

KALESERAMİK ÇANAKKALE KALEBODUR SERAMİK SANAYİ A.Ş.

**CONSOLIDATED FINANCIAL STATEMENTS AT
1 JANUARY-31 MARCH 2025 AND
INDEPENDENT AUDITOR'S REPORT**

(ORIGINALLY ISSUED IN TURKISH)

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KALESERAMİK ÇANAKKALE KALEBODUR SERAMİK SANAYİ A.Ş.**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION DATED
31 MARCH 2025**

(Unless otherwise stated, amounts are expressed in Turkish Lira ("TRY") on a purchasing basis as of 31 March 2025.)

Assets	Footnote references	Non - Audited Current Period 31 March 2025	Audited Past Period 31 December 2024
Current Assets		8,206,542,770	7,874,175,438
Cash and cash equivalents	5	1,376,788,522	1,604,946,447
Trade receivables		2,867,493,403	2,133,667,667
- <i>Trade receivables from related parties</i>	6	43,289,870	13,886,391
- <i>Trade receivables from third parties</i>		2,824,203,533	2,119,781,276
Other receivables		69,203,649	103,383,753
- <i>Other receivables from third parties</i>		69,203,649	103,383,753
Inventories		3,353,993,976	3,653,171,717
Prepaid expenses		438,414,695	281,312,021
Tax assets for the current period	19	86,002,991	71,578,666
Other current assets		14,645,534	26,115,167
Non-current assets		9,280,989,621	9,158,545,323
Financial investments	3	62,015,373	70,327,182
Investments accounted for using equity method	3	22,111,322	23,927,800
Investment properties	7	371,840,437	349,723,364
Property, plant and equipment	8	7,407,614,504	7,225,286,757
Intangible assets	9	585,445,468	577,886,695
- <i>Other intangible assets</i>	9	585,445,468	577,886,695
Right-of-use assets	10	106,810,844	106,059,246
Prepaid expenses		5,040,000	67,955,684
Deferred tax asset	19	719,651,673	736,872,306
Other non current assets		460,000	506,289
Total assets		17,487,532,391	17,032,720,761

The accompanying footnotes form an integral part of the consolidated financial statements.

KALESERAMİK ÇANAKKALE KALEBODUR SERAMİK SANAYİ A.Ş.**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION DATED 31 MARCH 2025**

(Unless otherwise stated, amounts are expressed in Turkish Lira (“TRY”) on a purchasing basis as of 31 March 2025.)

Liabilities	Footnote references	Non - Audited Current Period 31 March 2025	Audited Past Period 31 December 2024
Current Liabilities		8,577,007,083	7,522,713,957
Short-term borrowings	11	5,059,616,417	4,714,338,316
Current portion of long-term borrowings	11	310,734,862	317,749,990
- Short-term portions of long-term borrowings	11	275,527,782	284,518,853
- Borrowings from lease transactions	11	35,207,080	33,231,137
Trade payables		2,724,621,710	2,021,185,701
- Trade payables to related parties	6	249,279,973	174,592,469
- Trade payables to third parties		2,475,341,737	1,846,593,232
Payables related to employee benefits	13	228,572,072	170,077,195
Other payables		16,533,830	21,173,963
- Other payables to third parties		16,533,830	21,173,963
Deferred income		146,388,417	208,848,196
Short-term provisions		81,735,240	46,213,222
- Short-term provisions for employee benefits	13	49,240,159	21,732,178
- Other short-term provisions	12	32,495,081	24,481,044
Other short-term liabilities		8,804,535	23,127,374
Non-Current Liabilities		1,435,679,827	1,486,879,233
Long-term borrowings		854,515,650	915,332,232
- Long-term borrowings	11	785,425,353	842,091,737
- Borrowings from lease transactions	11	69,090,297	73,240,495
Trade payables		154,572,704	152,309,041
- Trade payables to third parties		154,572,704	152,309,041
Long-term provisions		426,591,473	419,237,960
- Long-term provisions for employee benefits	13	426,591,473	419,237,960
Equity		7,407,600,322	7,947,161,375
Paid-in capital	14	514,778,661	514,778,661
Capital adjustment differences	14	9,170,639,125	9,170,639,125
Share premium	14	5,390,930,712	5,390,930,712
Items that will not be reclassified to profit or loss		(842,752,411)	(826,598,630)
- Remeasurement of defined benefit plans gains (losses)		(830,349,735)	(820,695,165)
- Investments in equity instruments			
gains (losses) arising from		(12,248,348)	(5,848,256)
- Share of other comprehensive income of investments			
accounted through equity method that will not be reclassified to profit or loss”		(154,328)	(55,209)
Accumulated other comprehensive income and expenses that will be reclassified to profit or loss		(140,157,962)	(244,542,056)
- Foreign currency translation differences		(140,157,962)	(244,542,056)
Restricted profit reserves	14	282,073,104	282,073,104
Previous years profit(Loss)		(6,340,119,541)	(2,288,323,044)
Net profit for the period		(627,791,366)	(4,051,796,497)
Non-controlling interests		67,245,159	75,966,196
Total equity		7,474,845,481	8,023,127,571
Total liabilities		17,487,532,391	17,032,720,761

The accompanying footnotes form an integral part of the consolidated financial statements.

KALESERAMİK ÇANAKKALE KALEBODUR SERAMİK SANAYİ A.Ş.**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE PERIOD ENDED 31 MARCH 2025**

(Amounts are expressed in Turkish Lira ("TRY") on a purchasing basis as of 31 March 2025, unless otherwise stated.)

	Footnote references	Non – Audited Current Period 1 January - 31 March 2025	Non – Audited Past Period 1 January - 31 March 2025
Revenue	15	2,834,154,443	3,267,157,899
Cost of sales (-)		(2,709,464,100)	(2,912,768,522)
Gross profit		124,690,343	354,389,377
General administrative expenses (-)		(183,437,859)	(221,804,917)
Marketing expenses(-)		(376,713,253)	(414,931,349)
Research and development expenses (-)		(57,894,164)	(45,972,787)
Other operating income	16	156,539,987	411,605,105
Other operating expense (-)	16	(241,967,038)	(281,972,117)
Operating profit before investment activities		(578,781,984)	(198,686,688)
Income from investment activities	17	1,389,489	4,021,122
Expenses for investment activities (-)	17	-	(2,269,185)
Impairment gains (losses) and reversals of impairment losses determined in accordance with IFRS 9		(21,369,250)	(15,570,041)
Share of investments' profit accounted for using the equity method	3	(1,717,359)	1,892,509
Operating profit (loss) before financial income/expenses		(600,479,104)	(210,612,283)
Financial income	18	159,212,084	399,520,741
Financial expenses (-)	18	(644,424,547)	(733,123,101)
Monetary gain(loss)	20	461,052,848	10,666,172
Profit(loss) before tax		(624,638,719)	(533,548,471)
Tax expense:			
- Current tax expense	19	-	-
- Deferred tax expense	19	(22,016,181)	(194,558,295)
Net profit(loss) for the period		(646,654,900)	(728,106,766)
Net profit distribution			
Non-controlling interests		(18,863,534)	(950,553)
Parent company shares		(627,791,366)	(727,156,213)
Earnings per share		(0,381)	(0,442)

The accompanying footnotes form an integral part of the consolidated financial statements.

