

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

Batisöke Söke Çimento Sanayii T.A.Ş.

**Financial statements for the period between
January 1 - December 31, 2024 and
independent auditors' report**

(CONVENIENCE TRANSLATION OF INDEPENDENT AUDITOR'S REPORT ORIGINALLY ISSUED IN TURKISH)

INDEPENDENT AUDITOR'S REPORT

To the General Assembly of Batisöke Söke Çimento Sanayii T.A.Ş.

A) Report on the Audit of the Financial Statements

1) Opinion

We have audited the financial statements of Batisöke Söke Çimento Sanayii T.A.Ş. ("the Company"), which comprise the statement of financial position as at 31 December 2024, and the statement of 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 31 December 2024, and its financial performance and its cash flows for the year then ended in accordance with Turkish Financial Reporting Standards (TFRS).

2) Basis for Opinion

We conducted our audit in accordance with the Standards on Independent Auditing (SIA) which is a part of Turkish Auditing Standards accepted by regulations of the Capital Markets Board and published by the Public Oversight Accounting and Auditing Standards Authority (POA). 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) published by the POA, together with the ethical requirements included in the regulations of the Capital Markets Board and other regulations that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

3) Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the 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 Matter	How the matter was addressed in the audit
<p>Accounting for Property, Plant and Equipment using Revaluation Method</p> <p>In the financial statements as at 31 December 2024, the Company measured the lands, machinery and equipment at their fair values based on the results of the valuation studies carried out by an independent valuation firm authorized by the CMB as of 31 December 2024 and the increase in value of the related assets amounting to TL 329.500 thousand, after tax effect, is recognized under the revaluation reserve related to property, plant and equipment accounts in other comprehensive income.</p> <p>The processes involved in the recognition of such transactions in the financial statements and the valuation of such transactions, which involve significant expertise, judgement and assumptions, are significant to our audit and have therefore been identified as a key audit matter.</p> <p>Detailed explanations related to property, plant and equipment are disclosed in Note 2 and Note 9.</p>	<p>During our audit, we performed the following audit procedures related to the measurement of property, plant and equipment in accordance with the revaluation model:</p> <ul style="list-style-type: none">• Regarding the revaluation of lands, machinery and equipment, we assessed the qualifications, competencies and impartiality of the real estate appraisers appointed by the management. In our audit, we assessed the appropriateness of the methods used by the valuation experts in the said valuation reports, which constitute the basis for the fair values of the related tangible fixed assets measured according to the revaluation model.• In order to check the conformity of the assumptions used by the independent valuation experts during the valuation with the market data, an external expert was included with the valuation experts of another organization. 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 fair value appraised by the valuation experts is within an acceptable range.• The appropriateness of the valuation method used has been checked by evaluating the related machinery, plant and equipment together with their intended use.• In addition, within the scope of the above-mentioned specific accounting, we have questioned the compliance of the information in the financial statements and explanatory notes in accordance with TAS 16.

4) Other Matters

The financial statements of Batisöke Söke Çimento Sanayii T.A.Ş. for the year ended 31 December 2023 were audited by another auditor who expressed an unmodified opinion on those statements on 4 April 2024.

5) 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.

6) Auditor's Responsibilities for the Audit of the Financial Statements

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

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 the regulations of the Capital Markets Board and SIA 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 the regulations of the Capital Markets Board and SIA, 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 up 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.

6) Auditor's Responsibilities for the Audit of the Financial Statements (cont'd)

- 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We 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

In accordance with paragraph four of the Article 398 of the Turkish Commercial Code No. 6102 ("TCC"), the auditor's report on the system and the committee of early detection of risk has been submitted to the Board of Directors of the Company on 4 April 2025.

In accordance with paragraph four of the Article 402 of TCC, nothing has come to our attention that may cause us to believe that the Company's set of accounts and financial statements prepared for the period 1 January – 31 December 2024 does not comply with TCC and the provisions of the Company's articles of association in relation to financial reporting.

In accordance with paragraph four of the Article 402 of TCC, the Board of Directors provided us all the required information and documentation with respect to our audit.

The engagement partner on the audit resulting in this independent auditor's report is Özgür Öney.

DRT BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş.
Member of **DELOITTE TOUCHE TOHMATSU LIMITED**



Özgür Öney
Partner

İzmir, 4 April 2025

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

Batısöke Söke Çimento Sanayii T.A.Ş.

Table of content

	<u>Page</u>
Statement of financial position	3 - 4
Statement of profit or loss and other comprehensive income	5
Statement of changes in equity	6
Statement of cash flows	7
Notes to the financial statements	8 - 58

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

Batisöke Söke Çimento Sanayii T.A.Ş.

Statement of financial position as at December 31, 2024

(All amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of the TL at December 31, 2024 unless otherwise indicated.)

		Current period	Prior period
		Audited	Audited
	Note	December 31, 2024	December 31, 2023
Assets			
Current Assets			
Cash and cash equivalents	3	32.532	30.437
Trade receivables			
- Trade receivables from related parties	5, 24	91.631	173.405
- Trade receivables from third parties	5	744.500	759.803
Other receivables			
- Other receivables from related parties	6,24	7.789	8.075
- Other receivables from third parties	6	110	5.122
Inventories	7	728.338	1.051.475
Prepaid expenses	8	45.591	68.608
Current income tax assets	22	724	342
Other current assets	13	216.720	198.148
Total current assets		1.867.935	2.295.415
Non-current assets			
Other receivables			
- Other receivables from third parties	6	688	1.306
Property, plant and equipment	9	10.551.775	10.432.430
Right-of-use assets	10	6.962	7.878
Intangible assets	10	2.231	2.823
Prepaid expenses	8	-	4.029
Deferred tax assets	22	342.935	-
Total non-current assets		10.904.591	10.448.466
Total assets		12.772.526	12.743.881

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

Batisöke Söke Çimento Sanayii T.A.Ş.

Statement of financial position as at December 31, 2024

(All amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of the TL at December 31, 2024 unless otherwise indicated.)

		Current period	Prior period
		Audited	Audited
	Note	December 31, 2024	December 31, 2023
Liabilities			
Current liabilities			
Short term borrowings	4	421.391	585.182
Current portion of long-term borrowings	4	350.595	560.134
Payables of liabilities	4	1.274	2.574
Trade payables			
- Trade payables to related parties	5, 24	160.586	181.109
- Trade payables to third parties	5	444.450	795.113
Payables related to employee benefits	12	15.139	18.754
Other payables			
- Other payables to related parties	6, 24	1.884.737	1.299.770
- Other payables to third parties	6	9.770	9.556
Contract liabilities	8	25.642	181.594
Short term provisions			
- Other short-term provisions		2.492	1.651
Other short-term liabilities	13	22.762	17.084
Total current liabilities		3.338.838	3.652.521
Non-current liabilities			
Long-term financial liabilities	4	1.720.928	3.464.204
Other financial liabilities	4	5.520	657
Long term provisions			
- Provisions for long-term employee benefits	12	60.150	81.200
- Other long-term provisions	11	32.008	32.397
Deferred tax liabilities	22	-	21.367
Total non-current liabilities		1.818.606	3.599.825
Total liabilities		5.157.444	7.252.346
Equity			
Share capital	14	1.600.000	400.000
Adjustment to share capital	14	5.638.711	5.322.529
Treasury shares (-)		(2.105)	(1.634)
Share premium	14	13.404	4.153
Other comprehensive income / expense not to be reclassified to profit or loss			
- Revaluation reserve related to tangible assets	14	1.074.490	744.990
- Actuarial (loss) on employee termination benefits	14	(55.703)	(74.040)
Restricted reserves		374.928	374.928
Accumulated losses		(1.279.391)	(2.539.252)
Net profit for the period		250.748	1.259.861
Total equity		7.615.082	5.491.535
Total liabilities and equity		12.772.526	12.743.881

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

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

Batisöke Söke Çimento Sanayii T.A.Ş.

Statement of profit or loss and other comprehensive income for the period ended December 31, 2024

(All amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of the TL at December 31, 2024 unless otherwise indicated.)

		Current period	Prior period
		Audited	Audited
		January 1 –	January 1 –
		December 31,	December 31,
Profit or loss section	Note	2024	2023
Revenue	15	4.272.310	5.951.416
Cost of sales	15	(4.092.447)	(5.118.008)
Gross profit		179.863	833.408
Gross profit		179.863	833.408
General administrative expenses	16	(144.429)	(178.586)
Marketing expenses	16	(465.771)	(370.510)
Other operating income	18	146.488	291.453
Other operating expenses	18	(146.337)	(693.076)
Operating profit (loss)		(430.186)	(117.311)
Income from investment activities	19	-	513
Operating profit before financing income (expense)		(430.186)	(116.798)
Financing income	20	25.225	87.938
Financing expenses	21	(1.497.237)	(3.127.921)
Net monetary gain (loss)	25	1.702.027	3.200.796
Profit (loss) before tax from continuing operations		(200.171)	44.015
Tax income			
Deferred tax income	22	450.919	1.215.846
Net profit from continuing operations		250.748	1.259.861
Earnings (loss) per share	23	0,1567	3,1497
Other comprehensive income			
Other comprehensive income (expense) not to be reclassified to profit or loss			
- Gain (loss) on revaluation of tangible assets	9	410.004	832.253
- Gain (loss) on revaluation of tangible assets, deferred tax effect	22	(80.504)	(202.132)
- Gain (loss) on remeasurement of defined benefit plans	12	24.450	(32.499)
- Gain (loss) on remeasurement of defined benefit plans, deferred tax effect	22	(6.113)	8.125
Other comprehensive income		347.837	605.747
Total comprehensive income		598.585	1.865.608

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

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

Batisöke Söke Çimento Sanayii T.A.Ş.

