(Convenience translation into English of the independent auditors' report and consolidated financial statements originally issued in Turkish – See Note 32)

Batıçim Batı Anadolu Çimento Sanayii Anonim Şirketi and its subsidiaries

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

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

Batıçim Batı Anadolu Çimento Sanayii Anonim Şirketi and its Subsidiaries

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

INDEPENDENT AUDITORS' REPORT

To the Shareholders of Batıçim Batı Anadolu Çimento Sanayii Anonim Şirketi

A) Report on the Audit of the Consolidated Financial Statements

1) Opinion

We have audited the consolidated financial statements of Batıçim Batı Anadolu Çimento Sanayii A.Ş. ("the Company") and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at December 31, 2023, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

2) Basis for Opinion

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

3) Key Audit Matters

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

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Key audit matters	How the key audit matter addressed in the Auditor's response
Accounting for property, plant and equipment using the revaluation method	
The Group remeasured the fair value of its land, machinery, and equipment in the financial statements in accordance with the results of valuation reports prepared by an independent valuation firm certified by the Capital Markets Board of Türkiye as of December 31, 2023. A revaluation gain of TRY 1.205.950 thousand, after the deferred tax effect, has been recognized under the revaluation reserve related to tangible assets in other comprehensive income. The complexity of these transactions and the fact that they involve significant judgment and assumptions are important to our audit and have therefore been identified as a key audit matter by us. The explanations about property, plant and equipments are disclosed in Note 2 and Note 12.	We have evaluated the qualifications, competencies and impartiality of the real estate appraisers appointed by the management. In our audit, the appropriateness of the methods used by the valuation experts in the aforementioned valuation reports, which constitute the basis for the fair values of the relevant tangible fixed assets measured according to the revaluation model, has been evaluated. In order to check the compatibility of the assumptions used by the independent valuation experts during the valuation with the market data, the valuation experts of another organization, which is included in the same audit network as our organization, were included in the studies. In this framework, as a result of the studies and examinations carried out by the experts on the real estate valuation calculations in question, we have evaluated whether the estimations and assumptions used in the valuation report are within an acceptable range of fair value, as assessed by the Group's independent valuation experts. The appropriateness of the appraisal method was evaluated by calculating the land and buildings together with their intended use. In addition, within the scope of the above specializations, the appropriateness of the information in the financial statements and the explanatory notes in accordance with TAS 16 has been evaluated.

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

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

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

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

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

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

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated 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 standards on auditing as issued by the Capital Markets Board of Turkey and InAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

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

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

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

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

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

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

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

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

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

B) Report on Other Legal and Regulatory Requirements

1) Auditors' report on Risk Management System and Committee prepared in accordance with paragraph 4 of Article 398 of Turkish Commercial Code ("TCC") 6102 is submitted to the Board of Directors of the Company on May 20, 2024.

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

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

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

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

Mehmet Başol Çengel, SMMM
Partner

May 20, 2024
İzmir, Türkiye

Batıçim Batı Anadolu Çimento Sanayii Anonim Şirketi and its Subsidiaries

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

		Current year	Previous year
		Audited	Audited
	Notes	**December 31, 2023**	December 31, 2022
Assets			
Current assets			
Cash and cash equivalents	4	**311.457**	212.326
Trade receivables			
- Trade receivables from related parties	7	**2.401**	3.740
- Trade receivables from third parties	8	**1.703.339**	1.242.109
Other receivables			
- Other receivables from related parties	7	**798.838**	-
- Other receivables from third parties	9	**23.357**	4.189
Inventories	10	**1.159.857**	1.436.430
Prepaid expenses	11	**104.214**	129.451
Current income tax asset	25	**1.912**	409
Other current asset	16	**209.571**	263.077
Total current assets		**4.314.946**	3.291.731
Non-current assets			
Financial investment	5	**10**	16
Other receivables			
- Other receivables from third parties	9	**15.378**	24.110
Property, plant, and equipment	12	**14.556.250**	13.086.623
Right-of-use assets	13	**144.024**	30.467
Intangible assets	13	**831.732**	1.233.976
Prepaid expenses	11	**13.514**	48.162
Deferred tax assets	25	**168.613**	-
Total non-current assets		**15.729.521**	14.423.354
Total asset		**20.044.467**	17.715.085

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

Batıçim Batı Anadolu Çimento Sanayii Anonim Şirketi and its Subsidiaries

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

	Notes	Current year Audited December 31, 2023	Previous year Audited December 31, 2022
Liabilities			
Current liabilities			
Short term borrowings	6	**599.951**	1.233.374
Current portion of long-term borrowings	6	**791.778**	315.873
Trade payables			
- Trade payables to third parties	8	**1.697.216**	2.021.386
Liabilities for employee benefits	15	**47.309**	36.356
Other payables			
- Other payables to related parties	7	**-**	18
- Other payables to third parties	9	**24.649**	15.536
Contract liabilities	11	**178.274**	167.272
Current income tax liabilities	25	**261.991**	21.099
Short term provisions			
- Other short-term provisions	14	**7.608**	35.731
Other short-term liabilities	15	**14.675**	26.744
Total current liabilities		**3.623.451**	3.873.389
Non-current liabilities			
Long-term financial liabilities	6	**3.369.290**	3.849.711
Long term provisions			
- Provisions for long-term employee benefits	15	**153.740**	211.988
- Other long-term provisions	14	**48.739**	44.296
Deferred tax liabilities	25	**584.919**	1.628.530
Total non-current liabilities		**4.156.688**	5.734.525
Total liabilities		**7.780.139**	9.607.914
Equity			
Share capital	17	**180.000**	180.000
Adjustment to share capital	17	**3.483.809**	3.483.809
Treasury shares (-)		**(970)**	(970)
Reciprocal interests		**-**	(419.238)
Share premium		**165.281**	2.332
Other comprehensive income / expense not to be reclassified to profit or loss			
- Revaluation reserve related to tangible assets	17	**1.455.355**	397.764
- Actuarial (loss) on employee termination benefits	17	**(118.067)**	(80.946)
Restricted reserves		**442.891**	462.590
Accumulated losses		**3.612.590**	2.814.104
Net profit (loss) for the year		**1.833.899**	631.552
Equity holders of the parent		**11.054.788**	7.470.997
Non-controlling interests		**1.209.540**	636.174
Total shareholders' equity		**12.264.328**	8.107.171
Total liabilities and equity		**20.044.467**	17.715.085

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

Batıçim Batı Anadolu Çimento Sanayii Anonim Şirketi and its Subsidiaries

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

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

		Current year	Previous year
		Audited	Audited
Profit or loss section	**Notes**	**December 31, 2023**	December 31, 2022
Revenue	18	**11.497.513**	11.341.723
Cost of sales	18	**(9.856.128)**	(10.376.175)
Gross profit (loss) from continuing operations		**1.641.385**	965.548
Gross profit (loss)		**1.641.385**	965.548
General administrative expenses	19	**(310.992)**	(224.322)
Marketing expenses	19	**(352.584)**	(284.014)
Other income from operating activities	21	**547.088**	351.118
Other expenses from operating activities	21	**(815.471)**	(548.958)
Operating profit(loss)		**709.426**	259.372
Income from investing activities	22	**50.086**	20.715
Expense from investing activities	22	**(63.327)**	(299.887)
Operating profit (loss) before finance income(expense)		**696.185**	(19.800)
Financing income	23	**91.420**	55.375
Financing expenses	24	**(2.846.551)**	(2.339.287)
Net monetary gain (loss)		**2.813.647**	3.161.525
Operating profit before financing income (expense)		**754.701**	857.813
Profit (loss) before tax from continuing operations			
Current tax charge	25	**(244.184)**	(92.052)
Deferred tax income (expense)	25	**1.544.540**	(137.819)
Profit(loss) for the year from continuing operations		**2.055.057**	627.942
Profit (loss) for the attributable to			
Non-controlling interest		**221.158**	(3.610)
Equity holders of the parent		**1.833.899**	631.552
Earnings (loss) per share	26	**10,6098**	3,6659
Other comprehensive income / (loss) section			
Other comprehensive income / (loss) not to be reclassified to profit or loss			
- Gain (loss) on revaluation of tangible assets	12	**1.552.111**	524.329
- Gain (loss) on revaluation of tangible assets, deferred tax effect	25	**(346.161)**	(104.866)
- Gain (loss) on remeasurement of defined benefit plans	15	**(55.379)**	(112.106)
- Gain (loss) on remeasurement of defined benefit plans, deferred tax effect	25	**13.845**	22.421
Other comprehensive income (loss)		**1.164.416**	329.778
Total comprehensive income (loss)		**3.219.473**	957.720
Total comprehensive income (loss) attributable to			
Non-controlling interest		**325.956**	9.350
Equity holders of the parent		**2.893.517**	948.370

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

Batıçim Batı Anadolu Çimento Sanayii Anonim Şirketi and its Subsidiaries

Consolidated statement of changes in equity
for the period ended December 31, 2023
(All amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of the TL at December 31, 2023 unless otherwise indicated.)

						Accumulated other comprehensive income or loss that will not be reclassified subsequently to profit or loss			Accumulated losses				
	Share capital	Adjustment to share capital	Treasury shares	Reciprocal interests	Share premium	Revaluation reserve related to tangible assets	Gain/(Loss) on measurement defined benefit plans	Restricted reserves	Accumulated losses	Net profit (loss) for the period	Equity attributable to owners of the company	Non-controlling interests	Total equity
Balance as of January 1, 2022 (beginning of period)	180.000	3.483.809	(970)	(419.238)	2.332	-	-	462.590	2.814.104	-	6.522.627	667.891	7.190.518
Total comprehensive income (loss)	-	-	-	-	-	397.764	(80.946)	-	-	631.552	948.370	9.350	957.720
- Net profit (loss) for the period	-	-	-	-	-	-	-	-	-	631.552	631.552	(3.610)	627.942
- Other comprehensive income (loss)	-	-	-	-	-	397.764	(80.946)	-	-	-	316.818	12.960	329.778
Increase (decrease) through other changes	-	-	-	-	-	-	-	-	-	-	-	(41.067)	(41.067)
Balance as of December 31, 2022 (end of period)	180.000	3.483.809	(970)	(419.238)	2.332	397.764	(80.946)	462.590	2.814.104	631.552	7.470.997	636.174	8.107.171
Balance as of January 1, 2023 (beginning of period)	**180.000**	**3.483.809**	**(970)**	**(419.238)**	**2.332**	**397.764**	**(80.946)**	**462.590**	**2.814.104**	**631.552**	**7.470.997**	**636.174**	**8.107.171**
Transfers	**-**	**-**	**-**	**-**	**-**	**(35.679)**	**-**	**-**	**668.766**	**(631.552)**	**1.535**	**(1.535)**	**-**
Total comprehensive income (loss)	**-**	**-**	**-**	**-**	**-**	**1.096.873**	**(37.255)**	**-**	**-**	**1.833.899**	**2.893.517**	**325.956**	**3.219.473**
- Net profit (loss) for the period	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1.833.899**	**1.833.899**	**221.158**	**2.055.057**
- Other comprehensive income (loss)	**-**	**-**	**-**	**-**	**-**	**1.096.873**	**(37.255)**	**-**	**-**	**-**	**1.059.618**	**104.798**	**1.164.416**
Increase (decrease) due to changes in share in subsidiaries that do not result in loss of control (Note 2.1)	**-**	**-**	**-**	**-**	**-**	**(3.603)**	**134**	**(19.699)**	**129.720**	**-**	**106.552**	**248.945**	**355.497**
Increase (decrease) due to pruchase of share (Note 17)	**-**	**-**	**-**	**419.238**	**162.949**	**-**	**-**	**-**	**-**	**-**	**582.187**	**-**	**582.187**
Balance as of December 31, 2023 (end of period)	**180.000**	**3.483.809**	**(970)**	**-**	**165.281**	**1.455.355**	**(118.067)**	**442.891**	**3.612.590**	**1.833.899**	**11.054.788**	**1.209.540**	**12.264.328**

