

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

Batiçim Batı Anadolu Çimento Sanayii Anonim Şirketi and its subsidiaries

Consolidated financial statements for the period between January 1 - December 31, 2021 and independent auditors' report

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

Batiçim Batı Anadolu Çimento Sanayii Anonim Şirketi and its Subsidiaries

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(Convenience translation 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, 2021, and the consolidated statement of profit or loss and other 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, 2021, 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 standards on auditing as issued by the Capital Markets Board of Turkey and Independent Auditing Standards ("IAS") which are part of the Turkish Auditing Standards as issued by the Public Oversight Accounting and Auditing Standards Authority of Turkey ("POA"). 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 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.

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

Key audit matters	How the key audit matter addressed in the Auditor's response
<i>Measurement of tangible assets by revaluation model</i>	
<p>As of December 2021, the Group has continued to measure the lands at fair value in accordance with the results of the valuation studies conducted by an independent valuation company licensed by the CMB and the net book value of the related assets increased by 1.684.039.614 TL in its consolidated financial statements.</p> <p>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.</p> <p>Detailed explanations about tangible fixed assets can be found in Note 2 and Note 12.</p>	<p>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.</p> <p>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.</p> <p>The appropriateness of the appraisal method was evaluated by calculating the land and buildings together with their intended use, and the square meters used in fair value calculation and the title deeds of the related real estates were compared.</p> <p>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.</p>

Deferred tax assets recognized in accordance with the income tax deduction	How the key audit matter addressed in the Auditor's response
<p>As explained in Note 25, the Company utilized from tax reductions within the scope of the Law No. 6637 on the Amendment of Certain Laws and Decrees.</p> <p>The Group has interest incentives that can be deducted from the corporate tax obtained from the cash capital increase in the paid or issued capital amounts within the scope of the law.</p> <p>As of December 31, 2021, the Company has deferred tax assets amounting to TL 46.640.130 calculated based on the cash capital increase interest incentive, as stated in Note 25 to the financial statements.</p> <p>The subject of income tax deduction has been identified as a key audit matter for our audit, as it requires evaluation and judgment.</p> <p>The disclosures related to deferred tax assets are provided in Note 25.</p>	<p>In order to examine the assumptions of the management on the subject and the calculation of the deduction from the cash capital increase, the tax experts of another organization that is included in the same audit network as our company were included in the audit team and the calculations of the related deferred tax assets were examined by them.</p> <p>During the evaluation, future profit projections and periods of unused tax assets in current periods are considered.</p> <p>Within the scope of our audit, the key assumptions used by the Company management in the relevant business plans were examined and their appropriateness was evaluated.</p> <p>In addition, the appropriateness of the explanations in the footnotes of the financial statements in accordance with TAS 12 has also been evaluated.</p>

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 TAS, 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 the 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.

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

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 IAS 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 IAS, 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.

(Convenience translation 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 March 18, 2022.
- 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, 2021 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

March 18, 2022
İzmir, Turkey

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

Batıçim Batı Anadolu Çimento Sanayii Anonim Şirketi and its Subsidiaries

**Consolidated statement of financial position
as at December 31, 2021
(Currency – In Turkish Lira (“TL”), unless otherwise indicated)**

		Current year	Previous year
		Audited	Audited
	Notes	December 31, 2021	December 31, 2020
Assets			
Current assets			
Cash and cash equivalents	4	13.238.812	112.394.733
Trade receivables			
Trade receivables from third parties	8	441.678.126	216.151.542
Other receivables			
- Other receivables from third parties	9	1.502.408	11.473.686
Inventories	10	327.087.367	182.289.478
Prepaid expenses	11	26.383.216	16.024.870
Current tax asset	25	290.282	537.457
Other current asset	16	89.028.651	67.181.105
Total current assets		899.208.862	606.052.871
Non-current assets classified for sale	12	-	11.030.000
Total current assets		899.208.862	617.082.871
Non-current assets			
Financial investment	5	10.000	10.000
Other receivables			
- Other receivables from third parties	9	1.441.428	783.733
Property, plant, and equipment	12	3.323.083.487	1.665.971.173
Right-of-use assets	13	4.393.455	6.949.936
Intangible assets	13	137.871.602	141.315.083
Prepaid expenses	11	2.119.814	6.485.229
Deferred income tax assets	25	19.009.864	83.222.395
Other non-current assets	16	20.249.147	15.375.645
Total non-current assets		3.508.178.797	1.920.113.194
Total asset		4.407.387.659	2.537.196.065

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

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

Batıçim Batı Anadolu Çimento Sanayii Anonim Şirketi and its Subsidiaries

**Consolidated statement of financial position
as at December 31, 2021 (continued)
(Currency – In Turkish Lira (“TL”), unless otherwise indicated)**

		Current year	Previous year
		Audited	Audited
	Note	December 31, 2021	December 31, 2020
Liabilities			
Current liabilities			
Short term bank borrowings	6	726.214.516	608.032.882
Current portion of long-term bank borrowings	6	865.245.472	204.994.551
Trade payables			
- Trade payables to third parties	8	579.288.475	314.206.960
Liabilities for employee benefits	15	8.718.417	7.352.882
Other payables			
- Other payable to related party	7	33.062.570	-
- Other payables to third parties	9	5.323.592	2.053.603
Deferred income	11	17.007.607	22.789.086
Current tax liabilities	25	5.630.665	2.517.533
Short-term provisions			
- Other short-term provisions	14	306.915	306.915
Other short-term liabilities	16	11.296.477	6.742.476
Total current liabilities		2.252.094.706	1.168.996.888
Non-current liabilities			
Long-term financial liabilities	6	872.900.861	947.672.547
Deferred incomes			-
Long-term provisions			
- Provisions for long-term employee benefits	15	49.133.033	42.744.093
- Other long-term provisions	14	16.325.532	11.993.705
Deferred tax liabilities	25	149.729.269	31.335.021
Total non-current liabilities		1.088.088.695	1.033.745.366
Total liabilities		3.340.183.401	2.202.742.254
Equity			
Share capital	17	180.000.000	180.000.000
Adjustment to share capital	17	118.749.217	118.749.217
Treasury shares (-)		(147.065)	(147.065)
Reciprocal interests (-)		(33.042.438)	(33.042.438)
Share Premium		414.213	414.213
Other comprehensive income (loss) not to be reclassified to profit or loss			
- Revaluation surplus for tangible assets	17	1.675.898.088	335.522.871
- Remeasurement gain/(loss) arising from defined benefit plan	17	(9.000.130)	(5.667.147)
Restricted reserves		44.814.717	44.789.051
Accumulated losses		(295.737.785)	31.299.402
Net profit (loss) for the year		(604.406.612)	(327.011.521)
Equity holders of the parent		1.077.542.205	344.906.583
Non-controlling interests		(10.337.947)	(10.452.772)
Total shareholders' equity		1.067.204.258	334.453.811
Total liabilities and equity		4.407.387.659	2.537.196.065

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

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

Batıçım 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, 2021
(Currency – In Turkish Lira (“TL”), unless otherwise indicated)**

		Current year Audited	Previous year Audited
		January 1, - December 31, 2021	January 1, - December 31 2020
Profit or loss section	Notes		
Revenue	18	1.933.796.415	1.160.528.594
Cost of sales	18	(1.601.863.602)	(985.550.603)
Gross profit (loss) arising from trading segment		331.932.813	174.977.991
Gross profit (loss)		331.932.813	174.977.991
General administrative expenses	19	(63.548.187)	(49.100.486)
Marketing expenses	19	(117.274.792)	(115.220.983)
Other income from operating activities	21	118.371.060	87.577.148
Other expenses from operating activities	21	(104.758.277)	(54.371.145)
Operating profit(loss)		164.722.617	43.862.525
Income from investing activities	22	2.624.083	8.320.271
Expense from investing activities	22	(733.803)	-
Operating profit (loss) before finance income(expense)		166.612.897	52.182.796
Finance income	23	16.939.459	16.244.407
Finance expenses	24	(933.140.824)	(485.025.219)
Profit(loss) before tax from continuing operations		(749.588.468)	(416.598.016)
Profit(loss) before tax from continuing operations			
Current tax(expense) income	25	(14.416.036)	(6.984.631)
Deferred tax(expense) income	25	(15.138.396)	8.258.220
Profit(loss) for the year from continuing operations		(779.142.900)	(415.324.427)
Profit (loss) for the attributable to			
Non-controlling interest		(174.736.288)	(88.312.906)
Equity holders of the parent		(604.406.612)	(327.011.521)
Earnings per share (loss)	26	(3,3578)	(1,8167)
Other comprehensive income / (loss) section		1.511.893.347	(2.578.931)
Other comprehensive income / (loss) not to be reclassified to profit or loss			
- Revaluation gain (loss) of tangible assets		1.684.039.614	-
- Revaluation gain (loss) of tangible assets, tax effect		(168.403.961)	-
- Gain(loss) on remeasurement of defined benefit plans	15	(4.677.884)	(3.223.664)
- Gain(loss) on remeasurement of defined benefit plans, tax effect	25	935.578	644.733
Other comprehensive income (loss)		1.511.893.347	(2.578.931)
Total comprehensive income (loss)		732.750.447	(417.903.358)
Total comprehensive income (loss) attributable to			
Non-controlling interest		114.825	(88.694.399)
Equity holders of the parent		732.635.622	(329.208.959)

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

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

Batıçım Batı Anadolu Çimento Sanayii Anonim Şirketi and its Subsidiaries

**Consolidated statement of changes in equity
for the period ended December 31, 2021**

(Currency – In Turkish Lira (“TL”), 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	Premiums for share	Revaluation gain (loss) of 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 2020 (beginning of period)	180.000.000	118.749.217	(147.065)	(33.042.438)	414.213	337.123.974	(3.469.709)	44.789.051	211.572.176	(181.873.877)	674.115.542	78.241.627	752.357.169
Transfers	-	-	-	-	-	-	-	-	(181.873.877)	181.873.877	-	-	-
Total comprehensive income (loss)	-	-	-	-	-	-	(2.197.438)	-	-	(327.011.521)	(329.208.959)	(88.694.399)	(417.903.358)
- Net profit (loss) for the period	-	-	-	-	-	-	-	-	-	(327.011.521)	(327.011.521)	(88.312.906)	(415.324.427)
- Other comprehensive income (loss)	-	-	-	-	-	-	(2.197.438)	-	-	-	(2.197.438)	(381.493)	(2.578.931)
Increase (decrease) due to other changes	-	-	-	-	-	(1.601.103)	-	-	1.601.103	-	-	-	-
Balance as of December 31, 2020 (end of period)	180.000.000	118.749.217	(147.065)	(33.042.438)	414.213	335.522.871	(5.667.147)	44.789.051	31.299.402	(327.011.521)	344.906.583	(10.452.772)	334.453.811
Balance as of January 1 2021 (beginning of period)	180.000.000	118.749.217	(147.065)	(33.042.438)	414.213	335.522.871	(5.667.147)	44.789.051	31.299.402	(327.011.521)	344.906.583	(10.452.772)	334.453.811
Transfers	-	-	-	-	-	-	-	25.666	(327.037.187)	327.011.521	-	-	-
Total comprehensive income (loss)	-	-	-	-	-	1.340.375.217	(3.332.983)	-	-	(604.406.612)	732.635.622	114.825	732.750.447
- Net profit (loss) for the period	-	-	-	-	-	-	-	-	-	(604.406.612)	(604.406.612)	(174.736.288)	(779.142.900)
- Other comprehensive income (loss)	-	-	-	-	-	1.340.375.217	(3.332.983)	-	-	-	1.337.042.234	174.851.113	1.511.893.347
Balance as of December 31, 2021 (end of period)	180.000.000	118.749.217	(147.065)	(33.042.438)	414.213	1.675.898.088	(9.000.130)	44.814.717	(295.737.785)	(604.406.612)	1.077.542.205	(10.337.947)	1.067.204.258

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

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

Batıçim Batı Anadolu Çimento Sanayii Anonim Şirketi and its Subsidiaries

Consolidated statement of cash flows
for the period ended December 31, 2021
(Currency – In Turkish Lira (“TL”), unless otherwise indicated)

