Application of the hyperinflationary accounting	
As stated in Note 2.1 to the financial statements,the Company has started to apply "TAS 29 Financial Reporting in Hyperinflation Economies" since the functional currency of the Company (Turkish Lira) is the currency of a hyperinflationary economy as per TAS 29 as of December 31, 2023. In accordance with TAS 29, financial statements and corresponding figures for previous periods have been restated for the changes in the general purchasing power of Turkish Lira and, as a result, are expressed in terms of purchasing power of Turkish Lira as of the reporting date. In accordance with the guidance in TAS 29, the Company utilised the consumer price indices in Turkiye to prepare inflation adjusted financial statements. The principles applied for inflationadjustment is explained in Note 2.1.	During our audit, the following audit procedures were applied regarding the application of "TAS 29 Financial Reporting in Hyperinflation Economies"standard: - We inquired management responsible for financial reporting on the principles, which they have considered during the application of TAS 29, identification of non-monetary accounts and tested TAS 29 models designed, - Obtaining detailed lists of non-monetary items and testing through sampling that historical cost and purchase dates are correctly included in the calculation by comparing them with supporting documents, - We have tested the inputs and indices used,to ensure completeness and accuracy of thecalculations, - We have audited the restatements of corresponding figures as required by TAS 29. - We assessed the adequacy of the disclosures in inflation adjusted financial statements for compliance with TAS 29.

4) Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

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

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

5) **Auditor's Responsibilities for the Audit of the Financial Statement**

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

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

As part of an audit in accordance with standards on auditing as issued by the Capital Markets Board of Turkey and InAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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(Convenience translation into English of the independent auditors' report originally issued in Turkish)

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

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

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

B) Report on Other Legal and Regulatory Requirements

1) Auditors' report on Risk Management System and Committee prepared in accordance with paragraph 4 of Article 398 of Turkish Commercial Code ("TCC") 6102 is submitted to the Board of Directors of the Company on April 4, 2024.

2) In accordance with paragraph 4 of Article 402 of the TCC, no significant matter has come to our attention that causes us to believe that the Company's bookkeeping activities for the period January 1, - 31 December 2023 and financial statements are not in compliance with laws and provisions of the Company's articles of association in relation to financial reporting.

3) In accordance with paragraph 4 of Article 402 of the TCC, the Board of Directors submitted to us the necessary explanations and provided required documents within the context of audit.

The name of the engagement partner who supervised and concluded this audit is Mehmet Başol Çengel.

Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi
A member firm of Ernst & Young Global Limited

Mehmet Başol Çengel, SMMM
Partner

April 4, 2024
İzmir, Türkey

Batısöke Söke Çimento Sanayii T.A.Ş.

Statement of financial position
as at December 31, 2023
(All amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of the TL at December 31, 2023 unless otherwise indicated.)

	Note	**Current period** **Audited** **December 31, 2023**	Prior period Audited 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 third parties	7	**526.257**	286.311
Other receivables			
- Other receivables from related parties	8	**5.592**	7.126
- Other receivables from third parties	8	**3.548**	2.098
Inventories	9	**728.276**	756.731
Prepaid expenses	10	**47.515**	111.472
Current income tax assets	24	**236**	138
Other current assets	15	**137.168**	169.141
Total current assets		**1.589.778**	1.550.135
Non-current assets			
Other receivables			
- Other receivables from third parties	8	**905**	575
Property, plant and equipment	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 non-current assets		**7.236.846**	6.862.343
Total assets		**8.826.624**	8.412.478

Batısöke Söke Çimento Sanayii T.A.Ş.

Statement of financial position as at December 31, 2023

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

	Note	Current period Audited December 31, 2023	Prior period Audited December 31, 2022
Liabilities			
Current liabilities			
Short term borrowings	6	**405.309**	830.390
Current portion 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 third parties	7	**550.713**	1.056.503
Payables related to employee benefits	14	**12.989**	10.392
Other payables			
- Other payables to related parties	8, 26	**900.250**	-
- Other payables to third parties	8	**6.619**	10.486
Contract liabilities	10	**125.776**	111.274
Short term provisions			
- Other short-term provisions		**1.144**	-
Other short-term liabilities	15	**11.833**	8.347
Total current liabilities		**2.529.818**	2.253.582
Non-current liabilities			
Long-term financial liabilities	6	**2.399.841**	2.827.653
Long term provisions			
- Provisions for long-term employee benefits	14	**56.240**	79.292
- Other long-term provisions	13	**22.439**	17.998
Deferred tax liabilities	24	**14.812**	722.545
Total non-current liabilities		**2.493.332**	3.647.488
Total liabilities		**5.023.150**	5.901.070
Equity			
Share capital	16	**400.000**	400.000
Adjustment to share capital	16	**3.563.553**	3.563.553
Treasury shares (-)		**(1.132)**	(1.132)
Share premium		**2.877**	2.877
Other comprehensive income / expense not to be reclassified to profit or loss			
- Revaluation reserve related to tangible assets	16	**515.998**	85.618
- Actuarial (loss) on employee termination benefits	16	**(51.268)**	(34.385)
Restricted reserves		**259.684**	259.684
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 and equity		**8.826.624**	8.412.478

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

(Convenience translation into English of the financial statements originally issued in Turkish)

Batısöke Söke Çimento Sanayii T.A.Ş.

Statement of profit or loss and other comprehensive income for the period ended December 31, 2023

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

		Current period	Prior period
		Audited	Audited
Profit or loss section	**Note**	**January 1 – December 31, 2023**	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)		**577.237**	(179.495)
Gross profit (loss)		**577.237**	(179.495)
General administrative expenses	18	**(123.693)**	(88.666)
Marketing expenses	18	**(256.623)**	(124.634)
Other operating income	20	**201.867**	89.580
Other operating expenses	20	**(480.040)**	(253.580)
Operating profit (loss)		**(81.252)**	(556.795)
Income from investment activities	21	**355**	-
Expense from investment activities	21	**-**	(366.675)
Share of loss of investment accounted for using the equity method	5	**-**	58.317
Operating profit before financing income (expense)		**(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)
Current tax charge	24	**-**	-
Deferred tax income (expenses)	24	**842.107**	(79.788)
Net profit (loss) from continuing operations		**872.513**	(210.079)
Earnings (loss) per share	25	**2,18**	(0,53)
Other comprehensive income			
Other comprehensive income (expense) not to be reclassified to profit or loss			
- Gain (loss) on revaluation of tangible assets	11	**576.437**	107.022
- Gain (loss) on revaluation of tangible assets, deferred tax effect	24	**(140.001)**	(21.404)
- Gain (loss) on remeasurement of defined benefit plans	14	**(22.510)**	(42.981)
- Gain (loss) on remeasurement of defined benefit plans, deferred tax effect	24	**5.627**	8.596
Gain (loss) on financial assets measured at fair value through other comprehensive income	4	**-**	92.652
- Gain (loss) on financial assets measured at fair value through other comprehensive income, deferred tax effect	24	**-**	(4.630)
Other comprehensive income		**419.553**	139.255
Total comprehensive income		**1.292.066**	(70.824)

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

(Convenience translation into English of the financial statements originally issued in Turkish)

Batısöke Söke Çimento Sanayii T.A.Ş.

Statement of changes in equity
for the year ended December 31, 2023
(All amounts expressed in thousands of Turkish Lira (“TL”) in terms of the purchasing power of the TL at December 31, 2023 unless otherwise indicated.)

					Other comprehensive income (loss) not to be reclassified to profit or loss				Accumulated profits		
	Share capital	Share capital adjustment differences	Treasury shares	Share premiums	Revaluation reserve related to tangible assets	Actuarial gain/loss on employee termination benefits	Other gain / (loss)	Restricted Reserves	Retained Earnings	Net profit (loss) for the period	Total equity
Balance as of January 1, 2022	400.000	3.563.553	(1.132)	2.877	-	-	-	259.684	(1.642.750)	-	2.582.232
Transfers	-	-	-	-	-	-	-	-	-		
Total comprehensive income (loss)	-	-	-	-	85.618	(34.385)	88.022	-	-	(210.079)	(70.824)
- Net profit (loss) for the period	-	-	-	-	-	-	-			(210.079)	(210.079)
- Other comprehensive income (loss)	-	-	-	-	85.618	(34.385)	88.022	-	-	-	139.255
Increase (decrease) through other changes (*)	-	-	-	-	-	-	(88.022)	-	88.022	-	-
Balance as of December 31, 2022	400.000	3.563.553	(1.132)	2.877	85.618	(34.385)	-	259.684	(1.554.728)	(210.079)	2.511.408
Balance as of January 1, 2023	**400.000**	**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 (loss)	**-**	**-**	**-**	**-**	**436.436**	**(16.883)**	**-**	**-**	**-**	**872.513**	**1.292.066**
- Net profit (loss) for the period	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**872.513**	**872.513**
- Other comprehensive income (loss)	**-**	**-**	**-**	**-**	**436.436**	**(16.883)**	**-**	**-**	**-**	**-**	**419.553**
Balance as of December 31, 2023	**400.000**	**3.563.553**	**(1.132)**	**2.877**	**515.998**	**(51.268)**	**-**	**259.684**	**(1.758.751)**	**872.513**	**3.803.474**

(*) Detailed explanations related to the sale of Batıçim Batı Anadolu Çimento Sanayii A.Ş share, the main partner of the Company, have been disclosed in Note 4.

(Convenience translation into English of the financial statements originally issued in Turkish)

Batısöke Söke Çimento Sanayii T.A.Ş.

Statement of cash flows
for the year ended December 31, 2023
(All amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of the TL at December 31, 2023 unless otherwise indicated.)

	Note	**Current period**	Prior period
		Audited	Audited
		January 1, - December 31, 2023	January 1, - December 31, 2022
A. Cash flows from operating activities		**12.842**	331.831
Net profit (loss)			
Net profit (loss) for the year from continued operations (I)		**872.513**	(210.079)
Adjustments related to reconciliation of net profit (loss) for the period: (II)		**(273.104)**	184.679
Adjustments for depreciation and amortization expenses	11,12	**317.214**	314.742
Adjustments for impairments (reversals)			
- Adjustments for impairment of inventories	9	**30.131**	18.286
Adjustments for provisions			
- Adjustments for provision employment termination benefits	14	**20.496**	16.430
- Adjustments for lawsuit and/or penalty provisions (reversals)		**1.144**	-
- Adjustments for provision/other provisions	13	**14.724**	8.334
Adjustments related to interest (income) expenses			
- Adjustments related to interest income	22	**(10.656)**	(2.917)
- Adjustments related to interest expenses	23	**621.700**	568.770
- Deferred finance expense due to forward purchase	20	**(73.897)**	(43.527)
- Unearned finance income due to forward sales	20	**68.806**	51.613
Adjustments for unrealized foreign exchange (gain)/losses		**1.409.699**	933.667
Share of profit/loss of equity-accounted investees	5	**-**	(58.317)
(Gain)/loss on sale or disposal of associates, joint ventures, and financial investments or due to changes in their shareholdings	21	**-**	66.788
Adjustment for (gain) / loss on sales of tangible and intangible assets, net	21	**-**	299.887
Adjustments for tax income/expense	24	**(842.107)**	79.788
Adjustments for monetary gain / (loss)		**(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 from operations			
- Adjustments related to the decrease (increase) in trade receivables from related parties		**1.534**	33.894
- Adjustments related to the decrease (increase) in trade receivables from third parties		**(1.780)**	(572)
Adjustments related the decrease (increase) in inventories		**(49.246)**	(258.067)
Adjustments related to Increase/(decrease) in prepaid expenses		**87.417**	(57.733)
Adjustments for (decrease)/increase in trade payable		**(351.555)**	486.035
Increase in payables to employees		**2.597**	3.130
Adjustments related to increase (decrease) in other payables from operations			
- Adjustments related to the increase (decrease) in other payables to third parties		**(3.867)**	4.800
Adjustments related to increase (decrease) in working capital			
- Decrease (increase) in other assets from operations		**46.475**	172.468
- Increase (decrease) in other liabilities from operations		**3.486**	(477)
Cash flows from operating activities(I+II+III)		**56.090**	341.370
Employee termination benefits paid	14	**(43.150)**	(9.541)
Taxes refunded (paid)	24	**(98)**	2
B. Cash flows from investing activities		**(85.210)**	(40.916)
Proceeds from disposal of property, plant and equipment and intangible assets			
- Proceeds from disposal of property, plant and equipment		**-**	127.982
Payments for acquisition of property, plant and equipment and intangible assets			
- Payments for acquisition of property, plant and equipment	11	**(73.475)**	(154.377)
Cash advances given and liabilities	10	**(11.735)**	(14.521)
C. Cash flows from financing activities		**38.934**	(223.339)
Proceeds from borrowings			
- Proceeds from borrowings	6	**646.667**	4.217.593
Repayments of borrowingsı			
- Repayments of borrowingsı	6	**(1.069.632)**	(4.162.584)
Increase (decrease) in other liabilities 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 gain (loss) on cash and cash equivalents		**(34.617)**	(7.436)
E. Effect of exchange rate changes on cash and cash equivalents		**22.491**	2.190
Net increase (decrease) in cash and cash equivalents (A+B+C+D)		**(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)	3	**21.082**	66.642

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

1. Organization and operations of the company

Batısöke Söke Çimento Sanayii T.A.Ş. (“Company”) was established in accordance with the Turkish Trade Law in 1955 in Aydın, Turkey.

The Company’s headquarters is located at Ankara Caddesi No: 335, Bornova, İzmir. The Company performs its production activities at Atatürk Mahallesi Aydın Caddesi No: 234, Söke, Aydın. Also, the Company has a grinding and packaging facility at Çavdır, Burdur.

The Company is registered under the Capital Markets Board (“CMB”) and since 2000 its stocks are traded in Borsa Istanbul Anonim Şirketi (“Borsa Istanbul”). The immediate parent and ultimate controlling party of the Company is Batıçim Batı Anadolu Çimento Sanayii A.Ş. (“Batıçim”) with 74,62% share. The capital structure of the Company is explained in Note 16.

The Company’s principal activities are production and marketing cement and clinker. As of December 31, 2023, the Company has 359 employees (December 31, 2022: 356).