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

Batıçim Batı Anadolu Çimento Sanayii Anonim Şirketi and its Subsidiaries

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

	Notes	Current Period Audited January 1- December 31, 2023	Previous year Audited January 1 - December 31, 2022
A. Cash flows from operating activities		**625.190**	831.849
Net profit (loss)			
Net profit (loss) for the year from continued operations (I)		**2.055.057**	627.942
Adjustments to reconcile net profit (loss) for the period: (II)		**(438.016)**	278.308
Adjustments for depreciation and amortization expenses	12,13	**688.136**	576.689
Adjustments for impairment (reversals)			
- Adjustments for receivables (reversal) impairment	8	**2.744**	(66)
- Adjustments for inventory (reversal) impairment	10	**(30.131)**	30.131
Adjustments for provisions			
- Adjustments for provision employment termination benefits	15	**57.693**	46.991
- Adjustments for lawsuit and/or penalty provisions (reversals)	14	**(2.489)**	34.902
- Adjustments for other provisions (reversal)	14	**27.945**	20.596
Adjustments related to interest (income) expenses			
- Adjustments related to interest income	22	**(49.731)**	(20.715)
- Adjustments related to interest expenses	24	**1.058.437**	906.700
- Unearned finance income due to forward sales	21	**(353.354)**	(185.936)
- Deferred finance expense due to forward purchase	21	**385.640**	223.846
Adjustments related to unrealized foreign exchange differences		**1.444.952**	990.459
Adjustments for tax income/expense	25	**(1.300.356)**	229.871
- Adjustment for (gain) / loss on sales of tangible and intangible assets			
- Adjustment for (gain) / loss on sales of tangible and intangible assets, net	22	**63.327**	299.887
Adjustments for (gain) / loss on disposal of subsidiaries or joint operations		**-**	(41.067)
Adjustments for monetary gain / (loss)		**(2.430.829)**	(2.833.980)
Changes in working capital (III)		**(715.474)**	20.724
Adjustments related to decrease (increase) in trade receivables		**(848.275)**	(274.130)
Adjustments for (increase)/decrease in inventories	10	**228.130**	(401.457)
Decrease (increase) prepaid expenses	11	**59.885**	(53.483)
Adjustments related to increase (decrease) in trade payables		**15.326**	639.352
Increase in payables to employees		**10.842**	12.869
Adjustments related to the decrease / (increase) in other receivables from operations			
- Decrease / (increase) in other receivables from third parties from operations	9	**(10.436)**	(19.890)
Adjustments related to the increase / (decrease) in other payables related to operations			
- Increase (decrease) in other payables to related parties related to operations	7	**(18)**	-
- Increase (decrease) in other payables to third parties related to operations	9	**9.113**	1.126
Other adjustments related to increase (decrease) in working capital			
- Decrease (increase) in other assets from operations		**53.705**	32.593
- Increase (decrease) in other liabilities from operations		**1.789**	(3.833)
Increase (decrease) in deferred revenues		**11.003**	121.237
Other cash inflows (outflows)		**(246.538)**	(33.660)
Cash flows used in operations (I+II+III)		**901.567**	926.974
Employee termination benefits paid	15	**(113.472)**	(22.728)
Taxes refunded (paid)	25	**(162.905)**	(72.397)
B. Cash flows from investing activities		**156.843**	(237.988)
Proceeds from from sales of associates not result in the loss of control	2.1	**352.145**	-
Proceeds from disposal of property, plant and equipment and intangible assets			
- Proceeds from disposal of property, plant and equipment		**12.756**	134.436
- Proceeds from disposal of intangible assets		**222.625**	-
Payments for acquisition of property, plant and equipment and intangible assets			
- Payments for acquisition of property, plant and equipment	12	**(450.400)**	(262.197)
- Payments for acquisition of intangible assets	13	**(384)**	(28)
Interest received	22	**20.101**	20.715
Cash advances given and liabilities	11	**-**	(41.442)
Increase (decrease) in other payables related to operations to related parties	7	**-**	(89.472)
C. Cash flows from financing activities		**(599.799)**	(369.376)
Cash inflows from borrowings			
- Cash inflows from borrowings	6	**1.431.807**	5.733.220
- Cash inflows from factoring transactions	6	**-**	168.017
Cash outflows on repayment of borrowings			
- Cash outflows on repayment of borrowings	6	**(1.490.795)**	(5.891.903)
- Cash outflows from factoring transactions	6	**(153.127)**	-
Interest paid	6	**(387.684)**	(378.710)
D. Effect of monetary gain (loss) on cash and cash equivalents		**(86.500)**	(55.445)
E. Effect of exchange rate changes on cash and cash equivalents		**3.397**	7.451
Net increase (decrease) in cash and cash equivalents (A+B+C+D)		**99.131**	176.491
F. Cash and cash equivalents at the beginning of the period	4	**212.326**	35.835
Cash and cash equivalents at the end of the period (A+B+C+D+E)	4	**311.457**	212.326

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

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

1. The Group's organization and nature of operations

Batıçim Batı Anadolu Çimento Sanayii A.Ş. ("Company" or "Batıçim") was established in accordance with the Turkish Trade Law in 1966 in İzmir, Turkey.

The Group headquarters is located at Ankara Caddesi No: 335 Bornova, İzmir. The principal place of business is at the same address.

The Group is registered under the Capital Markets Board ("CMB") and since 1995 its stocks are traded, in Borsa İstanbul ("BIST").

The Group's shareholder structure at historical basis is as below:

	December 31, 2023		December 31, 2022	
Shareholders	**Share (%)**	**Amount (TL)**	Share (%)	Amount (TL)
Çiftay İnşaat Taahhüt ve Ticaret A.Ş.	**45,43**	**81.769**	30,02	54.044
İstanbul Portföy Yönetimi A.Ş Pre-IPO Girişim Sermayesi Yatırım Fonu	**12,00**	**21.594**	-	-
İstanbul Portföy İkinci Serbest Fon	**5,50**	**9.891**	-	-
Çimko Çimento ve Beton Sanayi Ticaret A.Ş.	**-**	**-**	13,75	24.744
Fatma Gülgün Ünal	**-**	**-**	13,89	25.005
Other	**37,07**	**66.746**	42,34	76.207
Nominal capital	**100,00**	**180.000**	100,00	180.000

The Board members of the Group are as follows:

The Board members of the Group are as follows:

Chairman	: Sabit Aydın
Deputy of Chairman and Authorized Member	: Gülant Candaş
Official Member	: Ömer Çağdaş Selvi
Member	: Erdoğan Göğen
Independent Member:	: Ufuk Bala Yücel
Independent Member:	: Şükrü Serdar Bağcıoğlu
Independent Member:	: Mustafa Teoman Gürgan

As of December 31, 2023, the information related to the Group's subsidiaries is as follows:

Subsidiaries	**Stock Exchange Market**	**Main Business Activities**
Batısöke Söke Çimento Sanayii T.A.Ş. ("Batısöke")	Borsa İstanbul	Production and sale of clinker and cement
ASH Plus Yapı Malzemeleri Sanayi ve Ticaret A.Ş. ("ASH Plus")	-	Ash production and sale
Batıçim Enerji Elektrik Üretim A.Ş. ("Batıçim Enerji")	-	Electricity production and sale
Batıbeton Sanayi A.Ş. ("Batıbeton")	-	Ready-mixed concrete production and sale
Batıliman Liman İşletmeleri A.Ş. ("Batıliman")	-	Port management
Batıçim Enerji Toptan Satış A.Ş. ("Batıçim Enerji Toptan")	-	Sales and distribution

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

1. The Group's organization and nature of operations (continued)

It is engaged in the production and marketing of cement, ready mixed concrete, aggregate, clinker, port operation, electricity generation and sales activities of the Company and the subsidiaries explained above (together the "Group"). Segment reporting is in Note 3.

The number of employees is categorized as follows

	December 31, 2023	December 31, 2022
Executive	**33**	32
Officer	**182**	173
Worker	**791**	764
	1.006	969

2. Presentation of the financial statements

2.1 Basis of presentation

The Company and its subsidiaries keep its legal books and prepares their statutory financial statements Turkish Commercial Code ("TCC"), tax legislation and the Uniform Chart of Accounts issued by the Ministry of Finance.

The consolidated financial statements of the Group have been prepared in accordance with Turkish Accounting Standards/Turkish Financial Reporting Standards ("TAS/TFRS") promulgated by the Public Oversight Accounting and Auditing Standards Authority ("POA") that are set out in 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") on June 13, 2013 and published in Official Gazette numbered 28676.

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").

Consolidated financial statements are prepared on the basis of historical cost except for the derivative financial instruments measured at fair value and land, machinery and equipment measured at fair value in accordance with TAS 16 revaluation model. In determining historical cost, the fair value of the amount paid for the assets is generally taken as basis.

<u>Functional and presentation currency</u>

The Group 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 consolidated 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 Group, and the presentation currency for the financial statements.

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

2. Presentation of the financial statements (continued)

2.1 Basis of presentation (continued)

Restatement of financial statements during the hyperinflationary periods

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

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

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

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

Year end	Index	Index, %	Conversion Factor
2004	113,86	13,86	16,33
2005	122,65	7,72	15,16
2006	134,49	9,65	13,83
2007	145,77	8,39	12,76
2008	160,44	10,06	11,59
2009	170,91	6,53	10,88
2010	181,85	6,40	10,22
2011	200,85	10,45	9,26
2012	213,23	6,16	8,72
2013	229,01	7,40	8,12
2014	247,72	8,17	7,51
2015	269,54	8,81	6,90
2016	292,54	8,53	6,36
2017	327,41	11,92	5,68
2018	393,88	20,30	4,72
2019	440,50	11,84	4,22
2020	504,81	14,60	3,68
2021	686,95	36,08	2,71
2022	1128,45	64,27	1,65
2023	1859,38	64,77	1

2. Presentation of the financial statements (continued)

2.1 Basis of presentation (continued)

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

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

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

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

<u>Going concern basis</u>

As of 31 December 2023, the Group's current assets in its consolidated financial statements are sufficient to cover short-term liabilities; according to the consolidated results for the current year ending on the same date, total equity, including net profit of TL 2.055.057, has reached TL 2.264.328.

However, as of December 31, 2023, the short-term liabilities of Batısöke, subsidiary of the Group, exceeded its current assets by TL 940.040, and its total equity, including the net profit of TL 872.513 for the current year ending on the same date, reached TL 3.803.474.

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

2. Presentation of the financial statements (continued)

2.1 Basis of presentation (continued)

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

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

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

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

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

The Group management has completed in time,the principal repayment due in December 2023 and the interest payments for the current period related to the refinancing loan signed, which also covers the financial borrowings of its subsidiary Batısöke.

2. Presentation of the financial statements (continued)

2.1 Basis of presentation (continued)

As of December 31, 2023, it is observed that the Group has met the debt service coverage ratio commitment required by the refinancing agreement, and the same agreement indicates that the Group as a whole will not encounter any problems in making the relevant payments on time with respect to the net cash flow within 2024 for the financial debts that will become due within 12 (twelve) months.

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

Approval of the financial statements

The financial statements of the Company were approved by the Board of Directors on May 20, 2024. The General Assembly and related legal entities have the right to amend the financial statements prepared in accordance with legal regulations and these financial statements.

Basis of consolidation

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

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

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

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

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

Consolidation of a subsidiary ceases when the Company has control over the subsidiary and loses control. Income and expenses of subsidiaries purchased or disposed of during the year are included in consolidated profit or loss and other comprehensive income statement until the date of elimination from the date of purchase.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiary is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiary to bring their accounting policies into line with the Group's accounting policies. All intragroup assets and liabilities, equity, income and expenses, and cash flows from Group companies are eliminated on consolidation.

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

2. Presentation of the financial statements (continued)

2.1 Basis of presentation (continued)

Details of the Group's subsidiaries as of December 31, 2023 and 2022 are as follows:

		December 31, 2023		December 31, 2022	
Subsidiary	**Establishment and operation location**	**Direct proportional ownership %**	**Indirect proportional ownership %**	Direct proportional ownership %	Indirect proportional ownership %
Batısöke	Aydın, Türkiye	**74,62**	**74,62**	74,62	74,62
Batıçim Enerji	İzmir, Türkiye	**100**	**100**	100	100
Batıçim Enerji Toptan	İzmir, Türkiye	**-**	**100**	-	100
Batıbeton	İzmir, Türkiye	**100**	**100**	100	100
Batıliman (*)	İzmir, Türkiye	**90**	**90**	100	100
ASH Plus	Manisa, Türkiye	**100**	**100**	100	100

(*) The Group has transferred its total of 578.345.800 shares, with a nominal value of TL 5.783.458, representing 10% of the paid capital, held in its subsidiary Batıliman Liman İşletmeleri A.Ş., to İstanbul Portföy Yönetimi A.Ş. PRE-IPO Girişim Sermayesi Yatırım Fonu as of December 26, 2023, for US Dollars 12.000.000 and, if distributed, in exchange for the dividend amount that could be paid for the shares in question for the year 2023.