KALESERAMİK ÇANAKKALE KALEBODUR SERAMİK SANAYİ A.Ş.**CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME FOR THE PERIOD ENDED ON MARCH 31, 2025**

(Unless otherwise indicated, amounts are expressed in Turkish Lira ("TRY") on a purchasing basis as of March 31, 2025.)

	Footnote references	Non – Audited Current Period 1 January - 31 March 2025	Non – Audited Past Period 1 January - 31 March 2024
Other comprehensive income/(expense) part			
Items that will not be reclassified subsequently to profit or loss		(16,153,781)	7,615,770
<i>Items that will not be reclassified subsequently to profit or loss from other comprehensive income of investments</i>		(99,119)	-
- Remeasurement losses on defined benefit plans from investments valued using the equity method, net of tax		(99,119)	-
- Remeasurement losses on defined benefit plans, net of tax		(9,654,570)	(20,413,239)
- Gains (losses) from investments in equity-based financial instruments, net of tax		(6,400,092)	28,029,009
Items that may be reclassified subsequently to profit or loss		114,526,591	(15,400,027)
- Currency translation adjustment		114,526,591	(15,400,027)
Other comprehensive expense		98,372,810	(7,784,257)
Total comprehensive income(loss)		(548,282,090)	(735,891,023)
Distribution of total comprehensive income:			
- Non-controlling interests		(8,721,037)	(950,553)
- Parent company shares		(539,561,053)	(734,940,470)

The accompanying footnotes form an integral part of the consolidated financial statements.

KALESERAMİK ÇANAKKALE KALEBODUR SERAMİK SANAYİ A.Ş.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE INTERIM PERIOD ENDED ON 31 MARCH 2025

(Unless otherwise stated, amounts are expressed in Turkish Lira ("TL") on a purchasing basis as of 31 March 2025.)

				Revaluation an measuremen gains/losse		Comprehensive Income(Expense) That Will Not Be Reclassified Subsequently To Profit or Loss	Comprehensive Income(Expense) That Will Be Reclassified Subsequently To Profit or Loss						
	Share capital	Adjustment to share capital	Share premium	Remeasurement of defined benefit plans gains (losses)	Investments in equity instruments gains (losses) arising from	Share of other comprehensive income of investments accounted through equity method that will not be reclassified to profit or loss	Foreign Currency Translation Differences	Restricted profit reserves	Previous years Profit(Loss)	Net Profit For The Period(loss)	Equity of the parent company	Non- controlling interests	Total Equity
1 January 2024	514,778,661	9,170,639,125	5,390,930,712	(657,208,617)	3,793,284	(154,327)	(193,864,617)	272,612,518	(2,620,662,597)	469,196,455	12,350,060,597	-	12,350,060,597
Transfers	-	-	-	-	-	-	-	-	469,196,455	(469,196,455)	-	-	-
Total comprehensive income(loss)	-	-	-	(20,413,239)	28,029,009	-	(15,400,027)	-	-	(727,156,213)	(734,940,470)	(950,553)	(735,891,023)
Other payments made to shareholders, excluding dividends	-	-	-	-	-	-	-	-	-	-	-	(5,633,734)	(5,633,734)
31 March 2024	514,778,661	9,170,639,125	5,390,930,712	(677,621,856)	31,822,293	(154,327)	(209,264,644)	272,612,518	(2,151,466,142)	(727,156,213)	11,615,120,127	(6,584,287)	11,608,535,840
1 January 2025	514,778,661	9,170,639,125	5,390,930,712	(820,695,165)	(5,848,256)	(55,209)	(244,542,056)	282,073,104	(2,288,323,044)	(4,051,796,497)	7,947,161,375	75,966,196	8,023,127,571
Transfers	-	-	-	-	-	-	-	-	(4,051,796,497)	4,051,796,497	-	-	-
Total comprehensive income(loss)	-	-	-	(9,654,570)	(6,400,092)	(99,119)	104,384,094	-	-	(627,791,366)	(539,561,053)	(8,721,037)	(548,282,090)
Company acquisition	-	-	-	-	-	-	-	-	-	-	-	-	-
31 March 2025	514,778,661	9,170,639,125	5,390,930,712	(830,349,735)	(12,248,348)	(154,328)	(140,157,962)	282,073,104	(6,340,119,541)	(627,791,366)	7,407,600,322	67,245,159	7,474,845,481

The accompanying footnotes form an integral part of the consolidated financial statements.

KALESERAMİK ÇANAKKALE KALEBODUR SERAMİK SANAYİ A.Ş.

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE PERIOD JANUARY 1 – MARCH 31 2025

(Unless otherwise stated, the amounts are expressed on the basis of the purchasing power of the Turkish Lira ("TRY") as of March 31, 2025.)