2. Presentation of the financial statements

2.1 Basis of presentation

The Company keeps its legal books and prepares their statutory financial statements in accordance with Article 6102 of the Turkish Commercial Code (“TCC”), tax legislation and the Uniform Chart of Accounts issued by the Ministry of Finance.

The accompanying financial statements have been prepared in accordance with the communiqué numbered II-14,1 “Communiqué on the Principles of Financial Reporting in Capital Markets” (“the Communiqué”) announced by the Capital Markets Board (“CMB”) (hereinafter will be referred to as “the CMB Reporting Standards”) on 13 June 2013 which is published on Official Gazette numbered 28676. It was also presented in accordance with the TMS taxonomy published by the UPS on October 4, 2022.

In accordance with article 5th of the CMB Reporting Standards, companies should apply Turkish Accounting Standards / Turkish Financial Reporting Standards and interpretations regarding these standards as adopted by the Public Oversight Accounting and Auditing Standards Authority of Turkey (“POA”).

Financial statements are prepared on the basis of historical cost except for the derivative financial instruments measured at fair value and lands, land improvements and buildings, and facility, machinery and equipment measured at fair value in accordance with TAS 16 revaluation model.

<u>Functional and presentation currency</u>

The Company determines the currency (functional currency) of the primary economic environment in which the entity operates in accordance with the TAS 21 Currency Exchange Transactions in preparation of its financial statements and prepares its financial statements in that currency. The results and financial position are expressed in thousand Turkish Lira (“TL”), which is the functional currency of the Company, and the presentation currency for the financial statements.

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

2. Presentation of the financial statements (continued)

2.1 Basis of presentation (continued)

Restatement of financial statements during the hyperinflationary periods

Entities applying TFRSs have started to apply inflation accounting in accordance with TAS 29 Financial Reporting in Hyperinflation Economies as of financial statements for the annual reporting period ending on or after 31 December 2023 with the announcements made by the Public Oversight Accounting and Auditing Standards Authority (POA) on 23 November 2023. TAS 29 is applied to the financial statements, including the consolidated financial statements, of any entity whose functional currency is the currency of a hyperinflationary economy.

Financial statements are prepared on the basis of historical cost except for the derivative instruments measured at fair value and lands, land improvements and buildings, and facility and equipment measured at fair value in accordance with TAS 16 revaluation model.

Financial statements and corresponding figures for previous periods have been restated for the changes in the general purchasing power of Turkish lira and, as a result, are expressed in terms of purchasing power of Turkish lira as of 31 December 2023 as per TAS 29.

On the application of TAS 29, the entity used the conversion coefficient derived from the Customer Price Indexes (CPI) published by Turkey Statistical Institute according to directions given by POA. The CPI for current and previous year periods and corresponding conversion factors since the time when the Turkish lira previously ceased to be considered currency of hyperinflationary economy, i.e., since 1 January 2005, were as follow:

Year end	Index	Index, %	Conversion Factor
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

2. Presentation of the financial statements (continued)

2.1 Basis of presentation (continued)

Assets and liabilities were separated into those that were monetary and non–monetary, with non–monetary items were further divided into those measured on either a current or historical basis to perform the required restatement of financial statements under TAS 29. Monetary items (other than index -linked monetary items) and non-monetary items carried at amounts current at the end of the reporting period were not restated because they are already expressed in terms of measuring unit as of 31 December 2023. Non-monetary items which are not expressed in terms of measuring unit as of 31 December 2023 were restated by applying the conversion factors. The restated amount of a non-monetary item was reduced, in accordance with appropriate TFRSs, in cases where it exceeds its recoverable amount or net realizable value. Components of shareholders' equity in the statement of financial position and all items in the statement of profit or loss and other comprehensive income have also been restated by applying the conversion factors.

Non-monetary items measured at historical cost that were acquired or assumed and components of shareholders' equity that were contributed or arose before the time when the Turkish lira previously ceased to be considered currency of hyperinflationary economy, i.e before 1 January 2005, were restated by applying the change in the CPI from 1 January 2005 to 31 December 2023.

The application of TAS 29 results in an adjustment for the loss of purchasing power of the Turkish lira presented in Net Monetary Position Gains (Losses) item in the profit or loss section of the statement of profit or loss and comprehensive income. In a period of inflation, an entity holding an excess of monetary assets over monetary liabilities loses purchasing power and an entity with an excess of monetary liabilities over monetary assets gains purchasing power to the extent the assets and liabilities are not linked to a price level. This gain or loss on the net monetary position is derived as the difference resulting from the restatement of non-monetary items, owners' equity and items in the statement of profit or loss and other comprehensive income and the adjustment of index linked assets and liabilities.

In addition, in the first reporting period in which TAS 29 is applied, the requirements of the Standard are applied as if the economy had always been hyperinflationary. Therefore, the statement of financial position at the beginning of the earliest comparative period, i.e as of 1 January 2022, was restated as the base of all subsequent reporting. Restated retained earnings/losses in the statement of financial position as of 1 January 2022 was derived as balancing figure in the restated statement of financial position.

Going concern basis

As of December 31, 2023, the Company's short-term liabilities exceeded its current assets by TL 940.040 thousand, and its total shareholders' equity, including the net profit amounting of TL 872.513 thousand for the current year ended on the same date, amounted to TL 3.803.474 thousand.

As a result of the implementation of TAS 29, which came into effect in 2023, the Company's total equity has increased to a positive level. The measures taken by the Company in 2023 and its business plans for the upcoming periords to ensure the sustainability of the significant cash flows generated in 2023, are presented below.

2. Presentation of the financial statements (continued)

2.1 Basis of presentation (continued)

In 2023, the Company increased clinker exports in terms of quantity (tons) compared to the previous year, taking into account production and inventory management as well as customer profitability. While increasing its domestic cement sales by 17% in tonnage compared to the previous year, it significantly increased cement exports in terms of tonnage. Furthermore, the Company plans to maintain clinker exports at the level of quantity (tons) completed at the end of 2023 with the same strategy in 2024. For 2024, the Company aims to increase domestic cement sales, which have a higher profit margin, and to increase export revenues with a tonnage increase in cement exports above the previous year's level. While the Company does not foresee any risk regarding the fulfillment of the principal and interest payments due in 2024 within the framework of the EBITDA and cash flow generated from its main operations according to its projections for 2024; as of the date the year-end 2023 financial statements were approved, the processes are ongoing, and the transactions it aims to complete in light of the disclosures made on the Public Disclosure Platform are as follows:

i) In line with the board of directors' decision of Batısöke dated January 26, 2024, it is planned to increase the Company's issued capital of TL 400.000.000 within the registered capital ceiling of TL 2.000.000.000 during 2024. In this process, it is intended to carry out the increase by capitalizing the portion of "Other Liabilities to Related Parties" reported under "Other Liabilities" in the short-term obligations as of December 31, 2023, amounting to TL 895.482.158, which was cash-injection by the Company's main partner Batıçim Batı Anadolu Çimento Sanayii A.Ş., and the remaining amount of TL 304.517.841 is to be provided by partners other than the main shareholder Batıçim Batı Anadolu Çimento Sanayii A.Ş. as a paid-in capital increase share, with this balance to be used in the early repayment of the existing refinancing loan, thereby planning to increase the paid-in capital to a total of TL 1.200.000.000 (a 300% increase) to reach TL 1.600.000.000.

ii) As a result of the sale of all 772.189.137 B group shares with a nominal value of TL 7.721.891,37, which correspond to approximately 4,29% of the capital owned by Batıçim held in the assets of its subsidiary Batıliman Liman İşletmeleri A.Ş., to Çiftay İnşaat Taahhüt ve Ticaret A.Ş., one of the main partners of Batıçim, a cash flow of approximately 25 Million US Dollars is expected to be generated, and this balance is intended to be used in the early repayment of the existing refinancing loan.

iii) For the group company Batıliman Liman İşletmeleri A.Ş., as announced to the public in December 2023, a process has been initiated for the public offering of its shares through capital increase and/or sale of shares, and the cash flow generated from these transactions is planned to be used in the early repayment of Batısöke's existing refinancing loan within the purpose of the framework mentioned above. The purpose of the plan is to reduce the financial liabilities, thereby aiming to decrease the foreign currency expenses and interest expenses in the future. A gradual reduction of the refinancing loan balance in Batısöke is targeted.

In addition to the business plans described above, the Company management anticipates that the net cash flows projected to be generated within the framework of the consolidated business plans and cash flow projections for the Batıçim Group, excluding the energy segment, which have been prepared by independent expert institutions appointed by the lenders as a requirement of the refinancing agreement, along with the cash flows to be generated from the aforementioned non-operating activities, will be sufficient for the fulfillment of short-term obligations and for the reduction of the refinancing loan prior to its maturity.

The main partner, Batıçim Management, has also timely made the first principal repayment and the interest payments for the current period related to the refinancing loan signed in December 2023, which includes the financial borrowings of Batısöke, a subsidiary.

2. Presentation of the financial statements (continued)

2.1 Basis of presentation (continued)

As of December 31, 2023, it is observed that the debt service coverage ratio commitment of the Batıanadolu Group, including Batısöke, as per the refinancing agreement, has been met, and again, in terms of the forward-looking commitment in the same agreement, the net cash flow within the year 2024 indicates that Batısöke, as defined in the refinancing agreement, along with Batıçim Batı Anadolu Çimento Sanayii A.Ş., as a whole, will not experience any problems in making the relevant payments on time for the financial indebtedness that will become due within 12 (twelve) months.

Finally, as of the date the financial statements were approved, the Company's main partner, Batıçim, has declared that they will provide the necessary financial and operational support to cover the aforementioned short-term obligations if needed, and that they have the necessary and sufficient financial resources to provide this support as of the date the support letter was signed on April 3, 2024.

In accordance with the assessment explained above, the financial statements of the Company as of December 31, 2023 have been prepared under going concern basis.

<u>Approval of the financial statements</u>

The financial statements of the Company were approved by the Board of Directors on April 4, 2024. The General Assembly and related legal entities have the right to amend the financial statements prepared in accordance with legal regulations and these financial statements.

2.2 Changes in accounting policies and reporting standards

The new standards, amendments and interpretations

The accounting policies adopted in preparation of the financial statements as of December 31, 2023 are consistent with those of the previous financial year, except for the adoption of new and amended TFRS and TFRS interpretations effective as of January 1, 2023 and thereafter. The effects of these standards and interpretations on the Company financial position and performance have been disclosed in the related paragraphs.

i) The new standards, amendments and interpretations which are effective as of January 1, 2023 are as follows:

Amendments to TAS 8 - Definition of Accounting Estimates

In August 2021, POA issued amendments to TAS 8, in which it introduces a new definition of "accounting estimates". The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, the amended standard clarifies that the effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period errors. The previous definition of a change in accounting estimate specified that changes in accounting estimates may result from new information or new developments. Therefore, such changes are not corrections of errors. This aspect of the definition was retained by the POA. The amendments apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of the effective date.

The amendments did not have a significant impact on the financial position or performance of the Company.

2. Presentation of the financial statements (continued)

2.2 Changes in accounting policies and reporting standards (continued)

Amendments to TAS 1 - Disclosure of Accounting Policies

In August 2021, POA issued amendments to TAS 1, in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. In the absence of a definition of the term 'significant' in TFRS, the POA decided to replace it with 'material' in the context of disclosing accounting policy information. 'Material' is a defined term in TFRS and is widely understood by the users of financial statements, according to the POA. In assessing the materiality of accounting policy information, entities need to consider both the size of the transactions, other events or conditions and the nature of them. Examples of circumstances in which an entity is likely to consider accounting policy information to be material have been added.

The amendments did not have a significant impact on the financial position or performance of the Company.

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

In August 2021, POA issued amendments to TAS 12, which narrow the scope of the initial recognition exception under TAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences. The amendments clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognised in the financial statements (and interest expense) or to the related asset component (and interest expense). This judgement is important in determining whether any temporary differences exist on initial recognition of the asset and liability. The amendments apply to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period presented, a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for all deductible and taxable temporary differences associated with leases and decommissioning obligations should be recognized.

The amendments did not have a significant impact on the financial position or performance of the Company.

Amendments to TAS 12 - International Tax Reform – Pillar Two Model Rules

In September 2023, POA issued amendments to TAS 12, which introduce a mandatory exception in TAS 12 from recognizing and disclosing deferred tax assets and liabilities related to Pillar Two income taxes. The amendments clarify that TAS 12 applies to income taxes arising from tax laws enacted or substantively enacted to implement the Pillar Two Model Rules published by the Organization for Economic Cooperation and Development (OECD). The amendments also introduced targeted disclosure requirements for entities affected by the tax laws. The temporary exception from recognition and disclosure of information about deferred taxes and the requirement to disclose the application of the exception apply immediately and retrospectively upon issue of the amendments. However, certain disclosure requirements are not required to be applied for any interim period ending on or before 31 December 2023.

The amendments did not have a significant impact on the financial position or performance of the Company.

2. Presentation of the financial statements (continued)

2.2 Changes in accounting policies and reporting standards (continued)

ii) Standards issued but not yet effective and not early adopted

Standards, interpretations and amendments to existing standards that are issued but not yet effective up to the date of issuance of the financial statements are as follows. The Company will make the necessary changes if not indicated otherwise, which will be affecting financial statements and disclosures, when the new standards and interpretations become effective.

Amendments to TFRS 10 and TAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

In December 2017, POA postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting. Early application of the amendments is still permitted.

The Group will wait until the final amendment to assess the impacts of the changes.

TFRS 17 - The new Standard for insurance contracts

POA issued TFRS 17 in February 2019, a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. TFRS 17 model combines a current balance sheet measurement of insurance contract liabilities with the recognition of profit over the period that services are provided. The mandatory effective date of the Standard postponed to accounting periods beginning on or after January 1, 2024 with the announcement made by the POA.

The standard is not applicable for the Company and will not have an impact on the financial position or performance of the Company.