		Current Period	Previous year
		Audited	Audited
		January 1 - December 31, 2021	January 1 - December 31, 2020
	Notes		
A. Cash flow from operating activities, net		74.388.889	171.362.369
Net profit (loss)			
Net profit (loss) for the year from continued operations(I)		(779.142.900)	(415.324.427)
Net profit (loss) for the year from discontinued operations (II)		987.234.483	540.103.478
Adjustment related to depreciation and amortization expenses	12,13	82.288.689	84.791.669
Adjustments related with impairment (reversal)			
- Adjustment related to allowance for trade receivable	8	(10.388)	(23.664)
- Adjustments related to inventory (reversal) impairment	10	(1.348.340)	(12.962.675)
Adjustments related with provisions			
- Adjustment related to employment benefits	15	9.030.017	8.343.370
- Adjustment related to legal provisions	14	-	4.308
- Adjustment related to other provisions	14	4.331.827	1.761.544
Adjustments related to interest income(expense)			
- Adjustment related to interest income	22	(2.587.842)	(2.947.156)
- Adjustment related to interest expense	24	150.138.742	117.644.629
- Deferred finance expense due to forward purchase	21	(44.024.579)	(16.596.234)
- Unearned finance income due to forward sales	21	45.300.200	19.160.944
Adjustment related to unrealized foreign exchange differences		713.864.163	347.573.447
Adjustment to tax (income) expense	25	29.554.432	(1.273.589)
Adjustments related to loss (gain) arising from sale of fixed assets			
- Adjustment related to loss(gain) on disposal of non-current assets	22	697.562	(5.373.115)
Changes in working capital (III)		(119.288.176)	60.243.045
Adjustments related to decrease (increase) in trade receivables		(270.816.396)	88.453.816
Adjustments for (increase)/decrease in inventories		(165.652.638)	(15.129.335)
Increase (decrease) prepaid expenses		(5.992.931)	(14.512.097)
Adjustments related to increase (decrease) in trade payables		309.106.094	182.342.692
Adjustments related to provisions (reversal) of employee benefits		1.365.534	428.496
Adjustments related to increase (decrease) in other payables			
- Other payable to related party		33.062.570	-
- Adjustments related to the increase (decrease) in other payables from third parties		3.269.989	193.244
Other adjustments related to increase (decrease) in working capital			
- Decrease (increase) in other assets from operations		(18.195.594)	(23.429.091)
- Increase (decrease) in other liabilities from operations		(5.434.804)	19.659.944
Cash flows used in operations (I+II+III)		88.803.407	185.022.096
Employee termination benefits paid	15	(7.318.941)	(7.703.389)
Taxes refunded (paid)	25	(7.095.577)	(5.956.338)
B. Cash flows from investing activities, net		(35.893.584)	(1.413.440)
Proceeds from sales of property, plant and equipment and intangible assets			
- Proceeds from disposal of property, plant, and equipment		73.344	7.488.216
Purchase of property, plant and equipment and intangible assets			
- Payments for acquisition of property, plant, and equipment	12	(38.135.359)	(11.802.476)
- Payments for acquisition of intangible assets	13	(419.411)	(46.336)
Interest received	22	2.587.842	2.947.156
C. Cash flow from financing activities		(137.651.226)	(138.112.036)
Cash inflows from borrowings			
- Proceeds from borrowings	6	482.118.871	751.868.377
Cash outflows on repayment of borrowings			
- Cash outflows on repayment of borrowings	6	(509.473.473)	(711.113.326)
Interest paid	6	(110.296.624)	(178.867.087)
Net increase (decrease) in cash and cash equivalents (A+B+C)		(99.155.921)	31.836.893
D. Cash and cash equivalents at the beginning of the period	4	112.394.733	80.557.840
Cash and cash equivalents at the end of the period (A+B+C+D)	4	13.238.812	112.394.733

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

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

Batıçım Batı Anadolu Çimento Sanayii Anonim Şirketi and its Subsidiaries

**Notes to the consolidated financial statements
for the year ended December 31, 2021
(Currency – In Turkish Lira (“TL”), unless otherwise indicated)**

1. The Group’s organization and nature of operations

Batıçım Batı Anadolu Çimento Sanayii A.Ş. (“Company” or “Batıçım”) 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 (“BİST”).

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

Shareholders	December 31, 2021		December 31, 2020	
	Share (%)	Amount (TL)	Share (%)	Amount (TL)
Çiftay İnşaat Taahhüt ve Ticaret A.Ş.	30,02	54.044.452	-	-
Sanko Enerji San Ve Tic.A.Ş.	18,26	32.865.000	-	-
Fatma Gülgün Ünal	9,98	17.957.525	9,98	17.955.966
Yıldız İzmiroğlu	8,17	14.708.850	8,17	14.708.850
Çimko Çimento ve Beton Sanayi Ticaret A.Ş.	5,56	10.001.087	24,21	43.572.337
Sülün İkin	-	-	8,19	14.750.524
Belgin Egeli	-	-	7,64	13.753.764
Fatma Meltem Günel	-	-	6,63	11.925.921
Mehmet Mustafa Bükey	-	-	5,85	10.525.673
Other	28,01	50.423.087	29,33	52.806.965
Nominal share capital	100,00	180.000.000	100,00	180.000.000

The Board members of the Company are as follows:

Chairman	: Sabit Aydın
Deputy of Chairman and Authorized Member	: Gülan Candaş
Official Member	: Ömer Çağdaş Selvi
Member	: Erdoğan Göğen
Member	: Yusuf Kaya
Independent Member	: Şükrü Serdar Bağcıoğlu
Independent Member	: Mustafa Teoman Gürkan

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Batıçim Batı Anadolu Çimento Sanayii Anonim Şirketi and its Subsidiaries

**Notes to the consolidated financial statements
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(Currency – In Turkish Lira (“TL”), unless otherwise indicated)**

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

As of December 31, 2021, the information related to the company’s subsidiaries is as follows:

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

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, 2021	December 31, 2020
Executive	29	31
Officer	164	156
Worker	744	758
	937	945

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Batıçim Batı Anadolu Çimento Sanayii Anonim Şirketi and its Subsidiaries

**Notes to the consolidated financial statements
for the year ended December 31, 2021 (continued)
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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/IFRS”) 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. TAS/IFRS are updated in harmony with the changes and updates in International Financial and Accounting Standards (“IFRS”) by the communiqués announced by the POA.

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”).

The accompanying consolidated financial statements are presented in accordance with the principles the application of which is required by the announcement published in the weekly bulletin dated June 7, 2013 no 2013/19 of the CMB.

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

In the announcement published by the Public Oversight Accounting and Auditing Standards Authority on January 20, 2022, it is stated that TAS 29 Financial Reporting in Hyperinflationary Economies does not apply to the TFRS financial statements as of December 31, 2021, since the cumulative change in the general purchasing power of the last three years according to Consumer Price Index (CPI) is 74.41%. In this respect, financial statements as of December 31, 2021 are not adjusted for inflation in accordance with TAS 29.

With the “Law Amending the Tax Procedure Law and the Corporate Tax Law”, which was accepted on the agenda of the Turkish Grand National Assembly on January 20, 2022, the application of inflation accounting was postponed starting from the balance sheet dated on December 31, 2023.

Functional and reporting currency

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 TL, which is the functional currency of the Company, and the presentation currency for the financial statements

Batıçım Batı Anadolu Çimento Sanayii Anonim Şirketi and its Subsidiaries

**Notes to the consolidated financial statements
for the year ended December 31, 2021 (continued)
(Currency – In Turkish Lira (“TL”), unless otherwise indicated)**

2. Presentation of the financial statements (continued)

Going concern basis

As of December 31, 2021, the Company's short-term liabilities exceeded its current assets by TL 1.352.885.844, and its total shareholders' equity, including the net loss amounting of TL 779.142.900 for the current year ended on the same date, amounted to TL 1.067.204.258. The accumulated losses of the Batisöke Söke Çimento Sanayii T.A.Ş, which is a subsidiary of the Group, including current period loss which is TL 689.575.023 as of December 31, 2021 and the current liabilities exceeded current assets by TL 1.038.858.645 as of the same date. Since this situation falls into the scope of article 376 of the Turkish Commercial Code which deals with situations in which accumulated losses exceed two third of sum of share capital and legal reserves, pursuant to Article 6 of the Communiqué Amending the Communiqué Regarding the Application of Article 376 of the Turkish Commercial Code numbered 6102, published in the Official Gazette on December 26, 2020, in the calculations regarding capital loss or insolvency, if all the exchange rate losses arising from currency liabilities and half of the total of the depreciation and personnel expenses for the current period are taken into account, it is observed that the Batisöke' s equity is approximately 960 million TL and therefore it is not included in the scope of insolvency. The plans and measures of the company management regarding this situation are given below.

In accordance with the evaluations made by the Group management within the framework of the appropriateness of the going concern assumption within the scope of the preparation of the consolidated financial statements as of December 31, 2021, an action plan with operational and financial aspects, including financial restructuring, has been prepared in order to strengthen the financial structure and fulfill its current obligations. According to this plan, in addition to measures to improve cash flow management, increase and diversify revenue, measures to reduce costs have been planned and have been partially implemented as of the publication date of these financial statements.

The Company has been planning and taking some measures for a while to eliminate the issues that create a tightness in the cash flow and at the same time have negative effects on its profitability (mainly due to financial exchange difference expenses).

After the company's investment in the furnace completed in Söke, it has taken certain steps to increase the production volumes, to increase the foreign currency income by exporting the production that is above the domestic market demand, and to improve the profitability of the main activity, and then certain decisions have been made.

In accordance with the decisions made, the following actions at operations side have been initiated:

- Substituting the clinker with cement as much as possible among the products subject to export,
- Reducing export logistics costs by optimizing export sales channels and minimizing fuel costs with fuel mixture ratios,
- Increasing the sales of bag cement,

In addition, the main shareholder Batıçım Management has conducted financial restructuring negotiations, including the financial borrowings of the parent and subsidiary Batisöke, with the consortium formed by the creditors. Accordingly, in order to relieve the cash flow arising from financial borrowings, most of which have become short-term as of the end of 2021, negotiations and studies carried out for a while for the restructuring of the relevant financial borrowings, excluding the (Eximbank) Loans used for financing foreign trade, were concluded after the reporting date. For the related financial borrowings, a "refinancing" agreement was signed with the main shareholder Batıçım on February 28, 2022, which includes the majority of the financial borrowings in Batisöke, including the collateralization of the said debt

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**Notes to the consolidated financial statements
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(Currency – In Turkish Lira (“TL”), unless otherwise indicated)**

2. Presentation of the financial statements (continued)

In addition, a loan amendment agreement was signed on March 10, 2022 in order to refinance the existing loans of Batıçım Enerji Elektrik Üretim A.Ş amounting approximately 8 Million US Dollars which the Company is joint Guarantor.

The details of refinancing transactions completed after the reporting date are provided in Note 31.

In accordance with the assessment explained above, the consolidated financial statements of the Group as of December 31, 2021 have been prepared under going concern basis.

Approval of the financial statements:

The consolidated financial statements were approved by the Board of Directors on March 18, 2022. 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

Details of the Company's subsidiaries as of December 31, 2021 and 2020 are as follows:

Subsidiary	Establishment and operation location	December 31, 2021		December 31, 2020	
		Direct proportional ownership %	Indirect proportional ownership %	Direct proportional ownership %	Indirect proportional ownership %
Batisöke	Aydın, Turkey	74,62%	74,66%	74,62%	74,66%
ASH Plus	Manisa, Turkey	100%	100%	100%	100%
Batıçım Enerji	İzmir, Turkey	69,98%	92,38%	69,98%	92,38%
Batıçım Enerji Toptan	İzmir, Turkey	-	92,38%	-	92,38%
Batıbeton	İzmir, Turkey	100%	100%	100%	100%
Batılıman	İzmir, Turkey	100%	100%	100%	100%

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 Company:

- 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 Company 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 Company'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

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Batiçim Batı Anadolu Çimento Sanayii Anonim Şirketi and its Subsidiaries

**Notes to the consolidated financial statements
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2. Presentation of the financial statements (continued)

- Any additional facts and circumstances that indicate that the Company 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.