Statement of changes in equity for the year ended December 31, 2024

(All amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of the TL at December 31, 2024 unless otherwise indicated.)

					Other comprehensive income (loss) not to be reclassified to profit or loss			Accumulated profits/(loss)		
	Share capital	Share capital adjustment differences	Treasury shares	Share premiums	Revaluation reserve related to tangible assets	Actuarial gain/(loss) on employee termination benefits	Restricted Reserves	Retained Earnings/(Accumulated losses)	Net profit (loss) for the period	Total equity
Balance as of January 1, 2023	400.000	5.322.529	(1.634)	4.153	123.613	(49.666)	374.928	(2.644.346)	96.350	3.625.927
Transfers	-	-	-	-	(8.744)	-	-	105.094	(96.350)	-
Total comprehensive income (loss)	-	-	-	-	630.121	(24.374)	-	-	1.259.861	1.865.608
- Net profit (loss) for the period	-	-	-	-	-	-	-	-	1.259.861	1.259.861
- Other comprehensive income (loss)	-	-	-	-	630.121	(24.374)	-	-	-	605.747
Balance as of December 31, 2023	400.000	5.322.529	(1.634)	4.153	744.990	(74.040)	374.928	(2.539.252)	1.259.861	5.491.535
Balance as of January 1, 2024	400.000	5.322.529	(1.634)	4.153	744.990	(74.040)	374.928	(2.539.252)	1.259.861	5.491.535
Transfers	-	-	-	-	-	-	-	1.259.861	(1.259.861)	-
Total comprehensive income (loss)	-	-	-	-	329.500	18.337	-	-	250.748	598.585
- Net profit (loss) for the period	-	-	-	-	-	-	-	-	250.748	250.748
- Other comprehensive income (loss)	-	-	-	-	329.500	18.337	-	-	-	347.837
Capital increase	1.200.000	316.182	(471)	9.251	-	-	-	-	-	1.524.962
Balance as of December 31, 2024	1.600.000	5.638.711	(2.105)	13.404	1.074.490	(55.703)	374.928	(1.279.391)	250.748	7.615.082

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

Batisöke Söke Çimento Sanayii T.A.Ş.**Statement of cash flows for the year ended December 31, 2024**

(All amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of the TL at December 31, 2024 unless otherwise indicated.)

		Current period	Prior period
		Audited	Audited
		January 1, - December 31, 2024	January 1, - December 31, 2023
	Note		
A. Cash flows from operating activities		349.621	222.770
Net profit (loss)			
Net profit (loss) for the year from continued operations (I)		250.748	1.259.861
Adjustments related to reconciliation of net profit (loss) for the period: (II)		329.416	(298.157)
Adjustments for depreciation and amortization expenses	9, 10	520.598	457.992
Adjustments for impairments (reversals)			
- Adjustments for impairment of inventories	7	12.005	(43.503)
Adjustments for provisions			
- Adjustments for provision employment termination benefits	12	26.862	47.113
- Adjustments for lawsuit and/or penalty provisions (reversals)		1.349	1.652
- Adjustments for provision/other provisions	11	10.984	21.258
Adjustments related to interest (income) expenses			
- Adjustments related to interest income	20	(7.442)	(15.385)
- Adjustments related to interest expenses	21	813.765	869.110
- Deferred finance expense due to forward purchase	18	(26.817)	(106.692)
- Unearned finance income due to forward sales	18	9.540	99.341
Adjustments for unrealized foreign exchange (gain)/losses		666.165	2.240.354
Adjustment for (gain) / loss on sales of tangible and intangible assets, net	19	-	(513)
Adjustments for tax income/expense	22	(450.919)	(1.215.846)
Adjustments for monetary gain / (loss)		(1.246.674)	(2.653.038)
Changes in working capital (III)		(227.572)	(676.493)
Adjustments related to decrease (increase) in trade receivables		123.894	(401.922)
Adjustments related to decrease (increase) in other receivables from operations			
- Adjustments related to the decrease (increase) in other receivables from related parties		285	2.215
- Adjustments related to the decrease (increase) in other receivables from third parties		5.630	(2.570)
Adjustments related the decrease (increase) in inventories		172.570	15.905
Adjustments related to Increase/(decrease) in prepaid expenses		23.017	126.212
Change in deferred income		(155.952)	20.938
Adjustments for (decrease)/increase in trade payable		(380.726)	(507.571)
Increase in payables to employees		(3.616)	3.750
Adjustments related to increase (decrease) in other payables from operations			
- Adjustments related to the increase (decrease) in other payables to third parties		214	(5.583)
Adjustments related to increase (decrease) in working capital			
- Decrease (increase) in other assets from operations		(18.566)	67.100
- Increase (decrease) in other liabilities from operations		5.678	5.033
Cash flows from operating activities(I+II+III)		352.592	285.211
Employee termination benefits paid	12	(2.589)	(62.300)
Taxes refunded (paid)	22	(382)	(141)
B. Cash flows from investing activities		(78.897)	(113.798)
Proceeds from disposal of property, plant and equipment and intangible assets			
- Proceeds from disposal of property, plant and equipment		-	9.228
Payments for acquisition of property, plant and equipment and intangible assets			
- Payments for acquisition of property, plant and equipment	9	(82.872)	(106.083)
- Payments for acquisition of intangible assets	10	(54)	-
Cash advances given and liabilities	8	4.029	(16.943)
C. Cash flows from financing activities		(260.592)	(157.244)
Proceeds from borrowings			
- Proceeds from borrowings	4	762.309	933.650
Repayments of borrowings			
- Repayments of borrowings	4	(2.259.419)	(1.544.322)
Increase (decrease) in other liabilities from related parties		1.358.399	1.080.677
Interest received	20	7.442	15.385
Interest paid	4	(440.234)	(635.736)
Capital increase		304.518	-
Cash inflows from share issuance		8.780	-
Cash outflows related to lease obligations	4	(2.387)	(6.898)
D. Effect of monetary gain (loss) on cash and cash equivalents		(9.355)	(49.980)
E. Effect of exchange rate changes on cash and cash equivalents		1.318	32.472
Net increase (decrease) in cash and cash equivalents (A+B+C+D)		2.095	(65.780)
F. Cash and cash equivalents at the beginning of the period	3	30.437	96.217
Cash and cash equivalents at the end of the period (A+B+C+D+E)	3	32.532	30.437

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

Batisöke Söke Çimento Sanayii T.A.Ş.

Notes for the financial statements for the year ended December 31, 2024

(All amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of the TL at December 31, 2024 unless otherwise indicated.)

1. Organization and operations of the Company

Batisöke 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 İstanbul Anonim Şirketi ("Borsa İstanbul"). 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 14.

The Company's principal activities are production and marketing cement and clinker. As of December 31, 2024, the Company has 356 employees (December 31, 2023: 359).

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 June 13, 2013 which is published on Official Gazette numbered 28676. It was also presented in accordance with the TMS taxonomy published by the UPS on July 3, 2024.

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.

Functional and presentation currency

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.

Batisöke Söke Çimento Sanayii T.A.Ş.

Notes for the financial statements for the year ended December 31, 2024

(All amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of the TL at December 31, 2024 unless otherwise indicated.)

2. Presentation of the financial statements (continued)

2.1 Basis of presentation (continued)

Restatement of financial statements during the hyperinflationary periods

The financial statements and related amounts for previous periods have been restated for changes in the general purchasing power of the functional currency and, consequently, are expressed in terms of the measuring unit current at the end of the reporting period in accordance with TAS 29 "Financial Reporting in Hyperinflationary Economies".

TAS 29 applies to the financial statements, including the financial statements, of every entity whose functional currency is the currency of a hyperinflationary economy. If an economy is experiencing hyperinflation, TAS 29 requires an entity whose functional currency is the currency of a hyperinflationary economy to present its financial statements in terms of the measuring unit current at the end of the reporting period.

As of the reporting date, the cumulative change in the general purchasing power of the last three years according to the Consumer Price Index ("CPI") figure is above 100%. TAS 29 "Financial Reporting in Hyperinflationary Economies" for the reporting periods ending on or after December 31, 2023.

Within the scope of the Announcement on Inflation Adjustment of Financial Statements of Companies Subject to Independent Audit published by POA on November 23, 2023, it is stated that the financial statements of the companies applying Turkish Financial Reporting Standards for the annual reporting period ending on or after December 31, 2023 should be presented by adjusting them for the effects of inflation in accordance with the related accounting principles in TAS 29.

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

Accordingly, the financial statements as at December 31, 2024 have been adjusted for the effects of inflation in accordance with the accounting principles set out in TAS 29.

The table below sets out the inflation rates for the years then ended based on the Consumer Price Indices published by the Turkish Statistical Institute ("TURKSTAT"):

Year end	Index	Correction coefficient	Three-year cumulative inflation rates
31 December 2024	2.684,55	1,00000	%291
31 December 2023	1.859,38	1,44379	%268
31 December 2022	1.128,45	2,37897	%156

The main lines of TAS 29 indexation transactions are as follows:

- All items other than those expressed in terms of the current purchasing power at the reporting date are restated by applying the relevant adjustment factors. Prior year amounts are restated in the same way.
- Monetary assets and liabilities are not restated because they are expressed in terms of the current purchasing power at the statement of financial position date. Monetary items are cash and items to be received or paid in cash.

Batisöke Söke Çimento Sanayii T.A.Ş.

Notes for the financial statements for the year ended December 31, 2024

(All amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of the TL at December 31, 2024 unless otherwise indicated.)