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

In January 2020 and January 2023, POA issued amendments to TAS 1 to specify the requirements for classifying liabilities as current or non-current. According to the amendments made in January 2023 if an entity's right to defer settlement of a liability is subject to the entity complying with the required covenants at a date subsequent to the reporting period ("future covenants"), the entity has a right to defer settlement of the liability even if it does not comply with those covenants at the end of the reporting period. In addition, January 2023 amendments require an entity to provide disclosure when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months. This disclosure must include information about the covenants and the related liabilities. The amendments clarified that the classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement of the liability for at least twelve months after the reporting period. The amendments are effective for periods beginning on or after 1 January 2024. The amendments must be applied retrospectively in accordance with TAS 8. Early application is permitted. However, an entity that applies the 2020 amendments early is also required to apply the 2023 amendments, and vice versa.

The Company is in the process of assessing the impact of the amendments on financial position or performance of the Company.

2. Presentation of the financial statements (continued)

2.2 Changes in accounting policies and reporting standards (continued)

Amendments to TFRS 16 - Lease Liability in a Sale and Leaseback

In January 2023, POA issued amendments to TFRS 16. The amendments specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. In applying requirements of TFRS 16 under "Subsequent measurement of the lease liability" heading after the commencement date in a sale and leaseback transaction, the seller lessee determines 'lease payments' or 'revised lease payments' in such a way that the seller-lessee would not recognise any amount of the gain or loss that relates to the right of use retained by the seller-lessee. The amendments do not prescribe specific measurement requirements for lease liabilities arising from a leaseback. The initial measurement of the lease liability arising from a leaseback may result in a seller-lessee determining 'lease payments' that are different from the general definition of lease payments in TFRS 16. The seller-lessee will need to develop and apply an accounting policy that results in information that is relevant and reliable in accordance with TAS 8. A seller-lessee applies the amendments to annual reporting periods beginning on or after 1 January 2024. Earlier application is permitted. A seller-lessee applies the amendments retrospectively in accordance with TAS 8 to sale and leaseback transactions entered into after the date of initial application of TFRS 16.

The Company is in the process of assessing the impact of the amendments on financial position or performance of the Company.

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

The amendments issued by POA in September 2023 specify disclosure requirements to enhance the current requirements, which are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. Supplier finance arrangements are characterized by one or more finance providers offering to pay amounts an entity owes its suppliers and the entity agreeing to pay according to the terms and conditions of the arrangements at the same date as, or a date later than, suppliers are paid. The amendments require an entity to provide information about terms and conditions of those arrangements, quantitative information on liabilities related to those arrangements as at the beginning and end of the reporting period and the type and effect of non-cash changes in the carrying amounts of those liabilities. In the context of quantitative liquidity risk disclosures required by TFRS 7, supplier finance arrangements are also included as an example of other factors that might be relevant to disclose. The amendments will be effective for annual reporting periods beginning on or after 1 January 2024. Early adoption is permitted but will need to be disclosed.

The Company is in the process of assessing the impact of the amendments on financial position or performance of the Company.

iii) The new amendments that are issued by the International Accounting Standards Board (IASB) but not issued by Public Oversight Authority (POA)

The following amendments to IAS 21 are issued by IASB but not yet adapted/issued by POA. Therefore, they do not constitute part of TFRS. The Company will make the necessary changes to its financial statements after the amendments are issued and become effective under TFRS.

2. Presentation of the financial statements (continued)

2.2 Changes in accounting policies and reporting standards (continued)

Amendments to IAS 21 - Lack of exchangeability

In August 2023, IASB issued amendments to IAS 21. The amendments specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. When an entity estimates a spot exchange rate because a currency is not exchangeable into another currency, it discloses information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows.

The Company is in the process of assessing the impact of the amendments on financial position or performance of the Company.

2.3 Comparative information and restatement of previous year financial statements

In order to allow for the determination of financial situation and performance trends, the Company's financial statements have been presented comparatively with the previous year. For the purpose of having consistency with the current term's presentation of financial statements, comparative data is reclassified, and significant differences are explained if necessary.

The reclassifications made in financial statements and comparative prior period financial statements as of December 31, 2023 are as follows:

- By 2.917 thousand TL of interest income, which were accounted in the income from investment activities account in the profit or loss statement for the accounting period ending on 31 December 2022, were reclassified to the financial income account.

2.4 Summary of important accounting policies

Revenue

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated or realized customer returns, discounts, commissions, rebates, and taxes related to sales.

Sales of goods

Revenue, goods or services related to performance obligations in the form of goods or service turnover are accounted for as they fulfil their performance obligations by transferring them to their customers. In the sale of property, when the control of the asset is received by the customers, the asset is transferred, and revenue is recognized. This usually happens when the asset is delivered to the customer. However, in cases where there is no alternative use for the company and there is a legally enforceable right of collection on the payment to be made against the completed performance until that day. The company transfers the control of the commodity over time and records the proceeds as time-consuming reduction takes place.The goods or services are transferred when the control of the goods or services is delivered to the customers.

Following indicators are considered while evaluating the transfer of control of the goods and services:

a) Ownership of the company's right to collect goods or services,
b) The ownership of property of the customer,
c) Transfer of the possession of the goods or services,
d) Ownership of significant risk and rewards arising from the ownership of the goods or services,
e) It considers the conditions for the customer to accept the goods or services.

2. Presentation of the financial statements (continued)

2.4 Summary of important accounting policies (continued)

At the beginning of the contract, the company evaluates whether the company has different performance commitments. The Company does not have an important service component identified in customer contracts. If there is an important financing element in the revenue, the revenue value is determined by reducing the future collections with the interest rate included in the financing element. The difference is recorded in the relevant periods as other income from the main activities on an accrual basis.

Dividend and interest income:

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

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

Related parties

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

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

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

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

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

A related party transaction is a transfer of resources, services, or obligations between related parties, regardless of whether a price is charged. In the financial statements, the shareholders of the Company, the companies they own, their directors and other groups known to be related are defined as related companies. The book value of receivables from related parties and payables due to related parties are assumed to be equal to fair value of these assets and liabilities.

2. Presentation of the financial statements (continued)

2.4 Summary of important accounting policies (continued)

Inventories

Inventories are stated at the lower of cost which is expressed in terms of purchasing power of TL at December 31, 2023 and net realizable value. Costs, including an appropriate portion of fixed and variable overhead expenses, are assigned to inventories held by the method most appropriate to the particular class of inventory, with the majority being valued on weighted average basis. Net realizable value represents the estimated selling price less all estimated costs of completion and costs necessary to make the sale. When the net realizable value of inventory is less than cost, the inventory is written down to the net realizable value and the expense is included in statement of profit or loss in the period the write-down or loss occurred. When the circumstances that previously caused inventories to be written down below cost no longer exist or when there is clear evidence of an increase in net realizable value because of changed economic circumstances, the amount of the write-down is reversed. The reversal amount is limited to the amount of the original write-down.

Right-of-use assets

The Company recognises right-of-use assets at the commencement of the lease (i,e,,the date of underlying asset is available for use). Right-of-use assets are calculated by deducting accumulated depreciation and impairment losses from the adjusted acquisition cost expressed in the purchasing power of the Turkish Lira as of December 31, 2023. In the event of a revaluation of finance lease liabilities, this figure is also adjusted.

The cost of right-of-use asset includes:

(a) the amount of lease liabilities recognised,
(b) lease payments made at or before the commencement date less any lease incentives received,
(c) initial direct costs incurred

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

Right-of-use assets are subject to impairment.

Lease liabilities

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

At the commencement date of the lease, the measurement of the lease liabilities includes:

(a) Fixed payments,
(b) The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs,
(c) The amounts expected to be paid by the Company under residual value guarantees,
(d) The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and
(e) The payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate,

2. Presentation of the financial statements (continued)

2.4 Summary of important accounting policies (continued)

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

The Group discounts the lease payments using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the lessee shall use the lessee's incremental borrowing rate.

After the commencement date, the Group measures the amount of lease liabilities as follows:

(a) The amount of lease liabilities is increased to reflect the accretion of interest, and
(b) Reduced for the lease payments made

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

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment, if any, after deducting the provision for impairment, except for land, land improvements and buildings, and facility, machinery and equipment whose fair values are reflected in their revaluation model according to TAS 16. Cost value of tangible asset; the purchase price, the import tax, and the non-taxable taxes, are expenses incurred to make the tangible asset ready for use.

Land is not subject to depreciation. Properties in the course of construction for production, supply or administrative purposed are carried at cost, less any recognized impairment loss. Borrowing costs for the assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets is substantially ready for their intended use or sale. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

As of December 31, 2017 the Company made a decision of applying revaluation model for lands and changing the accounting policy prospectively within the scope of TFRS's. Also the Company changed its accounting policy to adapt revaluation model for the machinery and equipment, effective as of September 30, 2022.Fair value of property, plant and equipment measured in accordance with the Company's revaluation model was lastly exercised by a real estate appraisal company licensed by the Capital Markets Board. As December 31, 2023, The Company has renewed the revaluation measurements of the land and machinery and equipments and fair value increases are reflected in the financial statements dated December 31, 2023 based on their fair values in the current valuation reports prepared by a real estate appraisal company authorized by the CMB.

The revenue measured in accordance with the revaluation model are shown by deducting the accumulated amortization from the fair values of the lands, machinery and equipments. The difference between the net book value determined after deducting the accumulated depreciation from the historical cost expressed in terms of purchasing power of TL as of December 31,2023 and the fair value is followed up with the net deferred tax effect on the " Revaluation gain/(loss) on tangible assets " account under equity. In the event of disposal of a revaluated asset the portion respective portion of revaluation fund is transferred to the prior year's loss. On the other hand, some of the increase in value is transferred to retained earnings as the asset is used by the business.

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

2. Presentation of the financial statements (continued)

2.4 Summary of important accounting policies (continued)

Expenditures incurred after the property, plant and equipment have been put into the operation, such as repairs and maintenance and overhaul costs are normally charged to income in the period the costs are incurred. Expenditures are added to cost of assets if the expenditures provide economic added value for the future use of the related property, plant and equipment and are subject to depreciation over useful lives.

The frequency of revaluations is dependent on indications of significant 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 revaluation, this increase is recognized in other comprehensive income and is recognized directly in the equity account group as a revaluation increase. However, a revaluation increase is recognized in the statement of profit or loss to the extent that it reverses the revaluation decrease of the same asset that was previously associated with profit or loss.

If the carrying amount of an asset has decreased as a result of revaluation, the decrease is recognized as an expense. However, this decrease is recognized in other comprehensive income to the extent of the extent of any credit balance in the revaluation surplus related to this asset. This decrease, recognized in other comprehensive income, reduces the amount accumulated in equity under the revaluation surplus item.

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

Costs of property, plant and equipment, except for land and construction in progress, are amortized on a straight-line basis over their expected useful lives. The estimated useful life, residual value and depreciation method are reviewed annually for the probable effects of changes in estimates and are recognized prospectively if there is a change in estimates.

The estimated useful lives of the property, plant and equipment owned by the Company are as follows:

	Years
Land improvements	15-30
Buildings	10-50
Furniture and fixtures	2-20
Facility, Machinery and equipment	2-22
Vehicles	4-10
Other tangible assets (mine assets)	10-30

Intangible assets

Intangible assets consist of purchased computer software. The cost of the assets consists of the purchase price and the costs incurred during the purchase.

Intangible assets with finite useful lives that are acquired separately are carried at cost expressed in terms of purchasing power of TL as of December 31, 2023 less accumulated amortization and accumulated impairment losses. These assets are amortized over their estimated useful lives using the straight-line method. The estimated useful life and the depreciation method, in order to determine the possible effects of changes in estimates are reviewed each year and changes in estimates are accounted for prospectively. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

2. Presentation of the financial statements (continued)

2.4 Summary of important accounting policies (continued)

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

The annual depreciation rates accordingly the estimated useful lives for intangible assets are as follows:

	Years
Rights	3-15
Assets subject to amortization	5

Impairment of tangible and intangible assets other than goodwill

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

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Borrowing costs

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

2. Presentation of the financial statements (continued)

2.4 Summary of important accounting policies (continued)

Borrowing costs consist primarily of interest and other financing costs incurred in relation to borrowing. When the Company borrows in a currency other than its functional currency, the Turkish Lira (TL), and a portion of these funds is used for the financing of a specialized asset, the amount of borrowing costs that can be capitalized is determined with the help of a borrowing rate that would be used to identify the real borrowing costs that would arise if the expenditures related to the asset had been made in TL. This borrowing rate represents the borrowing costs that would have been incurred if the Company had borrowed in TL under the same terms and conditions as an alternative to the borrowing made for the construction of the specialized asset. Financial investment income earned from the temporary investment of the unspent portion of the credit related to the investment is offset against the borrowing costs eligible for capitalization. The portion that is determined not to be of a capitalizable nature, along with all other borrowing costs, is recorded as finance expense in the income statement in the period in which they arise.

Financial Instruments

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

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

A financial liability that is a contractual obligation:
- To deliver cash or another financial asset to another enterprise, or
- To exchange financial instruments with another enterprise under conditions that are potentially unfavorable.

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

Effective interest method

The effective interest rate method is a method of calculating the amortized cost of a financial asset and of allocating the interest income over the relevant period. The effective interest rate is the ratio exactly discounts the estimated future cash receipts through the expected life of the financial asset to the net present value of the financial asset or in a shorter period where appropriate.

Financial assets

Classification

The Company classifies its "financial assets as financial assets measured at amortized cost" and "financial assets at fair value through other comprehensive income". The classification of financial assets is determined considering the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. The appropriate classification of financial assets is determined at the time of the purchase.

2. Presentation of the financial statements (continued)

2.4 Summary of important accounting policies (continued)

Financial assets are not reclassified after initial recognition except when the Company's business model for managing financial assets changes; in the case of a business model change, subsequent to the amendment, the financial assets are reclassified on the first day of the following reporting period.

Accounting and Measurement

"Financial assets measured at amortized cost", are non-derivative assets that are held within a business model whose objective is to hold assets in order to collect contractual cash flows and the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Company's financial assets measured at amortized cost comprise "cash and cash equivalents" "trade receivables" and "financial investments". Financial assets carried at amortized cost are measured at their fair value at initial recognition and by effective interest rate method at subsequent measurements. Gains and losses on valuation of non-derivative financial assets measured at amortized cost are accounted for under the statement of income.