2.2 Changes in Turkey Financial Reporting Standards

The new standards, amendments, and interpretations

The accounting policies adopted in preparation of the financial statements as of December 31, 2021 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, 2021 and thereafter. The effects of these standards and interpretations on the Company'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, 2021 are as follows:**

Interest Rate Benchmark Reform – Phase 2 – Amendments to TFRS 9, TAS 39, TFRS 7, TFRS 4 and TFRS 16

In December 2020, the POA issued Interest Rate Benchmark Reform – Phase 2, Amendments to TFRS 9, TAS 39, TFRS 7, TFRS 4 and TFRS 16 to provide temporary reliefs which address the financial reporting effects when an interbank offering rate (IBOR) is replaced with an alternative nearly risk-free rate (RFR, amending the followings. The amendments are effective for periods beginning on or after January 1, 2021. Earlier application is permitted and must be disclosed.

Practical expedient for changes in the basis for determining the contractual cash flows as a result of IBOR reform

The amendments include a practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest. Under this practical expedient, if the interest rates applicable to financial instruments change as a result of the IBOR reform, the situation is not considered as a derecognition or contract modification; instead, this would be determined by recalculating the carrying amount of the financial instrument using the original effective interest rate to discount the revised contractual cash flows.

The practical expedient is required for entities applying TFRS 4 Insurance Contracts that are using the exemption from TFRS 9 Financial Instruments (and, therefore, apply TAS 39 Financial Instruments: Classification and Measurement) and for TFRS 16 Leases, to lease modifications required by IBOR reform.

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**Notes to the consolidated financial statements
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2. Presentation of the financial statements (continued)

Relief from discontinuing hedging relationships

- The amendments permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued.
- Amounts accumulated in the cash flow hedge reserve are deemed to be based on the RFR.
- For the TAS 39 assessment of retrospective hedge effectiveness, on transition to an RFR, entities may elect on a hedge-by-hedge basis, to reset the cumulative fair value changes to zero.
- The amendments provide relief for items within a designated group of items (such as those forming part of a macro cash flow hedging strategy) that are amended for modifications directly required by IBOR reform. The reliefs allow the hedging strategy to remain and not be discontinued.
- As instruments transition to RFRs, a hedging relationship may need to be modified more than once. The phase two reliefs apply each time a hedging relationship is modified as a direct result of IBOR reform.

Separately identifiable risk components

The amendments provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component.

Additional disclosures

Amendments need additional TFRS 7 Financial Instruments disclosures such as; How the entity is managing the transition to RFRs, its progress and the risks to which it is exposed arising from financial instruments due to IBOR reform, quantitative information about financial instruments that have yet to transition to RFRs and If IBOR reform has given rise to changes in the entity's risk management strategy, a description of these changes.

The amendments are mandatory, with earlier application permitted. While application is retrospective, an entity is not required to restate prior periods.

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

Amendments to IFRS 16 - Covid-19-Related Rent Concessions and Covid-19-Related Rent Concessions beyond June 30, 2021

In June 2020, the POA issued amendments to TFRS 16 Leases to provide relief to lessees from applying TFRS 16 guidance on lease modifications to rent concessions arising a direct consequence of the Covid-19 pandemic. On April 7, 2021, POA extended the exemption to include concessions that cause a decrease in lease payments whose maturity expired on or before June 30, 2022.

A lessee will apply the amendment for annual reporting periods beginning on or after April 1, 2021. Early application of the amendments is permitted.

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

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**Notes to the consolidated financial statements
for the year ended December 31, 2021 (continued)
(Currency – In Turkish Lira (“TL”), unless otherwise indicated)**

2. Presentation of the financial statements (continued)

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

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

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 amendment in TFRS 10 and TAS 28 indefinitely pending the outcome of its research project on the equity method of accounting. Early application of the amendments is still permitted. The Company will wait until the final amendment to assess the impacts of the changes.

Amendments to TFRS 3 – Reference to the Conceptual Framework

In July 2020, the POA issued amendments to TFRS 3 Business combinations. The amendments are intended to replace to a reference to a previous version of the Conceptual Framework (the 1989 Framework) with a reference to the current version issued in March 2018 (the Conceptual Framework) without significantly changing requirements of TFRS 3. At the same time, the amendments add a new paragraph to TFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date. The amendments issued to TFRS 3 which are effective for periods beginning on or after January 1, 2022 and must be applied prospectively. Earlier application is permitted if, at the same time or earlier, an entity also applies all of the amendments contained in the Amendments to References to the Conceptual Framework in TFRS standards (2018 Version).

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

Amendments to TAS 16 – Proceeds before intended use

In July 2020, the POA issued amendments to TAS 16 Property, plant, and equipment. The amendment prohibits entities from deducting from the cost of an item of property, plant, and equipment (PP&E), any proceeds of the sale of items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and costs of producing those items, in profit or loss. The amendments issued to TAS 16 which are effective for periods beginning on or after January 1, 2022. Amendments must be applied retrospectively only to items of PP&E made available for use on or after beginning of the earliest period presented when the entity first applies the amendment. There is no transition relief for the first-time adopters. The Group is in the process of assessing the impact of the amendments on financial position or performance of the Group.

Amendments to TAS 37 – Onerous contracts – Costs of Fulfilling a Contract

In July 2020, the POA issued amendments to TAS 37 Provisions, Contingent Liabilities and Contingent assets. The amendments issued to TAS 37 which are effective for periods beginning on or after January 1, 2022, to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making and also apply a “directly related cost approach”. Amendments must be applied prospectively to contracts for which an entity has not fulfilled all of its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). Earlier application is permitted and must be disclosed. The Group is in the process of assessing the impact of the amendments on financial position or performance of the Group.

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2. Presentation of the financial statements (continued)

TFRS 17 - The new Standard for insurance contracts

The 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. TFRS 17 will become effective for annual reporting periods beginning on or after January 1, 2023; early application is permitted. The standard is not applicable for the Company 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 January 2021, the POA issued amendments to TAS 1 Presentation of Financial Statements. The amendments issued to TAS 1 which are effective for periods beginning on or after January 1, 2023, clarify the criteria for the classification of a liability as either current or non-current. Amendments must be applied retrospectively in accordance with TAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. Early application is permitted.

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

Amendments to TAS 8 - Definition of Accounting Estimates

In August 2021, the POA issued amendments to TAS 8, in which it introduces a new definition of ‘accounting estimates. The amendments issued to TAS 8 are effective for annual periods beginning on or after January 1, 2023. 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. Earlier application is permitted.

Overall, the Group expects no significant impact on its balance sheet and equity.

Amendments to TAS 1 - Disclosure of Accounting Policies

In August 2021, the POA issued amendments to TAS 1, in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments issued to TAS 1 are effective for annual periods beginning on or after January 1, 2023. 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.

Overall, the Group expects no significant impact on its balance sheet and equity.

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Batiçim Batı Anadolu Çimento Sanayii Anonim Şirketi and its Subsidiaries

**Notes to the consolidated financial statements
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2. Presentation of the financial statements (continued)

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

In August 2021, the 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 issued to TAS 12 are effective for annual periods beginning on or after January 1, 2023. 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.

Overall, the Group expects no significant impact on its balance sheet and equity.

Annual Improvements – 2018–2020 Cycle

In July 2020, the POA issued Annual Improvements to TFRS Standards 2018–2020 Cycle, amending the followings:

- *TFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter*: The amendment permits a subsidiary to measure cumulative translation differences using the amounts reported by the parent. The amendment is also applied to an associate or joint venture.
- *TFRS 9 Financial Instruments – Fees in the “10 per cent test” for derecognition of financial liabilities*: The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either borrower or lender on the other’s behalf.
- *TAS 41 Agriculture – Taxation in fair value measurements*: The amendment removes the requirement in paragraph 22 of TAS 41 that entities exclude cash flows for taxation when measuring fair value of assets within the scope of TAS 41.

Improvements are effective for annual reporting periods beginning on or after January 1, 2022. Earlier application is permitted for all.

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

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**Notes to the consolidated financial statements
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2. Presentation of the financial statements (continued)

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, 2021 comparatively with the consolidated statement of financial position as at December 31, 2020, 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, 2021 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 2020.

As of December 31, 2020, interest expense related to severance pay provisions amounting to TL 3.785.775, which was disclosed under cost of sales in the consolidated financial statements, has been reclassified to financial expenses in the comparative consolidated financial statements.

These reclassifications have no effect on the profit or loss for the period ending on December 31, 2020.

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.

2.5 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. The goods or services are transferred when the control of the goods or services is delivered to the customers.

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

- a) Ownership of the 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.

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2. Presentation of the financial statements (continued)

At the beginning of the contract, the company evaluate whether the Group has different performance commitments. The Group does not have an important service component identified in customer contracts.

The Company does not make any adjustments to the effect of an important financing component in the promised price at the beginning of the contract if the period between the transfer date of the goods or service promised to the customer and the date when the customer pays the price of this goods or service will be one year or less. On the other hand, 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.

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.

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2. Presentation of the financial statements (continued)

- (b) An entity is related to a reporting entity if any of the following conditions applies:
- i. The entity and the reporting entity are members of the same group (which means that each parent, subsidiary, and fellow subsidiary is related to the others).
 - ii. One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - iii. Both entities are joint ventures of the same third party.
 - iv. One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - v. The entity is a post-employment 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 Company, the companies they own, their directors and other groups known to be related are defined as related companies. The senior executives of the Group are composed of the Chief Executive Officer and members.

Inventories

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

Right-of-use assets

The Company 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 consist of vehicles and are subject to impairment assessment.

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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 Company is reasonably sure that it will use the purchase option and
- (e) If the rental period shows that the Company 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 Company determines the alternative borrowing interest rate on the date of re-evaluation. The company 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

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

Land is not subject to depreciation. Properties in the course of construction for production, supply or administrative purposed are carried at cost, less any recognized impairment loss. Borrowing costs for the assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets is substantially ready for their 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.

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2. Presentation of the financial statements (continued)

As of December 31, 2017, The Group made a decision of applying revaluation model for land and real estate and changing the accounting policy prospectively within the scope of TFRS. 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 of December 31, 2021, the Company has renewed the revaluation measurements of the land. The said lands and lands are reflected in the financial statements dated December 31, 2021 based on their fair values in the current valuation reports prepared by a real estate appraisal company authorized by the CMB. The revenues measured in accordance with the revaluation model are shown by deducting the accumulated amortization from the fair values of the buildings and underground structures and buildings. The difference between the net book value determined after deducting the accumulated depreciation from the historical cost value and the fair value is followed up with the net deferred tax effect on the "Property, plant and equipment revaluation and measurement gains (losses)" account under equity.

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

The frequency of revaluations is dependent on indications of significant changes in the items of property, plant, and equipment subject to revaluation.

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

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

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

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

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2. Presentation of the financial statements (continued)

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	3-25
Motor vehicles	4-10
Other tangible fixed assets (mine assets)	10-30

Mining Assets

Mineral assets owned by the Group; rehabilitation and closure of the minefields. Mineral assets are recognized over the cost of acquisition, net of accumulated depreciation and impairment, if any, after the deduction of impairment. Mineral assets begin to be amortized with the start of production. Depreciation expenses of mining assets are related to production cost.

Mineral assets are subject to depreciation in the event that their capacity is ready for full use and their physical condition will meet the production capacity determined by the Company's management.

In the presence of indicators of impairment, mining assets are tested against impairment in accordance with TAS 36, by being grouped into the smallest independent cash generating units and by comparing their recoverable amount and their carrying value in the financial statements. For purposes of assessing impairment, mining assets are recognized on the basis of cash-generating units. Impairment exists if the mining assets or the cash generating unit's (which the asset belongs) carrying amount is higher than the amount recoverable from its sale after all costs associated with usage and selling have been deducted. Losses arising from impairment of mining assets are recognized as expenses in the statement of comprehensive income. The impairment loss is reviewed at each reporting period and subsequent increases in the recoverable amount of the asset impaired can be reversed by less than the original impairment amount, if the increase in the recoverable amount is related to an event occurring during the subsequent period.