2. Presentation of the financial statements (continued)

2.1 Basis of presentation (continued)

- Fixed assets, associates and similar assets are restated at historical cost, but not exceeding their market value. Depreciation is similarly restated. Amounts included in equity have been restated by applying general price indices for the periods in which they were included in or arose within the Company.
- All items in the statement of profit or loss, except for those items in the statement of profit or loss that are affected by the indexation of non-monetary items in the statement of financial position, are restated by applying the same factors as when the income and expense items were first recognized in the financial statements.
- The gain or loss on the net monetary position arising from general inflation is the difference between the restatement adjustments to non-monetary assets, equity items and profit or loss statement accounts. These gains or losses on the net monetary position are included in profit or loss.
- The effect of inflation on the Company's net monetary asset position in the current period is recognized in the statement of profit or loss in the net monetary position gains/(losses) account (Note 25).

The effect of the application of TAS 29 "Financial Reporting in Hyperinflationary Economies" is summarized below:

Restatement of the Statement of Financial Position

Amounts in the statement of financial position that are not expressed in terms of the measuring unit current at the end of the reporting period are restated. Accordingly, monetary items are not restated because they are expressed in the currency of the reporting period. Non-monetary items are required to be restated unless they are expressed in terms of the currency in effect at the end of the reporting period.

The gain or loss on the net monetary position resulting from the restatement of non-monetary items is included in profit or loss and presented separately in the statement of profit or loss and other comprehensive income.

Restatement of the Statement of Profit or Loss

All items in the statement of profit or loss are expressed in terms of the measuring unit current at the end of the reporting period. Therefore, all amounts have been restated by applying changes in the monthly general price index.

Cost of inventories sold has been restated using the restated inventory balance.

Depreciation and amortization expenses are restated using the restated balances of property, plant and equipment, intangible assets and right-of-use assets.

Restatement of Statement of Cash Flows

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

Batisöke Söke Çimento Sanayii T.A.Ş.

Notes for the financial statements for the year ended December 31, 2024

(All amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of the TL at December 31, 2024 unless otherwise indicated.)

2. Presentation of the financial statements (continued)

2.1 Basis of presentation (continued)

Non-monetary items acquired or undertaken before January 1, 2005, the date on which the Turkish lira ceased to be designated as the currency of a hyperinflationary economy, and non-monetary items recognized or incurred before that date are restated for the changes in the CPI between January 1, 2005 and December 31, 2024.

In addition, on initial application of TAS 29, the provisions of the Standard are applied assuming that there will always be hyperinflation in the relevant economy. Therefore, the opening balance sheet as at January 1, 2022, which is the beginning of the earliest comparative period, has been adjusted for inflation to provide a basis for subsequent reporting periods. As of January 1, 2022, the inflation adjusted amount of retained earnings/accumulated losses in the statement of financial position as at January 1, 2022 is derived from the balance sheet equivalence that should exist after the inflation adjustment of the other items of the statement of financial position.

Going concern basis

The financial statements have been prepared on a going concern basis, which assumes that the Company will realize the benefits from its assets and settle its liabilities within one year from the reporting date and in the normal course of business.

As of December 31, 2024, the Company's current liabilities (TL 1.884.737 of which consists of non-trade payables to related parties) exceeded its current assets by TL 1.470.903 and its total shareholders' equity, including the net profit for the current year amounting to TL 250.748, reached TL 7.615.082. As explained in Note 29 Events after the balance sheet date, the Company's main shareholder Batıçım Batı Anadolu Çimento Sanayii A.Ş., As of December 31, 2024, the Company's main shareholder Batıçım Batı Anadolu Çimento Sanayii A.Ş., has announced that its receivables from the Company amounting to TL 2.099.979 TL of which TL 1.878.701 is from non-trade receivables to related parties as of December 31, 2024, to be used in the capital increase to be realized within the Company (capital increase through rights issue or allocated capital increase) and to be followed under equity as capital advance, to use all of the pre-emptive rights within the scope of the shares it owns in the capital increase and to purchase all the shares issued through allocated sales method in case of allocated capital increase or allocated capital increase. With the notification, the aforementioned amount has been taken under equity as capital advance in the Company's records in 2025. After this transaction, the Company's current assets will be higher than its current liabilities by TL 407.798.

The measures taken by the Company in 2024 in order to ensure the sustainable continuity of the significant amount of cash flow obtained in 2024 with the total equity that has increased to a positive level as a result of the application of TAS 29 inflation accounting, which came into force in 2023, and the business plans for the future period are given below.

- For Batılman Liman İşletmeleri A.Ş., a Group company, as previously announced to the public, the process of public offering of its shares through capital increase and/or shareholder sale method has been initiated, and within the framework of the cash flow to be generated after these transactions, it is evaluated to use a portion of the cash flow within the framework of the above-mentioned purpose for the early repayment of Batisöke's existing refinancing loan or other loans. By reducing the loan debt, it is aimed to reduce the foreign exchange difference and interest expenses that may arise from foreign currency in the future. In Batisöke, it is aimed to gradually reduce the refinancing loan balance and improve the interest rate.

- As a requirement of the refinancing agreement, 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, excluding the energy segment, prepared for Batıçım Group by independent expert institutions appointed by the lenders as a requirement of the refinancing agreement, and the aforementioned non-operating cash flows to be generated, will be sufficient to fulfill short-term liabilities and reduce the refinancing loan before maturity.

Batisöke Söke Çimento Sanayii T.A.Ş.

Notes for the financial statements for the year ended December 31, 2024

(All amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of the TL at December 31, 2024 unless otherwise indicated.)

2. Presentation of the financial statements (continued)

2.1 Basis of presentation (continued)

- The parent company Batıçim Management has made the principal and current period interest payments on time regarding the refinancing loan signed to cover the financial borrowings of Batisöke, a subsidiary, and has also preferred to make early loan repayments before the maturity date regarding the refinancing loan.

Finally, as of the date of approval of the financial statements, Batıçim, the main shareholder of the Company, has declared that they will provide the necessary financial and operational support to meet the short-term liabilities in case of need and that they have the necessary and sufficient financial resources to provide this support as of the date of signature of the letter of support dated April 4, 2025.

Within the framework of all these evaluations, the financial statements of the Company as of December 31, 2024 have been prepared in accordance with the going concern principle.

Approval of the financial statements

The financial statements have been approved by the Board of Directors and authorized for issue on 4 April 2025. The General Assembly has the authority to amend the 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, 2024 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, 2024 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 December 31, 2024 are as follows:

Amendments to TAS 1	<i>Classification of Liabilities as Current or Non-Current⁽¹⁾</i>
Amendments to TFRS 16	<i>Lease Liability in a Sale and Leaseback⁽¹⁾</i>
Amendments to TAS 1	<i>Non-current Liabilities with Covenants⁽¹⁾</i>
Amendments to TAS 7 and TFRS 7	<i>Supplier Finance Arrangements⁽¹⁾</i>
TSRS 1	<i>General Requirements for Disclosure of Sustainability-related Financial Information⁽¹⁾</i>
TSRS 2	<i>Climate-related Disclosures⁽¹⁾</i>

(1) It is valid for accounting periods starting after January 1, 2024.

Batisöke Söke Çimento Sanayii T.A.Ş.

Notes for the financial statements for the year ended December 31, 2024

(All amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of the TL at December 31, 2024 unless otherwise indicated.)

2. Presentation of the financial statements (continued)

2.2 Changes in accounting policies and reporting standards (continued)

Since the Company meets the criteria specified in the Board's decision, it is within the scope of the application. For companies in scope, there is no obligation to present comparative information in the first reporting period and the sustainability report of the first year can be published after the financial reports of that period. The Company's fully TSRS compliant report is expected to be published in August 2025, as it is required to be disclosed no later than nine months in 2025.

The Company has applied the above new standards and amendments and these new standards and amendments do not have a significant impact on the current period and comparative prior periods. Therefore, prior period comparative financial statements have not been restated in accordance with the materiality principle.

ii) Standards issued but not yet effective and not early adopted as of 31, 2024 are as follows

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.

TFRS 17	<i>Insurance Contracts⁽²⁾</i>
Amendments to TFRS 17	<i>Initial Application of TFRS 17 and TFRS 9 — Comparative Information⁽¹⁾</i>
Amendments to TAS 21	<i>Lack of Exchangeability⁽¹⁾</i>

⁽¹⁾ It is valid for accounting periods starting after January 1, 2025

⁽²⁾ It is valid for accounting periods starting after January 1, 2026

The Company will evaluate the effects of the above amendments on its operations and will apply them from the effective date. The Company is in the process of assessing the impact of the adoption of the above standards and interpretations on the financial statements of the Company in future periods.

2.3 Comparative information and restatement of previous year financial statements

The financial statements are prepared comparatively with the prior period in order to determine the trends in the Company's financial position, performance and cash flows. When the presentation or classification of items in the financial statements is changed, prior period financial statements are reclassified accordingly to ensure comparability and disclosures are made regarding these matters. The accounting policies adopted in preparation of the financial statements are the same as those adopted in the most recent annual financial statements.

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.

Batisöke Söke Çimento Sanayii T.A.Ş.

Notes for the financial statements for the year ended December 31, 2024

(All amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of the TL at December 31, 2024 unless otherwise indicated.)

2. Presentation of the financial statements (continued)

2.4 Summary of important accounting policies (continued)

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.

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).

Batisöke Söke Çimento Sanayii T.A.Ş.

Notes for the financial statements for the year ended December 31, 2024

(All amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of the TL at December 31, 2024 unless otherwise indicated.)

2. Presentation of the financial statements (continued)

2.4 Summary of important accounting policies (continued)

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.

Inventories

Inventories are stated at the lower of cost which is expressed in terms of purchasing power of TL at December 31, 2024 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, 2024. 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,

Batisöke Söke Çimento Sanayii T.A.Ş.

Notes for the financial statements for the year ended December 31, 2024

(All amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of the TL at December 31, 2024 unless otherwise indicated.)

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, 2024, 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, 2024 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, 2024 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.

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.

Batisöke Söke Çimento Sanayii T.A.Ş.