"Financial assets whose fair value difference is reflected in other comprehensive income "are non-derivative financial instruments that are held within the scope of a business model aiming to collect the contractual cash flows and sell the financial asset, and which include cash flows that only include interest payments arising from principal and principal balance at certain dates. assets are. Except for gains or losses from related financial assets, impairment gains or losses and foreign exchange income or expenses are reflected to other comprehensive income. In the event that such assets are sold, valuation differences classified into other comprehensive income are classified in previous years' profits. For investments made in equity-based financial assets, the Company may irrevocably prefer the method of reflecting subsequent changes in its fair value to other comprehensive income for the first time in the financial statements. In the event that such preference is made, dividends obtained from related investments are accounted in the income statement.

Derecognition

The Company derecognized a financial asset when the contractual rights to the cash flows from the asset expired, or it transferred the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset were transferred. Any interest in such transferred financial assets that was created or retained by the Company was recognized as a separate asset or liability.

Impairment

Impairment of the financial and contractual assets measured by using "Expected credit loss model" (ECL). The impairment model applies for amortized financial and contractual assets.

Provision for loss measured as below.

- 12- Month ECL: results from default events that are possible within 12 months after reporting date.
- Lifetime ECL: results from all possible default events over the expected life of financial instrument

2. Presentation of the financial statements (continued)

2.4 Summary of important accounting policies (continued)

Lifetime ECL measurement applies if the credit risk of a financial asset at the reporting date has increased significantly since 12-month ECL measurement if it has not.

The Company may determine that the credit risk of a financial asset has not increased significantly if the asset has low credit risk at the reporting date. However, lifetime ECL measurement (simplified approach) always apply for trade receivables and contract assets without a significant financing.

Trade Receivables

Trade receivables with fixed and determinable payments that are not traded in the market are classified in this category. Receivables (trade and other receivables, bank balances, cash and others) are shown by deducting impairment from their discounted cost using the effective interest method. Interest income is calculated and recorded according to the effective interest rate method, except when the rediscount effect is not significant.

Cash and cash equivalents

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

Financial liabilities

Financial liabilities are measured initially at fair value. Transaction costs which are directly related to the financial liability are added to the fair value.

Effect of foreign currency transactions

For the purpose of the financial statements, the results and financial position of the Company are expressed in TL, which is the functional currency of the Company, and the presentation currency for the financial statements.

In preparing the financial statements, transactions in currencies other than TL (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Foreign exchange differences are recognized in profit or loss in the period in which they arise.

Foreign exchange differences, except for those that are considered as an adjustment to the interest costs on debts denominated in foreign currency related to specialized assets under construction for future use and included in the cost of such assets, are recognized in the income statement in the period in which they arise.

2. Presentation of the financial statements (continued)

2.4 Summary of important accounting policies (continued)

Earnings per share(loss)

Earnings per share disclosed in the statement of profit or loss is determined by dividing net income by the weighted average number of shares that have been outstanding during the related period.

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

The cash in the paid-in capital is calculated by taking into account the date on which the weighted average common share capital increase for the current period's ordinary shares to be used in earnings (loss) calculations is calculated when there is a change in the name of the issued share capital from capital increase.

Events after the reporting date

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

The Company adjusts the amounts recognized in its financial statements if adjusting events occur after the reporting date. Events do not require restating the financial statements are disclosed in related notes according to importance.

Provisions and contingencies assets and liabilities

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made in cases where the time value of money is material, provisions are determined as the present value of expenses required to be made to honour the liability.

The rate used to discount provisions to their present values is determined taking into account the interest rate in the related markets and the risk associated with the liability. This discount rate does not consider risks associated with future cash flow estimates.

Contingent assets and liabilities

A contingent liability is an obligation arising from a past event that is not fully under the control of the entity and arises from past events or events in which one or more non-contingent events occur in the future and can be verified; but not included in the financial statements for the following reasons:

(i) There is no possibility of leaving economically beneficial resources out of business to meet the obligation, or,
(ii) The amount of the obligation cannot be measured sufficiently reliably.

2. Presentation of the financial statements (continued)

2.4 Summary of important accounting policies (continued)

A contingent asset arises from past events and that is not in full control of the entity and whose existence will be confirmed if one or more uncertain events occur in the future.

The presentation of contingent assets in the financial statements is not included in the financial statements, as it may result in the recognition of an income that can never be obtained. However, if it is virtually certain that an income will be obtained, the asset is not a conditional asset and is reflected in the financial statements.

Mine site rehabilitation provision

Cost of reclamation, rehabilitation and closure of mines comprise the provisioned amount for costs that are considered as highly probable to be incurred during the closure and rehabilitation of mines,discounted and recognized on the reporting date of the financial statements. These provisions are discounted at the reporting date with the discount rates, which are non-taxable and risk-free rates for the future expected cash flows, taking into consideration the market interest rate and the risk associated with the liability. The calculations are reviewed at each reporting date. The changes arising from the changes in the management estimates used for the calculation of the provision related to the conditioning, rehabilitation and closure of mining areas, are recognized in the reclamation of mining areas, rehabilitation and closure costs. On the other hand, in determining the costs related to the reclamation, rehabilitation and closure of mines the depreciation rate used is the lower of; the remaining economic life of the mine, or the quantity of the mined amount during the period divided by the reserves left in the mine at the end of the period. Based on the scope of existing programs to prevent environmental pollution and protection of the environment is reflected in the statement of profit or loss as an expense in the period in which the costs are incurred.

Taxation on income

Turkish tax legislation does not permit a parent company, its subsidiaries, to file a tax return on its financial statements

Tax expense includes current tax expense and deferred tax expense. Tax is included in the income statement unless it relates to a transaction that is directly recognized in equity, in which case the tax is also recognized in equity together with the related transaction.

Current income tax

Current income tax expense is calculated taking into account tax legislation in force in the countries where the Company's subsidiaries operate as of the date of the statement of financial position. According to Turkish tax legislation, legal or business centers institutions in Turkey, the corporation is subject to tax. Current year tax liability is calculated on the portion of the period profit subject to taxation. Taxable profit differs from the profit included in the income statement because it excludes taxable or tax-deductible items in other years or taxable items that cannot be deducted from taxable income. The Company's current tax liability is calculated using tax rates that are legally enacted or substantively enacted by the balance sheet date.

2. Presentation of the financial statements (continued)

2.4 Summary of important accounting policies (continued)

The corporate tax rate in Turkey is 25% (However, it was applied as 23% for the corporate earnings of the institutions for the 2022 taxation periods.) The corporate tax rate is the addition of the expenses that are not considered to be deductible in accordance with the tax laws to the commercial income of the corporations. is applied to the net corporate income to be found as a result of deducting the exceptions and deductions in the tax laws. Corporate tax is declared until the evening of the thirtieth day of the fourth month following the end of the year in which it relates, and is paid in one installment until the end of the relevant month.

Companies calculate provisional tax at a rate of 25% on their quarterly financial profits and declare and pay it by the 17th day of the second month following that period. The provisional tax paid during the year is related to that year and is offset against the corporate tax to be calculated on the corporate tax return to be submitted in the following year. If there is any amount of provisional tax paid remaining after the offset, this amount can be refunded in cash or offset against any other financial debt to the state.

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

In Turkey, the resident companies from corporation tax and not responsible for the income tax and who are resident in Turkey, those made to those except for exempt and non-natural persons and dividend payments to legal persons not resident in Turkey are subject to 10% income tax.

As of December 31, 2022 and 2021, the tax provision has been set aside under the current tax legislation.

Dividend payments made to resident corporations in Turkey again from resident companies in Turkey are not subject to income tax. In addition, if the profit is not distributed or added to the capital, the income tax is not calculated.

25% of the profits arising from the sale of the intangible assets held in the assets for the same period as the 75% of the profits arising from the sale of founders' shares, founding shares and preferential rights, to be added to the capital as stipulated in the Corporate Tax Law or to be kept in a special fundaccount for 5 years.

Deferred tax

Deferred tax is determined by calculating the temporary differences between the carrying amounts of assets/liabilities in the financial statements and the corresponding tax bases, used in the computation of the taxable profit, using currently enacted tax rates. Deferred tax liabilities are generally recognized for all taxable temporary differences where deferred tax assets resulting from deductible temporary differences are recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary difference can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

In the deferred tax calculation, a tax rate of 25% is used for temporary differences expected to be realized/closed in 2023.

2. Presentation of the financial statements (continued)

2.4 Summary of important accounting policies (continued)

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

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

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

Deferred income tax is determined using tax rates that have been enacted by the balance sheet date. Tax is recognized in the statement of comprehensive income, except to the extent that it relates to items recognized in equity. Taxes arisen on items recognized in equity are recognized directly in equity.

Deferred income tax liabilities are recognized for all taxable temporary differences; whereas deferred income tax assets resulting from deductible temporary differences are recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary difference can be utilized. Deferred income tax asset is recognized to the extent that it is probable that the entity will have sufficient taxable profit in the same period as the reversal of the deductible temporary difference arising from tax losses carried forward.

Deferred income tax assets and deferred income tax liabilities related to income taxes levied by the same taxation authority are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities. Deferred income tax assets and deferred income tax liabilities are classified as long-term in the financial statements.

Employee benefits

Long term provisions recognized in the financial statements related to benefits provided to employees consist of retirement pay liability, seniority incentive premiums arising from current employment contracts and provisions for accumulated vacation liabilities.

2. Presentation of the financial statements (continued)

2.4 Summary of important accounting policies (continued)

In Turkey, severance pay according to the current laws and collective bargaining agreements are paid in case of retirement or dismissal. In accordance with TAS 19 Employee Benefits Standard, such payments are classified as defined retirement benefit plans. The Company calculated the provision for severance indemnity on the financial statements based on its experience gained in previous years by using the "Projection Method" and completing the personnel service period and retirement benefits of the Company and recording the discounted value at the balance sheet date.

The Company makes certain assumptions about discount rates, inflation rates, salary increases rate and employee turnover rates in calculation of provisions for employee benefits Actuarial loss / gain from changes in current account; are accounted for in the statement of comprehensive income / expense for the termination indemnity liability. If the termination benefit premium is related to the incentive premium, it is recognized in the profit or loss table.

The liabilities arising from unused vacation rights, which are defined as long-term provisions provided to the employees, are accrued and accounted for at the period when they are earned.

Capital and dividends

Common shares are classified as equity. Dividends on common shares are recognized in equity in the period in which they are approved and declared.

Share premiums

Share premium represents differences resulting from the sale of the Company's subsidiaries and associates' shares at a price exceeding the face values of those shares or differences between the face values and the fair value of shares issued for acquired companies.

Treasury shares

In case the Company obtains its own shares, the cost amounts including the parts exceeding the nominal values of these shares are deducted from equity and presented as "Treasury shares". Profits or losses from the Company's transactions related to shares that have been recovered in this manner are also recognized under equity.

Statement of cash flow

Cash flows during the period are classified and reported as operating, investing and financing activities in the statement of cash flows.

Cash flows from operating activities represent cash flows related to the Company's core business activities.

Cash flows arising from investment activities represent the cash flows that are used in or provided by the investing activities (direct investments and financial investments) of the Company.

Cash flows arising from financing activities represent the cash proceeds from the financing activities of the Company and the repayments of these funds.

2. Presentation of the financial statements (continued)

2.4 Summary of important accounting policies (continued)

Offsetting

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to set off the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liabilities.

2.5 Significant judgments, assumptions and estimates

The preparation of financial statements in conformity with accounting standards requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income, and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

In preparation of the consolidated financial statements, the significant estimates and judgments used by the Group are included in the following notes:

Deferred taxes

The Company recognizes deferred tax assets and liabilities for temporary timing differences arising from the differences between the tax base financial statements adjusted for the purchasing power of the Turkish Lira as of December 31, 2023, and the financial statements prepared in accordance with TAS 29 under TFRS.

Deferred tax liabilities are calculated for all taxable temporary differences, while deferred tax assets for deductible temporary differences are calculated only if it is highly probable that taxable profit will be available against which the temporary difference can be utilized in the future.

Deferred tax assets and liabilities are calculated using the tax rates (tax laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply in the period when the asset is realized or the liability is settled. During the calculation of deferred tax assets and liabilities, the tax consequences of the methods that the Company estimates will be used to recover the carrying amount of its assets or to settle its liabilities as of the balance sheet date are considered.

The Company has deferred tax assets and liabilities consisting of carried forward losses that can be deducted from future profits, tax assets arising from cash capital increases, and other deductible temporary differences. The recoverable amount of the deferred tax assets, in whole or in part, has been estimated under current conditions. During the assessment, the 5-year projection prepared by the Company management as the foreseeable future and the timing of the recovery of taxable temporary differences have been taken into consideration. If the Company has taxable temporary differences that are expected to reverse in the same period that the deductible temporary differences reverse, or in the periods when it is possible to utilize the fiscal losses due to the deferred tax asset, a deferred tax asset is recognized for the deductible temporary differences in the periods they arise (Note 24).

2. Presentation of the financial statements (continued)

2.5 Significant judgments, assumptions and estimates (continued)

Fair values measurement of property, plant and equipments

The Company accounts for its land, machinery and equipment under tangible assets according to the revaluation model, updated over their fair values within the scope of TAS 16. The Company works with an independent valuation company authorized by the Capital Markets Board in Turkey in order to determine the fair values of these assets. The revaluation for the land as well as machinery and equipments were re-performed as of December 31, 2023, and the real fair value increases/decreases, adjusted for the inflation effect under the provisions of TAS 29, have been accounted under other comprehensive income (expense) accounts in the financial statements.During the determination of the fair values of the tangible fixed assets, evaluations were made by considering the current situation of the related assets, market conditions and the most efficient way of use, considering the peer comparison method and the cost method (Notes 11 and 28).

Useful lifes of tangible and intangible assets

The Company management estimates and regularly audits the useful lives of the depreciable assets as explained in Note 2.4 on the date of first recognition of the assets. The entity determines the useful life of an asset, taking into account its estimated usefulness. This assessment is based on the Company's experience with similar assets. When determining the useful life of an asset, the Company will also consider changes in the market or the resulting technical and / or commercial unusable assets.