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

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2. Presentation of the financial statements (continued)

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.

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

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

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2. Presentation of the financial statements (continued)

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. The capitalization rate is the weighted average of the borrowing costs applicable to the borrowings of the entity that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets 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.

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. Transaction costs are included (deducted for financial liabilities) in the initial measurement of all financial assets and liabilities.

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.

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2. Presentation of the financial statements (continued)

Financial assets

Classification

Company 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 Company's business model for managing financial assets changes; in the case of a business model change, subsequent to the amendment, the financial assets are reclassified on the first day of the following reporting period.

Accounting and Measurement

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

Financial 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.

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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. The Group’s cash and cash equivalents are classified under the category of ‘Loans and Receivables’.

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 instruments 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.

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 Company, 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.

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2. Presentation of the financial statements (continued)

Earnings per share(loss)

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

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

The cash in the paid-in capital is calculated by 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.

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.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received, and the amount of the receivable can be measured reliably.

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.

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2. Presentation of the financial statements (continued)

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.

Segmental 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, 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 tax

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

In Turkey, corporate tax rate is 25% as of December 31, 2021. However, the corporate tax rate will be applied as 25% for the corporate income for the 2021 taxation period and 23% for the corporate income for the 2022 taxation period in accordance with the article 11 of the Law No. 7316 on the Procedure for Collection of Public Claims and the Law Amending Some Other Laws and included to the temporary article 13 of Law No. 5520 Corporate Tax Law which are published in the Official Gazette numbered 31462 on April 22, 2021. As of September 31, 2021, corporate tax provisions have been calculated and accrued at 25%. for three months periods ended and offsetted with corporate tax calculated on yearly profit/(loss).

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.

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2. Presentation of the financial statements (continued)

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 15% 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.

The taxes payable on the statement of financial position as of December 31, 2021 and December 31, 2020 are netted off for each subsidiary and classified separately in the consolidated financial statements.

50% of the profits arising from the sale of the immovable 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 fund account 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 23% is used for temporary differences expected to be realized/closed in 2022, and 20% for temporary differences expected to be realized/closed in 2022 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.

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2. Presentation of the financial statements (continued)

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.

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 Company. Such payments are considered as being part of defined retirement benefit plan as per TAS 19 (Revised) Employee Benefits (“TAS 19”).

The retirement benefit obligation recognized in the statement of financial position represents the present value of the defined benefit obligation. The actuarial gains and losses are recognized in other comprehensive income.

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

Capital and dividends

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

Share premiums

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

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**Notes to the consolidated financial statements
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2. Presentation of the financial statements (continued)

Treasury shares

In case the Company obtains its own shares, the cost amounts including the parts exceeding the nominal values of these shares are deducted from equity and presented as "Treasury shares". Profits or losses from the 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.

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

Deferred tax assets and liabilities are recorded using substantially enacted tax rates for the effect of temporary differences between book and TAS basis of assets and liabilities. The main factors which are considered include future earnings potential and tax-planning strategies that would, if necessary, be implemented, and the nature of the income that can be used to realize the deferred tax asset. If based on the weight of all available evidence, it is the Group's belief that taxable profit will not be available sufficient to utilize some portion of these deferred tax assets, then some portion of or all of the deferred tax assets are not recognized (Note 25).

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2. Presentation of the financial statements (continued)

Fair values of property, plant, and equipment

Land under tangible fixed assets is accounted for as revaluation model as of December 31, 2021 which will be reflected at its fair value. The company, in order to determine the fair value of these assets is authorized by the Capital Markets Board of Turkey has worked with an independent valuation company. The fair value of the property, plant and equipment has been assessed considering the current situation of the real estate, the market conditions, and the method of comparing the peers taking into consideration the most efficient usage (Note 12 and 29).

Useful lives of tangible and intangible assets

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

Provision for mine site rehabilitation

The Company calculates for stone and earth-based land degraded by mining activities within the scope of reintegration for mine site rehabilitation. Technical personnel have made certain important assumptions in determining calculation of provision. Explanations regarding such mine site rehabilitation are presented in Note 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 benefits provided to employees

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.

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(Currency – In Turkish Lira (“TL”), 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, 2021 and December 31, 2020 comprise of the following:

December 31, 2021	Product of stone and land basis	Ready- mixed concrete	Harbour services	Electricity production	Total
Total assets	3.263.237.691	372.804.414	561.297.167	210.048.387	4.407.387.659
Total liabilities	2.906.822.623	182.883.514	182.883.514	67.593.750	3.340.183.401
Current year investment expenditures	28.162.000	1.306.970	9.045.684	40.116	38.554.770
Current year depreciation and amortization expense	69.601.671	4.701.590	4.274.430	3.710.998	82.288.689
Interest income	1.414.344	162.140	333.174	678.184	2.587.842
Finance expense	852.447.588	2.338.329	10.756.861	67.598.046	933.140.824

December 31, 2020	Product of stone and land basis	Ready-mixed concrete	Harbour services	Electricity production	Total
Total assets	1.944.549.308	146.036.383	216.038.304	230.572.070	2.537.196.065
Total liabilities	1.884.320.953	68.608.858	69.469.107	180.343.336	2.202.742.254
Current year investment expenditures	9.960.196	30.926	11.317.025	74.408	21.382.555
Current year depreciation and amortization expense	72.895.488	3.718.892	4.607.549	3.569.740	84.791.669
Interest income	1.767.327	118.119	822.204	239.506	2.947.156
Finance expense	435.352.285	2.275.775	11.610.418	35.786.741	485.025.219

The results of the financial figures by segments for the year ended December 31, 2021 are as follows:

January 1 – December 31, 2021	Product of stone and land basis	Ready-mixed concrete	Harbour services	Electricity production	Total
Revenue	1.062.714.435	327.461.683	159.359.590	384.260.707	1.933.796.415
Cost of sales (-)	(819.102.166)	(322.320.386)	(87.190.809)	(373.250.241)	(1.601.863.602)
Gross profit	243.612.269	5.141.297	72.168.781	11.010.466	331.932.813
General administrative expenses (-)	(52.183.025)	(6.417.889)	(2.905.649)	(2.041.624)	(63.548.187)
Marketing expenses (-)	(113.293.607)	(2.738.005)	-	(1.243.180)	(117.274.792)
Other income from operating activities	97.058.683	15.638.036	5.424.377	249.964	118.371.060
Other expenses from operating activities (-)	(81.765.128)	(15.525.051)	(7.305.330)	(162.768)	(104.758.277)
Operating profit/(loss)	93.429.192	(3.901.612)	67.382.179	7.812.858	164.722.617
Income from investing activities	1.918.076	706.007	-	-	2.624.083
Expense from investing activities	-	(733.803)	-	-	(733.803)
Finance expenses (-)	(844.810.460)	(2.176.054)	(6.661.075)	(62.553.776)	(916.201.365)
Profit/(loss) before tax	(749.463.192)	(6.105.462)	60.721.104	(54.740.918)	(749.588.468)

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3. Segment Reporting (continued)

The results of the financial figures by segments for the year ended December 31, 2021 are as follows:

January 1 – December 31, 2020	Product of stone and land basis	Ready-mixed concrete	Harbour services	Electricity production	Total
Revenue	726.884.440	149.910.571	113.592.808	170.140.775	1.160.528.594
Cost of sales (-)	(589.877.445)	(164.633.772)	(68.938.251)	(162.101.135)	(985.550.603)
Gross profit	137.006.995	(14.723.201)	44.654.557	8.039.640	174.977.991
General administrative expenses (-)	(42.117.125)	(3.529.872)	(1.818.935)	(1.634.554)	(49.100.486)
Marketing expenses (-)	(111.903.986)	(2.451.284)	-	(865.713)	(115.220.983)
Other income from operating activities	77.119.093	7.367.333	2.141.536	949.186	87.577.148
Other expenses from operating activities (-)	(46.254.261)	(5.678.150)	(2.262.351)	(176.383)	(54.371.145)
Operating profit/(loss)	13.850.716	(19.015.174)	42.714.807	6.312.176	43.862.525
Income from investing activities	6.071.515	5.374.268	-	(3.125.512)	8.320.271
Finance expenses (-)	(438.818.896)	(2.158.805)	(6.533.152)	(21.269.959)	(468.780.812)
Profit/(loss) before tax	(418.896.665)	(15.799.711)	36.181.655	(18.083.295)	(416.598.016)

4. Cash and cash equivalents

	December 31, 2021	December 31, 2020
Cash	30.105	23.958
Banks		
- Demand deposits	4.841.860	8.050.092
- Time deposits	8.366.847	104.320.683
	13.238.812	112.394.733

As of December 31, 2021, and December 31, 2020 the details of time deposits are as follows:

				December 31, 2021
Currency	Interest rate (%)	Maturity	Foreign Currency	TL Equivalence
TL	16,02%	January 2022	8.366.847	8.366.847
Total				8.366.847

				December 31, 2020
Currency	Interest rate (%)	Maturity	Foreign Currency	TL Equivalence
TL	%16,63	January 2021	2.636.260	2.636.260
USD	%1,40 - %2,00	January 2021	5.972.666	43.842.356
Euro	%0,80 - %1,80	January 2021	6.421.260	57.842.067
Total				104.320.683

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5. Financial investment

As of December 31, 2021, and December 31, 2020 the details of short term and long-term financial investments are as follows:

	December 31, 2021	December 31, 2020
Other financial liabilities	10.000	10.000
	10.000	10.000

6. Financial liabilities

	December 31, 2021	December 31, 2020
Short term borrowings	723.575.363	605.457.037
Short term lease liabilities	2.639.153	2.575.845
Current portion of long-term loans	865.245.472	204.994.551
Long term bank loans	870.614.133	942.979.571
Long term lease liabilities	2.286.728	4.692.976
	2.464.360.849	1.760.699.980

Currency	Interest Type	Nominal interest rate	December 31, 2021	
			Short-term	Long-term
USD	Fixed	%0,90 - %3,39	185.434.157	-
USD	Floating	Libor+%0,80 - Libor+%2,85	48.427.890	58.980.886
Euro	Fixed	%0,75 - %5,25	877.054.249	748.957.268
TL	Fixed	%9,75 - %33,00	477.904.539	62.675.979
			1.588.820.835	870.614.133

Currency	Interest Type	Nominal interest rate	December 31, 2020	
			Short-term	Long-term
USD	Fixed	%0,60-%4,50	66.232.998	8.675.136
USD	Floating	Libor+%4,20 - Libor+%4,50	18.173.190	49.854.261
Euro	Fixed	%0,65 - %4,90	350.810.332	717.894.169
Euro	Floating	Euribor+%3,15 - Euribor+%3,70	7.564.383	-
TL	Fixed	%8,46 - %15,25	367.670.685	166.556.005
			810.451.588	942.979.571

The repayment schedule of borrowings as of 31 December 2021 and 31 December 2020 is as follows:

	December 31, 2021	December 31, 2020
1 year and over	205.276.744	407.701.671
Between 2-3 years	182.843.325	126.939.207
Between 3-4 years	166.621.129	111.947.154
Between 4-5 years	155.061.039	102.620.861
5 years and longer	160.811.896	193.770.678
	870.614.133	942.979.571

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6. Financial liabilities (continued)

	2021	2020
Opening balance, January 1	1.760.699.980	1.426.933.063
New financial debts received	482.118.871	751.868.377
Principal paid	(509.473.473)	(711.113.326)
Interest paid	(110.296.624)	(178.867.087)
Foreign exchange losses and interest accruals	841.312.095	471.878.953
December 31	2.464.360.849	1.760.699.980

7. Related party disclosures

a) Other payable to related party

	December 31, 2021	December 31, 2020
Çiftay İnşaat Taahhüt ve Ticaret A.Ş. (1)	33.062.570	-
	33.062.570	-

(1) Main partner

b) Key management compensation

The key management personnel consist of executive board members, general manager, and deputy general manager. Benefits to key management personnel are wages, premiums, health insurance, transportation and etc. Benefits to the key management personnel during the period as follow:

	December 31, 2021	December 31, 2020
Wage, bonus, social relief benefits	2.639.996	4.094.625
Seniority incentive, performance premium, other reliefs, and payments	3.367.714	2.056.472
	6.007.710	6.151.097

8. Trade receivables and payables

a) Trade Receivables

As of December 31, 2021, and December 31, 2020, the detail of the Group's trade receivables are as follows:

	December 31, 2021	December 31, 2020
Trade receivables	174.246.902	127.160.144
Notes receivables	269.214.829	90.785.391
Provisions for doubtful receivables (-)	(1.783.605)	(1.793.993)
	441.678.126	216.151.542

Average turnover for account receivables is 62 (December 31, 2020: 92 days).