	Footnote references	Non – Audited 1 January - 31 March 2025	Non - Audited 1 January - 31 March 2024
Cash flow from operating activities		(40,522,801)	(625,151,929)
Income/(loss) before income taxes		(646,654,900)	(728,106,766)
Adjustments to reconcile net profit/loss for the period		540,203,132	530,806,851
Adjustment related to depreciation and amortization expense	8,9.10	245,723,683	220,958,504
Adjustments related to impairment of receivables		21,369,250	15,570,041
Adjustment related to provision for inventory impairment		37,456,096	(1,363,905)
Adjustments related to provisions/cancellation for employee benefits	13	64,237,279	61,150,282
Adjustment related to provision for litigations	12	10,276,432	-
Adjustments related to other provisions/cancellations	12	94,168	91,253
Adjustment related to interest income	18	(159,212,084)	(399,520,741)
Adjustment related to interest expense	18	381,020,176	508,241,213
Adjustment related to fair value decrease/(increase) of derivative financial instruments		-	-
Adjustments related to fair value gains on financial assets		-	36,401,309
Adjustments related to tax income/expenses	19	22,016,181	194,558,295
Adjustments related to fair value losses/gains on investment properties		-	-
Adjustments for retained Earnings of investments valued by equity method	3	1,717,359	(1,892,509)
Adjustments related to unrealized foreign exchange differences		299,253,788	86,925,789
Adjustment related to gain(loss) sale of property, plant and equipment	17	(7,065)	(2,858,357)
Monetary (gains)/losses		(383,742,131)	(187,454,323)
Changes in working capital		108,993,081	(353,868,669)
Change in trade receivables from related parties		(31,414,265)	19,631,664
Change in trade receivables from third parties		(941,983,417)	(630,856,166)
Change in other receivables related to activities from third parties		25,325,513	22,638,082
Adjustments related to change in inventories		261,721,645	(381,064,676)
Changes in prepaid expenses		(116,821,756)	(228,343,610)
Changes in other assets related to operations		9,301,440	1,733,104
Changes in trade payables to related parties		92,952,812	395,542,079
Changes in trade payables to third parties		833,318,556	535,047,183
Change in payables related to employee benefits		39,500,148	(866,915)
Changes in deferred income		(45,377,190)	(121,787,638)
Adjustments related to change in other operating payables		(2,769,596)	41,001,074
Adjustments related to change in other liabilities related to operations		(14,760,809)	(6,542,850)
CASH FLOWS FROM OPERATIONS		2,541,313	(551,168,584)
Taxes paid/tax returns		(14,424,325)	(10,491,140)
Payments made within the scope of provisions for employee benefits		(28,639,789)	(63,492,205)
CASH FLOWS FROM INVESTING ACTIVITIES		(452,941,523)	(509,229,426)
Cash inflows from sales of tangible and intangible fixed assets		22,184	6,204,632
Cash outflows from the purchase of tangible and intangible fixed assets		(452,963,707)	(479,032,751)
Other cash inflows (outflows)		-	(36,401,307)
CASH FLOWS FROM FINANCING ACTIVITIES		477,961,556	1,402,716,936
Cash inflows from issuance of shares and other equity instruments		-	-
Cash capital increase		-	-
Cash inflows from borrowing	11	1,881,041,194	2,678,125,032
Cash outflow on debt payment	11	(1,267,436,391)	(1,279,656,584)
Cash outflows related to debt payments arising from lease agreements		(18,745,873)	(18,139,267)
Cash inflows from derivative instruments		-	22,535,689
Increase in government incentives and aids		-	-
Interest income		189,145,545	325,038,255
Interest paid		(306,042,919)	(325,186,189)
Change in cash and cash equivalents before foreign exchange differences and monetary effects		(15,502,768)	268,335,581
Effect of foreign exchange differences on cash and cash equivalents		1,010,440	8,988,130
Monetary loss and gain on cash and cash equivalents		(183,732,136)	(474,645,633)
Net change in cash and cash equivalents		(198,224,464)	(197,321,922)
Cash and cash equivalents at the beginning of the period	5	1,562,755,834	3,611,404,438
Cash and cash equivalents at the end of the period	5	1,364,531,370	3,414,082,516

The accompanying footnotes form an integral part of the consolidated financial statements.

KALESERAMİK ÇANAKKALE KALEBODUR SERAMİK SANAYİ A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD JANUARY 1 – MARCH 31, 2025

(Unless otherwise stated, the amounts are expressed on the basis of the purchasing power of the Turkish Lira ("TRY") as of March 31, 2025.)

1. ORGANISATION AND NATURE OF OPERATIONS

Turkey's first industrial ceramics factory, Çanakkale Seramik Fabrikaları A.Ş., was established in 1957, and the first floor tile factory, Kalebodur Seramik Sanayi A.Ş., was established in 1972. Çanakkale Seramik Fabrikaları A.Ş. and Kalebodur Seramik Sanayi A.Ş. merged in 2000 under Kaleseramik, Çanakkale Kalebodur Seramik Sanayi A.Ş. ("Kaleseramik" or the "Company"). Kaleseramik, its subsidiaries and affiliates (collectively referred to as the "Group") main field of activity is white and colored decorative and artistic wall tiles, floor tiles, granite, slab - sinterflex, facade cladding, relief, mosaic, artisan tiles in all their varieties and shapes; ceramic sanitary ware, armatures and other bathroom complementary installation materials, accessory materials, bathroom furniture; kitchen countertops; table tops, tables and furniture made of slab - sinterflex porcelain; carries out the production, import, export, sales and marketing of ceramic and porcelain tableware and kitchenware. The main partner of the company is H.İbrahim Bodur Holding A.Ş. and is ultimately controlled by the Bodur family.

The company is registered in Turkey and its registered address is Büyükdere Caddesi Kaleseramik Building 34330 Levent, Istanbul.

Subsidiaries

As of March 31, 2025 and December 31, 2024; the consolidated subsidiaries are as follows:

31 March 2025	Country	Principal activities	Ordinary shares held by the company percentage (%) Ordinary	Ordinary shares held by the Group percentage (%) Ordinary
Kale Italia	Italy	Production	100.00	100.00
OOO Kaleseramik Rusya Ltd.	Russia	Production	100.00	100.00
Al-Sadaf Porselen ve Seramik Kaşı Üretimi Limited Şirketi	Iraq	Production	49.00	49.00
Kaleseramik Seramik Ticaret ve Üretim Şirketi	Iraq	Production	100.00	100.00
31 December 2024	Country	Principal activities	Ordinary shares held by the company percentage (%) Ordinary	Ordinary shares held by the Group percentage (%) Ordinary
Kale Italia	Italy	Production	100.00	100.00
OOO Kaleseramik Rusya Ltd.	Russia	Production	100.00	100.00
Al-Sadaf Porselen ve Seramik Kaşı Üretimi Limited Şirketi	Iraq	Production	49.00	49.00
Kaleseramik Seramik Ticaret ve Üretim Şirketi	Iraq	Production	100.00	100.00

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD
JANUARY 1 – MARCH 31, 2025**

(Unless otherwise stated, the amounts are expressed on the basis of the purchasing power of the Turkish Lira ("TRY") as of March 31, 2025.)

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

2.1 Basis of Presentation

The Company's financial statements have been prepared in accordance with the provisions of the "Communiqué on Principles Regarding Financial Reporting in Capital Markets" numbered II-14.1 ("Communiqué") published in the Official Gazette dated 13 June 2013 and numbered 28676 of the Capital Markets Board ("CMB"), and according to Article 5 of the Communiqué, the Turkish Financial Reporting Standards ("TFRS") published by the Kamu Gözetimi Muhasebe ve Denetim Standartları Kurumu ("KGK") and the annexes and interpretations thereof have been taken as basis.