Provision for mine site rehabilitation

The Company calculates for stone and earth-based land degraded by mining activities within the scope of reintegration for mine site rehabilitation. Technical personnel have made certain important assumptions in determining calculation of provision. Explanations regarding such mine site rehabilitation are presented in Note 13. The provision is discounted to the present value of the and the related expense for the period, is included in financial expenses as the cost of rehabilitation. (Note 13)

Provisions for employee benefits

Severance pay and seniority incentive premium liabilities are determined by actuarial calculations based on a number of assumptions, including discount rates, future salary increases and employee retirement rates. Because these plans are long-term, the assumptions involve significant uncertainties. Details regarding the allowance for employee benefits are provided in Note 14.

2.6 Segment Reporting

Since the Company's main business activity is singular, there are no reportable segments other than the geographical group. All significant assets, production activities, and distribution channels of the Company are located in Turkey. The information used by the management to evaluate performance and make resource allocation decisions is based on the Company's overall financial information, and the geographical grouping is determined by considering the geographies where sales are made. The Company management does not separately track the operating results for any geographical segments other than those detailed in Note 17. Therefore, no performance measure other than revenue can be disclosed for geographical segments.

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

3. Cash and cash equivalents

	December 31, 2023	December 31, 2022
Cash	**4**	10
Cash at banks		
- Demand deposits	**11.076**	21.229
- Time deposits	**10.002**	45.403
Cash and cash equivalents	**21.082**	66.642

As of December 31, 2023 and 2022 details of the time deposits, those maturity is less than 3 months are as follows:

Currency	**Interest rate (%)**	**Maturity date**	**Original currency**	**December 31, 2023**
TL	**25,00 – 40,00**	**January 2024**	**10.002**	**10.002**
				10.002

Currency	Interest rate (%)	Maturity date	Original currency	December 31, 2022
TL	7,60 -19,00	January 2023	45.403	45.403
				45.403

4. Financial investments

Shares of the Batıçim Batı Anadolu Çimento Sanayii A.Ş. owned by the Company, has been sold to Batıliman Liman İşletmeleri A.Ş. as of August 31, 2022 for amount of thousand TL 392.069. (Nominal amount: TL 214.160). The amount of the sale price has not been collected in cash, and the debt amounting to the sales price of the Company's parent company Batıçim has been transferred to Batıliman Liman İşletmeleri A.Ş.

	2022
Opening balance, January 1	**299.417**
Fair value measurement gains (loss)	92.652
Disposal of financial investments	(392.069)
Closing balance, December 31	**-**

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

5. Investment accounted for using equity method

As of September 30, 2022, the date on which Batıçim Enerji Üretim A.Ş., an investment accounted for using the equity method by the Company, was derecognized from financial statements, and for the nine-month accounting period ending on the same date, the details of the consolidated summary financial information adjusted based on the purchasing power of the Turkish Lira as of December 31, 2023, under the TAS 29 application, are as follows:

	September 30, 2022
Current assets	289.967
Non-current assets	1.181.919
Current liabilities	(384.444)
Non-current liabilities	(287.655)
Total equity (net assets)	**799.787**
Company's share	%30,02
Net assets share of company's interest	240.096
Goodwill	112.745
The carrying amount of equity accounted investments	**352.841**

As of December 31, 2023, and September 30, 2022, the movement of total equity / (net liabilities) is as follows:

	January 1 – September 30, 2022
Opening balance	605.251
Net profit (loss) for the period	195.391
Other comprehensive income (expense)	(1.131)
Closing balance	**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 income/(loss)	(1.131)
Total comprehensive income/(loss)	194.260
Company's share	%30,02
Proportion of net profit / (loss) of the Company	**58.317**

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

5. Investment accounted for using equity method (continued)

Movement of investments accounted for using the equity method is as follows:

	January 1 – September 30, 2022
Opening balance	**294.434**
Net profit/(loss) for the period	58.657
Other comprehensive income/(loss)	(340)
Disposal effect due to sale of shares	(352.841)
Monetary gain / (loss)	90
Closing balance	**-**

Shares of the Batıçim Enerji Elektrik Üretim A.Ş.,owned by the Company, has been sold to Batıçim Batı Anadolu Çimento Sanayii A.Ş. as of September 30, 2022 for the amount of thousand TL 286.053, equivalent of thousand USD 8.697 to offset the borrowings of the Company to Batıçim Batı Anadolu Çimento Sanayii A. As a result of the related transaction, considering the consolidated financial statements adjusted based on the purchasing power of the Turkish Lira as of December 31, 2023, under the TAS 29 inflation accounting application, a sales loss of TL 66.788 thousand has occurred and the related loss has been reported under expenses from investment activities.

6. Financial Liabilities

	December 31, 2023	December 31, 2022
Short term borrowings	**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 liabilities	**227.365**	-
	3.194.895	3.839.131

				December 31, 2023
Currency	**Interest type**	**Nominal interest rate**	**Original amount**	**TL Equivalance**
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
Letter of credit borrowings				
US Dollar	Floating	12M Libor+%5,75	7.710	227.365
				3.192.657

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

6. Financial Liabilities (continued)

				December 31, 2023
Currency	**Interest type**	**Nominal interest rate**	**Original amount**	**TL Equivalance**
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
TL	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

The payment schedules of long-term bank borrowings as of December 31, 2023 and 2022 are as follows:

	December 31, 2023	December 31, 2022
Between 1-2 years	**217.036**	355.809
Between 2-3 years	**335.746**	353.087
Between 3-4 years	**335.746**	353.087
Between 4-5 years	**335.746**	353.087
5 years and longer	**1.175.112**	1.412.351
	2.399.386	2.827.421

The liquidity and currency risks that the Company is exposed to regarding its financial debts are explained in Note 27.

As of December 31, 2023 and 2022, financial liabilities movement tables are as follows:

	2023	2022
Opening balance, January 1	**3.839.131**	4.717.880
New financial debts received	**646.667**	4.217.593
Principal paid	**(1.069.632)**	(4.162.584)
Interest paid	**(284.019)**	(289.341)
Foreign exchange losses and interest accruals	**1.882.397**	1.406.513
Monetary gain / (loss)	**(1.819.649)**	(2.050.930)
Closing balance, December 31	**3.194.895**	3.839.131

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

7. Trade receivables and payables

a) Short term trade receivables

As of reporting date, detail of trade receivables is as follows:

	December 31, 2023	December 31, 2022
Trade receivables, net	**406.922**	185.528
Cheques and notes receivables	**119.335**	100.783
Trade receivables from related parties (Note 26)	**120.104**	150.476
	646.361	436.787

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

There are doubtful trade receivables of the Company at amount of thousand TL 51 as of December 31, 2022 (December 31, 2022: thousand 84 TL). As of December 31, 2023, overdue trade receivables in the range of 0-30 days amounting to TL 55.463 thousand. (December 31, 2022: None).

The Company's credit risk of receivables and guarantee letters received are explained in Note 13 and 27.

b) Short term trade payables

As of reporting date, detail of trade payables is 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 trade payable amounting to 3.132 thousand USD and 973 thousand EUR equivalent to 118.463 thousand TL is comprised of letters of credit issued for the purchase of raw materials (December 31, 2022: 8.291 thousand USD and 1.771 thousand EUR equivalent to 310.003 thousand TL)

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

8. Other receivables and payables

	December 31, 2023	December 31, 2022
a) Other short-term receivables		
Other receivables from related parties (Note 26)	**5.592**	7.126
Other receivables	**3.548**	2.098
	9.140	9.224

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

8. Other receivables and payables (continued)

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

	December 31, 2023	December 31, 2022
c) Other short-term payables		
Other payables from 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	**113.991**	133.372
Work in progress	**215.366**	218.624
Finished goods	**1.794**	37.185
Auxiliary materials and spare parts	**397.125**	397.681
Inventory impairment provision (-)	**-**	(30.131)
	728.276	756.731

Auxiliary materials and spare parts consist of auxiliary materials and spare parts that can be used in production.

There is insurance coverage of approximately thousand USD 5.063 equivalent of thousand TL 149.046 on inventories. (December 31, 2021: by thousand TL 125.087).

Movement of allowance for impairment on inventory:

	2023	2022
Opening, January 1	**30.131**	-
Charge for the year	**-**	18.286
Provisions no longer required	**(30.131)**	-
Monetary gain / (loss)	**-**	11.845
Closing, December 31	**-**	30.131

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

10. Prepaid Expenses

a) Short term prepaid expenses

	December 31, 2023	December 31, 2022
Advances given for inventory purchases	**42.174**	110.711
Prepaid expenses	**5.341**	761
	47.515	111.472

b) Long term prepaid expenses

	December 31, 2023	December 31, 2022
Advances given for property, plant and equipment purchases	**2.788**	14.523
	2.788	14.523

c) Obligations arising from customer contracts

	December 31, 2023	December 31, 2022
Advances received	**125.776**	111.274
	125.776	111.274

11. Property, plant and equipment

	January 1, 2023	**Additions**	**Disposals**	**Transfers**	**Revaluation**	**December 31, 2023**
Cost:						
Land	**1.918.589**	**-**	**-**	**-**	**151.351**	**2.069.940**
Land improvements	**508.919**	**-**	**-**	**-**	**-**	**508.919**
Buildings	**2.903.808**	**33**	**-**	**-**	**-**	**2.903.841**
Machinery and equipment	**2.329.288**	**5.219**	**-**	**103.191**	**208.242**	**2.645.940**
Vehicles	**9.850**	**1.317**	**(2.792)**	**-**	**-**	**8.375**
Furniture and fixture (*)	**429.820**	**6.110**	**-**	**47.575**	**-**	**483.505**
Other tangible assets	**13.999**	**-**	**-**	**-**	**-**	**13.999**
Construction in progress	**118.514**	**60.796**	**-**	**(103.191)**	**-**	**76.119**
	8.232.787	**73.475**	**(2.792)**	**47.575**	**359.593**	**8.710.638**
Accumulated depreciation:						
Land improvements	**(341.833)**	**(18.673)**	**-**	**-**	**-**	**(360.506)**
Buildings	**(677.515)**	**(67.193)**	**-**	**-**	**-**	**(744.708)**
Machinery and equipment	**(43.303)**	**(173.541)**	**-**	**-**	**216.844**	**-**
Vehicles	**(7.728)**	**(922)**	**2.788**	**-**	**-**	**(5.862)**
Furniture and fixture	**(305.947)**	**(53.878)**	**-**	**-**	**-**	**(359.825)**
Other tangible assets	**(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**

(*) In the current period, firebricks are reclassified from inventories to tangible assets.

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

11. Property, plant and equipment (continued)

	January 1, 2022	Additions	Disposals	Transfers	Revaluation	December 31, 2022
Cost:						
Land	2.346.035	-	(427.446)		-	1.918.589
Land improvements	508.919	-	-		-	508.919
Buildings	2.903.561	-	-	247	-	2.903.808
Machinery and equipment	4.526.142	6.373	(386)		(2.202.841)	2.329.288
Vehicles	9.481	369	-		-	9.850
Furniture and fixture (*)	338.383	31.851	(54)	59.640	-	429.820
Other tangible assets	13.999	-	-		-	13.999
Construction in progress	2.977	115.784	-	(247)	-	118.514
	10.649.497	154.377	(427.886)	59.640	(2.202.841)	8.232.787
Accumulated depreciation:						
Land improvements	(323.159)	(18.674)	-		-	(341.833)
Buildings	(610.327)	(67.188)	-		-	(677.515)
Machinery and equipment	(2.170.153)	(183.030)	17		2.309.863	(43.303)
Vehicles	(7.130)	(598)	-		-	(7.728)
Furniture and fixture	(261.885)	(44.062)	-		-	(305.947)
Other tangible assets	(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

(*) In the current period, firebricks are reclassified from inventories to tangible assets.

The Company renewed the revaluation of land, machinery and equipments measured in accordance with the TAS 16 revaluation model within tangible fixed assets as of December 31, 2023, by taking into account the current valuation reports prepared by a valuation company licensed by the Capital Markets Board (CMB).

As of December 31, 2023, there are first level and second level pledges and mortgages were places on the tangible assets respectively million USD 400 and billion TL 2.6. (December 31, 2022: million USD 400 of first level and billion TL 2.6 of second level mortgages). Details regarding the additional guarantees, pledges and mortgages given within the scope of the refinancing agreement signed by the Company on February 28, 2022 are explained in Note 13.