Notes for the financial statements for the year ended December 31, 2024

(All amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of the TL at December 31, 2024 unless otherwise indicated.)

2. Presentation of the financial statements (continued)

2.4 Summary of important accounting policies (continued)

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, 2024 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.

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.

Batisöke Söke Çimento Sanayii T.A.Ş.

Notes for the financial statements for the year ended December 31, 2024

(All amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of the TL at December 31, 2024 unless otherwise indicated.)

2. Presentation of the financial statements (continued)

2.4 Summary of important accounting policies (continued)

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

Borrowing costs directly attributable to the acquisition, construction, or production of qualifying assets, which are 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.

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.

Batisöke Söke Çimento Sanayii T.A.Ş.

Notes for the financial statements for the year ended December 31, 2024

(All amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of the TL at December 31, 2024 unless otherwise indicated.)

2. Presentation of the financial statements (continued)

2.4 Summary of important accounting policies (continued)

Financial Instruments

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

A financial asset is any asset that is:

- Cash 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.

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.

Batisöke Söke Çimento Sanayii T.A.Ş.

Notes for the financial statements for the year ended December 31, 2024

(All amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of the TL at December 31, 2024 unless otherwise indicated.)

2. Presentation of the financial statements (continued)

2.4 Summary of important accounting policies (continued)

"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

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).

Batisöke Söke Çimento Sanayii T.A.Ş.

Notes for the financial statements for the year ended December 31, 2024

(All amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of the TL at December 31, 2024 unless otherwise indicated.)

2. Presentation of the financial statements (continued)

2.4 Summary of important accounting policies (continued)

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.

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.

Batisöke Söke Çimento Sanayii T.A.Ş.

Notes for the financial statements for the year ended December 31, 2024

(All amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of the TL at December 31, 2024 unless otherwise indicated.)

2. Presentation of the financial statements (continued)

2.4 Summary of important accounting policies (continued)

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.

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.

Taxes calculated on the basis of the company's earnings

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.

Batisöke Söke Çimento Sanayii T.A.Ş.

Notes for the financial statements for the year ended December 31, 2024

(All amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of the TL at December 31, 2024 unless otherwise indicated.)

2. Presentation of the financial statements (continued)

2.4 Summary of important accounting policies (continued)

The corporate tax rate in Turkey is 25% (25% was applied for the corporate earnings of the institutions for the 2023 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.

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. As of December 31, 2024 and 2023, provision for taxes has been provided in accordance with applicable tax legislation.

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 2024.

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.

Batisöke Söke Çimento Sanayii T.A.Ş.

Notes for the financial statements for the year ended December 31, 2024

(All amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of the TL at December 31, 2024 unless otherwise indicated.)

2. Presentation of the financial statements (continued)

2.4 Summary of important accounting policies (continued)

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.

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.

Batisöke Söke Çimento Sanayii T.A.Ş.

Notes for the financial statements for the year ended December 31, 2024

(All amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of the TL at December 31, 2024 unless otherwise indicated.)

2. Presentation of the financial statements (continued)

2.4 Summary of important accounting policies (continued)

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.

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, 2024, and the financial statements prepared in accordance with TAS 29 under TFRS.

Batisöke Söke Çimento Sanayii T.A.Ş.

Notes for the financial statements for the year ended December 31, 2024

(All amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of the TL at December 31, 2024 unless otherwise indicated.)

2. Presentation of the financial statements (continued)

2.5 Significant judgments, assumptions and estimates (continued)

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 22).

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, 2024, 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 9 and 27).

Useful lives 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 11. 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 11).

Batisöke Söke Çimento Sanayii T.A.Ş.

Notes for the financial statements for the year ended December 31, 2024

(All amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of the TL at December 31, 2024 unless otherwise indicated.)

2. Presentation of the financial statements (continued)

2.5 Significant judgments, assumptions and estimates (continued)

Provisions for severance and severance incentive compensation

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 12.

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 15. Therefore, no performance measure other than revenue can be disclosed for geographical segments.

3. Cash and cash equivalents

	December 31, 2024	December 31, 2023
Cash	4	6
Cash at banks		
- Demand deposits	18.066	15.990
- Time deposits	14.462	14.441
Cash and cash equivalents	32.532	30.437

As of December 31, 2024 and 2023 details of the time deposits, those maturity is less than 3 months are as follows:

Currency	Interest rate (%)	Maturity date	Original currency	December 31, 2024
TL	46,5 – 48,5	January 2025	14.462	14.462
				14.462

Currency	Interest rate (%)	Maturity date	Original currency	December 31, 2023
TL	25 - 40	January 2024	14.441	14.441
				14.441

4. Financial Liabilities

	December 31, 2024	December 31, 2023
Short term borrowings	231.044	256.914
Current portion of long-term bank loans	350.595	560.134
Current portion of long-term lease liabilities	1.274	2.574
Long-term bank loans	1.720.928	3.464.204
Long-term lease liabilities	5.520	657
Letter of credit liabilities	190.347	328.268
	2.499.708	4.612.751

Batisöke Söke Çimento Sanayii T.A.Ş.**Notes for the financial statements for the year ended December 31, 2024**

(All amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of the TL at December 31, 2024 unless otherwise indicated.)

4. Financial Liabilities (continued)

				December 31, 2024
Currency	Interest type	Nominal interest rate	Original amount	TL Equivalent
Short term borrowings				
US Dollar	Fixed	% 8,5 - 9,5	5.952	209.610
TL	Fixed	%50	21.434	21.434
Current portion of long-term bank loans				
US Dollar	Floating	SOFR 6M + %5,75	1.609	56.687
US Dollar	Floating	SOFR 6M + %3,25	662	23.327
US Dollar	Floating	6M SOFR + %7,93	7.682	270.581
Long term borrowings				
US Dollar	Fixed	%8,75	1.386	48.817
US Dollar	Floating	SOFR 6M + %3,25	441	15.520
US Dollar	Floating	6M SOFR + %7,93	47.032	1.656.591
Letter of credit borrowings				
US Dollar	Fixed	%7,18 - %7,71	5.404	190.347
				2.492.914
				December 31, 2023
Currency	Interest type	Nominal interest rate	Original amount	TL Equivalent
Short term borrowings				
US Dollar	Fixed	%10,75 - %11,5	6.034	256.913
Current portion of long-term bank loans				
US Dollar	Floating	6M Libor+%5,75	1.664	70.873
US Dollar	Floating	6M Libor+%7,5	11.211	477.342
US Dollar	Fixed	%8,75	280	11.919
Long term borrowings				
US Dollar	Floating	6M Libor+%5,75	1.550	65.998
US Dollar	Floating	6M Libor+%7,5	78.053	3.323.451
US Dollar	Fixed	%8,75	1.756	74.756
Current portion of long-term bank loans				
US Dollar	Fixed	%7,07	7.710	328.268
				4.609.520

The payment schedules of long-term bank borrowings as of December 31, 2024 and 2023 are as follows:

	December 31, 2024	December 31, 2023
Between 1-2 years	298.230	313.354
Between 2-3 years	283.366	484.746
Between 3-4 years	279.244	484.746
Between 4-5 years	287.489	484.746
5 years and longer	572.599	1.696.612
	1.720.928	3.464.204

Batisöke Söke Çimento Sanayii T.A.Ş.

Notes for the financial statements for the year ended December 31, 2024

(All amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of the TL at December 31, 2024 unless otherwise indicated.)

4. Financial Liabilities (continued)

The liquidity and currency risks that the Company is exposed to regarding its financial debts are explained in Note 25.

As of December 31, 2024 and 2023, financial liabilities movement tables are as follows:

	2024	2023
Opening balance, January 1	4.612.751	5.542.890
New borrowings obtained	762.309	933.650
Principal payments	(2.259.419)	(1.544.322)
Change in interest accruals	(11.546)	14.281
Exchange rate difference	667.483	2.230.320
Cash outflows related to lease obligations	(2.387)	(6.898)
Payables arising from new leases	6.943	8.142
Monetary loss / (gain)	(1.276.426)	(2.565.312)
Closing balance, December 31	2.499.708	4.612.751

5. Trade receivables and payables

a) Short term trade receivables

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

	December 31, 2024	December 31, 2023
Trade receivables, net	547.391	587.509
Cheques and notes receivables	197.109	172.294
Trade receivables from related parties (Note 24)	91.631	173.405
	836.131	933.208

The average maturity period for trade receivables is 1-2 months (December 31, 2023: 1-2 months).

There are doubtful trade receivables of the Company at amount of thousand TL 1.928 as of December 31, 2024 (December 31, 2023: thousand 2.509 TL). As of December 31, 2024, overdue trade receivables in the range of 0-30 days amounting to TL 100.551 (December 31, 2023: TL 80.077).

The Company's credit risk of receivables and guarantee letters received are explained in Note 11 and 25.

b) Short term trade payables

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

	December 31, 2024	December 31, 2023
Trade payables, net	444.450	795.113
Trade payables to related parties (Note 24)	160.586	181.109
	605.036	976.222

As of December 31, 2024 trade payable amounting to USD 5.561 thousand equivalent to TL 195.871 thousand is comprised of letters of credit issued for the purchase of raw materials (December 31, 2023: USD 8.291 thousand and EUR 1.771 thousand equivalent to TL 447.579 thousand).

The average maturity period of trade payables is 1-2 months (December 31, 2023: 1-2 months).

Batisöke Söke Çimento Sanayii T.A.Ş.

Notes for the financial statements for the year ended December 31, 2024

(All amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of the TL at December 31, 2024 unless otherwise indicated.)