2.2 Changes in Turkey Financial Reporting Standards

The new standards, amendments, and interpretations

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

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

Amendments to TAS 8 - Definition of Accounting Estimates

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

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

2. Presentation of the financial statements (continued)

2.1 Basis of presentation (continued)

Amendments to TAS 1 - Disclosure of Accounting Policies

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

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

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

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

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

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

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

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

2. Presentation of the financial statements (continued)

2.2 Changes in Turkey Financial Reporting Standards (continued)

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

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

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

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

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

TFRS 17 - The new Standard for insurance contracts

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

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

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

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

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

2. Presentation of the financial statements (continued)

2.2 Changes in Turkey Financial Reporting Standards (continued)

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

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

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

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

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

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

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

The following amendments to IAS 21 and IFRS 18 are issued by IASB but not yet adapted/issued by POA. Therefore, they do not constitute part of TFRS. The Group will make the necessary changes to its consolidated financial statements after the amendments and new Standard are issued and become effective under TFRS.

2. Presentation of the financial statements (continued)

2.2 Changes in Turkey Financial Reporting Standards (continued)

Amendments to IAS 21 - Lack of exchangeability

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

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

IFRS 18 – The new Standard for Presentation and Disclosure in Financial Statements

In April 2024, IASB issued IFRS 18 which replaces IAS 1. IFRS 18 introduces new requirements on presentation within the statement of profit or loss, including specified totals and subtotals. IFRS 18 requires an entity to classify all income and expenses within its statement of profit or loss into one of five categories: operating; investing; financing; income taxes; and discontinued operations. It also requires disclosure of management-defined performance measures and includes new requirements for aggregation and disaggregation of financial information based on the identified 'roles' of the primary financial statements and the notes. In addition, there are consequential amendments to other accounting standards, such as IAS 7, IAS 8 and IAS 34.

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

2.3 Comparative information and restatement of previous year financial statements

In order to allow for the determination of financial situation and performance trends, The Group has prepared consolidated statement of financial position as at December 31, 2023 comparatively with the consolidated statement of financial position as at December 31, 2022, and consolidated profit or loss statement, consolidated statement of other comprehensive income, consolidated statement of cash flow and consolidated statement of changes in shareholders' equity for the period ended December 31, 2023 comparatively with the consolidated profit or loss statement, consolidated statement of other comprehensive income, consolidated statement of cash flow and consolidated statement of changes in shareholders' equity for the period ended December,31 2022.

2.4 Restatement and errors in the accounting policies and estimates

Accounting policy changes resulting from the first application of a new standard, if any, are applied retrospectively or prospectively, in accordance with the transitional provisions. Changes without any transitional provisions, optional changes in accounting policy or accounting errors detected are applied retrospectively and prior period financial statements are restated.

If the changes in accounting estimates are for only one period, they are applied prospectively both in the current period when the change is made and in the future periods if the change is made. Significant accounting errors are applied retrospectively, and prior period financial statements are restated.

2. Presentation of the financial statements (continued)

2.5 Summary of significant accounting policies

Revenue

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

Sale 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 Group and there is a legally enforceable right of collection on the payment to be made against the completed performance until that day, the Group transfers the control of the commodity over time and records the proceeds as time-consuming as production takes place.

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

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

At the beginning of the contract, the Group evaluate whether the Group has different performance commitments. The Group 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.

Rendering of services

Revenue from a contract to provide services is recognized by reference to the stage of completion of the contract. The stage of completion of the contract is determined as follows:

- Revenue from time contracts is recognized at the contractual rates as labor hours are delivered and direct expenses are incurred.

Dividend and interest income

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

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

2. Presentation of the financial statements (continued)

2.5 Summary of significant accounting policies (continued)

Related parties

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

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

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

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

i. The entity and the reporting entity are members of the same group.
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 benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
vi. The entity is controlled or jointly controlled by a person identified in (a).
vii. A person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

A related party transaction is a transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged. In the financial statements, the shareholders of the Group, 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 expressed in terms of purchasing power of TL as of December 31, 2023 and net realizable value. Costs, including an appropriate portion of fixed and variable overhead expenses, are assigned to inventories held by the method most appropriate to the particular class of inventory, with the majority being valued on weighted average basis. Net realizable value represents the estimated selling price less all estimated costs of completion and costs necessary to make the sale. When the net realizable value of inventory is less than cost, the inventory is written down to the net realizable value and the expense is included in statement of profit or loss in the period the write-down or loss occurred. When the circumstances that previously caused inventories to be written down below cost no longer exist or when there is clear evidence of an increase in net realizable value because of changed economic circumstances, the amount of the write-down is reversed. The reversal amount is limited to the amount of the original write-down.

2. Presentation of the financial statements (continued)

2.5 Summary of significant accounting policies (continued)

Right-of-use assets

The Company accounts for the right-to-use assets on the date of commencement of the leasing agreement (for example, as of the date on which the relevant asset is eligible for use).The right of use assets is calculated by deducting the accumulated depreciation and impairment losses from the cost value.

In case the financial leasing debts are revalued, this figure is corrected.

The cost of the right of use asset includes:

(a) The first measurement of the lease obligation,
(b) The amount obtained from all lease payments made before or before the lease actually started, by deducting all lease incentives received, and
(c) All initial costs incurred by the company.

Unless the transfer of the ownership of the underlying asset to the Company at the end of the lease is reasonably finalized, the Company depreciates its asset right to use until the end of the useful life of the underlying asset.

The right to use assets are subject to impairment assessment.

Lease liabilities

The company measures the lease obligation at the present value of the lease payments, which were not paid on the date the lease actually began.

The lease payments included in the measurement of the lease obligation at the date of the lease actually consist of the following payments to be made for the right of use of the underlying asset during the lease period and not paid at the date when the lease actually started:

(a) Fixed payments,
(b) Variable rental payments based on an index or rate, made using an index or rate at the date when the first measurement was actually started,
(c) amounts expected to be paid by the Company within the scope of residual value commitments
(d) the price of use of this option if the Group is reasonably sure that it will use the purchase option and
(e) If the rental period shows that the Group will use an option to terminate the lease, penalties for termination of the lease.

Variable lease payments that do not depend on an index or rate are recorded as expenses in the period when the event or condition that triggered the payment occurred.

In case the revised discount rate and the implicit interest rate in the lease can be determined easily for the remainder of the company lease period, this rate is; In case it cannot be determined easily, the Group determines the alternative borrowing interest rate on the date of re-evaluation. The Group used a 10% interest rate for lease contracts in euros.

The company measures the lease obligation after the lease actually starts as follows:

(a) Increases the carrying amount to reflect the interest on the lease obligation, and
(b) Reduces the carrying value to reflect the rent payments made.

In addition, in the event that there is a change in lease duration, a change in substance of fixed lease payments or a change in the assessment of the option to purchase an underlying asset, the value of financial lease liabilities is re-measured.

2. Presentation of the financial statements (continued)

2.5 Summary of significant accounting policies (continued)

Non-current assets classified for sale

Fixed assets or asset groups that meet the classification criteria for sales purposes are measured by the lower of the carrying value and the lower the carrying value by deducting the sales costs from their fair value. Depreciation is not allocated over these assets.

Property, plant, and equipment

Property, plant, and equipment are stated at cost expressed in terms of purchasing power of TL as of December 31, 2023, less accumulated depreciation and impairment, if any, after deducting the provision for impairment, except for land, machinery and equipments, those fair values are measured in 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 intendent 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 Group made a decision of applying revaluation model for land and changing the accounting policy prospectively within the scope of TFRS's. Also the Group 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 Group's revaluation model was lastly exercised by a real estate appraisal company licensed by the Capital Markets Board. As December 31, 2023, The Group has renewed the revaluation measurements of the land and machinery and equipments and fair value increases are reflected in the consolidated financial statements dated December 31, 2023 based on their fair values in the current valuation reports prepared by a real estate appraisal company authorized by the CMB.

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

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.

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

2. Presentation of the financial statements (continued)

2.5 Summary of significant 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 annual depreciation rates accordingly the estimated useful lives for tangible assets are as follows:

	Period (Year)
Land improvements	15-30
Buildings	10-50
Furniture and fixtures	2-20
Machinery and equipment	2-25
Motor vehicles	4-10
Other tangible fixed 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 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.

2. Presentation of the financial statements (continued)

2.5 Summary of significant accounting policies (continued)

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

	Period (Year)
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 Group 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 Group 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 it is 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.

General borrowings of the Group are capitalized to the applicable qualifying assets based on a capitalization rate. 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. The said borrowing rate represents the borrowing cost that would arise in case of borrowing in TL under the same terms and conditions as an alternative to borrowings for the construction of special assets. The financial investment income obtained by temporarily investing the unspent portion of the investment loan in financial investments is deducted from the borrowing costs eligible for capitalization. All other borrowing costs are recognized in the statement of profit or loss in the period in which they are incurred.

2. Presentation of the financial statements (continued)

2.5 Summary of significant 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
- A contractual right to exchange financial instruments from another enterprise under conditions that are potentially favourable, 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 unfavourable

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

Group classifies its “financial assets measured at amortized cost” .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 Group'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. Group’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.

2. Presentation of the financial statements (continued)

2.5 Summary of significant accounting policies (continued)

Financial Statement Exclusion

The Group derecognizes the financial assets when it terminates the rights related to the cash flows due to the contract or when the related rights are transferred through a purchase and sale of all risks and rewards related to the financial asset. Any rights created or held by financial assets transferred by the Group are 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 Group 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.

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.

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. Financial liabilities are classified as equity instruments and other financial liabilities. A financial liability is classified as fair value gain or loss through profit or loss in case it is held for sale. A financial liability is recognized as held for sale in case this financial liability is a derivative instrument or defined as at the first registration. Financial liabilities fair value gain or loss through profit or loss are measured at their fair value and net gain or losses are stated under profit or loss including interest expenses. Other financial liabilities are measured at their amortized costs following their first recognition. Interest expenses and foreign currency gains or losses are stated under profit or loss. Profit or losses resulting sale of these financial liabilities are stated under profit or loss.

2. Presentation of the financial statements (continued)

2.5 Summary of significant accounting policies (continued)

Effect of foreign currency transactions

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

In preparing the financial statements of the individual entities, 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 the reporting date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences which relate to assets under construction for future productive use, which are included in the cost of those assets where they are regarded as an adjustment to interest costs on foreign currency borrowings.

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 considering 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 period

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.

As of the reporting date, if the evidence with respect to such events or such events has occurred after the reporting date and such events require restating the financial statements; accordingly, the Group restates the financial statements appropriately. If such events do not require restating the financial statements, such events have been disclosed in the related notes.

2. Presentation of the financial statements (continued)

2.5 Summary of significant accounting policies (continued)

Provisions, contingent assets, and liabilities

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

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, considering the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. Provisions are reviewed at each reporting date and necessary adjustments are made to reflect management's best estimates.

Contingent assets and liabilities

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

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

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 consolidated statement of profit or loss as an expense in the period in which the costs are incurred.

2. Presentation of the financial statements (continued)

2.5 Summary of significant accounting policies (continued)

Segment information

The Group have identified relevant operating segments based on internal reports that are regularly reviewed. Chief operating decision making body of the Group is the Executive Board.

The chief operating decision making body of the Group reviews results and operations on a product basis in order to monitor performance and to allocate resources. Product basis segments of the Group are defined in the following categories: stone and mineral basis products, ready-mixed concrete, port services and electricity production.

Taxes calculated on the basis of the company's earnings

Turkish tax legislation does not permit a parent company and its subsidiary to file a consolidated tax return. Therefore, provisions for taxes, as reflected in the consolidated financial statements, have been calculated on a separate-entity basis.

Tax expense includes current tax expense and deferred tax expense. Tax is included in the income statement, provided that it is not related to an operation that is accounted for directly under equity. Otherwise, the tax is accounted under equity as well as the related transaction.

Current income tax

Current income tax expense is calculated taking into account tax legislation in force in the countries where the Group's subsidiaries operate as of the date of the consolidated 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 Group's current income tax liability is calculated using tax rates that are legally enacted or substantively enacted by the balance sheet date.

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

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

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

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

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, 2022 and 2021, the tax provision has been set aside under the current tax legislation.

2. Presentation of the financial statements (continued)

2.5 Summary of significant accounting policies (continued)

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

Deferred tax

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

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

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

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

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

2. Presentation of the financial statements (continued)

2.5 Summary of significant accounting policies (continued)

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 consolidated 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.

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

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

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

Capital and dividends

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

Share premiums

Share premium represents differences resulting from the sale of the Group'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. The amounts arising from the disposal of the Group's repurchased shares are accounted for under share premiums account.