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**Notes to the consolidated financial statements
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8. Trade receivables and payables (continued)

As of December 31, 2021, a doubtful account receivables provision adjustment in the amount of TL 1.783.605 TL (December 31, 2020 1.793.993 TL) 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, 2021 and 2020 movement of Group’s provision for doubtful receivables is as follows:

	2021	2020
Opening balance on 1 January	1.793.993	1.817.657
Charge for the year	(10.388)	(23.664)
Closing balance on 31 December	1.783.605	1.793.993

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

b) Trade payables:

	December 31, 2021	December 31, 2020
Trade payables	579.288.475	314.206.960
Checks given to related parties (Note 7)	33.062.570	
	612.351.045	314.206.960

As of December 31, 2021, there is a letter of credit of the same amount opened with banks for the purchase of raw materials amounting to TL 3.273.814 in the Group’s trade payables account (December 31, 2020: TL 87.408.435). The average credit period on purchase of certain goods is 75 days. (December 31, 2020 70 days).

9. Other receivables and payables

a) Other short-term receivables

	December 31, 2021	December 31, 2020
Other receivables	1.502.408	11.473.686
	1.502.408	11.473.686

b) Other long-term receivables

	December 31, 2021	December 31, 2020
Deposits and guarantees given	1.441.428	783.733
	1.441.428	783.733

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9. Other receivables and payables (continued)

c) Other short-term payables

	December 31, 2021	December 31, 2020
Taxes and funds payable	4.994.009	1.905.051
Deposits and guarantees taken	329.583	148.552
	5.323.592	2.053.603

10. Inventories

	December 31, 2021	December 31, 2020
Raw materials	65.249.457	49.263.748
Work in process inventories	109.987.160	36.397.340
Finished goods	3.191.775	5.498.995
Auxiliary materials and spare parts and other inventories	148.658.975	92.477.735
	327.087.367	183.637.818
Inventory impairment provision	-	(1.348.340)
	327.087.367	182.289.478

Auxiliary materials and spare parts are composed of unused firebricks, auxiliary materials and spare parts that may be used in manufacturing. When firebricks are used, they are classified as property, plant and equipment and are depreciated over their useful lives

Company management evaluates that there is any impairment on inventories.

	2021	2020
January 1	(1.348.340)	(14.311.015)
Current year provision/(Reversal through sales)	1.348.340	12.962.675
December 31	-	(1.348.340)

11. Prepaid expenses and deferred income

a) Short-term prepaid expenses

	December 31, 2021	December 31, 2020
Order advances for inventory purchases	22.906.866	13.727.279
Prepaid expenses	3.454.409	2.284.458
Advances given to personnel	21.477	7.657
Work advances	464	5.476
	26.383.216	16.024.870

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11. Prepaid expenses and deferred income (continued)

b) Long-term prepaid expenses

	December 31, 2021	December 31, 2020
Prepaid expenses	2.119.814	6.485.229
	2.119.814	6.485.229

c) Deferred income

	December 31, 2021	December 31, 2020
Advances received	16.899.023	22.680.502
Deferred income	108.584	108.584
	17.007.607	22.789.086

12. Property, plant, and equipment

	January 1, 2021	Additions	Transfers	Disposals	Revaluation	December 31, 2021
Cost value:						
Land	488.185.388	-	11.030.000	(435.000)	1.684.039.614	2.182.820.002
Land improvements	110.694.146	228.785	64.555	(6.287)	-	110.981.199
Buildings	578.188.545	-	11.270.594	(274.712)	-	589.184.427
Plant, machinery, and equipment	966.690.300	2.464.532	-	(132.225)	-	969.022.607
Vehicles	3.432.300	1.665.800	-	-	-	5.098.100
Furniture and fixtures	104.273.056	22.203.089	124.275	(470.717)	-	126.129.703
Mine assets	2.512.484	-	-	-	-	2.512.484
Leasehold improvements	39.414.379	-	-	(14.956)	-	39.399.423
Construction in progress	15.001.488	11.573.153	(11.459.424)	-	-	15.115.217
	2.308.392.086	38.135.359	11.030.000	(1.333.897)	1.684.039.614	4.040.263.162
Accumulated depreciation:						
Land improvements	(60.602.358)	(4.961.874)	-	2.784	-	(65.561.448)
Buildings	(89.669.839)	(13.641.151)	-	28.731	-	(103.282.259)
Plant, machinery, and equipment	(394.424.859)	(41.198.043)	-	110.199	-	(435.512.703)
Vehicles	(3.240.360)	(420.393)	-	-	-	(3.660.753)
Furniture and fixtures	(84.739.760)	(12.728.606)	-	418.090	-	(97.050.276)
Mine assets	(1.902.952)	(609.533)	-	-	-	(2.512.485)
Leasehold improvements	(7.840.785)	(1.762.151)	-	3.185	-	(9.599.751)
	(642.420.913)	(75.321.751)	-	562.989	-	(717.179.675)
Net book value	1.665.971.173					3.323.083.487

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12. Property, plant, and equipment (continued)

	January 1, 2020	Additions	Transfers	Disposals	December 31, 2020
Cost value:					
Land	491.756.036	-	-	(3.570.648)	488.185.388
Land improvements	110.589.231	-	110.000	(5.085)	110.694.146
Buildings	577.994.748	-	371.400	(177.603)	578.188.545
Plant, machinery, and equipment	966.127.272	274.287	4.086.116	(3.797.375)	966.690.300
Vehicles	3.963.328	-	-	(531.028)	3.432.300
Furniture and fixtures	95.092.652	9.580.079	18.000	(417.675)	104.273.056
Mine assets	2.512.484	-	-	-	2.512.484
Leasehold improvements	40.930.117	-	-	(1.515.738)	39.414.379
Construction in progress	8.058.815	11.528.189	(4.585.516)	-	15.001.488
	2.297.024.683	21.382.555		(10.015.152)	2.308.392.086
Accumulated depreciation:					
Land improvements	(55.147.730)	(5.456.125)	-	1.497	(60.602.358)
Buildings	(76.134.073)	(13.547.833)	-	12.067	(89.669.839)
Plant, machinery, and equipment	(353.599.912)	(41.364.142)	-	539.195	(394.424.859)
Vehicles	(3.354.286)	(417.102)	-	531.028	(3.240.360)
Furniture and fixtures	(69.394.913)	(15.661.540)	-	316.693	(84.739.760)
Mine assets	(1.790.751)	(112.201)	-	-	(1.902.952)
Leasehold improvements	(7.499.318)	(1.853.539)	-	1.512.072	(7.840.785)
	(566.920.983)	(78.412.482)	-	2.912.552	(642.420.913)
Net book value	1.730.103.700				1.665.971.173

(*) Regarding the fixed assets classified as non-current assets held for sale, in accordance with TFRS 5, since the active sales plans of the related assets have disappeared in the current period, have been reclassified as tangible assets.

As of December 31, 2021, there is no pledge or mortgage on the tangible assets of the Group (December 31, 2020 – None). 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 31.

There is insurance coverage of approximately 2.082.904.804 TL on tangible fixed assets (December 31, 2020: 1,350,475,000 TL).

Amounting to TL 73.015.840 (2020: TL 76.123.194) of depreciation expense was allocated to cost of sales, TL 24.872 (2020: 23,733 TL) of depreciation expense was allocated to marketing expenses, 2.281.040 TL (2020: 2.265.554 TL) of depreciation expense was allocated to administrative expenses. As of December 31, 2021, there is no cumulative borrowing cost included in the cost of investments in progress (December 31, 2020: None).

According to the real estate valuation report prepared by Karşıyaka Gayrimenkul Değerleme ve Danışmanlık A.Ş. which has been authorized by the CMB, the fair value of the land that is presented as tangible assets in the financial statements is amounting TL 2.182.820.001 in accordance with market value method.

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**Notes to the consolidated financial statements
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13. Intangible assets and Right of use assets

a) Other intangible assets

	January 1, 2021	Additions	Transfers	Disposals	December 31, 2021
Cost value:					
Rights	23.014.068	419.411	-	(64.540)	23.368.939
Assets subject to amortization	601.962	-	-	(6.694)	595.268
	23.616.030	419.411	-	(71.234)	23.964.207
Accumulated depreciation					
Rights	(14.430.242)	(573.080)	-	64.540	(14.938.782)
Assets subject to amortization	(601.962)	-	-	6.693	(595.269)
	(15.032.204)	(573.080)	-	71.233	(15.534.051)
Net book value	8.583.826				8.430.156
	January 1, 2020	Additions	Transfers	Disposals	December 31, 2020
Cost Value:					
Rights	22.979.279	46.336	-	(11.547)	23.014.068
Assets subject to amortization	601.962	-	-	-	601.962
	23.581.241	46.336	-	(11.547)	23.616.030
Accumulated depreciation					
Rights	(13.900.725)	(541.064)	-	11.547	(14.430.242)
Assets subject to amortization	(601.962)	-	-	-	(601.962)
	(14.502.687)	(541.064)	-	11.547	(15.032.204)
Net book value	9.078.554				8.583.825

Amortization expense of TL 373.732 (2020: TL 392.519) has been charged to cost of sales, TL 199.348 (2020: TL 148.545) has been charged to administrative expenses.

The “Port Operating license” included among the Group’s rights, which has a cost of TL 11.904.290 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, 2021 and December 31, 2020 are as follows:

	January 1, 2021	Additions	Transfers	Disposals	December 31, 2021
Cost value:					
Privileged intangible assets	161.200.670	-	-	-	161.200.670
	161.200.670	-	-	-	161.200.670
Accumulated amortization:					
Privileged intangible assets	(28.469.412)	(3.289.812)	-	-	(31.759.224)
	(28.469.412)	(3.289.812)	-	-	(31.759.224)
Net book value	132.731.258				129.441.446

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

	January 1, 2020	Additions	Transfers	Disposals	December 31, 2020
Cost value:					
Privileged intangible assets	161.200.670	-	-	-	161.200.670
	161.200.670	-	-	-	161.200.670
Accumulated amortization:					
Privileged intangible assets	(25.179.600)	(3.289.812)	-	-	(28.469.412)
	(25.179.600)	(3.289.812)	-	-	(28.469.412)
Net book value	136.021.070				132.731.258

Amortization expenses amounted to TL 3.289.812 been charged to cost of sales. (2020: TL 3.289.812).