6. Other receivables and payables

a) Other short-term receivables

	December 31, 2024	December 31, 2023
Other receivables from related parties (Note 24)	7.789	8.075
Other receivables	110	5.122
	7.899	13.197

b) Other long-term receivables

	December 31, 2024	December 31, 2023
Deposits and guarantees given	688	1.306
	688	1.306

c) Other short-term payables

	December 31, 2024	December 31, 2023
Other payables from related parties (Note 24)	1.884.737	1.299.770
Taxes and funds payable	9.770	9.556
	1.894.507	1.309.326

7. Inventories

	December 31, 2024	December 31, 2023
Raw materials	112.648	164.579
Work in progress	246.625	310.943
Finished goods	-	2.590
Auxiliary materials and spare parts	381.070	573.363
Inventory impairment provision (-)	(12.005)	-
	728.338	1.051.475

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 thousand equivalent of TL 178.336 thousand on inventories (December 31, 2023: by TL 215.191 thousand).

Movement of allowance for impairment on inventory:

	2024	2023
Opening, January 1	-	43.503
Charge for the year	12.005	-
Provisions no longer required	-	(43.503)
Closing, December 31	12.005	-

Batisöke Söke Çimento Sanayii T.A.Ş.

Notes for the financial statements for the year ended December 31, 2024

(All amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of the TL at December 31, 2024 unless otherwise indicated.)

8. Prepaid Expenses

a) Short term prepaid expenses

	December 31, 2024	December 31, 2023
Advances given for inventory purchases	41.305	60.890
Prepaid expenses	4.286	7.713
Other	-	5
	45.591	68.608

b) Long term prepaid expenses

	December 31, 2024	December 31, 2023
Advances given for property, plant and equipment purchases	-	4.029
	-	4.029

c) Obligations arising from customer contracts

	December 31, 2024	December 31, 2023
Advances received	25.642	181.594
	25.642	181.594

9. Property, plant and equipment

	January 1, 2024	Additions	Disposals	Transfers	Revaluation impact	December 31, 2024
Cost:						
Land	2.988.554	-	-	-	351.955	3.340.509
Land improvements	734.772	-	-	-	-	734.772
Buildings	4.192.531	-	-	-	-	4.192.531
Machinery and equipment (*)	3.820.176	4.740	-	136.991	(228.838)	3.733.069
Vehicles	12.093	1.075	-	-	-	13.168
Furniture and fixtures (*)	698.070	3.059	-	30.406	-	731.535
Other tangible assets	20.213	-	-	-	-	20.213
Construction in progress	109.903	73.998	-	(28.835)	-	155.066
	12.576.312	82.872	-	138.562	123.117	12.920.863
Accumulated depreciation:						
Land improvements	(520.494)	(26.960)	-	-	-	(547.454)
Buildings	(1.075.200)	(97.013)	-	-	-	(1.172.213)
Machinery and equipment	-	(286.887)	-	-	286.887	-
Vehicles	(8.464)	(1.519)	-	-	-	(9.983)
Furniture and fixtures	(519.511)	(99.714)	-	-	-	(619.225)
Other tangible assets	(20.213)	-	-	-	-	(20.213)
	(2.143.882)	(512.093)	-	-	286.887	(2.369.088)
Net book value	10.432.430				410.004	10.551.775

(*) Represents firebricks amounting to TL 109.869 and spare parts amounting to TL 28.693 transferred from inventories to fixed assets in the current period.

Batisöke Söke Çimento Sanayii T.A.Ş.**Notes for the financial statements for the year ended December 31, 2024**

(All amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of the TL at December 31, 2024 unless otherwise indicated.)

9. Property, plant and equipment (continued)

	January 1, 2023	Additions	Disposals	Transfers	Revaluation impact	December 31, 2023
Cost:						
Land	2.770.035	-	-	-	218.519	2.988.554
Land improvements	734.772	-	-	-	-	734.772
Buildings	4.192.483	48	-	-	-	4.192.531
Machinery and equipment (*)	3.362.999	7.534	-	148.986	300.657	3.820.176
Vehicles	14.222	1.902	(4.031)	-	-	12.093
Furniture and fixtures (*)	620.562	8.821	(8.709)	77.396	-	698.070
Other tangible assets	20.213	-	-	-	-	20.213
Construction in progress	171.111	87.778	-	(148.986)	-	109.903
	11.886.397	106.083	(12.740)	77.396	519.176	12.576.312
Accumulated depreciation:						
Land improvements	(493.534)	(26.960)	-	-	-	(520.494)
Buildings	(978.188)	(97.012)	-	-	-	(1.075.200)
Machinery and equipment	(62.522)	(250.556)	-	-	313.078	-
Vehicles	(11.158)	(1.331)	4.025	-	-	(8.464)
Furniture and fixtures	(441.723)	(77.788)	-	-	-	(519.511)
Other tangible assets	(20.213)	-	-	-	-	(20.213)
	(2.007.338)	(453.647)	4.025	-	313.078	(2.143.882)
Net book value	9.879.059		(8.715)		832.253	10.432.430

(*) 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, 2024, by taking into account the current valuation reports prepared by a valuation company licensed by the Capital Markets Board (CMB).

As of December 31, 2024, there are first level and second level pledges and mortgages were places on the tangible assets respectively USD 400 million and TL 2,6 billion (December 31, 2023: USD 400 million of first level and TL 2,6 of billion 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 11.

There is insurance coverage of approximately TL 2.527.060 thousand, equivalent of by USD 71.744 thousand on tangible fixed assets (December 31, 2023: approximately TL 3.050.575 thousand, equivalent of by USD 71.744 thousand).

	January 1 – December 31, 2024	January 1 – December 31, 2023
Tangible assets	512.093	453.647
Intangible assets	646	768
Right of use assets	7.859	3.577
	520.598	457.992
	January 1 – December 31, 2024	January 1 – December 31, 2023
Cost of sales	513.166	448.575
Sales and marketing expenses	933	99
General administrative expenses	6.499	9.318
	520.598	457.992

Batisöke Söke Çimento Sanayii T.A.Ş.

Notes for the financial statements for the year ended December 31, 2024

(All amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of the TL at December 31, 2024 unless otherwise indicated.)

10. Intangible assets and right of use assets

a) Intangible assets

	January 1, 2024	Additions	Disposals	December 31, 2024
Cost:				
Rights	28.598	54	-	28.652
Assets subject to amortization	12.952	-	-	12.952
	41.550	54	-	41.604
Accumulated amortization:				
Rights	(25.775)	(646)	-	(26.421)
Assets subject to amortization	(12.952)	-	-	(12.952)
	(38.727)	(646)	-	(39.373)
Net book value	2.823			2.231

	January 1, 2023	Additions	Disposals	December 31, 2023
Cost:				
Rights	28.598	-	-	28.598
Assets subject to amortization	12.952	-	-	12.952
	41.550	-	-	41.550
Accumulated amortization:				
Rights	(25.007)	(768)	-	(25.775)
Assets subject to amortization	(12.952)	-	-	(12.952)
	(37.959)	(768)	-	(38.727)
Net book value	3.591			2.823

There is no mortgage or pledge on intangible assets as of December 31, 2024 (December 31, 2023: None).

b) Right of use assets

	January 1, 2024	Additions	Disposals	December 31, 2024
Cost:				
Vehicles	14.630	6.943	-	21.573
Accumulated depreciation (-):				
Vehicles	(6.752)	(7.859)	-	(14.611)
Net carrying value	7.878			6.962

	January 1, 2023	Additions	Disposals	December 31, 2023
Cost:				
Vehicles	6.488	8.142	-	14.630
Accumulated depreciation (-):				
Vehicles	(3.175)	(3.577)	-	(6.752)
Net carrying value	3.313			7.878

Batisöke Söke Çimento Sanayii T.A.Ş.

Notes for the financial statements for the year ended December 31, 2024

(All amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of the TL at December 31, 2024 unless otherwise indicated.)

11. Provisions, contingent assets and liabilities

a) Long-term provisions

As of December 31, 2024 and 2023, the movement of the provision for mine site rehabilitation is as follows:

	December 31, 2024	December 31, 2023
Provisions for mine site rehabilitation	32.008	32.397
	32.008	32.397

As of December 31, 2024 and 2023, the movement of the provision for mine site rehabilitation is as follows:

	2024	2023
January 1	32.397	25.985
Current year expense, net	10.984	21.258
Monetary gain / (loss)	(11.373)	(14.846)
31 December	32.008	32.397

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, 2024 and 2023, the detail of guarantee, pledge and mortgage position (GPM) chart of the Company is as follows:

	December 31, 2024	December 31, 2023
A. Total amount of GPMs given for the Company's own legal personality (*)	14.318.663	17.394.802
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	69.302
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	69.302
iii. Total amount of GPMs given on behalf of third parties which are not in scope of C	-	-
Total given GPMs	14.366.663	17.464.104
Ratio of other GPMs to shareholder's equity	%0,63	%1,26

(*) 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 Batisöke defined as "Credit Recipients" while Batılman 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 Batılman.

Batisöke Söke Çimento Sanayii T.A.Ş.

Notes for the financial statements for the year ended December 31, 2024

(All amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of the TL at December 31, 2024 unless otherwise indicated.)

11. Provisions, contingent assets and liabilities (continued)

The details of the guarantees, pledges and mortgages given by the company as of December 31, 2024 and 2023 are as follows:

	December 31, 2024	December 31, 2023
Pledges and mortgages given	14.089.320	17.031.671
Guarantees given	152.415	192.096
Letter of credits	76.928	171.035
Total	14.318.663	17.394.802

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

	December 31, 2024	December 31, 2023
Letters of guarantee given for the Eximbank loan	108.827	154.184
Letters of guarantee given to suppliers	39.751	34.570
Letters of guarantee given to public institutions	3.246	2.636
Letters of guarantee given to the enforcement office	591	706
Total	152.415	192.096

Letters of guarantees received

As of 31 December 2024, and 2023 Guarantee letters received against the Company's trade receivables is as follows:

	December 31, 2024	December 31, 2023
Guarantee letters received (*)	357.919	320.284
	357.919	320.284

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

12. Employee benefits

a) Employee benefit obligations

	December 31, 2024	December 31, 2023
Social security premium payables	8.113	11.917
Payables to personnel	7.026	6.837
	15.139	18.754

Batisöke Söke Çimento Sanayii T.A.Ş.