The Company and its affiliates registered in Turkey comply with the principles and conditions issued by the CMB, the Turkish Commercial Code ("TCC"), tax legislation and the Uniform Chart of Accounts issued by the Ministry of Finance in keeping accounting records and preparing statutory financial statements. Subsidiaries operating in foreign countries have prepared their statutory financial statements in accordance with the laws and regulations applicable in the countries in which they operate. Consolidated financial statements have been prepared in accordance with the historical cost principle, except for financial investments shown at fair value, derivative instruments, investment properties and assets and liabilities included in the application of business combinations, and have been prepared by reflecting the necessary corrections and classifications in order to ensure accurate presentation in accordance with TFRS in legal records. Consolidated financial statements have been presented in accordance with the formats determined in the "Announcement on TMS Taxonomy" published by the KGK on October 10, 2022 and the Financial Statement Samples and User Guide published by the CMB.

The Group's consolidated financial statements have been approved by the Board of Directors and authorized to be published on May 12, 2025. Although there is no such intention, the Group Management and some regulatory bodies have the authority to change the financial statements prepared in accordance with the legal legislation after they are published.

Basis of consolidation

The consolidated financial statements include the financial statements of the entities controlled by the Group and its subsidiaries. Control is achieved when the Group meets the following conditions:

- Having power over the invested company/asset;
- Being exposed to or entitled to variable returns from the invested company/asset; and
- Ability to use power to influence returns.

If a situation or event occurs that could cause a change in at least one of the criteria listed above, the Group re-evaluates whether it has control over its investment.

In cases where the Group does not have the majority voting right on the invested company/asset, it has control over the invested company/asset if it has sufficient voting rights to be able to direct/manage the activities of the relevant investment on its own. The Company takes into consideration all relevant events and conditions in assessing whether the majority voting in the relevant investment is sufficient to provide control power, including the following elements.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD
JANUARY 1 – MARCH 31, 2025**

(Unless otherwise stated, the amounts are expressed on the basis of the purchasing power of the Turkish Lira ("TRY") as of March 31, 2025.)

**2. BASIS FOR PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS
(Continued)**

2.1 Basis of Presentation (Continued)

- Comparison of the voting rights of the Group with those of other shareholders;
- Potential voting rights held by the Group and other shareholders;
- Rights arising from other contractual agreements; and
- Other events and conditions that may indicate whether the Group has the current power to direct the relevant activities in situations where decisions need to be made (including the votes taken at previous general meetings).

The inclusion of a subsidiary in the scope of consolidation begins when the Group gains control over the subsidiary and ends when it loses control. The revenues and expenses of subsidiaries acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date of acquisition to the date of disposal.

Each item of profit or loss and other comprehensive income is attributable to the parent company shareholders and the non-controlling interests. The total comprehensive income of the subsidiaries is transferred to the parent company shareholders and the non-controlling interests even if the non-controlling interests result in a negative balance.

If necessary, adjustments have been made to the accounting policies in the financial statements of subsidiaries in order to ensure that they are the same as those followed by the Group.

All intra-group assets and liabilities, equity, income and expenses and cash flows from transactions between Group companies are eliminated on consolidation.

Subsidiaries

Investments in subsidiaries are accounted for using the equity method. These are entities in which the Group generally holds 20% to 50% of the voting rights or the Group has significant influence over the company's operations, although it does not have control over them.

Unrealized gain arising from transactions between the Group and subsidiaries are adjusted to the extent of the Group's share in subsidiaries, and unrealized losses are adjusted if the transaction does not indicate that the transferred asset has suffered a decrease in value. Unless the Group has undertaken or made a commitment in relation to the affiliate, the equity method is not continued if the recorded value of the investment in the affiliate is zero or if the Group's significant influence has ended. The recorded value of the investment on the date the significant influence has ended is shown at its fair value when its fair value can be measured reliably after that date, otherwise at its cost value.

Functional and reporting currency

Each item in the financial statements of the companies within the Group is accounted for using the currency that is functional in the primary economic environment in which the companies operate ('functional currency'). The consolidated financial statements are presented using the Turkish Lira, which is the financial statement presentation currency of the Group.

If the functional currency of subsidiaries operating in foreign countries differs from the reporting currency, it is translated into the reporting currency as follows (none of which is the currency of a hyperinflationary economy):

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD JANUARY 1 – MARCH 31, 2025

(Unless otherwise stated, the amounts are expressed on the basis of the purchasing power of the Turkish Lira ("TRY") as of March 31, 2025.)

2. BASIS FOR PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.1 Basis of Presentation (Continued)

- All assets on the balance sheet are translated using the buying rate at the balance sheet date, and liabilities are translated using the selling rate at the balance sheet date;
- Income and expenses in the statement of profit or loss are translated using the average exchange rate; and
- The resulting exchange rate translation differences are shown as a separate item (foreign currency translation differences) in equity and included in other comprehensive income.

Adjustment of Financial Statements in High Inflation Periods

In accordance with the decision of the CMB dated 28 December 2023 and numbered 81/1820, it has been decided that issuers and capital market institutions that apply Turkish Accounting/Financial Reporting Standards and are subject to CMB financial reporting regulations will apply inflation accounting by applying the provisions of TAS 29, starting from their annual financial reports for the accounting periods ending as of 31 December 2023.

The KGK made a statement on the scope and application of TAS 29 on November 23, 2023. It stated that the financial statements of the companies applying Turkish Financial Reporting Standards for the annual reporting period ending on or after December 31, 2023 should be presented by adjusting them according to the inflation effect in accordance with the relevant accounting principles in TAS 29. TAS 29 is applied to the financial statements of every company whose functional currency is the currency of a hyperinflationary economy, including consolidated financial statements. In the event of hyperinflation in an economy, TAS 29 requires that the financial statements of a company whose functional currency is the currency of a hyperinflationary economy be expressed in the measurement unit valid as of the end of the reporting period.

In this context, inflation adjustment was made in accordance with TAS 29 while preparing the consolidated financial statements dated 31 March 2025, 31 December 2024 and 31 March 2024.

The financial statements and related figures for previous periods have been restated for changes in the general purchasing power of the functional currency and, as a result, the financial statements and related figures for previous periods are expressed in the measurement unit valid at the end of the reporting period in accordance with IAS 29 Financial Reporting in Hyperinflationary Economies.

The restatements made in accordance with TAS 29 were made using the correction coefficient obtained from the Consumer Price Index ("CPI") in Turkey published by the Turkish Statistical Institute ("TÜİK"). As of March 31, 2025, the indices and correction coefficients used in the correction of the consolidated financial statements are as follows:

Date	Index	Adjustment coefficient	Three years compound inflation rate
31.03.2025	2,954.69	1.000	250%
31.12.2024	2,684.55	1.101	291%
31.03.2024	2,139.47	1.381	309%

KALESERAMİK ÇANAKKALE KALEBODUR SERAMİK SANAYİ A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD JANUARY 1 – MARCH 31, 2025

(Unless otherwise stated, the amounts are expressed on the basis of the purchasing power of the Turkish Lira ("TRY") as of March 31, 2025.)