Treasury shares

In case the Group 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 Group's transactions related to shares that have been recovered in this manner are also recognized under equity. In case the shares are acquired by other companies included in the consolidation, the shares received are presented as "Mutual participation capital adjustment" within the scope of TAS 32.

2. Presentation of the financial statements (continued)

2.5 Summary of significant accounting policies (continued)

Statement of cash flow

Cash flows during the period are classified and reported as operating, investing and financing activities in the consolidated statement of cash flows. Cash flows from operating activities represent cash flows related to the Group'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 Group. Cash flows arising from financing activities represent the cash proceeds from the financing activities of the Group 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 simultaneously.

2.6 Significant judgments, assumptions, and estimates

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

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

Deferred tax assets and liabilities are calculated using the tax rates (tax laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply in the period when the asset is realized or the liability is settled. During the calculation of deferred tax assets and liabilities, the tax consequences of the methods that the Group 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 Group 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 Group management as the foreseeable future and the timing of the recovery of taxable temporary differences have been taken into consideration. If the Group 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 25).

2. Presentation of the financial statements (continued)

2.6 Significant judgments, assumptions, and estimates (continued)

Fair values measurement of property, plant and equipments

The Group 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 Group works with an independent valuation company authorized by the Capital Markets Board in Turkey in order to determine the fair values of these assets. The revaluation for the land as well as machinery and equipments were re-performed as of December 31, 2023, and the real fair value increases/decreases, adjusted for the inflation effect under the provisions of TAS 29, have been accounted under other comprehensive income (expense) accounts in the consolidated 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 12 and 29).

Useful lifes of tangible and intangible assets

The Group management estimates and regularly audits the useful lives of the depreciable assets as explained in Note 2.5 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 Group's experience with similar assets. When determining the useful life of an asset, the Group will also consider changes in the market or the resulting technical and / or commercial unusable assets.

Provision for mine site rehabilitation

The Group 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 14. 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.

Provisions for employee benefits

Severance pay and seniority incentive premium liabilities are determined by actuarial calculations based on a number of assumptions, including discount rates, future salary increases and employee retirement rates. Because these plans are long-term, the assumptions involve significant uncertainties. Details regarding the allowance for employee benefits are provided in Note 15.

3. Segment Reporting

Operating segments have been determined as those components, the operating results of which, are reviewed regularly and the Executive Board is the operating decision-making body of the Group. The Group's foreign sales represent sales made to different geographical regions. The details of revenue have been given as domestic and foreign sales in Note 18.

The business activities of the Group are being managed and organized according to the contents of the output that the Group either provide or serve. The Group's product groups based on the breakdown is as follows: stone and soil-based products, ready-mixed concrete, port services and electricity production.

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

3. Segment Reporting (continued)

Segment assets, segment liabilities, investment expenditures, depreciation and amortisation charges and interest income and expenses as of December 31, 2023 and December 31, 2022 comprise of the following:

December 31, 2023	Product of stone and land basis	Ready-mixed concrete	Harbour services	Electricity production	Total
Total assets	14.011.318	1.861.652	3.042.031	1.129.466	20.044.467
Total liabilities	(6.033.479)	(1.014.760)	(583.308)	(148.592)	(7.780.139)
Current year investment expenditures	133.352	13.248	304.105	80	450.785
Current year depreciation and amortization expense	560.767	61.488	37.896	27.985	688.136
Interest income	12.052	1.809	30.949	4.921	49.731
Finance expense	2.732.199	44.047	34.928	35.377	2.846.551

December 31, 2022	Product of stone and land basis	Ready-mixed concrete	Harbour services	Electricity production	Total
Total assets	12.513.283	1.362.699	2.372.091	1.467.012	17.715.085
Total liabilities	(7.697.046)	(719.985)	(545.337)	(645.546)	(9.607.914)
Current year investment expenditures	243.165	6.809	605	11.646	262.225
Current year depreciation and amortization expense	477.855	34.017	30.747	34.070	576.689
Interest income	5.449	8.051	585	6.630	20.715
Finance expense	2.165.665	18.525	19.719	135.378	2.339.287

The results of the financial figures by segments for the year ended December 31, 2023 are as follows:

January 1 – December 31, 2023	Product of stone and land basis	Ready-mixed concrete	Harbour services	Electricity production	Total
Revenue	6.189.662	2.678.955	709.291	1.919.605	11.497.513
Cost of sales (-)	(4.969.487)	(2.692.369)	(287.307)	(1.906.965)	(9.856.128)
Gross profit	**1.220.175**	**(13.414)**	**421.984**	**12.640**	**1.641.385**
General administrative expenses (-)	(262.693)	(25.383)	(9.081)	(13.835)	(310.992)
Marketing expenses (-)	(309.252)	(37.338)	-	(5.994)	(352.584)
Other income from operating activities	357.443	156.300	15.158	18.187	547.088
Other expenses from operating activities (-)	(626.304)	(148.141)	(25.211)	(15.815)	(815.471)
Operating profit/(loss)	**379.369**	**(67.976)**	**402.850**	**(4.817)**	**709.426**
Income from investing activities	20.001	457	29.628	-	50.086
Expense from investing activities	-	-	-	(63.327)	(63.327)
Finance expenses (-) net	(2.607.967)	(41.524)	(33.378)	(72.262)	(2.755.131)
Monetary gain / (loss), net	2.779.309	86.622	(10.263)	(42.021)	2.813.647
Profit/(loss) before tax	**570.712**	**(22.421)**	**388.837**	**(182.427)**	**754.701**

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

3. Segment Reporting (continued)

The results of the financial figures by segments for the year ended December 31, 2022 are as follows:

January 1 – December 31, 2022	Product of stone and land basis	Ready-mixed concrete	Harbour services	Electricity production	Total
Revenue	5.859.053	1.822.958	739.151	2.920.561	11.341.723
Cost of sales (-)	(5.442.101)	(1.849.935)	(341.683)	(2.742.456)	(10.376.175)
Gross profit	**416.952**	**(26.977)**	**397.468**	**178.105**	**965.548**
General administrative expenses (-)	(167.924)	(36.199)	(9.501)	(10.698)	(224.322)
Marketing expenses (-)	(265.200)	(14.423)	-	(4.391)	(284.014)
Other income from operating activities	254.380	76.661	18.961	1.116	351.118
Other expenses from operating activities (-)	(404.177)	(77.168)	(65.189)	(2.424)	(548.958)
Operating profit/(loss)	**(165.969)**	**(78.106)**	**341.739**	**161.708**	**259.372**
Income from investing activities	6.301	3.044	8.710	2.660	20.715
Expense from investing activities	(299.887)	-	-	-	(299.887)
Finance expenses (-) net	(2.167.255)	9.832	(16.688)	(109.801)	(2.283.912)
Monetary gain / (loss), net	3.001.883	44.713	(32.800)	147.729	3.161.525
Profit/(loss) before tax	**375.073**	**(20.517)**	**300.961**	**202.296**	**857.813**

4. Cash and cash equivalents

	December 31, 2023	December 31, 2022
Cash	**42**	79
Banks		
- Demand deposits	**29.305**	101.757
- Time deposits	**282.110**	110.490
	311.457	212.326

As of December 31, 2023, and December 31, 2022 the details of time deposits are as follows:

				December 31, 2023
Currency	**Weighted average interest rate**	**Maturity**	**Foreign currency**	**TL Equivalent**
TL	**%33,36**	**January 2024**	**282.110**	**282.110**
Total				**282.110**

				December 31, 2022
Currency	Weighted average interest rate	Maturity	Foreign currency	TL Equivalent
TL	%9,34	January 2023	110.490	110.490
Total				110.490

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

5. Financial investment

	December 31, 2023	December 31, 2022
Other financial assets	**10**	16
	10	16

6. Financial liabilities

	December 31, 2023	December 31, 2022
Short term bank loans	**372.586**	1.065.357
Current portion of long term lease liabilities	**20.025**	4.315
Current portion of long-term loans	**771.753**	311.558
Long term bank loans	**3.309.816**	3.834.913
Long term lease liabilities	**59.474**	14.798
Letter of credit liabilities	**227.365**	-
Factoring borrowings	**-**	168.017
	4.761.019	5.398.958

				December 31, 2023
Currency	**Interest type**	**Nominal interest rate**	**Original currency amount**	**TL Equivalence**
Short term borrowings				
US Dollar	Fixed	%8,75 - %11,5	**8.535**	**251.713**
US Dollar	Floating	6M Libor+%5,5	**4.099**	**120.873**
Current portion of long-term bank loans				
US Dollar	Floating	6M Libor+%5,75	5.627	165.970
US Dollar	Floating	6M Libor+%7,5	18.350	541.152
US Dollar	Fixed	%8,75 - %11,5	280	8.256
US Dollar	Floating	6M Libor+%5,5	803	23.688
TL	Fixed	%13,80 - %29,5	32.687	32.687
Long term borrowings				
US Dollar	Floating	6M Libor+%5,75	8.300	244.778
US Dollar	Floating	6M Libor+%7,5	101.026	2.979.408
US Dollar	Floating	6M Libor+%5,5	750	22.118
US Dollar	Fixed	%8,75 - %11,5	1.756	51.777
TL	Fixed	%13,80 - %29,5	11.735	11.735
Letter of credit borrowings				
US Dollar	Floating	12M Libor+%5,75	7.710	227.365
				4.681.520

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

6. Financial liabilities (continued)

				December 31, 2022
Currency	**Interest type**	**Nominal interest rate**	**Original currency amount**	**TL Equivalence**
Short term borrowings				
US Dollar	Floating	3M Libor+%4,5	2.533	78.167
US Dollar	Floating	3M Libor+%6,5	2.529	78.045
US Dollar	Floating	3M Libor+%7,25	892	27.519
US Dollar	Floating	3M Libor+%6,35	1.043	32.195
US Dollar	Fixed	%2,9 - %3,0	4.500	138.894
TL	Fixed	%9,0 - % 29,5	710.537	710.537
Current portion of long-term bank loans				
US Dollar	Floating	6M Libor+%7,5	7.384	227.920
US Dollar	Floating	3M Libor +%6,95	941	29.044
TL	Fixed	%13,8-%29,5	54.594	54.594
Long term borrowings				
US Dollar	Floating	6M Libor+%7,5	114.774	3.542.541
US Dollar	Floating	3M Libor +%6,95	4.233	130.653
US Dollar	Fixed	%8,75	2.665	82.253
TL	Fixed	%13,8-%29,5	79.466	79.466
Borrowings related to factoring payables				
TL	Fixed	%23,5-%39,0	168.017	168.017
				5.379.845

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

	December 31, 2023	December 31, 2022
Between 1-2 years	**559.382**	503.910
Between 2-3 years	**430.427**	522.085
Between 3-4 years	**430.427**	498.476
Between 4-5 years	**430.427**	452.000
5 years and longer	**1.459.153**	1.858.442
	3.309.816	3.834.913

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

	2023	2022
Opening balance, January 1	**5.398.958**	6.670.331
New financial debts received	**1.431.807**	5.901.237
Principal paid	**(1.643.922)**	(5.891.903)
Interest paid	**(387.684)**	(378.710)
Foreign exchange losses and interest accruals	**2.444.432**	1.873.758
Monetary gain / (loss)	**(2.482.572)**	(2.775.755)
Closing balance, December 31	**4.761.019**	5.398.958

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

7. Related party disclosures

a) Trade receivables from related parties

	December 31, 2023	December 31, 2022
Çiftay İnşaat Taahhüt ve Ticaret A.Ş. (1)	**2.401**	3.740
	2.401	3.740

b) Other receivables from related parties

	December 31, 2023	December 31, 2022
Çiftay İnşaat Taahhüt ve Ticaret A.Ş. (1) (*)	**798.838**	-
	798.838	-

(*) Batıçim Batı Anadolu Çimento Sanayi A.Ş. shares held by the Company's subsidiary Batıliman Liman İşletmeleri A.Ş. has been sold to Çiftay İnşaat Taahhüt ve Ticaret A.Ş. on April 4, 2023 by TL 977.876. The due date is June 30, 2024 and in the transaction date The due date for the receivable is June 30, 2024, and as of the transaction date, a discount of TRY 208.665 has been accounted based on the interest rate used for intergroup borrowings. As of the transaction date, accrued interest related to the receivable is being calculated using the same interest rate, and the amount of accrued interest recognized in the profit or loss statement as of the balance sheet date is TL 29.628.

c) Transactions with related parties

			January 1 – December 31, 2023
	Purchases of goods and services	**Sales of goods and services**	**Other income (expense)**
Çiftay İnşaat Taahhüt ve Ticaret A.Ş. (1)	**551**	**100.961**	**29.628**
	551	**100.961**	**29.628**

			January 1 – December 31, 2022
	Purchases of goods and services	Sales of goods and services	Other income (expense)
Çiftay İnşaat Taahhüt ve Ticaret A.Ş. (1)	(279)	6.972	-
	(279)	6.972	-

(1) Main partner

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

7. Related party disclosures (cont'd)

d) Key management compensation

Benefits to the key management personnel during the period as follow:

	January 1 – December 31, 2023	January 1 – December 31, 2022
Wage, bonus, social relief benefits	**9.569**	9.640
Seniority incentive, performance premium, other reliefs, and payments	**3.525**	60
	13.094	9.700

8. Trade receivables and payables

a) Trade receivables

	December 31, 2023	December 31, 2022
Trade receivables	**1.124.488**	819.381
Notes receivables	**582.747**	425.612
Provisions for doubtful receivables (-)	**(3.896)**	(2.884)
	1.703.339	1.242.109

Average turnover for account receivables is 1-2 months. (December 31, 2022: 1-2 months).