Notes for the financial statements for the year ended December 31, 2024

(All amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of the TL at December 31, 2024 unless otherwise indicated.)

12. Employee benefits (continued)

b) Long-term provisions for employee benefits

	December 31, 2024	December 31, 2023
Provision for employment termination benefits	42.770	33.331
Performance and seniority encouragement premium provisions	10.131	41.102
Provision for unused vacation	7.249	6.767
	60.150	81.200

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, 2024, the severance pay to be paid is subject to a ceiling of TL 41.828,42 (December 31, 2023: TL 23.489,83). As of January 1, 2025, the severance pay ceiling has been updated to TL 46.655,43 (January 1, 2024: 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, 2024, 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 2.61% real discount rate calculated by using 24,75% annual inflation rate and 28% discount rate (December 31, 2023: 2,55%). The drop-out rate for voluntary work for 0–15 year employees is 2,7%. 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:

	2024	2023
Opening balance, January 1	33.331	80.360
Interest cost	7.440	12.915
Actuarial (gain) / loss	6.313	17.379
Service cost	10.251	10.922
Paid in the current year (-)	(1.409)	(58.442)
Monetary gain / (loss)	(13.156)	(29.803)
Closing balance, December 31	42.770	33.331

Batisöke Söke Çimento Sanayii T.A.Ş.

Notes for the financial statements for the year ended December 31, 2024

(All amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of the TL at December 31, 2024 unless otherwise indicated.)

12. Employee benefits (continued)

The sensitivity analyses of the significant assumptions used in calculation of retirement pay liability as of December 31, 2024 are as follows:

Sensitivity Level	Net discount Rate		Turnover rate to estimate the probability of retirement	
	0,5% Decrease	0,5% increase	0,5% point Decrease	0,5% point Increase
Rate (%)	%2,11	%3,11	%96,43	%97,43
Change in the retirement pay liability (TL)	4.573	(4.049)	(1.280)	1.336

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:

	2024	2023
Opening balance, January 1	41.102	26.974
Interest cost	1.770	4.606
Actuarial (gain) / loss	(30.763)	15.120
Service cost	4.460	15.563
Paid in the current year (-)	(1.180)	(3.858)
Monetary gain / (loss)	(5.258)	(17.303)
Closing balance, December 31	10.131	41.102

The movement of provision for unused vacation:

	2024	2023
Opening balance, January 1	6.767	7.147
Service cost	2.941	3.107
Monetary gain / (loss)	(2.459)	(3.487)
Closing balance, December 31	7.249	6.767

13. Other assets and liabilities

i) Other current assets:

	December 31, 2024	December 31, 2023
Deferred VAT	216.603	198.036
Other	117	112
	216.720	198.148

ii) Other short-term liabilities:

	December 31, 2024	December 31, 2023
Mine tax accruals	22.762	17.084
	22.762	17.084

Batisöke Söke Çimento Sanayii T.A.Ş.

Notes for the financial statements for the year ended December 31, 2024

(All amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of the TL at December 31, 2024 unless otherwise indicated.)

14. Share capital, reserves and other equity items

a) Paid in capital

As of December 31, 2024, and 2023, the Company's paid in capital structure is as follows:

	December 31, 2024		December 31, 2023	
	Share (%)	Amount (TL)	Share (%)	Amount (TL)
Shareholders				
Batıçim Batı Anadolu Çimento Sanayii A.Ş.	74,62	1.193.976	74,62	298.494
Other	25,38	406.024	25,38	101.506
Nominal capital(*)		1.600.000		400.000
Inflation adjustment difference		5.638.711		5.322.529
Adjusted capital		7.238.711		5.722.529

(*) In the current period, TL 304.518 of the capital increase was paid in cash and TL 895.482 was paid by transferring from due to related parties account to capital.

The Company is subject to registered capital system. As of December 31, 2024 the authorized capital of the company is thousand TL 2.000.000.

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 160.000.000.000 shares with a par value of shares with a par value of TL 0,01 per share with total nominal value of thousand TL 1.600.000.

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.

Batisöke Söke Çimento Sanayii T.A.Ş.

Notes for the financial statements for the year ended December 31, 2024

(All amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of the TL at December 31, 2024 unless otherwise indicated.)

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

Shareholders distribute 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, In the event that it is decided to distribute bonus shares by capitalizing the profit, the second legal reserve is not set aside.

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, 2024, TL 13.404 thousand (December 31, 2023: TL 4.153 thousand).

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:

	2024	2023
Opening balance, January 1	(74.040)	(49.666)
Current year remeasurement effect	24.450	(32.499)
Deferred tax effect	(6.113)	8.125
Closing balance, December 31	(55.703)	(74.040)

Batisöke Söke Çimento Sanayii T.A.Ş.

Notes for the financial statements for the year ended December 31, 2024

(All amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of the TL at December 31, 2024 unless otherwise indicated.)

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

Revaluation gain/(loss) on tangible assets:

	2024	2023
Opening balance, January 1	744.990	123.613
Current year remeasurement effect	410.004	832.253
Deferred tax effect	(80.504)	(202.132)
Transfer to prior year profit (loss) accounts related to the current period depreciation effect	-	(8.744)
Closing balance, December 31	1.074.490	744.990

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, 2024	December 31, 2023
Net profit (loss) for the period	(566.996)	(1.313.647)
Extraordinary reserve	2.447.716	1.904.476
Special funds	38.659	7.748
Retained earnings (losses)	(3.645.253)	(2.836.235)
	(1.725.874)	(2.237.658)

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 2024 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, 2024. Due to the use of different indices in the application of Tax Procedural Law and TAS 29 inflation accounting and the application of TAS 29 to the purchasing power of December 31, 2024, there are differences between the amounts reported in the balance sheet prepared in accordance with the Tax Procedural Law and the amounts reported in the financial statements prepared in accordance with TAS/IFRS for the items "Adjustments to Share Capital, "Share Premium (Bonus Shares)", "Restricted Reserves" and "Other Reserves".

Batisöke Söke Çimento Sanayii T.A.Ş.**Notes for the financial statements for the year ended December 31, 2024**

(All amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of the TL at December 31, 2024 unless otherwise indicated.)

14. 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, 2024							
	Capital adjustment differences	Share premiums	Legal reserves	Treasury shares	Registered commodity special provision	Special reserves	Extraordinary reserves
According to TAS/IFRS Financial Statements	5.638.711	13.404	374.928	(2.105)	-	-	-
According to the Tax Procedure Law	6.117.563	15.106	451.449	-	102.190	38.659	2.447.716
Difference*	(478.852)	(1.702)	(76.521)	(2.105)	(102.190)	(38.659)	(2.447.716)

December 31, 2023							
	Capital adjustment differences	Share premiums	Legal reserves	Treasury shares	Registered commodity special provision	Special reserves	Extraordinary reserves
According to TAS/IFRS Financial Statements	5.322.529	4.153	374.928	(1.634)	-	-	-
According to the Tax Procedure Law	4.671.073	4.556	351.256	-	79.510	7.748	1.904.476
Difference*	651.456	(403)	23.672	(1.634)	(79.510)	(7.748)	(1.904.476)

15. Revenue and cost of sales**Net Sales**

	January 1 – December 31, 2024	January 1 – December 31, 2023
Domestic sales	3.326.830	4.208.599
Export sales	1.042.210	1.802.643
Sales discounts (-)	(39.077)	(1.328)
Other discounts (-)	(57.653)	(58.498)
	4.272.310	5.951.416

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.

Cost of sales

	January 1 – December 31, 2024	January 1 – December 31, 2023
Raw materials used	(1.821.541)	(2.488.694)
Production overhead	(1.467.901)	(1.717.042)
Depreciation and amortization expenses (Note 9)	(513.166)	(448.575)
Personnel expenses	(211.947)	(386.638)
Change in work-in progress and finished goods (Note 7)	(66.908)	(55.801)
Provision for mine rehabilitation	(10.984)	(21.258)
	(4.092.447)	(5.118.008)

Batisöke Söke Çimento Sanayii T.A.Ş.

Notes for the financial statements for the year ended December 31, 2024

(All amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of the TL at December 31, 2024 unless otherwise indicated.)

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

	January 1 – December 31, 2024	January 1 – December 31, 2023
a) General administrative expenses:		
Outsourcing expenses	(50.646)	(48.940)
Personnel expenses	(41.833)	(40.067)
Tax expenses	(10.181)	(51.709)
Consultancy expenses	(10.078)	(7.280)
Depreciation expenses (Note 9)	(6.499)	(9.318)
Fuel expenses	(1.022)	(1.569)
Personnel expenses (*)	(24.170)	(19.703)
	(144.429)	(178.586)

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

	January 1 – December 31, 2024	January 1 – December 31, 2023
b) Marketing, sales and distribution expenses:		
Export, transportation and loading expenses	(449.649)	(354.320)
Personnel expenses	(10.896)	(6.022)
Depreciation expenses (Note 9)	(933)	(99)
Other	(4.293)	(10.069)
	(465.771)	(370.510)

17. Expenses by nature

	January 1 - December 31, 2024	January 1 - December 31, 2023
Raw materials used	(1.821.541)	(2.488.694)
Production overhead	(1.467.901)	(1.717.042)
Depreciation and amortization expenses	(520.598)	(457.992)
Personnel expenses	(264.676)	(432.726)
Export, transportation and loading expenses	(449.649)	(354.320)
Change in work-in progress and finished goods inventories	(66.908)	(55.801)
Outsourcing expenses	(50.646)	(48.940)
Tax expenses	(10.181)	(51.709)
Mine rehabilitation provision expenses	(10.984)	(21.258)
Consultancy expenses	(10.078)	(7.280)
Fuel expenses	(1.022)	(1.569)
Other	(28.463)	(29.773)
	(4.702.647)	(5.667.104)

Batisöke Söke Çimento Sanayii T.A.Ş.