2. BASIS FOR PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.1 Basis of Presentation (Continued)

The main outlines of TMS 29 indexing transactions are as follows:

- a) All items other than those shown with current purchasing power as of the balance sheet date are indexed using the relevant price index coefficients. Amounts from previous years are also indexed in the same manner.
- b) Monetary assets and liabilities are not subject to indexation since they are expressed in terms of purchasing power current at the balance sheet date. Monetary items are cash and items to be received or paid in cash.
- c) Fixed assets, subsidiaries and similar assets are indexed based on their historical costs, not exceeding their market values. Depreciation has been adjusted in a similar manner. The amounts included in equity have been adjusted again as a result of the application of general price indices in the periods when these amounts were added to the company or formed within the company.
- d) In the indexation of non-monetary items in the balance sheet, all items in the income statement, except those that affect the income statement, are indexed with coefficients calculated over the periods in which the income and expense accounts are first reflected in the financial statements.
- e) The gains or losses resulting from general inflation in the net monetary position are the differences between the adjustments made in the non-monetary assets, equity items and income statement accounts. This gain or loss calculated on the net monetary position is included in the net profit.

The impact of applying the TMS 29 Inflation Accounting standard is summarized below:

- i. Reorganization of the Statement of Financial Position
- ii. Amounts in the statement of financial position that are not expressed in the measurement unit valid at the end of the reporting period are restated. Accordingly, monetary items are not restated because they are expressed in the currency valid at the end of the reporting period. Non-monetary items must be restated unless they are shown in their current amounts at the end of the reporting period.

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

- iii. Restatement of Profit or Loss Statement

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

The cost of inventory sold is adjusted using the restated inventory balance.

Depreciation and amortization expenses have been adjusted using the restated balances of property, plant and equipment, intangible assets, investment properties and right-of-use assets.

KALESERAMİK ÇANAKKALE KALEBODUR SERAMİK SANAYİ A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD JANUARY 1 – MARCH 31, 2025

(Unless otherwise stated, the amounts are expressed on the basis of the purchasing power of the Turkish Lira ("TRY") as of March 31, 2025.)

2. BASIS FOR PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.1 Basis of Presentation (Continued)

iv. Restatement of Cash Flow Statement

All items in the statement of cash flows are expressed in the measurement unit valid at the end of the reporting period.

v. Consolidated financial statements

The financial statements of a subsidiary whose functional currency is the currency of a hyperinflationary economy are restated by applying the general price index before being included in the consolidated financial statements prepared by the parent company. If such a subsidiary is a foreign subsidiary, the restated financial statements are translated at the closing rate.

In the case of consolidation of financial statements with different reporting period ends, all monetary and non-monetary items are restated according to the measurement unit valid at the date of the consolidated financial statements.

vi. Comparative figures

The relevant figures for the previous reporting period are restated by applying the general price index so that the comparative financial statements are presented in the measurement unit valid at the end of the reporting period. Information disclosed for previous periods is also expressed in the measurement unit valid at the end of the reporting period.

vii. Comparative Information and Restatement of Prior Period Consolidated Financial Statements

In order to enable the determination of financial position and performance trends, the Group's financial statements are prepared comparatively with the previous period. In order to ensure consistency with the presentation of the current period consolidated financial statements, comparative information is reclassified when necessary and significant differences are explained.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD
JANUARY 1 – MARCH 31, 2025**

(Unless otherwise stated, the amounts are expressed on the basis of the purchasing power of the Turkish Lira ("TRY") as of March 31, 2025.)

**2. BASIS FOR PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS
(Continued)**

2.2 New and Revised Standards and Interpretations

The accounting policies adopted in the preparation of the consolidated financial statements for the financial year ended 31 March 2025 have been applied consistently with those used in the previous year, except for the new and amended Turkish Accounting Standards/Turkish Financial Reporting Standards ("TAS/IFRS") and interpretations issued by the Turkish Financial Reporting Interpretation Committee ("TFRIC") that are effective as of 1 January 2025. The effects of these standards and interpretations on the Group's financial position and performance are explained in the relevant paragraphs.

Disclosures on the Effects of the New TAS/IFRS on the Financial Statements:

- a) The title of the TAS/IFRS,
 - b) That the change in accounting policy has been made in accordance with the relevant transitional provisions, if any,
 - c) A description of the change in accounting policy,
 - d) An explanation of the transitional provisions, if any,
 - e) The possible effects of the transitional provisions on future periods, if any,
 - f) To the extent practicable, the amount of the adjustment for the current and each prior period presented:
 - i. Should be disclosed for each affected financial statement line item, and
 - ii. If "TAS 33, Earnings Per Share" is applicable to the company, basic and diluted earnings per share amounts should be recalculated.
 - g) Adjustment amounts for periods prior to those presented, if practicable, and
 - h) If retrospective application is not practicable for any particular period or periods, the circumstances that led to this situation should be explained, and it should be disclosed from which date and how the change in accounting policy has been applied.
- a. New standards effective as of March 31, 2025 and amendments and interpretations to existing previous standards:**
- **Amendment to IAS 1 – Non-current liabilities with covenants;** effective from annual periods beginning on or after 1 January 2025. These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendments also aim to improve information an entity provides related to liabilities subject to these conditions.
 - **Amendment to IFRS 16 – Leases on sale and leaseback;** effective from annual periods beginning on or after 1 January 2025. These amendments include requirements for sale and leaseback transactions in IFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted.
 - **Amendments to IAS 7 and IFRS 7 on Supplier finance arrangements;** effective from annual periods beginning on or after 1 January 2025. These amendments require disclosures to enhance the transparency of supplier finance arrangements and their effects on a company's liabilities, cash flows and exposure to liquidity risk. The disclosure requirements are the IASB's response to investors' concerns that some companies' supplier finance arrangements are not sufficiently visible, hindering investors' analysis.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD
JANUARY 1 – MARCH 31, 2025**

(Unless otherwise stated, the amounts are expressed on the basis of the purchasing power of the Turkish Lira ("TRY") as of March 31, 2025.)

**2. BASIS FOR PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS
(Continued)**

2.2 New and Revised Standards and Interpretations (Continued)

- **IFRS S1, ‘General requirements for disclosure of sustainability-related financial information’;** effective from annual periods beginning on or after 1 January 2025. This standard includes the core framework for the disclosure of material information about sustainability-related risks and opportunities across an entity’s value chain.
- **IFRS S2, ‘Climate-related disclosures’;** effective from annual periods beginning on or after 1 January 2025. This is the first thematic standard issued that sets out requirements for entities to disclose information about climate-related risks and opportunities.