Batıçım 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, Batıçım Energy 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. Batıçım Enerji has liability to transfer all plant’s operation with full function to EGC. According to the agreement, Batıçım Enerji must keep the plants productivity with appropriate level and meet the maintenance, reparation, and improvement costs. Batıçım 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, 2021	Additions	Transfers	Disposals	December 31, 2021
Cost value:					
Vehicles	8.702.702	974.271	-	(812.873)	8.864.100
Concrete plants	1.809.788	-	-	-	1.809.788
	10.512.490	974.271	-	(812.873)	10.673.888
Accumulated depreciation:					
Vehicles	(2.171.257)	(2.878.933)	-	386.167	(4.664.023)
Concrete plants	(1.391.297)	(225.113)	-	-	(1.616.410)
	(3.562.554)	(3.104.046)	-	386.167	(6.280.433)
Net carrying value	6.949.936				4.393.455

	TFRS 16 Opening Effect January 1, 2020	Additions	Transfers	Disposals	December 31, 2020
Cost value:					
Vehicles	2.520.047	6.738.076	-	(2.386.310)	6.871.813
Concrete plants	2.482.646	-	-	-	2.482.646
	5.002.693	6.738.076		(2.386.310)	9.354.459
Accumulated depreciation:					
Vehicles	(1.314.026)	(1.650.900)	-	2.309.111	(655.815)
Concrete plants	(851.297)	(897.411)	-	-	(1.748.708)
	(2.165.323)	(2.548.311)	-	2.309.111	(2.404.523)
Net carrying value	2.837.370				6.949.936

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14. Provisions, contingent assets, and liabilities

a) Short-term provisions

	December 31, 2021	December 31, 2020
Legal Claims	306.915	306.915
	306.915	306.915

b) Long-term provisions

As of December 31, 2021, and 2020, the movement of the provision for mine site rehabilitation is as follows

	December 31, 2021	December 31, 2020
Mine site rehabilitation provision	16.325.532	11.993.705
	16.325.532	11.993.705

As of December 31, 2021, and 2020, the movement of the provision for mine site rehabilitation is as follows:

	2021	2020
January 1	11.993.705	10.232.161
Current year expense, net	4.331.827	1.761.544
December 31	16.325.532	11.993.705

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.

c) Guarantees-Pledges-Mortgages ("GPM")

The Group's guarantees/pledge/mortgage position as of December 31, 2021 and December 31, 2020 is as follows:

	December 31, 2021	December 31, 2020
A. GPMs given on behalf of its own legal entity	517.026.189	453.931.930
B. GPM given on behalf of subsidiaries that are included in full consolidation (*)	3.689.145.814	1.617.267.727
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	4.206.172.003	2.071.199.657

(*) It consists of the bails given in the amount of EUR 130.988.571, USD 97.875.00 TL 495.759.499 for bank loans.

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

The ratio of other GPM to shareholder's equity is 0% as of December 31, 2021 (December 31, 2020 0%)

Guarantees given on December 31, 2021 and 2020 are as follows:

	December 31, 2021	December 31, 2020
Guarantees given	513.752.375	360.429.412
Letter of credit	3.273.814	93.502.518
Total	517.026.189	453.931.930

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

	December 31, 2021	December 31, 2020
Letters of guarantee given for the Eximbank loan	416.622.058	262.986.631
Letters of guarantee given to suppliers	73.776.763	18.660.755
Letters of guarantee given to public institutions	11.480.409	37.994.084
Letters of guarantee given to the tax office	10.721.923	40.157.355
Letters of guarantee given to the enforcement office	1.151.222	630.587
Total	513.752.375	360.429.412

According to Share Pledge Agreement signed on December 1, 2014, the Group put in pledge the capital of Batıçım Enerji Elektrik Üretim A.Ş. amounting to 83.975.000 TL (83.975 number of shares) with TL 1,000 nominal value in favour of Akbank T.A.Ş. Accordingly, the bank loan amounting to TL 36.025.000 (36.025 number of shares) in order to finance Batıçım Enerji Elektrik Üretim A.Ş. subsidiary Batisöke Söke Çimento Sanayii T.A.Ş have signed this agreement for sharing in favor of Akbank T.A.Ş.

According to the Share Pledge agreement signed on March 21, 2016 the Group put in pledge the capital of Batılıman Liman İşletmeleri A.Ş amounting to TL 57.834.578 (5.783.457.756 number of shares) in favour of Türkiye Sınai Kalkınma Bankası A.Ş. (“TSKB”).

Letters of guarantees received

Guarantee letters received against the Company's trade receivables is as follows:

	December 31, 2021	December 31, 2020
Letters of guarantees received (*)	168.160.814	145.448.662
	168.160.814	145.448.662

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

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15. Employee benefits

a) Employee benefit obligations

	December 31, 2021	December 31, 2020
Social security premiums payable	5.221.871	4.252.470
Payables to personnel	3.496.546	3.100.412
	8.718.417	7.352.882

b) Long-term provisions for employee benefit

	December 31, 2021	December 31, 2020
Provision for employee termination benefit	37.095.195	31.791.508
Premium provision	8.491.712	7.184.177
Unused vacation liability	3.546.126	3.768.408
	49.133.033	42.744.093

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 8.284,51 TL (December 31, 2020: 7.117,17 TL) of services on December 31, 2021. Retirement pay liability is not subject to any kind of funding legally. Provision for retirement pay liability is calculated by estimating the present value of probable liability amount arising due to retirement of employees. TAS 19 Employee Benefits stipulates the development of company's liabilities by using actuarial valuation methods under defined benefit plans. In this direction, actuarial assumptions used in calculation of total liabilities are described as 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, 2021, 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 4,38% real discount rate calculated by using 16,40% annual inflation rate and 21,50% discount rate (December 31, 2020: %4,33). The drop-out rate for voluntary work for 0–15-year employees is 3,37%. For the employees who work 15 years and over, the rate is taken as 0.

The movement in the provision for employee termination benefits:

	2021	2020
January 1	31.791.488	28.738.252
Interest cost	3.723.995	3.785.775
Actuarial loss/(gain)	4.677.884	3.223.664
Service cost	2.567.156	2.412.066
Termination benefits paid	(5.665.328)	(6.368.249)
December 31	37.095.195	31.791.508

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15. Employee benefits (continued)

The sensitivity analyses of the significant assumptions used in calculation of retirement pay liability as of December 31, 2021 are as follows:

Sensitivity level	Net discount rate		Turnover rate to estimate the probability of retirement	
	%0,5 decrease	%0,5 increase	%0,5 point decrease	%0,5 point increase
Rate (%)	%3,88	%4,88	%98,08	%99,08
Change in the retirement pay liability (TL)	1.917.958	(1.437.019)	(1.143.238)	826.187

Performance and seniority encouragement Premium provisions

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

The movement of performance and seniority encouragement premium provision:

	2021	2020
Opening balance 1 January	7.184.177	6.221.316
Paid performance and seniority encouragement	(1.653.613)	(1.335.140)
Provision in current year	2.961.148	2.298.001
Closing balance, 31 December	8.491.712	7.184.177

16. Other assets and liabilities

i) Other assets

a) Other current assets:

	December 31, 2021	December 31, 2020
Deferred VAT	89.028.651	67.141.754
Other	-	39.351
	89.028.651	67.181.105

b) Other non-current assets:

	December 31, 2021	December 31, 2020
Deferred VAT	20.249.147	15.375.645
	20.249.147	15.375.645

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16. Other assets and liabilities (continued)

ii) Other liabilities

a) Other Short-Term Liabilities:

	December 31, 2021	December 31, 2020
Mine tax accruals	9.020.511	6.018.180
Other	2.275.966	724.296
	11.296.477	6.742.476

17. Share Capital, reserves, and other equity items

a) Share capital

The Group is subject to the upper limit is TL 400.000.000 as of December 31, 2021 (December 31, 2020: TL 400.000.000. Share capital of company consist of A group bearer share and B group bearer shares.

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

Shareholders	December 31, 2021		December 31, 2020	
	Share (%)	Amount (TL)	Share (%)	Amount (TL)
Çiftay İnşaat Taahhüt ve Ticaret A.Ş.	30,02	54.044.452	-	-
Sanko Enerji San Ve Tic.A.Ş.	18,26	32.865.000	-	-
Fatma Gülgün Ünal	9,98	17.957.525	9,98	17.955.966
Yıldız İzmiroğlu	8,17	14.708.850	8,17	14.708.850
Çimko Çimento ve Beton Sanayi Ticaret A.Ş.	5,56	10.001.087	24,21	43.572.337
Sülün İlkin	-	-	8,19	14.750.524
Belgin Egeli	-	-	7,64	13.753.764
Fatma Meltem Günel	-	-	6,63	11.925.921
Mehmet Mustafa Bükey	-	-	5,85	10.525.673
Other	28,01	50.423.087	29,33	52.806.965
Rearranged share capital	100,00	180.000.000	100,00	180.000.000

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.
- In order to: amend articles numbered 7 (except 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 Company; 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.

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**Notes to the consolidated financial statements
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17. Share Capital, reserves, and other equity items (continued)

The composition of the B group shareholders (ordinary shareholders) is as follows:

	December 31, 2021	December 31, 2020
Rearranged share capital	118.749.217	118.749.217
	118.749.217	118.749.217

"Paid-in capital", "Restricted reserves" and "Share premiums" in accordance with "Communiqué on Financial Reporting Standards in Capital Market" numbered II-14.1 and published in the Official Gazette No: 28676 dated June 13, 2013 must be shown 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"

Capital adjustment differences have no use other than adding to capital.

Listed companies process 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 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 TFRS basis are attributed to previous years' profit / loss.

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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) Premiums on shares

Represents the difference between the nominal amount and the sales amount of newly issued shares due to capital increase as of December 31, 2021 is TL 414.213 (December 31, 2020: TL 414.213).

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

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

Tangible assets re-valuation increase fund:

	2021
Opening balance, January 1	335.522.871
Effect of tangible asset sale	1.489.305.797
Deferred tax effect	(148.930.580)
Closing balance, December 31	1.675.898.088

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

	2021	2020
Opening balance, January 1	(5.667.147)	(3.469.709)
Current year remeasurement effect	(4.166.229)	(2.745.048)
Deferred tax effect	833.246	547.610
Closing balance, December 31	(9.000.130)	(5.667.147)

d) Prior years' profits / (losses):

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

	December 31, 2021	December 31, 2020
Profit/Loss for period	(693.147.266)	(435.664.338)
Extraordinary reserves	328.633.649	343.062.662
Special Funds	9.354.540	5.463.273
Retained earnings	(738.750.117)	(294.228.751)
	(1.093.909.194)	(381.367.154)

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

e) Non-controlling interest

	December 31, 2021	December 31, 2020
Non-controlling interest	(10.337.947)	(10.452.772)
	(10.337.947)	(10.452.772)

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

	2021	2020
Opening balance, January 1	(10.452.772)	78.241.627
Share from period loss	(174.736.288)	(88.312.906)
Share of property, plant, and equipment value increase	175.260.436	-
Shares from other comprehensive income	(409.323)	(381.493)
Closing balance, 31 December	(10.337.947)	(10.452.772)

18. Revenue and cost of sales

a) Revenue

	January 1 – December 31, 2021	January 1 – December 31, 2020
Domestic sales	1.393.882.277	681.729.485
Export sales	546.256.041	481.525.742
Other revenue	37.237.554	23.443.316
Sales returns (-)	(818.804)	(749.761)
Sales discounts (-)	(2.855.756)	(1.139.176)
Other discounts (-)	(39.904.897)	(24.281.012)
Net sales	1.933.796.415	1.160.528.594

b) Cost of sales

	January 1 – December 31, 2021	January 1 – December 31, 2020
Raw materials used	(675.230.262)	(373.306.495)
Production overheads	(369.009.639)	(195.388.878)
Cost of trade goods	(361.751.412)	(143.357.287)
Payroll expenses	(101.383.501)	(78.445.569)
Depreciation expenses	(72.575.596)	(76.123.194)
Cost of services rendered	(81.559.766)	(73.451.641)
Provision for employee termination benefits	(4.130.440)	(5.612.280)
Amortization expenses	(3.525.378)	(3.682.331)
Reversal of provision /charges related to rehabilitation provision	(4.331.827)	(1.761.544)
Provision for performance and seniority encouragement premium	(996.721)	(2.087.468)
Change in work-in process and finished goods (Note:10)	72.630.940	(32.333.916)
	(1.601.863.602)	(985.550.603)

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

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a) Administrative expenses:

	January 1 – December 31, 2021	January 1 - December 31, 2020
Payroll expenses	(28.553.547)	(23.077.651)
Real estate tax expenses	(9.387.258)	(7.359.475)
Depreciation expenses	(5.945.158)	(4.813.866)
Outsource expenses	(4.748.480)	(2.594.814)
Consultancy expenses	(4.961.096)	(4.746.676)
Security expenses	(3.678.927)	(2.869.033)
Provision of employee termination benefits	(903.425)	(462.891)
Taxes and duties	(625.918)	(421.942)
Fuel expenses	(516.632)	(389.266)
Provision for performance and seniority encouragement premium	(222.018)	(167.984)
Amortization expenses	(199.348)	(130.209)
Other	(3.806.380)	(2.066.679)
	(63.548.187)	(49.100.486)

b) Marketing expenses:

	January 1 – December 31, 2021	January 1 - December 31, 2020
Transportation and loading expenses	(107.793.625)	(108.681.615)
Payroll expenses	(7.229.665)	(4.980.694)
Guarantees expenses	(1.040.097)	(834.658)
Advertisement expenses	(124.101)	(170.815)
Provision employee termination benefits	(220.757)	(122.671)
Provision for performance and seniority encouragement premium	(45.955)	(42.550)
Depreciation expenses	(43.210)	(42.069)
Other	(777.382)	(345.911)
	(117.274.792)	(115.220.983)

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20. Expenses by nature

	January 1 – December 31, 2021	January 1 - December 31, 2020
Raw material used	(675.230.262)	(373.306.495)
Production overheads	(369.009.639)	(195.387.476)
Cost of trade goods sold	(361.751.412)	(143.357.287)
Payroll expenses	(137.166.713)	(106.503.914)
Transportation and loading expenses	(107.793.625)	(108.681.615)
Service production expense	(81.559.766)	(73.451.641)
Depreciation expense	(78.563.964)	(80.979.129)
Change in work-in process and finished goods	72.630.940	(32.333.915)
Real estate tax expenses	(9.387.258)	(7.359.475)
Provision of employee termination benefit	(5.254.622)	(6.197.841)
Consultancy expenses	(4.961.096)	(4.746.676)
Outsource expenses	(4.748.480)	(2.594.814)
Reversal of provision/charges related to rehabilitation provision	(4.331.827)	(1.761.544)
Amortisation and depletion expense	(3.724.725)	(3.812.540)
Amortization expense	(3.678.927)	(2.869.033)
Provision for performance and seniority encouragement premium	(1.264.694)	(2.298.001)
Guarantees expenses	(1.040.097)	(834.658)
Taxes and dues	(625.918)	(421.942)
Fuel expenses	(516.632)	(389.265)
Advertisement expenses	(124.101)	(170.815)
Other cost of sales	(4.583.763)	(2.413.996)
	(1.786.410.576)	(1.153.659.249)

21. Other income from operating activities/ (expenses)

a) Other income from operating activities

	January 1 – December 31, 2021	January 1 – December 31, 2020
Foreign Exchange income from operating activities	62.199.577	64.861.043
Rediscount interest income	44.024.579	16.596.234
Income from scrap sales	4.282.372	1.005.443
Port services income	1.470.900	1.941.722
Income from insurance	964.025	194.517
Recycling income	629.820	649.558
Other income	4.799.787	2.328.631
	118.371.060	87.577.148

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21. Other income from operating activities/ (expenses) (continued)

b) Other expenses from operating activities

	January 1 – December 31, 2021	January 1 – December 31, 2020
Foreign exchange losses from operating activities	(56.913.668)	(34.309.550)
Rediscount interest expense	(45.300.200)	(19.160.944)
Other	(2.544.409)	(900.651)
	(104.758.277)	(54.371.145)

22. Income from investing activities

	January 1 – December 31, 2021	January 1 – December 31, 2020
Income from investing activities:		
Gain on sale of property, plant, and equipment	36.241	5.373.115
Interest income	2.587.842	2.947.156
	2.624.083	8.320.271

	January 1 – December 31, 2021	January 1 – December 31, 2020
Expense from investing activities:		
Loss on sale of property, plant, and equipment	(733.803)	-
	(733.803)	-

23. Financial income

	January 1 – December 31, 2021	January 1 – December 31, 2020
Foreign exchange gains	16.939.459	15.778.073
Gain on derivative instruments	-	466.334
	16.939.459	16.244.407

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24. Financial expenses

	January 1 – December 31, 2021	January 1 – December 31, 2020
Foreign exchange losses	(769.292.357)	(359.900.134)
Interest expense related to bank loans	(153.862.737)	(117.644.629)
Guarantee letter commission expenses	(4.383.775)	(3.571.349)
Interest expenses of severance pay	(3.723.995)	(3.785.775)
Interest expenses from rental transaction	(1.542.747)	(509.740)
Other	(335.213)	(123.332)
	(933.140.824)	(485.025.219)

25. Corporation tax (included deferred tax assets and liabilities)

Corporation tax

In Turkey, corporate tax rate is 25% as of December 31, 2021. However, the corporate tax rate will be applied as 25% for the corporate income for the 2021 taxation period and 23% for the corporate income for the 2022 taxation period in accordance with the article 11 of the Law No. 7316 on the Procedure for Collection of Public Claims and the Law Amending Some Other Laws and included to the temporary article 13 of Law No. 5520 Corporate Tax Law which are published in the Official Gazette numbered 31462 on April 22, 2021. As of December 31, 2021, corporate tax provisions have been calculated and accrued at 25%.

	January 1 – December 31, 2021	January 1 – December 31, 2020
Current tax expense	(14.416.036)	(6.984.631)
Deferred tax income	(15.138.396)	8.258.220
Tax income / (expense) in the statement of profit or loss	(29.554.432)	1.273.589

	December 31, 2021	December 31, 2020
Current corporate tax provision	(14.416.036)	(6.984.631)
Less: Prepaid taxes and funds	8.785.371	4.467.098
Current tax assets,	5.630.665	2.517.533
Current tax assets	290.282	537.457
Current tax assets, (net)	5.340.383	1.980.076

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25. Corporation tax (included deferred tax assets and liabilities) (continued)

Deferred Tax

As of December 31, 2021, the tax rates used in the calculation of deferred tax assets and liabilities are used as 20% and 23% for companies established in Turkey, based on the estimated years that temporary differences will occur (December 31, 2020: 22%).

	Taxable temporary differences		Deferred tax assets / /(liabilities)	
	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
Revaluation of tangible assets	(2.074.314.132)	(389.008.700)	(207.431.414)	(38.900.871)
Adjustment on inventories	(3.998.022)	(3.648.364)	(799.604)	(729.673)
Cash capital increase interest incentive	-	-	46.640.130	32.504.430
Concession-based intangible assets difference between registered values and tax bases	54.842.362	54.792.862	10.968.472	10.958.573
Provisions for employee benefits	49.133.053	42.744.093	9.826.613	8.548.820
Tangible and intangible assets	15.784.276	33.281.720	2.969.275	6.656.344
Investment incentives	-	-	3.126.820	3.410.124
Provision for mine site rehabilitation	16.325.532	11.993.705	3.265.107	2.398.741
Litigation provisions	306.915	306.915	70.590	61.383
Taxable losses	-	-	-	25.937.643
Inventory Impairment	-	1.348.340	-	269.668
The effect of the amortized cost method on receivables and payables	-	645.290	-	129.058
Other	3.223.030	3.215.675	644.606	643.134
Deferred tax asset/(liability), net			(130.719.405)	51.887.374
Deferred tax asset			19.009.864	83.222.395
Deferred tax liabilities			149.729.269	31.335.021

The Group has evaluated carried forward losses that can be deducted from taxable profits in the future periods, within the framework of foreseeable future business plans.

The Group, while it does not recognize deferred tax assets over current period financial losses, due to considering the current period financial results. At the same time, the deferred tax asset amounting to TL 25.937.643 which was accounted for from the financial losses carried for the foreseeable future financial profits as of December 31, 2020, was cancelled by making a provision in the current period. However, in the next reporting periods, the accounting status of deferred tax assets will be re-evaluated according to the conditions and projections that will occur, within the framework of legal usage periods, with reference to the related financial losses.

The maturity breakdown of deductible financial losses for which deferred tax assets are not calculated is as follows:

	December 31, 2021	December 31, 2020
December 31, 2021	-	13.786.630
December 31, 2022	26.610.757	14.022.041
December 31, 2023	57.408.215	20.576.725
December 31, 2024	242.985.305	190.667.650
December 31, 2025	469.649.107	457.759.714
December 31, 2026	672.505.255	-
	1.469.158.639	696.812.760

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25. Corporation tax (included deferred tax assets and liabilities) (continued)

The expiry dates of the financial losses carried forward that are subject to deferred tax are as follows:

	December 31, 2021	December 31, 2020
December 31, 2022	-	13.110.589
December 31, 2023	-	37.510.567
December 31, 2024	-	66.614.932
December 31, 2025	-	12.452.126
	-	129.688.214

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 46.640.130 as of December 31, 2021, 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, 2021 and 2020 are as follows:

	January 1 – December 31, 2021	January 1 – December 31, 2020
January 1	51.887.374	42.984.421
Recognized in statement of profit or loss	(15.161.257)	8.258.220
Charged to other comprehensive (loss) / income	(167.317.149)	644.734
December 31	(130.591.032)	51.887.375

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**Notes to the consolidated financial statements
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25. Corporation tax (included 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, 2021	January 1 – December 31, 2020
Pre-tax income from continuing operations	(749.588.468)	(416.598.016)
The current effective statutory tax rate	%25	%22
Calculated tax income (expense)	187.397.117	91.651.564
Cash capital increase interest incentive	14.135.700	12.017.250
The effect of non-deductible expenses	(26.938.831)	(1.326.380)
Impact of taxable losses that are not recognized as deferred tax asset	(168.126.314)	(100.707.137)
Effect of investment incentive	1.010.840	1.126.277
Cancellation of deferred tax assets from carried tax losses	(25.937.643)	-
The effect of adjustments on which no deferred tax is created	(11.249.739)	-
Effect of other adjustments	154.438	(1.487.985)
Taxation income (expense) reported in the statement of profit or loss)	(29.554.432)	1.273.589

26. Earnings per share / (loss)

Earnings per share	January 1 – December 31, 2021	January 1 – December 31, 2020
Net profit/loss for the year attributable to owners	(604.406.612)	(327.011.521)
Weighted average number of the shares outstanding	18.000.000.000	18.000.000.000
100-unit earnings/loss per share, nominal value is 1 TL	(3,3578)	(1,8167)

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, 2021, the Group does not have foreign currency derivatives (December 31, 2020: none).

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**Notes to the consolidated financial statements
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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.