Notes for the financial statements for the year ended December 31, 2024

(All amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of the TL at December 31, 2024 unless otherwise indicated.)

18. Other income / expenses from operating activities

a) Other income from operating activities

	January 1 – December 31, 2024	January 1 – December 31, 2023
Discount interest income	26.817	106.692
Foreign exchange gains from operations	74.744	179.437
Other(*)	44.927	5.324
	146.488	291.453

(*) Significant portion of the balance consists of scrap sales revenues.

b) Other expense from operating activities

	January 1 – December 31, 2024	January 1 – December 31, 2023
Foreign exchange losses from operations	(113.327)	(580.134)
Discount interest expenses	(9.540)	(99.341)
Other	(23.470)	(13.601)
	(146.337)	(693.076)

19. Income / losses from investing activities

	January 1 – December 31, 2024	January 1 – December 31, 2023
Income from investing activities:		
Profit from sale of property, plant and equipment	-	513
	-	513

20. Financial Income

	January 1 – December 31, 2024	January 1 – December 31, 2023
Foreign exchange gains	17.783	72.553
Interest income	7.442	15.385
	25.225	87.938

Batisöke Söke Çimento Sanayii T.A.Ş.

Notes for the financial statements for the year ended December 31, 2024

(All amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of the TL at December 31, 2024 unless otherwise indicated.)

21. Financial Expenses

	January 1 – December 31, 2024	January 1 – December 31, 2023
Foreign exchange losses	(667.483)	(2.230.320)
Interest expense on bank loans	(428.688)	(629.392)
Interest expense on related parties	(385.077)	(219.093)
Interest expense on letter of guarantee commission	(6.147)	(8.312)
Bank commission expenses	(632)	(2.661)
Interest expense on letter of credit borrowings	-	(20.625)
Other	(9.210)	(17.518)
	(1.497.237)	(3.127.921)

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

Corporate tax

The corporate tax rate in Turkey is 25% (25% was applied for the corporate earnings of the institutions for the 2023 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.

Law No. 7524 published in the Official Gazette dated August 2, 2024, Domestic Minimum Corporate Tax has entered into force effective from January 1, 2025. As of December 31, 2024, this application has no effect on the financial statements.

	December 31, 2024	December 31, 2023
Current period provision for corporation tax	-	-
Less: Prepaid taxes and funds	724	342
Current tax assets	724	342

Taxation income (expense) reported in the statement of profit or loss	January 1 – December 31, 2024	January 1 – December 31, 2023
Deferred tax income (expense)	450.919	1.215.846
	450.919	1.215.846

Batisöke Söke Çimento Sanayii T.A.Ş.**Notes for the financial statements for the year ended December 31, 2024**

(All amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of the TL at December 31, 2024 unless otherwise indicated.)

22. Income taxes (including deferred tax assets and liabilities) (continued)**Deferred tax**

As of 31 December 2024, 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, 2024	December 31, 2023	December 31, 2024	December 31, 2023
Tangible and intangible assets	2.266.130	3.809.406	566.532	952.351
Carry forward tax losses	2.606.998	3.253.576	651.750	813.394
Cash capital increase interest incentive	530.436	599.392	132.609	149.848
Provision for mine site rehabilitation	32.008	32.397	8.002	8.100
Provisions for employee benefits	60.150	81.200	15.038	20.300
Amortized cost method effects on receivables and payables	-	16.334	-	4.083
Impairment of inventories				
Other	6.327	(18.124)	1.579	(4.531)
Deferred tax assets	5.502.049	7.774.181	1.375.510	1.943.545
Tangible and intangible assets	(2.861.458)	(2.450.187)	(536.523)	(459.409)
Inventories	(241.990)	(355.481)	(60.497)	(88.871)
Deferred tax liabilities	(3.103.448)	(2.805.668)	(597.020)	(548.280)
Deferred tax assets / (liabilities), net			778.490	1.395.265
Provision for deferred tax assets			(435.555)	(1.416.632)
Deferred tax liabilities, net			342.935	(21.367)

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 nominal fiscal losses are as follows:

	December 31, 2024	December 31, 2023
December 31, 2024	-	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	964.805
December 31, 2029	548.990	-
	2.606.998	2.253.499

As of December 31, 2024, the Company has recognized a deferred tax liability of thousand TL 348.804, 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.

Batisöke Söke Çimento Sanayii T.A.Ş.

Notes for the financial statements for the year ended December 31, 2024

(All amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of the TL at December 31, 2024 unless otherwise indicated.)

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

Deferred tax (continued)

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.

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

	2024	2023
Opening balance, January 1	(21.367)	(1.043.206)
Recognized in statement of profit or loss	450.919	1.215.846
Charged to other comprehensive (loss) / income	(86.617)	(194.007)
December 31	342.935	(21.367)

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, 2024	January 1 – December 31, 2023
Pre-tax income from continuing operations	(200.171)	44.015
The current effective statutory tax rate	25%	25%
Calculated tax income (expense)	50.043	(11.004)
Cash capital increase interest incentive	(17.239)	24.640
The effect of non-deductible expense	(4.501)	(127.904)
Non-taxable monetary gain / (loss) effect	422.616	1.330.114
Taxation income (expense) reported in the statement of profit or loss	450.919	1.215.846

(*) 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.

Batisöke Söke Çimento Sanayii T.A.Ş.

Notes for the financial statements for the year ended December 31, 2024

(All amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of the TL at December 31, 2024 unless otherwise indicated.)

23. Earnings / losses per share

	January 1 – December 31, 2024	January 1 – December 31, 2023
Weighted number of ordinary shares with a TL 0,01 par value	160.000.000	40.000.000
(Loss) / profit for the period (TL)	250.748	1.259.861
(Loss) / earnings per share (for the Group A and B shares with a par value of TL 1)	0,1567	3,1497

24. Related party disclosure

As of 31 December 2024, and 2023, 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, 2024 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)	-	-	16.448	1.884.737
Batıbeton Sanayi A.Ş.(2)	91.631	380	-	-
Batıçim Enerji Toptan Satış A.Ş. (2)	-	7.409	-	-
Batılıman Liman İşletmeleri A.Ş. (2)	-	-	144.138	-
	91.631	7.789	160.586	1.884.737

(*) 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, 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)	51.322	2.053	112.220	1.299.770
Batıbeton Sanayi A.Ş.(2)	122.083	462	9.938	-
Batıçim Enerji Toptan Satış A.Ş. (2)	-	5.560	56	-
Batılıman Liman İşletmeleri A.Ş. (2)	-	-	58.895	-
	173.405	8.075	181.109	1.299.770

(1) Ultimate shareholder

(2) The other companies controlled by ultimate shareholder

Batısöke Söke Çimento Sanayii T.A.Ş.

Notes for the financial statements for the year ended December 31, 2024

(All amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of the TL at December 31, 2024 unless otherwise indicated.)

24. Related party disclosure (continued)

January 1 – December 31, 2024			
Transactions with related parties	Inventory or service purchases	Sales of goods	Other
Batibeton Sanayi A.Ş.(2)	192	406.388	30.918
Batıçım Batı Anadolu Çimento Sanayii A.Ş. (1) (*)	45.504	233.516	380.742
Batıçım Enerji Toptan Satış A.Ş. (2)	36.632	-	240
Batılıman Liman İşletmeleri A.Ş. (**) (2)	212.570	-	-
	294.898	639.904	411.900

(*) Consists of the company's export registered sales. Other expenses occurred consist of from interest expenses.

(**) Consists of port service expenses received from Batılıman in the current period.

January 1 – December 31, 2023			
Transactions with related parties	Inventory or service purchases	Sales of goods	Other
Batibeton Sanayi A.Ş.(2)	174	336.947	20.725
Batıçım Batı Anadolu Çimento Sanayii A.Ş. (1)	10.974	332.352	127.633
Batıçım Enerji Toptan Satış A.Ş. (2)	18.205	-	-
Batılıman Liman İşletmeleri A.Ş. (*) (2)	138.771	-	-
	168.124	669.299	148.358

(*) Consists of port service expenses received from Batılıman 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, 2024	December 31, 2023
Wages, premiums, social relief benefits	1.334	1.701
Seniority incentives, performance premium and other relief and payments	83	975
	1.417	2.676

Batisöke Söke Çimento Sanayii T.A.Ş.

Notes for the financial statements for the year ended December 31, 2024

(All amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of the TL at December 31, 2024 unless otherwise indicated.)

25. Explanations on Gains/(Losses) on Net Monetary Position

Non-Monetary Items	31 December 2024
Financial Position Items	
Inventories	7.297
Prepaid Expenses	282
Property, Plant and Equipment	461.087
Intangible Assets	1.991
Right of Use Assets	1.043
Deferred Tax Asset	292.974
Share Capital	520.247
Restricted Reserves Appropriated from Profits	8.955
Accumulated Profits or Losses	108.283
Profit or Loss Items	
Revenue	(567.590)
Cost of Sales	633.467
General Administrative Expenses	14.853
Marketing, Selling and Distribution Expenses	40.657
Other Income from Operating Activities	(23.250)
Other Expense from Operating Activities	22.944
Financial Income	(3.690)
Financial Expenses	187.888
Other Comprehensive Income (Expense) Items	
Gains (Losses) on Remeasurements of Defined Benefit Plans	(5.411)
Gains (Losses) On Net Monetary Position	1.702.027

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

Batisöke Söke Çimento Sanayii T.A.Ş.