There is insurance coverage of approximately thousand TL 2.112.897, equivalent of by thousand USD 71.744 on tangible fixed assets. (December 31, 2022: approximately thousand TL 2.029.992, equivalent of by thousand USD 65.888)

	January 1 – December 31, 2023	January 1 – December 31, 2022
Tangible assets	**314.207**	313.552
Intangible assets	**530**	531
Right of use assets	**2.477**	659
	317.214	314.742

	January 1 – December 31, 2023	January 1 – December 31, 2022
Cost of sales	**310.693**	308.855
Sales and marketing expenses	**67**	26
General administrative expenses	**6.454**	5.861
	317.214	314.742

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

12. Intangible assets and right of use assets

a) Intangible assets

	January 1, 2023	Additions	Disposals	December 31, 2022
Cost:				
Rights	**19.807**	**-**	**-**	**19.807**
Assets subject to amortization	**8.970**	**-**	**-**	**8.970**
	28.777			**28.777**
Accumulated amortization:				
Rights	**(17.319)**	**(530)**	**-**	**(17.849)**
Assets subject to amortization	**(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 amortization	8.970	-	-	8.970
	28.777			28.777
Accumulated amortization:				
Rights	(16.789)	(531)	-	(17.320)
Assets subject to amortization	(8.969)	-	-	(8.969)
	(25.758)	(531)	-	(26.289)
Net book value	3.019			2.488

There is no mortgage or pledge on intangible assets as of December 31, 2023 (December 31, 2023: None).

b) Right of use assets

	January 1, 2023	Additions	Disposals	December 31, 2022
Cost:				
Vehicles	**4.493**	**5.639**	**-**	**10.132**
Accumulated depreciation (-):				
Vehicles	**(2.198)**	**(2.477)**	**-**	**(4.675)**
Net carrying 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 carrying value	2.806			2.295

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

13. Provisions, contingent assets and liabilities

a) Long-term provisions

As of December 31, 2023 and 2022, the movement of the provision for mine site rehabilitation is as follows:

	December 31, 2023	December 31, 2022
Provisions for mine site rehabilitation	**22.439**	17.998
	22.439	17.998

As of December 31, 2023 and 2022, the movement of the provision for mine site rehabilitation is as follows:

	2023	2022
January 1	**17.998**	18.003
Current year expense, net	**14.724**	8.334
Monetary gain / (loss)	**(10.283)**	(8.339)
31 December	**22.439**	17.998

Provision recognized in order to rehabilitate land that has been damaged by the Company's quarry mining activities. Provision related to mine site rehabilitation expense has been charged to cost of sales.

b) Guarantees pledges and mortgages("GPM")

As of December 31, 2023 and 2022, the detail of guarantee, pledge and mortgage position (GPM) chart of the Company is as follows:

	December 31, 2023	December 31, 2022
A. Total amount of GPMs given for the Company's own legal personality (*)	**12.048.033**	13.528.598
B. Total amount of GPMs given on behalf of fully consolidated companies	**-**	-
C. Total amount of GPMs given for continuation of its economic activities on behalf of third parties	**-**	-
D. Total amount of other GPMs given (**)	**48.000**	79.091
i. Total amount of GPMs given on behalf of the majority shareholder	**-**	-
ii. Total amount of GPMs given to on behalf of other group companies which are not in scope of B and C	**48.000**	79.091
iii. Total amount of GPMs given on behalf of third parties which are not in scope of C	**-**	-
Total given GPMs	**12.096.033**	13.607.689
Ratio of other GPMs to shareholder's equity	**%1,26**	%3,15

(*) Within the scope of the "Refinancing Agreement" signed with consortium banks (Emlak Katılım, Halk Bankası, İşbank, TSKB, Vakıf Katılım, Vakıfbank, Ziraat Bankası, Ziraat Katılım), first level and second level mortgages on the tangible assets of the "Credit Recipients" and "Guarantor" companies has been established. According to agreement of loan, Batıçim and Batısöke defined as "Credit Recipients" while Batıliman and Batıbeton defining as "Guarantor" companies. There are, respectively, USD 400 Million and TL 2.6 billion mortgages of these companies' tangible assets. Agreement also includes immovable and movable pledges.

(**) Consists of guarantees given related to the Group companies Batıçim Enerji Toptan, Batıbeton, and Batıliman.

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

13. Provisions, contingent assets and liabilities (continued)

The details of the guarantees, pledges and mortgages given by the company as of December 31, 2023 and 2022 are as follows:

	December 31, 2023	December 31, 2022
Pledges and mortgages given	**11.796.520**	12.323.900
Guarantees given	**133.050**	894.695
Letter of credit	**118.463**	310.003
Total	**12.048.033**	13.528.598

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

	December 31, 2023	December 31, 2022
Letters of guarantee given for the Eximbank loan	**106.791**	788.816
Letters of guarantee given to suppliers	**23.944**	53.471
Letters of guarantee given to public institutions	**1.826**	1.352
Letters of guarantee given to the enforcement office	**489**	294
Letters of guarantee given to the tax office	**-**	50.762
Total	**133.050**	894.695

Letters of guarantees received

As of 31 December 2023, and 2022 Guarantee letters received against the Company's trade receivables is as follows:

	December 31, 2023	December 31, 2022
Guarantee letters received (*)	**221.836**	189.677
	221.836	189.677

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

14. Employee benefits

a) Employee benefit obligations

	December 31, 2023	December 31, 2022
Social security premium payables	**8.254**	6.749
Payables to personnel	**4.735**	3.643
	12.989	10.392

(All amounts expressed in thousands of Turkish Lira (“TL”) in terms of the purchasing power of the TL at December 31, 2023 unless otherwise indicated.)

14. Employee benefits (continued)

b) Long-term provisions for employee benefits

	December 31, 2023	December 31, 2022
Provision for employment termination benefits	**23.086**	55.659
Performance and seniority encouragement premium provisions	**28.467**	18.683
Provision for unused vacation	**4.687**	4.950
	56.240	79.292

Provision for employment termination benefits

Under Turkish Labor Law, the Company is required to pay termination benefits to each employee who has completed certain years of service and whose employment is terminated without due cause, who is called up for military service, dies or retires after completing 25 years of service and reaches the retirement age (58 for women and 60 for men). As of December 31, 2023, the severance pay to be paid is subject to a ceiling of TL 23.489,83 (December 31, 2022: TL 15.371,40). As of January 1, 2024, the severance pay ceiling has been updated to 35.058,58 TL.

Retirement pay liability is not subject to any kind of funding legally. Provision for retirement pay liability is calculated by estimating the present value of probable liability amount arising due to retirement of employees. TAS 19 Employee Benefits stipulates the development of company’s liabilities by using actuarial valuation methods under defined benefit plans. In this direction, actuarial assumptions used in calculation of total liabilities are described as follows: The principal assumption is that the maximum liability for each year of service will increase parallel with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. Consequently, in the accompanying financial statements as of December 31, 2023, the provision has been calculated by estimating the present value of the future probable obligation of the Company arising from the retirement of the employees. The provisions at the respective reporting dates have been calculated with the assumption of 2.55% real discount rate calculated by using 21,75% annual inflation rate and 24,85% discount rate (December 31, 2022: 2,26%). The drop-out rate for voluntary work for 0–15-year employees is 2,70%. For the employees who work 15 years and over, the rate is taken as 0%.

Movements in the provision for employee termination benefits are as follows:

	2023	2022
Opening balance, 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 (gain) / loss	**12.037**	31.625
Paid in the current year (-)	**(40.478)**	(6.555)
Monetary gain / (loss)	**(20.642)**	(21.128)
Closing balance, December 31	**23.086**	55.659

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

14. Employee benefits (continued)

The sensitivity analyses of the significant assumptions used in calculation of retirement pay liability as of December 31, 2023 are as follows:

	Net discount Rate		Turnover rate to estimate the probability of retirement	
Sensitivity Level	0,5% Decrease	0,5% increase	0,5% point Decrease	0,5% point İncrease
Rate (%)	%2,05	%3,05	%96,80	%97,80
Change in the retirement pay liability (TL)	2.386	(2.119)	656	(686)

Performance and seniority encouragement premium provision

Provision for performance and employment termination benefit is provided to employees in accordance with the Company policy and the present value of the obligation is measured at the reporting date using a net discount rate.

The movement of performance and seniority encouragement premium provision:

	2023	2022
Opening balance, January 1	**18.683**	8.550
Interest cost	**3.190**	1.325
Service cost	**10.779**	6.263
Actuarial (gain) / loss	**10.473**	11.356
Paid in the current year (-)	**(2.672)**	(2.986)
Monetary gain / (loss)	**(11.986)**	(5.825)
Closing balance, December 31	**28.467**	18.683

The movement of provision for unused vacation:

	2023	2022
Opening balance, January 1	**4.950**	3.305
Service cost	**2.152**	3.479
Monetary gain / (loss)	**(2.415)**	(1.834)
Closing balance, December 31	**4.687**	4.950

15. Other assets and liabilities

i) Other current assets:

	December 31, 2023	December 31, 2022
Deferred VAT	**137.168**	169.141
	137.168	169.141

ii) Other short-term liabilities:

	December 31, 2023	December 31, 2022
Mine tax accruals	**11.833**	8.347
	11.833	8.347

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

16. Share capital, reserves and other equity items

a) Paid in capital

As of December 31, 2023, and 2022, the Company's paid in capital structure is as follows:

	December 31, 2023		December 31, 2022	
Shareholders	**Share (%)**	**Amount (TL)**	Share (%)	Amount (TL)
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 registered capital system. As of December 31, 2023 the authorized capital of the company is million TL 800.000.000.

The Company has registered shares amounting to TL 14.956,13. Nominal value of one share is TL 0,01. The total number of ordinary shares is 400.000.000 shares with a par value of shares with a par value of TL 0,01 per share with total nominal value of TL 400.000 thousand.

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

Company A shareholders have the following rights in accordance with the Company's articles of association:

All members of the board of directors have to be appointed from among the candidates chosen by the majority of the holders of Company A shares.

"Paid-in capital", "Restricted reserves" and "Share premiums" in accordance with the Communiqué Serial: II-14.1 "Communiqué on Principles of Financial Reporting in Capital Market" published in the Official Gazette No: 28676 dated June 13, 2013 "Must be shown in the amounts in the legal records. The valuation differences (such as inflation adjustment differences) shall be disclosed as follows:

- If the difference is arising from the valuation of "Paid-in capital" and has not yet been transferred to capital, it should be classified under the "Inflation adjustment capital";
- If the difference is arising from valuation of "Restricted reserves" and "Share Premium" and the amount has not been subject to dividend distribution or capital increase, it shall be classified under "Retained earnings".

Other equity items are presented with their values measured within the TAS framework.

Capital adjustment differences can only be added to the capital.

Listed companies processes their profit distributions according to the II-19.1 numbered CMB profit distribution declaration become effective on or after February 1, 2014.

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

16. Share capital, reserves and other equity items (continued)

Shareholders distributes their profits within the frame of profit distribution policies determined by general assembly and according to the related declaration by the approval of general assembly. Within the mentioned declaration, minimum rate of distribution is not determined. Companies distribute their profits according to the predetermined terms in their articles of incorporation or profit distribution policies. In addition, equal or different purchases of dividends may be paid in instalments, and dividend advances may be distributed in cash over the profit included in the interim financial statements.

In accordance with the Turkish Commercial Code, unless the required reserves and the dividend for shareholders as determined in the Articles of Association or in the dividend distribution policy of the company are set aside; no decision may be taken to set up other reserves, to transfer profits to the subsequent year or to distribute dividends to the holders of usufruct shares, to the members of the board of directors or to the employees; and no dividend can be distributed to these people unless the determined dividend for shareholders is paid in cash.

Inflation adjustment differences of shareholders' equity and bonus share capital increase of extraordinary reserves; cash profit distribution or loss deduction. However, equity inflation adjustment differences will be subject to corporation tax if used for cash profit distribution.

Legal reserves and share premiums that are subject to statutory reserve in accordance with Article 466 of the Turkish Commercial Code are stated in the legal books. In this context, the differences arising from the inflation adjustments that are not included in dividend distribution or capital increase arising in the IFRS basis are attributed to previous years' profit / loss.

The legal reserves consist of first and second reserves, appropriated in accordance with the Turkish Commercial Code ("TCC"). The TCC stipulates that the first legal reserve is appropriated out of statutory profits at the rate of 5% per annum, until the total reserve reaches 20% of the Company's paid-in share capital. The second legal reserve is appropriated at the rate of 10% per annum of all cash distributions in excess of 5% of the paid-in share capital. Under the TCC, the legal reserves can only be used to offset losses and are not available for any other usage unless they exceed 50% of paid-in share capital.

b) Share premiums

Represents the difference between the nominal amount and the sales amount of newly issued shares due to capital increase. As of December 31, 2023, thousand TL 2.877 (December 31, 2022: thousand TL 2.877).

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

Movement related to value increase / (decrease) transferred directly to equity without being associated with profit or loss are as follows:

Actuarial gain / (loss) fund related to defined benefit plans:

	2023	2022
Opening balance, January 1	**(34.385)**	-
Current year remeasurement effect	**(22.510)**	(42.981)
Deferred tax effect	**5.627**	8.596
Closing balance, December 31	**(51.268)**	(34.385)

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

16. Share capital, reserves and other equity items (continued)

Revaluation gain/(loss) on tangible assets:

	2023	2022
Opening balance, January 1	**85.618**	-
Current year remeasurement effect	**576.437**	107.022
Deferred tax effect	**(140.001)**	(21.404)
Transfer to prior year profit (loss) accounts related to the current period depreciation effect	**(6.056)**	-
Closing balance, December 31	**515.998**	85.618

Movement of gains (losses) from financial assets at fair value through profit or loss in the following periods that are recognized in shareholders' equity are as follows:

	2022
Opening balance, January 1	**-**
Current year fair value measurement gain (loss) effect	92.652
Deferred tax effect	(4.630)
Disposal effect of sales of financial assets	(88.022)
Closing balance, December 31	**-**

d) Prior years' profits / (losses):

The net distributable profit for the period included in the statutory records as of the reporting date of the Company and other sources subject to profit distribution are given below.

	December 31, 2023	December 31, 2022
Net profit (loss) for the period	**(1.313.647)**	(573.122)
Extraordinary reserve	**1.904.476**	119.228
Special funds	**7.748**	849
Retained earnings (losses)	**(2.836.235)**	(1.266.500)
	(2.237.658)	(1.719.545)

According to the Tax Procedure Law and the relevant Communiqué published in the Official Gazettedated 30 December 2023 and numbered 32415 (2nd Duplicate), the balance sheet dated 31 December 2023 prepared in accordance with the Tax Procedure Law is included in the Producer Prices General Indices (PPI) published by the Turkish Statistical Institute within the scope of inflation accounting application.) was corrected using. The attached financial statements have been subject to inflation correction by using the Consumer Price Indices (CPI) published by the Turkish Statistical Institute in accordance with TAS 29, and ultimately the amounts for the current and previous reporting period are expressed in terms of purchasing power as of December 31, 2023.

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

16. Share capital, reserves and other equity items (continued)

The differences have been reflected in the 'Retained Earnings or Losses' item in the TAS/IFRS financial statements, and the details of these differences are provided below:

December 31, 2023

	Capital adjustment differences	Share premiums	Legal reserves	Treasury shares	Registered commodity special provision	Special reserves	Extraordinary reserves
According to TAS/TFRS Financial Statements	3.563.553	2.877	259.684	(1.132)	-	-	-
According to the 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)

December 31, 2022

	Capital adjustment differences	Share premiums	Legal reserves	Treasury shares	Registered commodity special provision	Special reserves	Extraordinary reserves
According to TAS/TFRS Financial Statements	3.563.553	2.877	259.684	(1.132)	-	-	-
According to the 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)

As of January 1, 2022 the amount of 'Retained Earnings (Losses)' without inflation adjustment is (1.287.720) thousand TL, and after the inflation adjustment under TAS 29, the amount of 'Retained Earnings (Losses)' as of January 1, 2022, adjusted to the purchasing power of December 31, 2023, is (1.642.750) thousand TL.