Furthermore, the Board Decision published by the Public Oversight, Accounting and Auditing Standards Authority (KGK) in the Official Gazette dated 29 December 2023 announced that certain entities will be subject to mandatory sustainability reporting as of 1 January 2024. Under the “Board Decision on the Scope of Application of the Turkish Sustainability Reporting Standards (TSRS)” dated 5 January 2024, entities falling within the scope of the sustainability reporting requirements are listed. On the other hand, the scope of entities subject to sustainability reporting has been amended pursuant to the “Board Decision on the Scope of Application of the Turkish Sustainability Reporting Standards (TSRS)” dated 16 December 2024.

b. Standards and amendments published but not yet effective as of March 31, 2025:

The standards newly issued by the International Accounting Standards Board but not yet incorporated into legislation by the Public Oversight Accounting and Auditing Standards Authority maintain the IFRS codification.

- **IFRS 17, 'Insurance Contracts'**, is effective for annual reporting periods beginning on or after January 1, 2023. This standard replaces IFRS 4, which currently allows a wide range of applications. IFRS 17 will fundamentally change the accounting of all entities that issue insurance contracts and investment contracts with discretionary participation features.
- **Amendments to IAS 21 - Lack of Exchangeability**; effective from annual periods beginning on or after 1 January 2025. An entity is impacted by the amendments when it has a transaction or an operation in a foreign currency that is not exchangeable into another currency at a measurement date for a specified purpose. A currency is exchangeable when there is an ability to obtain the other currency (with a normal administrative delay), and the transaction would take place through a market or exchange mechanism that creates enforceable rights and obligations.
- **Amendment to IFRS 9 and IFRS 7 - Classification and Measurement of Financial Instruments**; effective from annual reporting periods beginning on or after 1 January 2026 (early adoption is available). These amendments:
 - clarify the requirements for the timing of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system;
 - clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion;
 - add new disclosures for certain instruments with contractual terms that can change cash flows (such as some instruments with features linked to the achievement of environment, social and governance (ESG) targets); and
 - make updates to the disclosures for equity instruments designated at Fair Value through Other Comprehensive Income (FVOCI).

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD
JANUARY 1 – MARCH 31, 2025**

(Unless otherwise stated, the amounts are expressed on the basis of the purchasing power of the Turkish Lira ("TRY") as of March 31, 2025.)

**2. BASIS FOR PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS
(Continued)**

2.2 New and Revised Standards and Interpretations (Continued)

- **Annual improvements to IFRS – Volume 11;** Annual improvements are limited to changes that either clarify the wording in an Accounting Standard or correct relatively minor unintended consequences, oversights or conflicts between the requirements in the Accounting Standards. The 2024 amendments are to the following standards:
 - IFRS 1 First-time Adoption of International Financial Reporting Standards;
 - IFRS 7 Financial Instruments: Disclosures and its accompanying Guidance on implementing IFRS 7;
 - IFRS 9 Financial Instruments;
 - IFRS 10 Consolidated Financial Statements; and
 - IAS 7 Statement of Cash Flows.
- **IFRS 18 Presentation and Disclosure in Financial Statements;** effective from annual periods beginning on or after 1 January 2027. This is the new standard on presentation and disclosure in financial statements, with a focus on updates to the statement of profit or loss. The key new concepts introduced in IFRS 18 relate to:
 - the structure of the statement of profit or loss;
 - required disclosures in the financial statements for certain profit or loss performance measures that are reported outside an entity's financial statements (that is, management-defined performance measures); and
 - enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general.
- **IFRS 19 Subsidiaries without Public Accountability: Disclosures;** effective from annual periods beginning on or after 1 January 2027. Earlier application is permitted. This new standard works alongside other IFRS Accounting Standards. An eligible subsidiary applies the requirements in other IFRS Accounting Standards except for the disclosure requirements and instead applies the reduced disclosure requirements in IFRS 19. IFRS 19's reduced disclosure requirements balance the information needs of the users of eligible subsidiaries' financial statements with cost savings for preparers. IFRS 19 is a voluntary standard for eligible subsidiaries. A subsidiary is eligible if:
 - it does not have public accountability; and
 - it has an ultimate or intermediate parent that produces consolidated financial statements available for public use that comply with IFRS Accounting Standards.

The effects of these standards and changes on the Group's financial position and performance are evaluated.

KALESERAMİK ÇANAKKALE KALEBODUR SERAMİK SANAYİ A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD JANUARY 1 – MARCH 31, 2025

(Unless otherwise stated, the amounts are expressed on the basis of the purchasing power of the Turkish Lira ("TRY") as of March 31, 2025.)

2. BASIS FOR PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.3 Comparative information and adjustment of prior period financial statements

In order to enable the determination of financial position and performance trends, the Group's condensed consolidated financial statements are prepared comparatively with the previous period. In order to ensure consistency with the presentation of the current period condensed consolidated financial statements, comparative information is reclassified when necessary and significant differences are explained.

3. SHARES IN OTHER BUSINESSES

a) Financial Investments

Financial assets at fair value through other comprehensive income	31 March 2025	31 December 2024
Publicly traded	61,122,871	69,434,680
Without an active market	892,502	892,502
Total	62,015,373	70,327,182

The details of financial assets traded on the stock exchange are as follows;

	31 March 2025	31 December 2024
Şişe Cam A.Ş.	20,964,774	24,832,803
Sumaş Suni Tahta ve Mobilya Sanayi A.Ş.	31,958,046	34,780,715
Akçansa Çimento Sanayi Ticaret A.Ş.	6,963,334	8,355,704
Bagfaş Bandırma Gübre Sanayi A.Ş.	1,236,717	1,465,458
Total	61,122,871	69,434,680

The intra-period movements of long-term financial investments are as follows:

	2025	2024
1 January	70,327,182	82,848,664
Fair value change	(8,311,809)	36,401,309
31 March	62,015,373	119,249,973

It is anticipated that the recorded values of financial assets whose fair value difference is reflected in other comprehensive income and which do not have an active market are approximately equal to their fair values.

KALESERAMİK ÇANAKKALE KALEBODUR SERAMİK SANAYİ A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD JANUARY 1 – MARCH 31, 2025

(Unless otherwise stated, the amounts are expressed on the basis of the purchasing power of the Turkish Lira ("TRY") as of March 31, 2025.)