As of December 31, 2023, the Group has trade receivables that are 30-60 days past due but not impaired, amounting to TL 80.813. (December 31, 2022: TL 5.953).

As of December 31, 2023, a doubtful account receivables provision adjustment in the amount of TL 3.896 (December 31, 2022: TL 2.884) has been booked. Allowances for doubtful receivables are recognized against trade receivables based on estimated irrecoverable amounts determined by reference top as default experience of the counterparty.

December 31, 2023 and 2022 movement of Group's provision for doubtful receivables is as follows:

	2023	2022
Opening balance on 1 January	**2.884**	4.829
Current period provision expense (reversal)	**2.744**	(66)
Monetary gain / (loss)	**(1.732)**	(1.879)
Closing balance on 31 December	**3.896**	2.884

Guarantees received and credit risk disclosures regarding the Group's trade receivables are presented in Note 14 and Note 28, respectively.

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

8. Trade receivables and payables (cont'd)

b) Trade payables:

	December 31, 2023	December 31, 2022
Trade payables	**1.697.216**	2.021.386
	1.697.216	2.021.386

As of December 31, 2023, there are letters of credit of the same amount opened with banks for raw material purchases amounting to USD 3.132 and EUR 973, equivalent to TL 188.463, in the trade payables account (December 31, 2022: USD 8.291 and EUR 1.771, equivalent to TL 310.003).

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

9. Other receivables and payables

a) Other short-term receivables

	December 31, 2023	December 31, 2022
Other receivables	**23.357**	4.189
	23.357	4.189

b) Other long-term receivables

	December 31, 2023	December 31, 2022
Deposits and guarantees given	**15.378**	24.110
	15.378	24.110

c) Other short-term payables

	December 31, 2023	December 31, 2022
Taxes and funds payable	**24.421**	15.223
Deposits and guarantees taken	**228**	313
	24.649	15.536

10. Inventories

	December 31, 2023	December 31, 2022
Raw materials	**166.938**	211.220
Work in process inventories	**363.154**	581.282
Finished goods	**9.014**	68.843
Auxiliary materials and spare parts and other inventories	**620.751**	605.216
	1.159.857	1.466.561
Inventory impairment provision (-)	**-**	(30.131)
	1.159.857	1.436.430

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

10. Inventories (cont'd)

Auxiliary materials and spare parts are composed of auxiliary materials and spare parts that may be used in manufacturing.

There is insurance coverage of approximately USD 9.534 equivalent of TL 280.649 on inventories. (December 31, 2022: USD 6.580 equivalent of TL 202.728).

There is any impairment on inventories:

	2023	2022
January 1	**(30.131)**	-
Current year provision/(Reversal through sales)	**30.131**	(30.131)
December 31	**-**	(30.131)

11. Prepaid expenses and deferred income

a) Short-term prepaid expenses

	December 31, 2023	December 31, 2022
Advances given for inventory purchases	**98.674**	124.265
Prepaid expense	**5.342**	5.177
Advances given to personnel	**198**	9
	104.214	129.451

b) Long-term prepaid expenses

	December 31, 2023	December 31, 2022
Prepaid expense	**10.723**	33.641
Aadvances given for fixed asset purchases	**2.791**	14.521
	13.514	48.162

c) Contract liabilities

	December 31, 2023	December 31, 2022
Advances received	**178.274**	167.093
Deferred income	**-**	179
	178.274	167.272

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

12. Property, plant, and equipment

	January 1, 2023	Additions	Disposals	Transfers	Revaluation	December 31, 2023
Cost value:						
Land	**5.480.832**	**-**	**-**	**-**	**755.483**	**6.236.315**
Land improvements	**1.284.737**	**2.681**	**-**	**1.472**	**-**	**1.288.890**
Buildings	**4.371.952**	**3.612**	**-**	**-**	**-**	**4.375.564**
Plant, machinery, and equipment	**4.042.358**	**6.354**	**(3.463)**	**123.297**	**11.421**	**4.179.967**
Vehicles	**34.713**	**20.239**	**(3.531)**	**-**	**-**	**51.421**
Furniture and fixtures (*)	**1.016.828**	**17.313**	**(7.332)**	**78.574**	**-**	**1.105.383**
Mine assets	**20.967**	**-**	**-**	**-**	**-**	**20.967**
Leashold improvements	**282.531**	**-**	**(4.659)**	**-**	**-**	**277.872**
Construction in progress	**162.775**	**400.201**	**-**	**(124.769)**	**-**	**438.207**
	16.697.693	**450.400**	**(18.985)**	**78.574**	**766.904**	**17.974.586**
Accumulated depreciation:						
Land improvements	**(917.937)**	**(39.169)**	**-**	**-**	**-**	**(957.106)**
Buildings	**(1.316.301)**	**(94.428)**	**-**	**-**	**-**	**(1.410.729)**
Plant, machinery, and equipment	**(437.068)**	**(352.517)**	**674**	**-**	**785.207**	**(3.704)**
Vehicles	**(29.507)**	**(2.732)**	**3.527**	**-**	**-**	**(28.712)**
Furniture and fixtures	**(809.695)**	**(99.679)**	**1.161**	**-**	**-**	**(908.213)**
Mine assets	**(20.967)**	**-**	**-**	**-**	**-**	**(20.967)**
Leashold improvements	**(79.595)**	**(10.176)**	**866**	**-**	**-**	**(88.905)**
	(3.611.070)	**(598.701)**	**6.228**	**-**	**785.207**	**(3.418.336)**
Net book value	**13.086.623**				**1.552.111**	**14.556.250**

	January 1, 2022	Additions	Disposals	Transfers	Revaluation	December 31, 2022
Cost value:						
Land	5.908.278	-	(427.446)	-	-	5.480.832
Land improvements	1.281.169	415	-	3.153	-	1.284.737
Buildings	4.371.405	300	-	247	-	4.371.952
Plant, machinery, and equipment	8.893.663	21.680	(385)	3.648	(4.876.248)	4.042.358
Vehicles	33.232	1.481	-	-	-	34.713
Furniture and fixtures (*)	847.835	114.644	(5.290)	59.639	-	1.016.828
Mine assets	20.967	-	-	-	-	20.967
Leashold improvements	282.531	-	-	-	-	282.531
Construction in progress	52.458	123.677	(6.312)	(7.048)	-	162.775
	21.691.538	262.197	(439.433)	59.639	(4.876.248)	16.697.693
Accumulated depreciation:						
Land improvements	(878.844)	(39.093)	-	-	-	(917.937)
Buildings	(1.221.730)	(94.571)	-	-	-	(1.316.301)
Plant, machinery, and equipment	(5.531.427)	(306.234)	16	-	5.400.577	(437.068)
Vehicles	(28.193)	(1.314)	-	-	-	(29.507)
Furniture and fixtures	(739.535)	(75.395)	5.235	-	-	(809.695)
Mine assets	(20.967)	-	-	-	-	(20.967)
Leashold improvements	(67.879)	(11.716)	-	-	-	(79.595)
	(8.488.575)	(528.323)	5.251	-	5.400.577	(3.611.070)
Net book value	13.202.963				524.329	13.086.623

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

As of December 31, 2023, there are no borrowing costs capitalized in the current period regarding the investments in progress (December 31, 2022: None).

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

12. Property, plant, and equipment (continued)

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

As of December 31, 2023, there are first level and second level pledges and mortgages were places on the tangible assets respectively million USD 400 and billion TL 2.6. (December 31, 2022: million USD 400 of first level pledge and billion TL 2.6 of second level pledge). Details regarding the additional guarantees, pledges and mortgages given within the scope of the refinancing agreement signed by the Group on February 28, 2022 are explained in Note 14.

There is insurance coverage of USD 166.825, equivalent to approximately TL 4.911.028 on tangible fixed assets. (December 31, 2022: USD 148.954, equivalent to approximately TL 4.589.222).

The distribution of depreciation and amortization is as follows:

	January 1 – December 31, 2023	January 1 – December 31, 2022
Tangible Assets	**598.701**	528.323
Intangible Assets (Note 13)	**28.827**	36.070
Right of use Assets (Note 13)	**60.608**	12.296
	688.136	576.689

	January 1 – December 31, 2023	January 1 – December 31, 2022
Cost of Sales	**646.333**	555.221
Sales and Marketing Expenses	**6.309**	899
General Administrative Expenses	**35.494**	20.569
	688.136	576.689

13. Intangible assets and right of use assets

a) Other intangible assets

	January 1, 2023	**Additions**	**December 31, 2023**
Cost value:			
Rights	**278.448**	**384**	**278.832**
Assets subject to amortization	**8.971**	**-**	**8.971**
	287.419	**384**	**287.803**
Accumulated depreciation:			
Rights	**(178.649)**	**(6.435)**	**(185.084)**
Assets subject to amortization	**(8.971)**	**-**	**(8.971)**
	(187.620)	**(6.435)**	**(194.055)**
Net book value	**99.799**		**93.748**

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

13. Intangible assets and right of use assets (continued)

	January 1, 2022	Additions	December 31, 2022
Cost value:			
Rights	278.420	28	278.448
Assets subject to amortization	8.971	-	8.971
	287.391	28	287.419
Accumulated depreciation			
Rights	(172.175)	(6.474)	(178.649)
Assets subject to amortization	(8.971)	-	(8.971)
	(181.146)	(6.474)	(187.620)
Net book value	106.245		99.799

The "Port Operating license" included among the Group's rights, which has a cost of TL 171.387 with a useful life of 49 years, is amortized over the remaining useful life of 35 years as of the date of transfer to Group. The expiration date of license is the year 2041.

b) Intangible assets related to concession agreements

Movement tables of intangible assets and accumulated amortization related to concession for the years ended December 31, 2023 and December 31, 2022 are as follows:

	January 1, 2023	**Additions**	**Disposals (*)**	**December 31, 2023**
Cost value:				
Privileged intangible assets	1.450.191	-	(470.654)	979.537
	1.450.191	**-**	**(470.654)**	**979.537**
Accumulated amortization:				
Privileged intangible assets	(316.013)	(22.392)	96.852	(241.553)
	(316.013)	**(22.392)**	**96.852**	**(241.553)**
Net book value	**1.134.178**			**737.984**

	January 1, 2022	**Additions**	**Disposals**	**December 31, 2022**
Cost value:				
Privileged intangible assets	1.450.191	-	-	1.450.191
	1.450.191	**-**	**-**	**1.450.191**
Accumulated amortization:				
Privileged intangible assets	(286.418)	(29.596)	-	(316.014)
	(286.418)	**(29.596)**	**-**	**(316.014)**
Net book value	**1.163.773**			**1.134.177**

(*) The operating lincenses of Hasanlar Hidroelektrik Santrali has been transferred to Sim Yenilenebilir Enerji Üretim A.Ş. on April 6, 2023 for the price of TL 188.665.