Notes for the financial statements for the year ended December 31, 2024

(All amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of the TL at December 31, 2024 unless otherwise indicated.)

26. 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, 2024 and 2023 are as follows:

December 31, 2024

	Receivables					
	Trade receivables		Other receivables		Deposit in banks	Total
	Related parties	Third parties	Related parties	Third parties		
Maximum credit risk exposure as of reporting date (A+B+C+D+E) (*)	91.631	744.500	7.789	110	32.528	876.558
- Maximum risk secured by guarantee (**)	-	357.919	-	-	-	357.919
A. Net book value of financial assets neither overdue nor impaired	91.631	643.949	7.789	110	32.528	776.007
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	-	100.551	-	-	-	100.551
D. Net book value of impaired assets	-	-	-	-	-	-
- Overdue (gross book value)	-	1.928	-	-	-	1.928
- Impairment (-)	-	(1.928)	-	-	-	(1.928)
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.

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

Batisöke Söke Çimento Sanayii T.A.Ş.

Notes for the financial statements for the year ended December 31, 2024

(All amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of the TL at December 31, 2024 unless otherwise indicated.)

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

December 31, 2023

	Receivables					
	Trade receivables		Other receivables		Deposit in banks	Total
	Related parties	Third parties	Related parties	Third parties		
Maximum credit risk exposure as of reporting date (A+B+C+D+E) (*)	173.405	759.804	8.075	5.122	30.431	976.837
- Maximum risk secured by guarantee (**)	-	320.284	-	-	-	320.284
A. Net book value of financial assets neither overdue nor impaired	173.405	679.727	8.075	5.122	30.431	896.760
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	-	80.077	-	-	-	80.077
D. Net book value of impaired assets						
- Overdue (gross book value)	-	2.509	-	-	-	2.509
- Impairment (-)	-	(2.509)	-	-	-	(2.509)
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.

Batisöke Söke Çimento Sanayii T.A.Ş.**Notes for the financial statements for the year ended December 31, 2024**

(All amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of the TL at December 31, 2024 unless otherwise indicated.)

26. 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, 2024

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	2.302.567	3.347.029	35.293	815.948	1.830.814	664.974
Lease liabilities	6.794	13.588	1.098	2.954	9.536	-
Trade payables	605.036	605.036	605.036	-	-	-
Other payables to related parties (*)	1.884.737	-	-	-	-	-
Other payables to other parties	9.770	9.770	9.770	-	-	-
Other financial liabilities	190.347	195.876	195.876	-	-	-
	4.999.251	4.171.299	847.073	818.902	1.840.350	664.974

(*) The non-trade payables obtained from Batıçim in the form of financing are non-maturity and accrue interest at the market interest rate, which is reviewed every 3 months.

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	4.281.252	6.596.040	308.754	1.042.431	3.075.613	2.169.242
Lease liabilities	3.231	3.559	881	1.991	687	-
Trade payables	976.222	992.304	992.304	-	-	-
Other payables to related parties (*)	1.299.770	-	-	-	-	-
Other payables to other parties	9.556	9.556	9.556	-	-	-
Other financial liabilities	328.267	340.525	230.202	110.323	-	-
	6.898.298	7.941.984	1.541.697	1.154.745	3.076.300	2.169.242

c) Market risk:**Foreign currency risk management**

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.

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

Batisöke Söke Çimento Sanayii T.A.Ş.

Notes for the financial statements for the year ended December 31, 2024

(All amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of the TL at December 31, 2024 unless otherwise indicated.)

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

	December 31, 2024			December 31, 2023		
	TL Equivalent	USD Dollars	Euro	TL Equivalent	US Dollars	Euro
1. Trade receivables	219.357	6.218	-	260.319	6.124	-
2a. Monetary financial assets (including cash and bank accounts)	16.004	446	7	12.643	297	1
2b. Non-monetary financial assets	-	-	-	-	-	-
3. Other	20.690	564	21	12.619	134	148
4. Current assets (1+2+3)	256.051	7.228	28	285.581	6.555	149
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)	256.051	7.228	28	285.581	6.555	149
10. Trade payables	262.163	6.666	722	500.313	10.191	1.409
11. Financial liabilities	750.552	21.309	-	1.145.316	26.899	-
12a. Monetary other liabilities	-	-	-	-	-	-
12b. Non-monetary other liabilities	-	-	-	-	-	-
13. Short-term liabilities (10+11+12a+12b)	1.012.715	27.975	722	1.645.629	37.090	1.409
14. Trade payables	-	-	-	-	-	-
15. Financial liabilities	1.720.928	48.859	-	3.464.204	81.359	-
16a. Monetary other liabilities	-	-	-	-	-	-
16b. Non-monetary other liabilities	-	-	-	-	-	-
17. Long-term liabilities (14+15+16a+16b)	1.720.928	48.859	-	3.464.204	81.359	-
18. Total liabilities (13+17)	2.733.643	76.834	722	5.109.833	118.449	1.409
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)	(2.477.592)	(69.606)	(694)	(4.824.252)	(111.894)	(1.260)
21. Net foreign currency asset/(liability) (TFRS7 B23) (=1+2a+5+6a-10-11-12a-14-15-16a)	(2.498.282)	(70.170)	(715)	(4.836.871)	(112.028)	(1.408)
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	1.042.210	33.128	-	1.453.024	42.754	-
26. Import	430.824	430.824	6.270	605.492	17.908	-

Batisöke Söke Çimento Sanayii T.A.Ş.

Notes for the financial statements for the year ended December 31, 2024

(All amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of the TL at December 31, 2024 unless otherwise indicated.)

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

Table of foreign currency sensitivity analysis

	December 31, 2024	
	Pre-tax profit (loss) effect	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	(245.211)	245.211
2- Amount hedged from US Dollars risk (-)	-	-
3- US Dollars net effect (1 +2)	(245.211)	245.211
Increase of Euro by 10% against TL		
4 - Euro net assets/liabilities	(2.548)	2.548
5 - Amount hedged from Euro risk (-)	-	-
6- Euro net effect (4+5)	(2.548)	2.548
Total (3 + 6)	(247.759)	(247.759)

	December 31,2023	
	Pre-tax profit (loss) effect	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	(476.485)	(476.485)
2- Amount hedged from US Dollars risk (-)	-	-
3- US Dollars net effect (1 +2)	(476.485)	(476.485)
Increase of Euro by 10% against TL		
4 - Euro net assets/liabilities	(5.940)	5.940
5 - Amount hedged from Euro risk (-)	-	-
6- Euro net effect (4+5)	(5.940)	5.940
Total (3 + 6)	(482.425)	482.425

Batisöke Söke Çimento Sanayii T.A.Ş.

Notes for the financial statements for the year ended December 31, 2024

(All amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of the TL at December 31, 2024 unless otherwise indicated.)

26. 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, 2024, and 2023 table of sensitivity analysis for foreign currency risk is as follows:

	2024	2023
Fixed rate instruments		
Financial assets	14.462	14.441
Financial liabilities	286.655	346.819
Floating rate instruments		
Financial liabilities	2.213.053	4.265.932
Financial liabilities to related parties	1.884.737	1.299.770

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, 2024	December 31, 2023
Total financial liabilities	4.384.445	5.912.521
Cash and cash equivalents (-)	(32.532)	(30.437)
Net financial liabilities	4.351.913	5.882.084
Total capital	7.615.082	5.491.535
Net financial liabilities / total equity ratio	0,571	1,071

Batisöke Söke Çimento Sanayii T.A.Ş.

Notes for the financial statements for the year ended December 31, 2024

(All amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of the TL at December 31, 2024 unless otherwise indicated.)

27. 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 2024 and 2023, there are no financial assets measured at fair value in the statement of financial position.

Batisöke Söke Çimento Sanayii T.A.Ş.

Notes for the financial statements for the year ended December 31, 2024

(All amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of the TL at December 31, 2024 unless otherwise indicated.)

27. 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, 2024	Fair value level as of reporting date		
	Level 1	Level 2	Level 3
	TL	TL	TL
Land	-	3.340.509	-
Machinery and equipment	-	-	3.733.069
	-	3.340.509	3.733.069

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 2024.

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

December 31, 2024				
	Valuation Method	Significant unobservable expenses	Data Range	Weighted average
Tangible assets				
Land	Market Approach	Precedent selling price – (TL/m ²)	234 - 4.442	3.127

Batisöke Söke Çimento Sanayii T.A.Ş.

Notes for the financial statements for the year ended December 31, 2024

(All amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of the TL at December 31, 2024 unless otherwise indicated.)

28. 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, 2024	January 1 – December 31, 2023
Independent audit fee for the reporting period	1.862	1.847
Fees for tax advisory services	238	250
	2.100	2.097

29. Subsequent events

The Capital Markets Board approved amendment text of Article 6 titled "Capital" of the Company's articles of association regarding the increase of the issued capital of the Company from TL 400.000 to TL 1.600.000 by increasing it by TL 1.200.000 (300%) within the registered capital ceiling of TL 2.000.000 has been registered by the İzmir Trade Registry Office on February 24, 2025 and this issue has been announced in the Turkish Trade Registry Gazette dated February 24, 2025 and numbered 11278.

Batıçim Batı Anadolu Çimento Sanayii A.Ş., the main shareholder of the Company, has notified the Company that the other receivable amounting to TRL 2.099.979 from the Company is to be used in the capital increase to be realized by the Company and to be followed under equity as capital advance, to use all of the pre-emptive rights within the scope of the shares it owns in the capital increase and to purchase all the shares issued through the allocated sales method in case of an allocated capital increase. With the notification, the amount in question has been taken under equity as capital advance in the Company's records in 2025.