Details of credit risk of the Company as of December 31, 2021 and 2020 are as follows:

December 31, 2021

	Receivables						Total
	Trade receivables		Other receivables		Financial investment	Deposits at bank	
	Related parties	Third parties	Related parties	Third parties			
Maximum credit risk as of reporting date (A+B+C+D+E) (*)	-	441.678.126	-	1.502.408	10.000	13.208.707	456.399.241
- Secured portion of the maximum credit risk by guarantees (**)	-	168.160.814	-	-	-	-	168.160.814
A. Net book value of financial assets that are neither overdue not impaired	-	-	-	-	-	-	-
B. Net book value of financial assets with renegotiated conditions that are otherwise considered as overdue or impaired	-	441.678.126	-	1.502.408	10.000	13.208.707	456.399.241
C. Net book value of financial assets that are overdue but not impaired	-	-	-	-	-	-	-
D. Net book value of the impaired assets	-	-	-	-	-	-	-
- Overdue (gross book value)	-	1.783.605	-	-	-	-	1.783.605
- Impairment (-)	-	(1.783.605)	-	-	-	-	(1.783.605)
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

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

December 31, 2020

	Receivables						Total
	Trade receivables		Other receivables		Financial investment	Deposits at bank	
	Related parties	Third parties	Related parties	Third parties			
Maximum credit risk as of reporting date (A+B+C+D+E) (*)	-	216.151.542	-	11.473.686	10.000	112.370.775	340.006.003
- Secured portion of the maximum credit risk by guarantees (**)	-	145.448.662	-	-	-	-	145.448.662
A. Net book value of financial assets that are neither overdue not impaired	-	216.151.542	-	11.473.686	10.000	112.370.775	340.006.003
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	-	-	-	-	-	-	-
D. Net book value of the impaired assets	-	-	-	-	-	-	-
- Overdue (gross book value)	-	1.793.993	-	-	-	-	1.793.993
- Impairment (-)	-	(1.793.993)	-	-	-	-	(1.793.993)
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

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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, 2021

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	2.459.434.968	2.672.953.890	388.114.847	1.278.074.246	839.946.422	166.818.375
Trade payables	579.288.475	589.760.757	589.760.757	-	-	-
Other payables to related parties	33.062.570	33.062.570	15.071.989	17.990.581	-	-
Other payables and liabilities	5.323.592	5323.592	5.323.592	-	-	-
Lease liabilities	4.925.881	6.468.628	4.181.900	-	2.286.728	-
	3.082.035.486	3.307.569.437	1.002.453.085	1.296.064.827	842.233.150	166.818.376

December 31, 2020

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	1.753.431.159	1.892.451.624	90.486.718	750.349.742	845.278.182	206.336.982
Trade payables	314.206.960	317.019.143	317.019.143	-	-	-
Other payables and liabilities	2.053.603	2.053.603	2.053.603	-	-	-
Lease liabilities	7.268.821	7.778.561	3.085.585	-	4.692.976	-
	2.076.960.543	2.219.302.931	412.645.049	750.349.742	849.971.158	206.336.982

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

c) Market risk

Foreign currency risk management

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

	December 31, 2021			December 31, 2020		
	TL	USD	Euro	TL	ABD	Euro
1. Trade receivables	64.910.145	4.869.844	-	31.582.341	4.302.478	-
2a. Monetary financial assets (including cash and bank accounts)	575.465	29.975	11.661	108.767.765	6.919.670	6.435.899
2b. Non-monetary other liabilities	-	-	-	-	-	-
3. Other	3.569.765	8.500	229.107	1.201.977	1.650	132.091
4. Current assets (1+2+3)	69.055.375	4.908.319	240.768	141.552.083	11.223.798	6.567.990
5. Trade payables	-	-	-	-	-	-
6a. Monetary other liabilities	-	-	-	-	-	-
6b. Non-monetary other liabilities	-	-	-	-	-	-
7. Other	-	-	-	-	-	-
8. Non-current assets (5+6+7)	-	-	-	-	-	-
9. Total assets (4+8)	69.055.375	4.908.319	240.768	141.552.083	11.223.798	6.567.990
10. Trade payables	42.548.295	2.150.067	920.682	110.238.431	14.420.540	486.735
11. Financial liabilities	1.110.916.296	17.545.356	58.134.267	442.780.903	11.498.697	39.784.491
12a. Monetary other liabilities	125.370	-	8.310	2.792	-	310
12b. Non-monetary other liabilities	-	-	-	-	-	-
13. Short term liabilities (10+11+12a+12b)	1.153.589.961	19.695.423	59.063.259	553.022.126	25.919.237	40.271.536
14. Trade payables	-	-	-	-	-	-
15. Trade payables	807.938.154	4.425.004	49.643.545	776.423.566	7.973.489	79.696.063
16a. Monetary other liabilities	-	-	-	-	-	-
16b. Non-monetary other liabilities	-	-	-	-	-	-
17. Long term liabilities (14+15+16a+16b)	807.938.154	4.425.004	49.643.545	776.423.566	7.973.489	79.696.063
18. Total liabilities (13+17)	1.961.528.115	24.120.427	108.706.804	1.329.445.692	33.892.726	119.967.599
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)	(1.892.472.740)	(19.212.108)	(108.466.036)	(1.187.893.609)	(22.668.928)	(113.399.609)
21. Net foreign currency asset/(liability)position monetary items (TFRS7.B23) (=1+2a+5+6a-10-11-12a-14-15-16a)	(1.896.042.505)	(19.220.608)	(108.695.143)	(1.189.095.586)	(22.670.578)	(113.531.700)
22. Total fair value of financial instruments use for foreign currency hedging	-	-	-	-	-	-
23. Hedged amount for current assets	-	-	-	-	-	-
24. Hedged amount for current liabilities	-	-	-	-	-	-

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

Table of foreign currency sensitivity analysis

	December 31, 2021	
	Profit / (loss) effect before tax	
	Foreign currency appreciation	Foreign currency depreciation
When USD changes by 10% against TL		
1- USD net asset/liability	(25.619.149)	25.619.149
2- Amount hedged from USD risk (-)		
3- USD net effect (1 +2)	(25.619.149)	25.619.149
When Euro changes by 10% against TL		
4- Euro net asset/liability	(163.985.101)	163.985.101
5- Amount hedged from Euro risk (-)		
6- Euro net effect (4+5)	(163.985.101)	163.985.101
Total (3 + 6)	(189.604.250)	189.604.250

	December 31, 2020	
	Profit / (loss) effect before tax	
	Foreign currency appreciation	Foreign currency depreciation
When USD changes by 10% against TL		
1- USD net asset/liability	(16.641.338)	16.641.338
2- Amount hedged from USD risk (-)	-	-
3- USD net effect (1 +2)	(16.641.338)	16.641.338
A When Euro changes by 10% against TL		
4- Euro net asset/liability	(102.268.220)	102.268.220
5- Amount hedged from Euro risk (-)	-	-
6- Euro net effect (4+5)	(102.268.220)	102.268.220
Total (3 + 6)	(118.909.558)	118.909.558

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**Notes to the consolidated financial statements
for the year ended December 31, 2021 (continued)
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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, 2021, and 2020 table of sensitivity analysis for foreign currency risk is as follows:

	2021	2020
Fixed rate instruments		
Financial assets	8.366.847	104.320.683
Financial liabilities	2.352.026.193	1.677.839.324
Floating rate instruments		
Financial liabilities	107.408.774	75.591.834

If there is a change of +/- 1% in interest rates on variable rate loans, the interest expenses will change +/- 1.074.087 TL (December 31, 2020 –755.918TL).

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 Company 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, 2021	December 31, 2020
Total financial liabilities	2.464.360.849	1.760.699.980
Cash and cash equivalents (-)	(13.238.812)	(112.394.733)
Net financial liabilities	2.451.122.037	1.648.305.247
Total capital	4.407.387.659	2.537.196.065
Net liabilities / total equity ratio	0,56	0,65

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**Notes to the consolidated financial statements
for the year ended December 31, 2021 (continued)
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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 Company 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 Company 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 Company 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.

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**Notes to the consolidated financial statements
for the year ended December 31, 2021 (continued)
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29. Fair value (continued)

Non-financial assets

Real estate appraisal reports prepared by a real estate appraisal company authorized by the CMB are used to determine the fair values of land 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 company.

Market approach

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.

December 31, 2021	Fair value level as of reporting date		
	1. Level	2. Level	3. Level
	TL	TL	TL
Lands	-	2.182.820.001	-
	-	2.182.820.001	-

December 31, 2020	Fair value level as of reporting date		
	1. Level	2. Level	3. Level
	TL	TL	TL
Lands	-	488.185.388	-
	-	488.185.388	-

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, 2021.

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, 2021				
	Valuation Method	Significant unobservable expenses	Data Range	Weight average
Tangible assets				
Lands	Market Approach	Precedent selling price (TL/m2)	267 TL-1.460TL	468 TL

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**Notes to the consolidated financial statements
for the year ended December 31, 2021 (continued)
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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, 2021 are as follows:

	1 January - December 31, 2021	1 January - December 31, 2020
Independent audit fee for the reporting period	530.000	324.000
Fees for tax advisory services	238.000	218.000
Fee for other assurance	-	28.000
	768.000	570.000

31. Subsequent events

To ease the cash flow of the Company, the works carried out under the leadership of the parent company Batıçım for the restructuring of the entire borrowings, excluding the Eximbank loans used for foreign trade financing, were concluded at the end of February 2022 and the beginning of March 2022.

In this context, firstly, the most of the debts in Batıçım and Batisöke were refinanced by the consortium formed by 8 of the 11 lending banks (Emlak Katılım, Halk Bankasi, Isbank, TSKB, Vakıf Katılım, Vakıfbank, Ziraat Bank, Ziraat Katılım), with the loan agreement signed on February 28, 2022, which also includes the collateralization of the related debts. The structuring of the existing payment plans of the 3 banks, which are not included in the consortium, has been partially completed.

The “Refinancing Agreement” signed with the consortium banks allowed bank loan debts consisting of different currencies and maturity structures to be tied to a single currency (US Dollar) and a single payment plan. Accordingly, bank loans including the principal and accrued interest expenses of approximately 126 million USD, excluding the export financing, loan debts to Akbank, Garanti Bank and Yapı Kredi Bank, are without principal payment until December 31,2023 (every 6 months interest payments will continue to be made) and after the principal grace period, including equal principal instalments, it is tied to a certain payment plan until December 31, 2031.

In return for this transaction, the guarantees are given to the consortium for Batıçım and Batisöke as “Loan Receiver” and Batılıman and Batıbeton as “Guarantor”;

Mortgages of 400 Million USD and 2.6 Billion TL were established on the immovables, respectively, and commercial security pledges were established on the movable properties with the same amount respectively. Apart from these, Batisöke shares owned by Batıçım and bank accounts of borrowers and guarantors were pledged, and the receivables of borrowers and guarantors from third parties were also assigned.

Batıçim Batı Anadolu Çimento Sanayii Anonim Şirketi and its Subsidiaries

**Notes to the consolidated financial statements
for the year ended December 31, 2021 (continued)
(Currency – In Turkish Lira (“TL”), unless otherwise indicated)**

31. Subsequent events (continued)

Loans used for export financing (Eximbank) and project financing of Batı Enerji Üretim loan (Akbank) excluded, loan debts to Akbank, Garanti Bank and Yapı Kredi Bank were restructured with an average of 1 year grace period and repayment plans created for periods not exceeding 24 months after the grace period. The maturity of the project financing loan of Batı Enerji Üretim has been extended until 2027. The guarantees given within the scope of this project financing loan have been updated and also sureties have been established.

In addition, a loan amendment agreement was signed on March 10, 2022 in order to refinance the existing loans of Batıçim Enerji Elektrik Üretim A.Ş.

On the other hand, an expropriation annotation has been made in 2021 for the lands located around the production facilities of the Company in Söke, Aydın and Söke, which are shown as tangible assets in the financial statements and whose value is 158 million TL according to the valuation studies carried out by real estate appraisers licensed by the CMB in 2021.

Thereupon, the company started to negotiate with Söke Organized Industrial Zone on the expropriation price, based on the expropriation annotation. Despite the expropriation annotation, some of the Söke Organized Industrial Zone participants conveyed their interest in purchasing the real estate mentioned to Company, and this situation is being evaluated by the Company Management.

However, on the expropriation annotation, a sales prohibition annotation has been placed on the related lands in accordance with the dated February 10, 2022 and numbered 2022/35 of the Söke 2nd Civil Court of First Instance, and Article 31/b of the Expropriation Law No. 2942 by Aydın Yatırım İzleme ve Koordinasyon Başkanlığı on dated February 10, 2022. Sales prohibition annotation on related the related lands within the scope of article 31/b still continues.

The tension between Russia and Ukraine since January 2022 has turned into a crisis and a hot conflict as of the date of the report. The Group does not carry out any activities in the two countries that are subject to the crisis. Considering the geographies in which the Group operates, no direct impact is expected on Group operations. However, due to the uncertain course of the crisis as of the report date, the effects of the developments on a global scale and the possible reflections of these developments on the global and regional economy on the Group's operations cannot be reasonably estimated.

32. Disclosure of other matters

Convenience translation to English:

As of December 31, 2021, the accounting principles described in Note 2 (defined as Turkish Accounting Standards/Turkish Financial Reporting Standards) to the accompanying financial statements differ from International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board with respect to the application of inflation accounting, certain reclassifications and also for certain disclosures requirement of the POA/CMB. Accordingly, the accompanying financial statements are not intended to present the financial position and results of operations in accordance with IFRS.