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

13. Intangible assets and right of use assets (cont'd)

Batıçim Enerji, which is a subsidiary of the Group, has signed an agreement with Prime Ministry Privatization Administration and Electricity Generation Corporation ("EGC") on December 7, 2011 for the transfer of operational rights of Group 4:Kovada I and Kovada II Hydroelectric Plants, on March 1, 2013 for Group 7:Hasanlar Hydroelectric Plants. According to these agreements, Batıçim Enerji has obtained the operating rights of the power plants for 49 years and is responsible for transferring them to EÜAŞ in full and operational condition at the end of the period. Batıçim Enerji has liability to transfer all plant's operation with full function to EGC. According to the agreement, Batıçim Enerji must keep the plants productivity with appropriate level and meet the maintenance, reparation, and improvement costs. Batıçim Enerji is liable for all sort of damages and harms on production facilities. Intangible assets related to concession agreements are amortized over the contract period.

c) Right of use assets

	January 1, 2023	Additions	December 31, 2023
Cost value:			
Vehicles	**24.669**	**47.748**	**72.417**
Land and buildings	**34.420**	**126.417**	**160.837**
	59.089	**174.165**	**233.254**
Accumulated depreciation:			
Vehicles	**(17.133)**	**(28.073)**	**(45.206)**
Land and buildings	**(11.489)**	**(32.535)**	**(44.024)**
	(28.622)	**(60.608)**	**(89.230)**
Net book value	**30.467**		**144.024**

	January 1, 2022	Additions	Disposals	December 31, 2022
Cost value:				
Vehicles	36.102	149	(11.582)	24.669
Land and buildings	8.549	26.896	(1.025)	34.420
	44.651	27.045	(12.607)	59.089
Accumulated depreciation:				
Vehicles	(18.689)	(8.196)	9.752	(17.133)
Land and buildings	(8.413)	(4.100)	1.024	(11.489)
	(27.102)	(12.296)	10.776	(28.622)
Net book value	17.549			30.467

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

14. Provisions, contingent assets, and liabilities

a) Short-term provisions

	December 31, 2023	December 31, 2022
Lawsuit provisions	**2.650**	30.270
Other provisions	**4.958**	5.461
	7.608	35.731

a) Long-term provisions

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

	December 31, 2023	December 31, 2022
Mine site rehabilitation provision	**48.739**	44.296
	48.739	44.296

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

	2023	2022
January 1	**44.296**	44.190
Current year expense, net	**27.945**	20.596
Monetary gain / (loss)	**(23.502)**	(20.490)
December 31	**48.739**	44.296

Provision was booked in order to rehabilitate land which has been impacted by the Group’s quarry mining activities. Related expense for the period is included in cost of sales as the cost of rehabilitation.

Guarantees-Pledges-Mortgages ("GPM")

The Group’s guarantees/pledge/mortgage position as of December 31, 2023 and December 31, 2022 is as follows:

	December 31, 2023	December 31, 2022
A. Total amount of GPMs given for the Company’s own legal personality (*)	**12.805.698**	13.895.683
B. Total amount of GPMs given on behalf of fully consolidated companies (**)	**315.036**	6.752.416
C. GPM given in order to guarantee third parties debts for the routine trade operations	**-**	-
D. Total amounts of other GPM given		
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	**-**	-
iii. Total amount of GPMs given on behalf of third parties which are not in scope of C.	**-**	-
Total given GPMs	**13.120.734**	20.648.099
Ratio of other GPMs to shareholder’s equity	**%0**	%0

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

14. Provisions, contingent assets, and liabilities (continued)

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

(**) The Group has an intergroup guarantee amounting to TL 315.036, provided pursuant to loan agreements.

Guarantees given on December 31, 2023 and 2022 are as follows:

	December 31, 2023	December 31, 2022
Pledges and mortgages given	**11.796.520**	12.323.893
Guarantees given	**890.715**	1.261.787
Letter of credit	**118.463**	310.003
Total	**12.805.698**	13.895.683

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

	December 31, 2023	December 31, 2022
Letters of guarantee given for the Eximbank loan	**773.210**	1.037.415
Letters of guarantee given to suppliers	**74.271**	119.955
Letters of guarantee given to public institutions	**28.722**	45.596
Letters of guarantee given to the tax office	**11.772**	56.400
Letters of guarantee given to the enforcement office	**2.740**	2.421
Total	**890.715**	1.261.787

Letters of guarantees received

Guarantee letters received against the Group's trade receivables as of December 31, 2023 and 2022 are as follows:

	December 31, 2023	December 31, 2022
Letters of guarantees received (*)	**768.775**	714.651
	768.775	714.651

(*) It consists of letters of guarantee received from customers.

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

15. Employee benefits

a) Employee benefits

	December 31, 2023	December 31, 2022
Social security premiums payable	**29.976**	24.126
Payables to personnel	**17.333**	12.230
	47.309	36.356

b) Long-term provisions for employee benefit

	December 31, 2023	December 31, 2022
Provision for employee termination benefit	**61.899**	142.423
Premium provision	**79.279**	55.189
Unused vacation liability	**12.562**	14.376
	153.740	211.988

Provision for employee termination benefit:

Under Turkish Labor Law, the Group ,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 military service, dies or retires after completing 25 years of service and reaches the retirement age(58 for women and 60 for men).

The amount payable consists of one month's salary limited to a maximum of 23.48,83 TL (December 31, 2022: 15.371,40 TL) of services on December 31, 2023. As of January 1, 2024, the severance pay ceiling has been updated to 35.058,58 TL

Retirement pay liability is not subject to any kind of funding legally. Provision for retirement pay liability is calculated by estimating the present value of probable liability amount arising due to retirement of employees. TAS 19 Employee Benefits stipulates the development of company's liabilities by using actuarial valuation methods under defined benefit plans. In this direction, actuarial assumptions used in calculation of total liabilities are described a follow.

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 consolidated financial statements as of December 31, 2023, the provision has been calculated by estimating the present value of the future probable obligation of the Company arising from the retirement of the employees. The provisions at the respective reporting dates have been calculated with the assumption of 2,55% real discount rate calculated by using 21,75% annual inflation rate and 24,85% discount rate (December 31, 2021: %4,38). The drop-out rate for voluntary work for 0–15-year employees is 2,70%. For the employees who work 15 years and over, the rate is taken as 0.

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

15. Employee benefits (continued)

The movement in the provision for employee termination benefits:

	2023	2022
January 1	**142.423**	100.406
Interest cost	**23.516**	15.559
Service cost	**23.791**	16.519
Actuarial loss/(gain)	**28.122**	80.761
Termination benefits paid	**(106.802)**	(16.577)
Monetary gain / (loss)	**(49.151)**	(54.245)
December 31	**61.899**	142.423

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

	Net discount rate		**Turnover rate to estimate the probability of retirement**	
Sensitivity level	**%0,5 decrease**	**%0,5 increase**	**%0,5 decrease**	**%0,5 increase**
Rate (%)	%2,05	%3,05	%96,80	%97,80
Change in the retirement pay liability (TL)	6.064	(5.465)	(1.688)	1.682

Performance and seniority encouragement Premium provisions

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

The movement of performance and seniority encouragement premium provision:

	2023	2022
January 1	**55.189**	22.985
Interest cost	**8.999**	3.215
Service cost	**28.996**	20.368
Actuarial loss/(gain)	**27.291**	31.346
Termination benefits paid	**(6.670)**	(6.151)
Monetary gain / (loss)	**(34.526)**	(16.574)
December 31	**79.279**	55.189

The movement schedule for the provision for unused leave is as follows:

	2023	2022
Opening, January 1	**14.376**	9.598
Service cost	**4.906**	10.104
Monetary gain / (loss)	**(6.720)**	(5.326)
Closing, December 31	**12.562**	14.376

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

16. Other assets and liabilities

i) Other assets

a) Other current assets:

	December 31, 2023	December 31, 2022
Deferred VAT	**209.104**	263.037
Other	**467**	40
	209.571	263.077

ii) Other liabilities

a) Other Short-Term Liabilities:

	December 31, 2023	December 31, 2022
Mine tax accruals	**14.303**	15.199
Value added tax payable ("VAT")	**372**	5.325
Other	**-**	6.220
	14.675	26.744

17. Share capital, reserves, and other equity items

a) Share capital

The Group is subject to the upper limit is TL 400.000 TL as of December 31, 2022 (December 31, 2021: TL 400.000TL . Share capital of Group consist of A group bearer share and B group bearer shares.

The composition of the A group shareholders (preferred stock) is as follows:

	December 31, 2023		December 31, 2022	
Shareholders	**Share (%)**	**Amount (Thousand TL)**	Share (%)	**Amount (Thousand TL)**
Çiftay İnşaat Taahhüt ve Ticaret A.Ş.	**45,43**	**81.769**	30,02	54.044
İstanbul Portföy Yönetimi A.Ş Pre-IPO Girişim Sermayesi Yatırım Fonu	**12,00**	**21.594**	-	-
İstanbul Portföy İkinci Serbest Fon	**5,50**	**9.891**	-	-
Çimko Çimento ve Beton Sanayi Ticaret A.Ş.	**-**	**-**	13,75	24.744
Fatma Gülgün Ünal	**-**	**-**	13,89	25.005
Diğer	**37,07**	**66.746**	42,34	76.207
Rearranged share capital	**100,00**	**180.000**	100,00	180.000

Group A shareholders have the following rights:

- All members of the board of governors have to be appointed from among the candidates chosen by holders of Group A transferable shares.
- Group A shareholders have the right to 15 (fifteen) votes. Whereas Group B shareholders have the right to 1 (one) vote during general assemblies.
- Without prejudice to the first dividend, Group A shareholders receive %10 of the total net earnings, to be distributed in proportion to their stake.

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

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

- In order to: amend articles numbered 7 (expect for paragraph 1 specifying the number of members of the Administrative Board),8,9,10,15,18,19,24,25 and 27; divide to dissolve the Group; increase capital by issuing more than number of bearer shares stated in article 6 or by issuing new name shares; change the type, group or number of Group A shares; convert already issued or to be issued Group B bearer or name shares to Group A shares or to Exchange with Group a name or bearer shares, 3/4 (three quarters) of the votes of Group A bearer shareholders must be obtained.

	December 31, 2023	December 31, 2022
Capital adjustment differences	**3.483.809**	3.483.809
	3.483.809	3.483.809

"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.

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

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

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

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

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

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

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

b) Share premiums

The difference between the nominal value of the issued shares due to the capital increase and their sale price is represented. As of December 31, 2023, it amounts to TL 165.281 (December 31, 2022: TL 2.332). The Group's subsidiary, Batıliman, held in its assets the entirety of the B group shares owned by the parent company Batıçim, corresponding to approximately 4,29% of the Company's capital, with a total nominal value of TL 7.721.891,37, consisting of 772.189.137 shares. These shares were sold on December 4, 2023, to the Group's partner, Çiftay İnşaat Taahhüt ve Ticaret A.Ş. The difference of TRY 162,949, which arose between the carried value of the shares in the Company's mutual investment capital adjustment account and the sale price, has been accounted for in the equity under the account of share premiums

c) Other comprehensive income and expenses to be reclassified to profit or loss

The movement related to other comprehensive income or expense that will not be reclassified to profit or loss within the equity attributable to the parent company are as follows:

Revaluation gain/(loss) on tangible assets attributable to the parent company:

	2023	2022
Opening balance, January 1	**397.764**	-
Revalutation effect of property, plant and equipment	**1.408.064**	497.205
Deferred tax effect	**(311.191)**	(99.441)
Transfer	**(35.679)**	-
Effect of changes in minority interests	**(3.603)**	-
Closing balance, December 31	**1.455.355**	397.764

Actuarial gain / (loss) fund related to defined benefit plans attributable to the parent company:

	2023	2022
Opening balance, January 1	**(80.946)**	-
Current year remeasurement effect	**(49.674)**	(101.183)
Deferred tax effect	**12.419**	20.237
Effect of changes in minority interests	**134**	-
Closing balance, December 31	**(118.067)**	(80.946)

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

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

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

December 31, 2023	Capital adjustment differences	Share premiums	Legal reserves	Treasury shares	Registered commodity special provision	Special reserves	Extraordinary reserves
According to TAS/TFRS Financial Statements	3.483.809	(671.679)	442.891	(970)	-	-	-
According to the Tax Procedure Law	5.030.173	205.400	2.078.038	-	79.510	56.291	4.560.618
Difference*	(1.546.364)	(877.079)	(1.635.147)	(970)	(79.510)	(56.291)	(4.560.618)

December 31, 2022	Capital adjustment differences	Share premiums	Legal reserves	Treasury shares	Registered commodity special provision	Special reserves	Extraordinar y reserves
According to TAS/TFRS Financial Statements	3.483.809	2.332	462.590	(970)	-	-	-
According to the Tax Procedure Law	101.216	14.256	112.183	-	20.227	9.355	327.710
Difference*	3.382.593	(11.924)	350.407	(970)	(20.227)	(9.355)	(327.710)

As of January 1, 2022 the amount of 'Retained Earnings' without inflation adjustment is (295.738) TL, and after the inflation adjustment under TMS 29, the amount of 'Retained Earnings ' as of January 1, 2022, adjusted to the purchasing power of December 31, 2023, is 2.814.104 TL.

d) Non-controlling interest:

	December 31, 2023	December 31, 2022
Non-controlling interest	**1.254.659**	636.174
	1.254.659	636.174

The movement t of non-controlling interests is as follows:

	2023	2022
Opening balance, January 1	**636.174**	667.891
Share of current period profit (loss)	**221.158**	(3.610)
Share of other comprehensive income (expense)	**104.798**	12.960
Disposal effect of property, plant and equipment	**-**	(41.067)
Effect of change in shareholding of subsidiaries	**248.945**	-
Other	**(1.535)**	-
Closing balance, December 31	**1.209.540**	636.174

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

18. Revenue and cost of sales

a) Revenue

	January 1 – December 31, 2023	January 1 – December 31, 2022
Domestic sales	**8.330.587**	8.851.161
Export sales	**3.211.830**	2.503.565
Other revenue	**167.175**	103.948
Sales returns (-)	**(27.273)**	(1.556)
Sales discounts (-)	**-**	(559)
Other discounts (-)	**(184.806)**	(114.836)
Net sales	**11.497.513**	11.341.723

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.