3. SHARES IN OTHER BUSINESSES (Continued)

b) Investments valued using the equity method

The movements of investments valued using the equity method during the period are as follows:

	2025	2024
1 January	23,927,800	21,242,678
Shares in profits/(losses) of investments valued using the equity method	(1,717,359)	1,892,509
Shares in other comprehensive income/loss of investments valued using the equity method	(99,119)	-
31 March	22,111,322	23,135,187

Summary information regarding the financial statements of the subsidiaries is as follows:

	31 March 2025		
	Total Assets	Total Liabilities	Effective shareholdings Voting Rights (%)
Kalefrit Silikat Mamulleri Sir ve Boya Sanayi ve Ticaret A.Ş.	170,688,450	112,654,558	38
Kale İda Sağlık ve Turizm Hizmetleri A.Ş.	513,520	221,306	20
Total	171,201,970	112,875,864	

1 January - 31 March 2025	Revenue	Profit/Loss Shares	Other Comprehensive Income Shares
Kalefrit Silikat Mamulleri Sir ve Boya Sanayi ve Tic. A.Ş.	93,548,234	(4,498,405)	(260,839)
Kale İda Sağlık ve Turizm Hizmetleri A.Ş.	-	(39,822)	-
Total	93,548,234	(4,538,227)	(260,839)

	31 December 2024		
	Total Assets	Total Liabilities	Effective shareholdings Voting Rights (%)
Kalefrit Silikat Mamulleri Sir ve Boya Sanayi ve Ticaret A.Ş.	171,945,598	109,170,046	38
Kale İda Sağlık ve Turizm Hizmetleri A.Ş.	531,586	166,135	20
Total	172,477,184	109,336,181	

KALESERAMİK ÇANAKKALE KALEBODUR SERAMİK SANAYİ A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD JANUARY 1 – MARCH 31, 2025

(Unless otherwise stated, the amounts are expressed on the basis of the purchasing power of the Turkish Lira ("TRY") as of March 31, 2025.)

3. SHARES IN OTHER BUSINESSES (Continued)

1 January - 31 March 2024	Revenue	Profit/Loss Shares	Other Comprehensive Income Shares
Kalefrit Silikat Mamulleri Sir ve Boya Sanayi ve Tic.	132,119,536	1,781,596	-
Kale İda Sağlık ve Turizm Hizmetleri A.Ş.	-	(25,820)	-
Total	132,119,536	1,755,776	-

4. SEGMENT REPORTING

The Executive Committee is the Group's decision-making authority. The management has determined the operating segments based on the reports reviewed by the Executive Committee in order to make decisions on the resources to be allocated to the segments and to evaluate the performance of the segments.

The Executive Committee evaluates the Group geographically. The management follows the performance in Turkey and Italy geographically. The Executive Committee follows the performance of the geographical segments with pre-tax profit.

Although the Italian geographical segment is not a reportable segment according to the criteria determined in TFRS 8, it has been decided by the management to report it as a separate segment since it is closely monitored by the Executive Committee due to its growth potential and the expectation that it will contribute significantly to the Group's revenues in the future.

a) Revenue

1 January - 31 March 2025			
	Total Segment Revenue	Inter-segment Revenue	Revenue From Non-group Customers
Türkiye	2,785,505,691	-	2,785,505,691
Iraq	48,648,752	-	48,648,752
Total	2,834,154,443	-	2,834,154,443
1 January - 31 March 2024			
	Total Segment Revenue	Inter-segment Revenue	Revenue From Non-group Customers
Türkiye	3,263,669,688	-	3,263,669,688
Iraq	3,488,211	-	3,488,211
Total	3,267,157,899	-	3,267,157,899

KALESERAMİK ÇANAKKALE KALEBODUR SERAMİK SANAYİ A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD JANUARY 1 – MARCH 31, 2025

(Unless otherwise stated, the amounts are expressed on the basis of the purchasing power of the Turkish Lira ("TRY") as of March 31, 2025.)

4. SEGMENT REPORTING (Continued)

b) Other income and expense disclosures

1 January - 31 March 2025	Türkiye	Iraq	Italy	Total
Depreciation and amortization expense	(235,663,880)	(10,059,803)	-	(245,723,683)
Interest income/(expense)	(221,808,092)	-	-	(221,808,092)
Tax income/(expense)	(22,016,181)	-	-	(22,016,181)
Shares of profits/(losses) of investments accounted for using the equity method	(1,717,359)	-	-	(1,717,359)
1 January - 31 March 2024	Türkiye	Iraq	Italy	Total
Depreciation and amortization expense	(220,958,504)	-	-	(220,958,504)
Interest income/(expense)	(106,605,788)	(2,023,530)	(91,154)	(108,720,472)
Tax income/(expense)	(194,558,295)	-	-	(194,558,295)
Shares of profits/(losses) of investments accounted for using the equity method	1,892,509	-	-	1,892,509

5. CASH AND CASH EQUIVALENTS

	31 March 2025	31 December 2024
Cash	7,598,463	2,853,338
Banks	1,365,985,926	1,588,657,260
- Demand deposit	46,128,850	43,073,892
- Time deposit	1,319,857,076	1,545,583,368
Other (*)	3,204,133	13,435,849
Total	1,376,788,522	1,604,946,447
Interest Accrual	(12,257,152)	(42,190,613)
Cash and cash equivalents in the statement of cash flows	1,364,531,370	1,562,755,834

(*) As of March 31, 2025 and December 31, 2024, other cash and cash equivalents consist of credit card receivables with maturities of less than three months.

KALESERAMİK ÇANAKKALE KALEBODUR SERAMİK SANAYİ A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD JANUARY 1 – MARCH 31, 2025

(Unless otherwise stated, the amounts are expressed on the basis of the purchasing power of the Turkish Lira ("TRY") as of March 31, 2025.)

5. CASH AND CASH EQUIVALENTS (Continued)

The Group has no blocked deposits as of 31 March 2025 and 31 December 2024.

Maturity	Interest Rate (%)	Currency	Currency Balance	TRY Balance	Accrued interest in original currency	Interest Accrual (TRY)	31 March 2025
2 April 2025	2.25	USD	180,000	6,797,808	50	1,874	6,799,682
2 April 2025	1.50	EUR	280,000	11,396,532	41	1,676	11,398,208
2 April 2025	43.50	TRY	72,750,000	72,750,000	346,808	346,808	73,096,808
2 April 2025	45.00	TRY	18,285,079	18,285,079	90,173	90,173	18,375,252
2 April 2025	45.00	TRY	98,370,505	98,370,505	485,115	485,115	98,855,620
28 April 2025	47.00	TRY	1,100,000,000	1,100,000,000	11,331,506	11,331,506	1,111,331,506
				1,307,599,924		12,257,152	1,319,857,076

Maturity	Interest Rate (%)	Currency	Currency Balance	TRY Balance	Accrued interest in original currency	Interest Accrual (TRY)	31 December 2024
2 January 2025	1.50	USD	200,000	7,753,548	8,2	318	7,753,866
2 January 2025	1.00	EUR	20,000	808,805	0,6	22	808,827
2 January 2025	48.75	TRY	43,144,604	43,144,604	52,286	57,546	43,202,150
2 January 2025	49.00	TRY	339,221	339,221	454	454	339,675
2 January 2025	48.50	TRY	130,593,378	130,593,378	174,656	174,656	130,768,034
15 January 2025	50.50	TRY	1,320,753,199	1,320,753,199	38,121,536	41,957,617	1,362,710,816
				1,503,392,755		42,190,613	1,545,583,368