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

In the sale of goods, the asset is transferred when control of the asset is in the hands of the customers and revenue is recognized.

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

17. Revenue and cost of sales (continued)

Cost of sales

	January 1 – December 31, 2023	January 1 – December 31, 2022
Raw materials used	**(1.723.726)**	(2.265.408)
Production overhead	**(1.189.262)**	(1.625.018)
Depreciation expenses	**(310.693)**	(308.855)
Personnel expenses	**(267.794)**	(146.005)
Change in work-in progress and finished goods (Note 9)	**(38.649)**	174.913
Provision for mine rehabilitation	**(14.724)**	(8.334)
	(3.544.848)	(4.178.707)

18. General administrative expenses, marketing, sales and distribution expenses

	January 1 – December 31, 2023	January 1 – December 31, 2022
a) General administrative expenses:		
Tax expenses	**(35.815)**	(18.377)
Outsourcing expenses	**(33.897)**	(25.100)
Personnel expenses	**(27.751)**	(19.497)
Consultancy expenses	**(5.042)**	(5.611)
Depreciation expenses	**(6.454)**	(5.861)
Fuel expenses	**(1.087)**	(1.799)
Personnel expenses (*)	**(13.647)**	(12.421)
	(123.693)	(88.666)

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

	January 1 – December 31, 2023	January 1 – December 31, 2022
b) Marketing, sales and distribution expenses:		
Export, transportation and loading expenses	**(245.410)**	(119.693)
Personnel expenses	**(4.171)**	(3.749)
Depreciation expenses (Note 11)	**(67)**	(26)
Other	**(6.975)**	(1.166)
	(256.623)	(124.634)

(All amounts expressed in thousands of Turkish Lira (“TL”) in terms of the purchasing power of the TL at December 31, 2023 unless otherwise indicated.)

19. Expenses by nature

	January 1 - December 31, 2023	January 1 - December 31, 2022
Raw materials used	**(1.723.726)**	(2.265.408)
Production overhead	**(1.189.262)**	(1.625.018)
Depreciation expenses	**(317.214)**	(314.742)
Personnel expenses	**(299.716)**	(169.251)
Export, transportation and loading expenses	**(245.410)**	(119.693)
Change in work-in progress and finished goods inventories	**(38.649)**	174.913
Tax expenses	**(35.815)**	(18.377)
Outsourcing expenses	**(33.897)**	(25.100)
Mine rehabilitation provision expenses	**(14.724)**	(8.334)
Consultancy 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 operations	**124.282**	43.006
Discount interest income	**73.897**	43.527
Other	**3.688**	3.047
	201.867	89.580

b) Other expense from operating activities

	January 1 – December 31, 2023	January 1 – December 31, 2022
Foreign exchange losses from operations	**401.814**	201.961
Discount interest expenses	**68.806**	51.613
Other	**9.420**	6
	480.040	253.580

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

21. Income / losses from investing activities

	January 1 – December 31, 2023	January 1 – December 31, 2022
Income from investing activities:		
Profit from sale of property, plant and equipment	**355**	-
	355	-

	January 1 – December 31, 2023	January 1 – December 31, 2022
Expense from investing activities:		
Loss on sale of property, plant and equipment	**-**	(299.887)
Loss on sales of investments accounted under equity method	**-**	(66.788)
	-	(366.675)

22. Financial 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. Financial Expenses

	January 1 – December 31, 2023	January 1 – December 31, 2022
Foreign exchange loss	**1.544.770**	1.160.934
Interest expense on bank loans	**435.931**	470.654
Interest expense on related parties	**151.749**	65.927
Interest expense on letter of credit borrowings	**14.285**	-
Interest expense related to employee benefits	**12.135**	7.367
Commission expenses for letter of guarantee	**5.757**	20.185
Bank commission expenses	**1.843**	4.637
	2.166.470	1.729.704

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

24. Income taxes (including deferred tax assets and liabilities)

Corporate tax

The corporate tax rate in Turkey is 25% (However, it was applied as 23% for the corporate earnings of the institutions for the 2022 taxation periods.) The corporate tax rate is the addition of the expenses that are not considered to be deductible in accordance with the tax laws to the commercial income of the corporations. is applied to the net corporate income to be found as a result of deducting the exceptions and deductions in the tax laws. Corporate tax is declared until the evening of the thirtieth day of the fourth month following the end of the year in which it relates, and is paid in one installment until the end of the relevant month.

	December 31, 2023	December 31, 2022
Current period provision for corporation tax	**-**	-
Less: Prepaid taxes and funds	**(236)**	(138)
Current tax assets	**236**	138

Taxation income (expense) reported 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 31 December 2023, the tax rates used in the calculation of deferred tax assets and liabilities are used as 25% for companies established in Turkey.

	Taxable temporary differences		**Deferred tax assets / (liabilities)**	
	December 31, 2023	December 31, 2022	**December 31, 2023**	December 31, 2022
Tangible and intangible assets	**2.638.481**	-	**659.620**	-
Taxable loss	**-**	-	**563.375**	77.003
Cash capital increase interest incentive	**-**	-	**103.788**	86.722
Provision for mine site rehabilitation	**22.439**	17.044	**5.610**	3.409
Provisions for employee benefits	**56.240**	79.292	**14.060**	15.858
Amortized cost method effects on receivables and payables	**11.313**	2.010	**2.828**	463
Impairment of inventories	**-**	30.132	**-**	6.026
Deferred tax assets	**2.728.473**	128.478	**1.349.281**	189.481
Tangible and intangible 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)

(All amounts expressed in thousands of Turkish Lira (“TL”) in terms of the purchasing power of the TL at December 31, 2023 unless otherwise indicated.)

24. Income taxes (including deferred tax assets and liabilities) (continued)

The recoverable amount of deferred tax assets, in whole or in part, has been estimated under current conditions. During the assessment, the 5-year projection prepared by the Company management as the foreseeable future and the timing of the recovery of taxable temporary differences have been taken into consideration. The Company has not recognized deferred tax for the portion that is not expected to be recoverable within a foreseeable period, after revisiting the deferred tax effects arising as of the reporting date from the carried forward fiscal losses that are anticipated to be available according to the financial profit projections prepared for the foreseeable future period, and the temporary differences resulting from inflation accounting in accordance with the provisions of the Tax Procedure Law.

As of the reporting dates, the maturity distribution and the estimated expiry of the carried fiscal 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 a deferred tax liability of TL 14.812 thousand, taking into account the closing periods of the taxable temporary differences arising from tangible fixed assets after index adjustments in the financial records based on TAS 29 and Tax Procedure Law, the taxable profit estimates in its 5-year projections, and the amounts of carried forward fiscal losses, as well as the related expiry periods listed in the table above.

Within the scope of the "Law Amending the Laws of Some Laws and Amendments to Laws" numbered 6637 published in the Commercial Gazette dated April 7, 2015, the capital increases of the capital companies as of July 1, 2015 and the cash contributions of the capital invested in newly established capital companies 50% of the amount calculated up to the end of the relevant accounting period will be deductible from the corporate tax base considering the weighted average annual interest rate applied to commercial loans. With the resolution numbered 2015/7910 published in the Commercial Gazette dated December 31, 2017, 50%.

a) For publicly traded capital companies whose shares are traded in the stock exchange, the nominal amount of the shares that are listed as shares in the stock exchange in the Central Registry Agency as of the last day of the year in which the deduction is utilized is 50% or less of the registered or registered capital registered in the trade register 25 points, 50 points for those who are above 50%.

b) If the capital raised in cash is to be used in investments of production and industrial facilities with investment incentive certificates and machinery and equipment investments belonging to these facilities and / or land and land investments allocated to the construction of these facilities, 25 points shall be added to the fixed investment amount stated in the investment incentive certificate the discount will be applied.

The right of using cash capital increase interest indefinitely has been limited for four periods starting first declaration of capital increase or the registration date of first establishment, with the Law No 7417 as of July 5, 2022. According to the same regulation and 15th article of the Tax Procedure Law, companies made capital increase and benefit tax advantages, could continue to benefit tax advantages for five periods regardless of the number of periods tax advantages used. If the Company could not benefit tax advantages due to lack of profit in the defined periods, cash capital increase incentives can be used after the five-year period is over. No time limit has been set in this regard.

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

24. Income taxes (including deferred tax assets and liabilities) (continued)

The movement of the deferred tax assets/ (liabilities), table of net balance as of follows:

	2023	2022
Opening balance, January 1	**(722.545)**	(625.319)
Recognized in statement of profit or loss	**842.107**	(79.788)
Charged to other comprehensive (loss) / income	**(134.374)**	(17.438)
December 31	**(14.812)**	(722.545)

Reconciliation between tax deductions on which the statutory tax rate before tax is applied and the tax deduction on the total income statement including deferred tax deductions:

	January 1 – December 31, 2023	January 1 – December 31, 2022
Pre-tax income from continuing operations	**30.406**	(130.291)
The current effective statutory tax rate	**%25**	%23
Calculated tax income (expense)	**(7.602)**	29.967
Cash capital increase interest incentive	**17.066**	(34.861)
The effect of non-deductible expense	**(88.589)**	(54.571)
Share of profit/loss of investments accounted under equity method	**-**	13.413
Effect of unrecognized tax losses	**245.170**	(144.221)
Effect of other adjustments	**13.878**	(3.019)
Deferred tax effect calculated from temporary differences arising from inflation accounting according to legal books (*)	**788.318**	-
Non-taxable montary gain / (loss) effect	**(126.134)**	113.504
Taxation income (expense) reported in the statement of profit or loss	**842.107**	(79.788)

(*) It consists of the deferred tax effect of temporary differences caused by the adjustments related to inflation accounting in conjunction with the communique numbered 32415 (2nd Duplicate) dated 30/12/2023 of the Tax Procedure Law.

25. Earnings / losses per share

	January 1 – December 31, 2023	January 1 – December 31, 2022
Weighted number of ordinary shares with a TL 0,01 par value	**40.000.000**	40.000.000
(Loss) / profit for the period (TL)	**872.513**	(210.079)
(Loss) / earnings per share (for the Group A and B shares with a par value of TL 1)	**2,18**	(0,53)

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

26. Related party disclosure

As of 31 December 2023, and 2022, balances due to and due to related parties and a summary of important transactions with related parties during the period are presented below:

As of December 31, 2023 detail of trade receivables from related parties are as follows:

		Receivables		**Payables**
		Short-term		**Short-term**
Balances with related parties	**Trade**	**Non-trade**	**Trade**	**Non-trade**
Batıçim 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**	**-**
Batıçim Enerji Toptan Satış A.Ş. (2)	**-**	**3.850**	**39**	**-**
Batıliman Liman İşletmeleri A.Ş. (2)	**-**	**-**	**40.792**	**-**
	120.104	**5.592**	**125.440**	**900.250**

(*) The non-trade debts, which are in the nature of financing obtained from Batıçim, are non-maturing, are subject to review every 3 months and interest accrues at the market interest rate.

As of December 31, 2022 detail of trade receivables from related parties are as follows:

		Receivables		Payables
		Short-term		Short-term
Balances with related parties	Trade	Non-trade	Trade	Non-trade
Batıçim Batı Anadolu Çimento Sanayii A.Ş. (1)	37.848	-	-	-
Batıbeton Sanayi A.Ş.(2)	112.628	-	33.945	-
Batıçim Enerji Toptan Satış A.Ş. (2)	-	7.126	-	-
Batıliman Liman İşletmeleri A.Ş. (2)	-	-	11.157	-
	150.476	7.126	45.102	-

(1) Ultimate shareholder
(2) The other companies controlled by ultimate shareholder

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

26. Related party disclosure (continued)

	January 1 – December 31, 2023		
Transactions with related parties	**Inventory or service purchases**	**Sales of goods**	**Other**
Batıbeton Sanayi A.Ş.(2)	**862**	**307.206**	**1.000**
Batıçim Batı Anadolu Çimento Sanayii A.Ş. (1) (*)	**50.952**	**232.515**	**(145.285)**
Batıçim Enerji Toptan Satış A.Ş. (2)	**9.260**	**-**	**-**
Batıliman Liman İşletmeleri A.Ş. (**) (2)	**151.416**	**-**	**-**
	212.490	**539.721**	**(144.285)**

(*) Consists of the company's export registered sales. Other expenses occurred consist of from interest expenses.
(**) Consists of port service expenses received from Batıliman in the current period.

	January 1 – December 31, 2022		
Transactions with related parties	Inventory or service purchases	Sales of goods	Other
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)
Batıliman Liman İşletmeleri A.Ş. (**) (2)	62.105	-	-
	122.027	1.594.662	(45.888)

(*) Consists of the company's export registered sales. Other income mainly consists of profit reported under investment activities arising from share transfer and interest expenses arising from non-commercial borrowings, details of which are disclosed in Note 5 in the current period.
(**) Consists of port service expenses received from Batıliman in the current period.

(1) Ultimate shareholder
(2) The other companies controlled by ultimate shareholder

Compensation of key management personnel:

Benefits to key management personnel are wages, premiums, health insurance, transportation and etc. Benefits to the key management personnel during the period is as follows:

	December 31, 2023	December 31, 2022
Wages, premiums, social relief benefits	**1.178**	2.836
Seniority incentives, performance premium and other relief and payments	**675**	-
	1.853	2.836

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

27. Nature and level of risks arising from financial instruments

a) Credit risk:

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

Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable and, where appropriate, credit guarantee insurance cover is purchased.

Allowances for doubtful receivables are recognized against financial assets based on estimated irrecoverable amounts determined by reference to past experience.