Details regarding the reportable segments used in the Group's management reporting are provided in Note 3.

b) Cost of sales

	January 1 – December 31, 2023	January 1 – December 31, 2022
Raw materials used	**3.705.365**	3.033.808
Production overhead	**2.797.562**	2.959.884
Power generating cost	**2.086.128**	2.853.045
Payroll expenses	**602.691**	354.162
Depreciation and amortization expenses	**646.333**	555.221
Cost of services rendered	**225.318**	284.942
Provision for performance and seniority encouragement premium	**42.743**	11.596
Mine site rehabilitation provision expenses	**27.945**	20.596
Change in work-in process and finished goods (Note:10)	**(277.957)**	302.921
	9.856.128	10.376.175

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

a) Administrative expenses

	January 1 - December 31, 2023	January 1 - December 31, 2022
Payroll expenses	**121.819**	89.587
Outsource expenses	**50.645**	48.104
Real estate tax expenses	**54.751**	34.336
Depreciation and amortization expenses	**35.494**	20.569
Consultancy expenses	**9.345**	5.381
Provision for performance and seniority encouragement premium	**6.994**	2.553
Security expenses	**4.024**	8.434
Fuel expenses	**2.896**	4.167
Tax expenses	**2.196**	2.938
Other	**22.828**	8.253
	310.992	224.322

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

19. General administrative expenses, marketing, sales, and distribution expenses (cont'd)

b) Marketing expenses:

	January 1 - December 31, 2023	January 1 - December 31, 2022
Transportation and loading expenses	**282.922**	234.338
Payroll expenses	**33.181**	30.215
Depreciation and amortization expenses	**6.309**	899
Provision for performance and seniority encouragement premium	**3.658**	6.674
Other	**26.514**	11.888
	352.584	284.014

20. Expenses by nature

	January 1 - December 31, 2023	January 1 - December 31, 2022
Raw material used	**3.705.365**	3.033.808
Manufacturing overhead	**2.797.562**	2.959.882
Electricity expenses	**2.086.128**	2.853.045
Payroll expenses	**757.691**	473.964
Amortisation and depreciation expense	**688.136**	576.689
Change in work-in process and finished goods	**(277.957)**	302.921
Transportation and loading expenses	**282.922**	234.338
Service production expense	**225.318**	284.942
Real estate tax expenses	**54.751**	34.336
Provision for performance and seniority encouragement premium	**53.395**	20.823
Outsourcing expenses	**50.645**	48.104
Mine rehabilitation provision expenses	**27.945**	20.596
Consultancy expenses	**9.345**	5.381
Security expenses	**4.024**	8.434
Fuel expenses	**2.896**	4.167
Taxes and dues	**2.196**	2.938
Other	**49.342**	20.143
	10.519.704	10.884.511

21. Other income from operating activities/ (expenses)

a) Other income from operating activities

	January 1 – December 31, 2023	January 1 – December 31, 2022
Rediscount interest income	**353.354**	185.936
Foreign exchange income from operating activities	**177.388**	136.778
Other	**16.346**	28.404
	547.088	351.118

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

21. Other income from operating activities/ (expenses)

b) Other expenses from operating expenses

	January 1 – December 31, 2023	January 1 – December 31, 2022
Foreign exchange losses from operating activities	**385.694**	275.685
Rediscount interest expense	**385.640**	223.846
Other	**44.137**	49.427
	815.471	548.958

22. Income and expense from investing activities

	January 1 - December 31, 2023	January 1 - December 31, 2022
Income from investing activities:		
Interest income	**49.731**	20.715
Profit on sale of property, plant, and equipment	**355**	-
	50.086	20.715

	January 1 - December 31, 2023	January 1 - December 31, 2022
Expense from investing activities:		
Loss on sale of property, plant and equipment	**(63.327)**	-
Loss on sale of property, plant, and equipment	**-**	(299.887)
	(63.327)	(299.887)

23. Financial income

	January 1 - December 31, 2023	January 1 - December 31, 2022
Foreign exchange gains	**91.420**	55.375
	91.420	55.375

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

24. Financial expenses

	January 1 – December 31, 2023	January 1 – December 31, 2022
Foreign exchange losses	**1.741.337**	1.405.358
Interest expenses	**996.083**	879.480
Interest expense related to employee benefits	**32.515**	18.774
Interest expenses from rent expenses	**29.839**	8.446
Commission expenses for letter of guarantee	**15.771**	24.167
Other	**31.006**	3.062
	2.846.551	2.339.287

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

Corporate tax

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

	January 1 – December 31, 2023	January 1 – December 31, 2022
Current tax expense	**(244.184)**	(92.052)
Deferred tax income	**1.544.540**	(137.819)
Tax income / (expense) in the statement of profit or loss	**1.300.356**	(229.871)

	January 1 – December 31, 2023	January 1 – December 31, 2022
Current income tax provision	**(244.184)**	(92.052)
Prepaid taxes	**140.303**	57.534
Current tax expense recognized in equity	**(187.022)**	-
Monetary gain / (loss)	**28.912**	13.419
Current tax liabilities	**(261.991)**	(21.099)
Current income tax assets	**1.912**	409
Current income tax assets/liabilities, (net)	**(260.079)**	(20.690)

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

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

Deferred Tax

As of December 31, 2023, the tax rates used in the calculation of deferred tax assets and liabilities are used as 25%.

	Taxable temporary differences		Deferred tax assets / (liabilities)	
	December 31, 2023	December 31, 2022	**December 31, 2023**	December 31, 2022
Tangible and intangible assets	**2.351.286**	-	**587.822**	-
Taxable loss	**-**		**563.375**	116.108
Cash capital increase interest incentive	**-**	-	**107.604**	90.000
The difference between the book values of the concessionary intangible assets and their tax bases	**640.016**	-	**160.004**	-
Investment incentives	**-**	-	**-**	1.658
Provision for mine site rehabilitation	**48.739**	44.296	**12.185**	8.859
Provisions for employee benefits	**153.740**	211.988	**38.435**	42.398
Other	**150.190**	22.306	**37.707**	4.516
Deferred tax assets	**3.343.971**	278.590	**1.507.132**	263.539
Tangible and intangible assets	**-**	(5.695.996)	**-**	(1.139.199)
The difference between the book values of the concessionary intangible assets and their tax bases	**-**	(837.035)	**-**	(167.407)
TAS 16 Revaluation effect on land	**(4.591.539)**	(5.287.245)	**(860.914)**	(528.726)
Inventories	**(325.279)**	(286.167)	**(81.320)**	(56.737)
Other				
Deferred tax liabilities	**(4.916.818)**	(12.106.443)	**(942.234)**	(1.892.069)
Deferred tax assets / (liabilities),net	**(1.572.847)**	(11.827.853)	**564.898**	(1.628.530)
Provision for deferred tax assets			**(981.204)**	**-**
Deferred tax assets / (liabilities),net			**(416.306)**	(1.628.530)
Deferred tax assets			**168.613**	-
Deferred tax liabilities, net			**(584.919)**	(1.628.530)

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

As of the reporting dates, the maturity distribution and the estimated expiry of the carried fiscal losses are as follows:

	December 31, 2023	December 31, 2022
December 31, 2024	**25.139**	45.940
December 31, 2025	**-**	76.399
December 31, 2026	**26.393**	127.626
December 31, 2027	**443.418**	54.899
December 31, 2028	**964.805**	**-**
	1.459.755	304.864

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

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

As of December 31, 2022 the maturity breakdown of deductible financial losses for which deferred tax assets are not calculated is as follows:

	December 31, 2023	December 31, 2022
December 31, 2024	**183.987**	243.220
December 31, 2025	**386.239**	458.762
December 31, 2026	**259.141**	601.933
December 31, 2027	**-**	528.839
December 31, 2028	**-**	-
	829.367	1.832.754

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 Group has deferred tax assets of TL 107.604 as of December 31, 2023, within the framework of the projection of future taxable profits regarding the cash-capital increase interest incentive, which are considered to be indefinite within the scope of the relevant legislation.

The movement of the deferred tax assets/ (liabilities), net for the years ended December 31, 2023 and 2022 are as follows:

	January 1 – December 31, 2023	January 1 – December 31, 2022
January 1	**(1.628.530)**	(1.408.266)
Recognized in statement of profit or loss	**1.544.540**	(137.819)
Charged to other comprehensive (loss) / income	**(332.316)**	(82.445)
December 31	**(416.306)**	(1.628.530)

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

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

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

	January 1 – December 31, 2023	January 1 – December 31, 2022
Pre-tax income from continuing operations	**754.701**	857.813
The current effective statutory tax rate	**%25**	%23
Calculated tax income (expense)	**(188.675)**	(197.297)
Cash capital increase interest incentive	**17.603**	(36.241)
The effect of non-deductible expense	**(113.595)**	(65.692)
Effect of unrecognized tax losses	**206.065**	(105.115)
Effect of other adjustments	**(156.486)**	(13.141)
Deferred tax effect calculated from temporary differences arising from inflation accounting according to legal books (*)	**1.917.475**	-
Non-taxable montary gain / (loss) effect	**(382.031)**	187.615
Taxation income (expense) reported in the statement of profit or loss	**1.300.356**	(229.871)

(*) 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.

26. Earnings per share

	January 1 – December 31, 2023	January 1 – December 31, 2022
Net profit/loss for the year attributable to owners	**1.833.899**	631.552
Weighted average number of the shares outstanding	**172.850**	172.279
100-unit earnings/loss per share, nominal value is 1 TL	**10,6098**	3,6659

Earnings per share is calculated by dividing net profit by weighted average number of shares in the related year. Companies may increase capital by distributing shares ("No par shares") from its retained earnings to the existing shareholders. Therefore, weighted average number of shares used in earnings per share calculation, get by retrospective application of no-par share calculation.

27. Derivative financial instruments

As of December 31, 2023, the Group does not have foreign currency derivatives (December 31, 2022: none).

28. 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 Group. The Group 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 Group'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, mainly from construction industry. 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 experiences.

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

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

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

December 31, 2023

	Receivables						
	Trade receivables		Other receivables				
	Related parties	Third parties	Related parties	Third parties	Financial investment	Deposits at bank	Total
Maximum credit risk as of reporting date (A+B+C+D+E) (*)	**2.401**	**1.703.339**	**798.838**	**38.735**	**10**	**311.415**	**2.854.738**
- Secured portion of the maximum credit risk by guarantees (**)	**-**	**768.775**	**-**	**-**	**-**	**-**	**768.775**
A. Net book value of financial assets that are neither overdue not impaired	**2.401**	**1.622.526**	**798.838**	**38.735**	**10**	**311.415**	**2.773.925**
B. Net book value of financial assets with renegotiated conditions that are otherwise considered as overdue or impaired	**-**	**-**	**-**	**-**	**-**	**-**	**-**
C. Net book value of financial assets that are overdue but not impaired	**-**	**80.813**	**-**	**-**	**-**	**-**	**80.813**
D. Net book value of the impaired assets							
- Overdue (gross book value)	**-**	**3.896**	**-**	**-**	**-**	**-**	**3.896**
- Impairment (-)	**-**	**(3.896)**	**-**	**-**	**-**	**-**	**(3.896)**
E. Off-balance-sheet items include credit risk	**-**	**-**	**-**	**-**	**-**	**-**	**-**

December 31, 2022

	Receivables						
	Trade receivables		Other receivables				
	Related parties	Third parties	Related parties	Third parties	Financial investment	Deposits at bank	Total
Maximum credit risk as of reporting date (A+B+C+D+E) (*)	3.740	1.242.109	-	28.299	16	212.247	1.486.411
- Secured portion of the maximum credit risk by guarantees (**)	-	714.651	-	-	-	-	714.651
A. Net book value of financial assets that are neither overdue not impaired	3.740	1.236.156		28.299	16	212.247	1.480.458
B. Net book value of financial assets with renegotiated conditions that are otherwise considered as overdue or impaired	-	-	-	-	-	-	-
C. Net book value of financial assets that are overdue but not impaired	-	5.953	-				5.953
D. Net book value of the impaired assets							
- Overdue (gross book value)	-	2.884	-	-	-	-	2.884
- Impairment (-)	-	(2.884)	-	-	-	-	(2.884)
E. Off-balance-sheet items include credit risk	-	-	-	-	-	-	-

(*) The factors that increase the credit reliability, such as guarantees received are not considered in the determination of the balance.
(**) Guarantees consist of the guarantee letters, obtained from customers

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

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

b) Liquidity risk

The ultimate responsibility for liquidity risk management belongs the Board of Directors, which has built an appropriate liquidity risk management framework for the management of Group 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 Group'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 Group's can be required to pay. The table includes both interest and principal cash flow.

December 31, 2023

Expected terms	Book value	Contracted cash outflow (I+II+III)	Less than 3 months (I)	3 - 12 months (II))	1 – 5 years and more (III)	More than 5 years (IV)
Non-derivative financial liabilities						
Financial borrowings	4.454.155	6.554.891	377.078	1.275.018	3.048.433	1.854.362
Trade payables	1.697.216	1.740.737	1.740.737	-	-	-
Other payables and liabilities	24.649	24.649	24.649	-	-	-
Lease liabilities	79.499	194.545	10.575	22.481	64.976	96.513
Other financial liabilities	227.365	235.855	159.443	76.412	-	-
	6.482.884	**8.750.677**	**2.312.482**	**1.373.911**	**3.113.409**	**1.950.875**

December 31, 2022

Expected terms	Book value	Contracted cash outflow (I+II+III)	Less than 3 months (I)	3 - 12 months (II))	1 – 5 years and more (III)	More than 5 years (IV)
Non-derivative financial liabilities						
Financial borrowings	5.211.828	7.660.127	408.254	1.738.287	3.163.133	2.350.453
Trade payables	2.021.386	2.049.999	2.049.999	-	-	-
Other payables to related parties	18	18	18	-	-	-
Other payables and liabilities	15.536	15.536	15.536	-	-	-
Lease liabilities	19.113	25.866	11.068	-	14.798	-
Other financial liabilities	168.017	168.438	168.438	-	-	-
	7.435.898	**9.919.984**	**2.653.313**	**1.738.287**	**3.177.931**	**2.350.453**

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

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

c) Market risk

Foreign currency risk management

The Group carries foreign exchange risk due to its assets and liabilities denominated in USD and Euro. The following table details the Group'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 Group 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.

	December 31, 2023			December 31, 2022		
	TL Equivalent	**USD**	**Euro**	TL Equivalent	ABD	Euro
1. Trade receivables	**394.812**	**8.802**	**4.166**	105.031	3.409	-
2a. Monetary financial assets (including cash and bar accounts)	**17.462**	**591**	**3**	54.820	1.774	5
2b. Non-monetary other liabilities	**-**	**-**	**-**	-	-	-
3. Other	**41.749**	**1.047**	**335**	16.785	-	511
4. Current assets (1+2+3)	**454.023**	**10.440**	**4.504**	176.636	5.183	516
5. Trade payables	**-**	**-**	**-**	-	-	-
6a. Monetary other liabilities	**-**	**-**	**-**	-	-	-
6b. Non-monetary other liabilities	**-**	**-**	**-**	-	-	-
7. Other	**-**	**-**	**-**	13.495	438	-
8. Non-current assets (5+6+7)	**-**	**-**	**-**	13.495	438	-
9. Total assets (4+8)	**454.023**	**10.440**	**4.504**	190.131	5.621	516
10. Trade payables	**529.310**	**15.552**	**2.166**	904.951	25.591	3.496
11. Financial liabilities	**1.339.017**	**45.404**	**-**	611.784	19.822	-
12a. Monetary other liabilities	**261**	**-**	**8**	-	-	-
12b. Non-monetary other liabilities	**-**	**-**	**-**	-	-	-
13. Short term liabilities (10+11+12a+12b)	**1.868.588**	**60.956**	**2.174**	1.516.735	45.413	3.496
14. Trade payables	**-**	**-**	**-**	-	-	-
15. Financial liabilities	**3.298.082**	**111.832**	**-**	3.755.447	121.672	-
16a. Monetary other liabilities	**-**	**-**	**-**	-	-	-
16b. Non-monetary other liabilities	**-**	**-**	**-**	-	-	-
17. Long term liabilities (14+15+16a+16b)	**3.298.082**	**111.832**	**-**	3.755.447	121.672	-
18. Total liabilities (13+17)	**5.166.670**	**172.788**	**2.174**	5.272.182	167.085	3.496
19. Net asset/(liability)position of off-balance sheet derivative instruments (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)	**(4.712.647)**	**(162.348)**	**2.330**	(5.082.051)	(161.464)	(2.980)
21. Net foreign currency asset/(liability)position of monetary items (TFRS7.B23) (=1+2a+5+6a-10-11-12a-14-15-16a)	**(4.754.396)**	**(163.395)**	**1.995**	(5.112.331)	(161.902)	(3.491)
22.Total fair value of financial instruments used for foreign currency hedging						
23. Hedged amount for current assets	**-**	**-**	**-**	-	-	-
24. Hedged amount for current liabilities	**-**	**-**	**-**	-	-	-
25. Export	**1.675.861**	**72.131**	**14.516**	2.686.014	84.836	805
26. Import	**556.166**	**19.047**	**-**	598.286	15.188	4.064

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

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

Table of foreign currency sensitivity analysis

		December 31, 2023
		Profit / (loss) effect before tax
	Foreign currency appreciation	**Foreign currency depreciation**
When USD changes by 10% against TL		
1- USD net asset/liability	**(483.029)**	**483.029**
2- Amount hedged from USD risk (-)	**-**	**-**
3- USD net effect (1 +2)	**(483.029)**	**483.029**
When Euro changes by 10% against TL		
4- Euro net asset/liability	**7.590**	**(7.590)**
5- Amount hedged from Euro risk (-)	**-**	**-**
6- Euro net effect (4+5)	**7.590**	**(7.590)**
Total (3 + 6)	**(475.439)**	**475.439**

		December 31, 2022
		Profit / (loss) effect before tax
	Foreign currency appreciation	Foreign currency depreciation
When USD changes by 10% against TL		
1- USD net asset/liability	(499.746)	499.746
2- Amount hedged from USD risk (-)	-	-
3- USD net effect (1 +2)	(499.746)	499.746
A When Euro changes by 10% against TL		
4- Euro net asset/liability	(11.488)	11.488
5- Amount hedged from Euro risk (-)	-	-
6- Euro net effect (4+5)	(11.488)	11.488
Total (3 + 6)	(511.234)	511.234

(Currency – In Thousand Turkish Lira ("Thousand TL"), unless otherwise indicated)

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

Interest rate risk

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

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

	2023	2022
Fixed rate instruments		
Financial assets	**282.110**	110.490
Financial liabilities	**435.667**	1.252.874
Floating rate instruments		
Financial liabilities	**4.325.352**	4.146.084

In case of +/(-) 1% change in floating interest loan interest rates, there would be +/(-) TL 2.595 (December 31, 2022 – TL 12.468) change in interest expenses.

d) Capital Management

The Group manages its capital to Group will be able to continue a going concern while maximizing the return to stakeholders through the optimization of the debt and equity balance.

The capital structure of the Group consists of debt, which includes the borrowing disclosed in Note 6 cash and cash equivalents and equity attributable to equity holders of parent, comprising issued capital, reserves and retained earnings.

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

In parallel with the other entities in the sector, the Group monitors its debt/equity ratios for capital management purposes. This ratio is calculated as net debt divided by total equity. Net debt is calculated as the total liability (total amount of short- and long-term liabilities in the statement of financial position) less cash and cash equivalents. Total share capital is the sum of all equity items recognized in the statement of financial position.

	December 31, 2023	December 31, 2022
Total financial liabilities	**4.761.019**	5.398.958
Cash and cash equivalents (-)	**(311.457)**	(212.326)
Net financial liabilities	**4.449.562**	5.186.632
Total capital	**11.054.788**	7.470.997
Net liabilities / total equity ratio	**0,402**	0,694

29. Fair value

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.

The Group has determined the estimated values of its financial instruments by using the available market information and best practices for valuation. However, fair value measurement requires interpretation and reasoning. Accordingly, the estimates arrived at may not always be the indicators of values that the Group would obtain from a current market operation.

The following methods and assumptions were used to estimate the fair value of the financial instruments for which fair value could be determined:

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 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.

Levels of fair value measurement

The Group classifies the fair value measurement of each class of financial instruments according to their sources, using a three-level hierarchy as follows:

Level 1: Based on registered (uncorrected) prices in active markets;
Level 2: Either directly (through the prices in the active market) or indirectly (by deriving from the prices in active markets);
Level 3: Not based on observable market data.

<u>Non-financial assets</u>

Real estate appraisal reports prepared by a real estate appraisal company authorized by the CMB are used to determine the fair values of land and land measured at fair value on the financial statements. Tangible assets measured at fair value are based on the reports prepared by the real estate appraisal Group.

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 sold recently and that are similar to the real estate to be valued, 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 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.

(Currency – In Thousand Turkish Lira ("Thousand TL"), unless otherwise indicated)

29. Fair value (continued)

In the revaluation of the Group's machinery, facilities and devices, 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 open market or by comparing the prices requested and the offers. Based on this value, the loss in value (depreciation) due to physical wear and being out of date functionally and economically has been estimated, and the remaining value has been appraised as fair value.

December 31, 2023	**Fair value level as of reporting date**		
	1. Level	**2. Level**	**3. Level**
	TL	**TL**	**TL**
Lands	**-**	**6.236.315**	**-**
Machinery, and equipment	**-**	**4.176.263**	**-**
	-	**10.412.578**	**-**

December 31, 2022	Fair value level as of reporting date		
	1. Level	2. Level	3. Level
	TL	TL	TL
Lands	-	5.480.833	-
Machinery, and equipment	-	3.605.289	-
	-	9.086.122	-

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 December 31, 2023.

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

			December 31, 2023	
	Valuation method	**Significant unobservable expenses**	**Data range**	**Weighted average**
Tangible assets				
Lands	Market Approach	Precedent selling price (TL/m2)	80 TL – 16.500 TL	3.713 TL

(Currency – In Thousand Turkish Lira ("Thousand TL"), unless otherwise indicated)

30. 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:

	1 January - December 31, 2023	1 January - December 31, 2022
Independent audit fee for the reporting period	**3.964**	2.255
Fees for tax advisory services	**848**	2.132
	4.812	4.387

31. Subsequent events

The Group's subsidiary Batısöke's registered capital has been increased from TL 800.000.000 to TL 2.000.000.000 as approved by the Capital Markets Board and the General Directorate of Domestic Trade of the Ministry of Trade of the Republic of Turkey, and the matter has been registered by the İzmir Trade Registry Office on January 16, 2024. Pursuant to the board of directors' decision of Batısöke dated January 26, 2024, and numbered 710, the Company's issued capital of TL 400.000.000 has been increased within the registered capital ceiling of TL 2.000.000.000 by an amount of TL 304,517,841.66 in cash and TL 895.482.158,34 through the offsetting of the amounts cash-injected by the Company's main partner Batıçim Batı Anadolu Çimento Sanayii A.Ş., against the Company's debts to Batıçim Batı Anadolu Çimento A.Ş., resulting in a total increase of TL 1,200,000,000 (300%) to TL 1,600,000,000. An application for the approval of the prospectus was made to the Capital Markets Board on January 30, 2024, in relation to this increase.

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

On November 23, 2023, the Company announced via the Public Disclosure Platform that the Competition Authority has initiated an investigation involving certain concrete companies operating in the province of Aydın, which also includes the Company's subsidiary Batıbeton Sanayi A.Ş. The Competition Authority has decided to include Batıçim Batı Anadolu Çimento Sanayii A.Ş. in the ongoing investigation and to merge the two investigations.

The Company's board of directors has decided to initiate the necessary work for the establishment of a grinding and packaging facility with an annual minimum production capacity of 2.000.000 (two million) tons of cement in the Aliağa region of İzmir, and to authorize the Executive Board to complete all necessary permit processes, including Environmental Impact Assessment (EIA) permissions.

32. Disclosure of other matters

Convenience translation into English:

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