Details of credit risk of the Company as of December 31, 2023 and 2022 are as follows:

December 31, 2023

	Receivables					
	Trade receivables		Other receivables			
	Related parties	Third parties	Related parties	Third parties	Deposit in banks	Total
Maximum credit risk exposure as of reporting date (A+B+C+D+E) (*)	**120.104**	**526.257**	**5.592**	**3.548**	**21.078**	**676.579**
- Maximum risk secured by guarantee (**)	**-**	**221.836**	**-**	**-**	**-**	**221.836**
A. Net book value of financial assets neither overdue nor impaired	**120.104**	**470.794**	**5.592**	**3.548**	**21.078**	**621.116**
B. Net book value of financial assets of which conditions are negotiated, otherwise considered as impaired or overdue	**-**	**-**	**-**	**-**	**-**	**-**
C. Net book value of assets overdue but not impaired	**-**	**55.463**	**-**	**-**	**-**	**55.463**
D. Net book value of impaired assets						
- Overdue (gross book value)	**-**	**51**	-	-	-	51
- Impairment (-)	**-**	**(51)**	-	-	-	(51)
E. Off-balance sheet items having credit risk	**-**	**-**	-	-	-	-

(*) In determining the credit amounts, factors that increase credit reliability, i.e. the guarantees received, are not taken into consideration.
(**) Guarantees consists of guarantee notes, guarantee cheques and mortgages obtained from the customers.

(All amounts expressed in thousands of Turkish Lira (“TL”) in terms of the purchasing power of the TL at December 31, 2023 unless otherwise indicated.)

27. Nature and level of risks arising from financial instruments (continued)

December 31, 2022

	Receivables					
	Trade receivables		Other receivables			
	Related parties	Third parties	Related parties	Third parties	Deposit in banks	Total
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
- Maximum risk secured by guarantee (**)	-	189.677	-	-	-	189.677
A. Net book value of financial assets neither overdue nor impaired	150.476	286.311	7.126	2.098	66.632	512.643
B. Net book value of financial assets of which conditions are negotiated, otherwise considered as impaired or overdue	-	-	-	-	-	-
C. Net book value of assets overdue but not impaired	-	-	-	-	-	-
D. Net book value of impaired assets						
- Overdue (gross book value)	-	84	-	-	-	84
- Impairment (-)	-	(84)	-	-	-	(84)
E. Off-balance sheet items having credit risk	-	-	-	-	-	-

(*) In determining the credit amounts, factors that increase credit reliability, i.e. the guarantees received, are not taken into consideration.
(**) Guarantees consists of guarantee notes, guarantee cheques and mortgages obtained from the customers.

(All amounts expressed in thousands of Turkish Lira (“TL”) in terms of the purchasing power of the TL at December 31, 2023 unless otherwise indicated.)

27. Nature and level of risks arising from financial instruments (continued)

b) Liquidity risk:

Ultimate responsibility for liquidity risk management rests with the board of directors, which has built an appropriate liquidity risk management framework for the management of the Company’s short, medium and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The following tables detail the Company’s remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The table includes both interest and principal cash flows.

December 31, 2023

Contractual terms	**Book value**	**Total contractual cash outflows (I+II+III)**	**Up to 3 months (I)**	**3 - 12 months (II)**	**1 – 5 years (III)**	**More than 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**
Lease liabilities	**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 other 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 explained in Note 2.1, it will be subject to the capital increase that the Company plans to complete in 2024.

December 31, 2022

Contractual terms	Book value	Total contractual cash outflows (I+II+III)	Up to 3 months (I)	3 - 12 months (II)	1 – 5 years (III)	More than 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
Lease liabilities	994	1.200	272	677	251	-
Trade payables	1.101.605	1.106.520	1.106.520	-	-	-
Other payables to third 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

c) Market risk:

<u>Foreign currency risk management</u>

The Company carries foreign exchange risk due to its assets and liabilities denominated in USD and Euro. The following table details the Company’s sensitivity to every 10% increase and decrease in the US Dollars, Euro. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management’s assessment of the possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. The sensitivity analysis includes external loans as well as loans to foreign operations within the Company where the denomination of the loan is in a currency other than the currency of the lender or the borrower. A positive number indicates an increase in profit or loss and other equity where the TL strengthens against the relevant currency.

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

27. Nature and level of risks arising from financial instruments (continued)

	December 31, 2023			December 31, 2022		
	TL Equivalent	USD Dollars	Euro	TL Equivalent	US Dollars	Euro
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. Non-current 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 liabilities	793.271	26.898	-	524.723	17.031	-
12a. Monetary other liabilities	-	-	-	-	-	-
12b. Non-monetary other 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 liabilities	2.399.386	81.359	-	2.822.334	91.605	-
16a. Monetary other liabilities	-	-	-	-	-	-
16b. Non-monetary other 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 (19a- 19b)	-	-	-	-	-	-
19a. Off-balance sheet foreign currency derivative assets	-	-	-	-	-	-
19b. Off-balance sheet foreign currency derivative assets	-	-	-	-	-	-
20. Net foreign currency asset/(liability) position (9-18+19)	(3.341.385)	(111.893)	(1.260)	(4.023.237)	(128.526)	(1.929)
21. Net foreign currency asset/(liability) (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 currency hedging	-	-	-	-	-	-
23. Amount of hedged portion of foreign currency assets	-	-	-	-	-	-
24. Amount of hedged portion of foreign currency liabilities	-	-	-	-	-	-
25. Export	1.265.895	42.754	-	442.229	14.157	-
26. Import	527.513	17.908	-	495.700	13.866	2.256

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

27. Nature and level of risks arising from financial instruments (continued)

Table of foreign currency sensitivity analysis

		December 31, 2023
		Pre-tax profit (loss) effect
	Foreign currency appreciation	**Foreign currency depreciation**
Increase of US Dollars by 10% against TL		
1 - US Dollars net assets/liabilities	**(329.989)**	**329.989**
2- Amount hedged from US Dollars risk (-)	**-**	**-**
3- US Dollars net effect (1 +2)	**(329.989)**	**329.989**
Increase of Euro by 10% against TL		
4 - Euro net assets/liabilities	**(4.114)**	**4.114**
5 - Amount hedged from Euro risk (-)	**-**	**-**
6- Euro net effect (4+5)	**(4.114)**	**4.114**
Total (3 + 6)	**(334.103)**	**334.103**

		December 31,2022
		Pre-tax profit (loss) effect
	Foreign currency appreciation	Foreign currency depreciation
Increase of US Dollars by 10% against TL		
1 - US Dollars net assets/liabilities	(396.699)	396.699
2- Amount hedged from US Dollars risk (-)	-	-
3- US Dollars net effect (1 +2)	(396.699)	396.699
Increase of Euro by 10% against TL		
4 - Euro net assets/liabilities	(6.348)	6.348
5 - Amount hedged from Euro risk (-)	-	-
6- Euro net effect (4+5)	(6.348)	6.348
Total (3 + 6)	(403.767)	403.047

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

27. Nature and level of risks arising from financial instruments (continued)

Interest rate risk

Company is exposed to interest rate risk as entities in the Company borrow funds at both fixed and floating interest rates. The risk is managed by the company. Hedging activities are evaluated regularly to align with interest rate views and defined risk appetite; ensuring optimal hedging strategies are applied, by either positioning the statement of financial position or protecting interest expense through different interest rate cycles.

As of December 31, 2023, and 2022 table of sensitivity analysis for foreign currency risk is as follows:

	2023	2022
Fixed rate instruments		
Financial assets	**10.002**	45.403
Financial liabilities	**240.215**	675.982
Floating rate instruments		
Financial liabilities	**2.954.680**	3.163.149

As of December 31, 2023, the effect of +100 / -100 basis point change in the interest rates of floating rate loans on the Company's financial expenses will be an increase of TL 753 thousand / a decrease of TL (754) thousand, respectively.

d) Capital risk management

The Company manages its capital to ensure that it will be able to continue as going concerns while maximizing the return to stakeholders through the optimization of the debt and equity balance.

The capital structure of the Company includes loans disclosed in Note 6, cash and cash equivalents, comprising issued capital, reserves and equity items include retained earnings.

The Company's board of directors review the capital structure semi-annually. The Company management considers the cost of capital and the risks associated with each class of capital. The management of the Company aims to balance its overall capital structure through new share issues, and by issue of new debt or the redemption of existing debt.

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

	December 31, 2023	December 31, 2022
Total financial liabilities	**3.194.895**	3.839.131
Cash and cash equivalents (-)	**(21.082)**	(66.642)
Net financial liabilities	**3.173.813**	3.772.489
Total capital	**3.803.474**	2.511.408
Net financial liabilities / total equity ratio	**0,834**	1,502

28. Fair value disclosures

Fair value is the amount for which an asset could be exchanged or a liability settled in an arm's length transaction between knowledgeable willing parties, other than in a forced sale or liquidation, and is best evidenced by a quoted market price, where one exists.

Financial instruments

The estimated fair values of financial instruments have been determined by the Company, using available market information and appropriate valuation methodologies. However, judgment is necessarily required to interpret market data to estimate the fair value. Accordingly, the estimates presented herein are not necessarily indicative of the amounts the Company could realize in a current market transaction.

Following methods and assumptions were used to estimate the fair value of the financial instruments for which is practicable to estimate fair value:

Financial assets

The carrying amounts of foreign currency denominated monetary assets which are translated at year end exchange rates are considered to approximate their fair values. Cash and cash equivalents are measured at fair value. Trade receivables and receivables from related parties are carried at their amortized cost and considered to approximate their respective carrying values. Financial investments registered in the stock exchange are accounted at their fair values determined according to the Borsa İstanbul market data as of the reporting date.

Financial liabilities

Trade payables and receivables, payables to related parties and other monetary liabilities are estimated to be presented with their discounted carrying amounts and they are considered to approximate to their fair values and the fair values of balances denominated in foreign currencies, which are translated at year-end exchange rates, are considered to approximate carrying values

The fair values of short-term bank loans and other monetary liabilities are estimated to approximate their carrying values due to their short-term nature. Since long-term floating rate bank loans are updated with regard to the changing market conditions, it is considered that the fair value of these loans represents the value they bear. When the long-term fixed interest rate borrowings are valued at the fixed interest rate as of the balance sheet date, fair value is found to be close to the carrying value.

Fair value levels

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

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

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

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

28. Fair value disclosures (continued)

Non-financial assets

Real estate appraisal reports prepared by a real estate appraisal company authorized by the CMB are used to determine the fair values of land measured at fair value, determine the fair values of machinery and equipment at market approach and fair value approach on the financial statements.

It is defined as the determination of the value of the real estate to be appraised, using the appropriate comparison criteria, by applying the necessary adjustments on the sales prices of the real estate that has been recently sold and similar to the real estate to be appraised, again according to these criteria. Those comparable to the real estate in question are analysed by comparing them in order of priority in terms of property rights, financing, sales conditions, after-sales expenditures, market conditions, location and physical characteristics. Quantitative and qualitative techniques are applied in the corrections to be made. In the case of sufficient and reliable data, it can be applied in the valuation of all types of real estate, and in the case of data, it is accepted as the most appropriate approach to determine the value.

In the revaluation of the company's machinery and equipment value appraisal was made using the "market approach" and "cost approach" method. In the market approach method, after it is concluded that there is sufficient sales data for the assets, the value is appraised by comparing the sales of similar assets in the market or by comparing the prices requested and the offers. Market research was conducted on other items, and current and second-hand values were checked. Subsequently, market research was conducted on other items to check their current values and second-hand values. The reliability of the information provided by third parties was confirmed by the valuation expert through verification from different sources and by conducting sectoral research.

In the cost approach method, the actual costs incurred by the business in purchasing or constructing the assets are accepted as the substitute value. From this value, the remaining value is appraised as the fair value after estimating the value losses (depreciations) due to physical wear and tear, and functional and economic obsolescence.

December 31, 2023	**Fair value level as of reporting date**		
	Level 1	**Level 2**	**Level 3**
	TL	**TL**	**TL**
Land	**-**	**2.069.940**	**-**
Machinery and equipment	**-**	**2.645.940**	**-**
	-	**4.715.880**	**-**

The real estate valuation reports prepared by the real estate appraisal company authorized by the CMB have been taken as basis in the determination of the fair values of the lands and lands, which are measured with their fair value in accordance with the revaluation model in the financial statements, and the relevant study has been updated as of 31 December 2023.

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

			December 31, 2023	
	Valuation method	**Significant unobservable expenses**	**Data range**	**Weighted average**
Tangible assets				
Land	Market Approach	Precedent selling price – (TL/m^2)	80–4.257	1.831

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

29. Fees for services received from independent auditor/independent audit firm

The Company's explanation regarding the fees for services rendered by independent audit firms, which is prepared by the KGK pursuant to the Board Decision published in the Official Gazette on March 30, 2021, and the preparation principles of which are based on the letter of the POA dated August 19, 2023 are 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. Subsequent events

The increase in the registered capital of the company from TL 800.000.000 to TL 2.000.000.000, as approved by the Capital Markets Boards and the General Directorate of Domestic Trade of the Ministry of Commerce of the Republic of Turkey, was registered by the İzmir Trade Registry Directorate on January 16, 2024.

With the decision of the board of directors of the Company dated 26.01.2024 and numbered 710, the Company's issued capital of TL 400.000.000 will be increased by TL 1.200.000.000 (300%) in total to TL 1.600.000.000, within the registered capital ceiling of TL 2.000.000.000, of which TL 304.517.841,66 will be offset against the Company's debts to Batıçim Batı Anadolu Çimento A.Ş. due to the amounts transferred in cash to the Company by the Company's main partner Batıçim Batı Anadolu Çimento Sanayii A.Ş. An application was made for the purpose.

The new term Group Collective Labor Agreement negotiations between the Cement Industry Employers Union (ÇEİS) and T. Çimse Labor Union, of which the Company is a member, have been concluded with a 2-year agreement, effective as of January 1, 2024.

31. Disclosure of other matters

Convenience translation into English:

As of December 31, 2023, the accounting principles described in Note 2 (defined as Turkish Accounting Standards/Turkish Financial Reporting Standards) to the accompanying financial statements differ from International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board with respect to the application of inflation accounting, certain reclassifications and also for certain disclosures requirement of the POA. Accordingly, the accompanying financial statements are not intended to present the financial position and results of operations in accordance with tFRS.