6. RELATED PARTY DISCLOSURES

a) Trade receivables from related parties

	31 March 2025	31 December 2024
Kalefrit Silikat Mamulleri Sir ve Boya Sanayi ve Ticaret A.Ş.	42,861,308	13,619,791
Other	428,562	266,600
Total	43,289,870	13,886,391

b) Trade payables from related parties

	31 March 2025	31 December 2024
Kalenakliyat Seyahat ve Turizm Sanayi ve Ticaret A.Ş.	160,543,554	104,608,843
Kale Holding A.Ş.	40,212,864	28,223,329
Kalemaden Endüstriyel Hammaddeler Sanayi ve Ticaret A.Ş.	27,411,606	26,857,796
Kalekim Kimyevi Maddeler Sanayi ve Ticaret A.Ş.	13,004,543	8,910,928
Kaleseramik Özel Organize Sanayi Bölgesi	6,323,350	5,338,764
Bodur Gayrimenkul Geliştirme A.Ş.	233,438	-
Seramik Araştırma Merkezi A.Ş.	10,080	93,311
Other	1,540,538	559,498
Total	249,279,973	174,592,469

KALESERAMİK ÇANAKKALE KALEBODUR SERAMİK SANAYİ A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD JANUARY 1 – MARCH 31, 2025

(Unless otherwise stated, the amounts are expressed on the basis of the purchasing power of the Turkish Lira ("TRY") as of March 31, 2025.)

6. RELATED PARTY DISCLOSURES (Continued)

c) Sales of goods and services to related parties

	1 January - 31 March 2025	1 January - 31 March 2024
Kalefrit Silikat Mamulleri Sir ve Boya Sanayi ve Ticaret A.Ş.	81,749,987	111,023,605
Kalemaden Endüstriyel Hammaddeler Sanayi ve Ticaret A.Ş.	2,829,452	2,843,410
Kalenakliyat Seyahat ve Turizm A.Ş.	2,291,143	2,169,244
Kalekim Kimyevi Maddeler Sanayi ve Ticaret A.Ş.	589,916	384,974
Kale Holding A.Ş.	420,809	449,228
Bodur Gayrimenkul Geliştirme A.Ş.	6,020	2,576
Other	482,620	428,841
Total	88,369,947	117,301,878

d) Purchase of goods and services to related parties

	1 January - 31 March 2025	1 January - 31 March 2024
Kalenakliyat Seyahat ve Turizm A.Ş.	216,491,833	292,396,295
Kale Holding A.Ş.	77,281,126	100,987,920
Kalemaden Endüstriyel Hammaddeler Sanayi ve Ticaret A.Ş.	55,994,236	478,162,358
Kale Seramik Özel Organize Sanayi Bölgesi	13,589,682	15,008,406
Kalebodur Gayrimenkul Tic. A.Ş.	4,959,894	4,934,190
Kalekim Kimyevi Maddeler Sanayi ve Ticaret A.Ş.	4,747,012	7,054,584
Bodur Gayrimenkul Geliştirme A.Ş.	221,650	1,513,129
Other	2,127,685	72,945
Total	375,413,118	900,129,827

e) Benefits provided to senior management

The top management consists of the Board of Directors, the General Manager and the Assistant General Managers. The salaries and similar benefits (seniority) paid to the top management by the Group are as follows:

	1 January - 31 March 2025	1 January - 31 March 2024
Short-term benefits provided to employees	18,220,447	13,497,169
Long-term benefits provided to employees	4,794,516	1,848,673
Total	23,014,963	15,345,842

KALESERAMİK ÇANAKKALE KALEBODUR SERAMİK SANAYİ A.Ş.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD JANUARY 1 – MARCH 31, 2025

(Unless otherwise stated, the amounts are expressed on the basis of the purchasing power of the Turkish Lira ("TRY") as of March 31, 2025.)

7. INVESTMENT PROPERTIES

	31 March 2025	31 March 2024
1 January	349,723,364	389,448,463
Foreign currency conversion difference	22,117,073	(7,583,856)
As of the end of the period	371,840,437	381,864,607

The Group's 4 buildings in Istanbul and 9 in Russia, 3 in Tekirdağ, 1 in Istanbul and 1 in Çanakkale (transferred from property, plant and equipment in 2023) totaling 14 lands were determined using the sales comparison method and their measurements are Level 2. There is no rental income or direct expense cost from investment properties in the year ended 31 March 2025 (31 March 2024: None).

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(Unless otherwise stated, the amounts are expressed on the basis of the purchasing power of the Turkish Lira ("TRY") as of March 31, 2025.)

8. PROPERTY, PLANT AND EQUIPMENT

Cost value:	1 January 2025	Additions	Disposals	Transfers	Foreign currency conversion difference	31 March 2025
Land and plots	440,094,102	-	-	-	-	440,094,102
Underground and above ground layouts	1,358,868,588	1,988,116	-	-	(1,901,995)	1,358,954,709
Buildings	3,711,385,894	4,717,678	-	-	(3,509,876)	3,712,593,696
Plant, machinery and equipment	15,941,740,900	30,601,350	-	-	(26,587,658)	15,945,754,592
Vehicles	38,824,934	1,930,796	-	-	(668,701)	40,087,029
Fixed assets	496,585,969	3,750,763	(102,548)	-	(1,961,846)	498,272,338
Special costs	217,977,127	-	-	-	-	217,977,127
Ongoing investments	1,096,343,720	367,292,653	-	-	(15,110)	1,463,621,263
Total	23,301,821,234	410,281,356	(102,548)	-	(34,645,186)	23,677,354,856
Accumulated depreciation:						
Underground and above ground layouts	(951,133,218)	(9,927,819)	-	-	55,441	(961,005,596)
Buildings	(2,212,610,795)	(21,717,174)	-	-	64,174	(2,234,263,795)
Plant, machinery and equipment	(12,333,057,060)	(147,475,935)	-	-	1,642,364	(12,478,890,631)
Vehicles	(31,568,736)	(533,769)	-	-	78,021	(32,024,484)
Fixed assets	(392,887,537)	(9,003,707)	87,429	-	185,758	(401,618,057)
Special costs	(155,277,131)	(6,660,658)	-	-	-	(161,937,789)
Total	(16,076,534,477)	(195,319,062)	87,429	-	2,025,758	(16,269,740,352)
Net book value	7,225,286,757					7,407,614,504

As of 31 March 2025, there are no pledges and mortgages on tangible fixed assets. (31 March 2024: TRY75,957).

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8. PROPERTY, PLANT AND EQUIPMENT (Continued)

Cost value:	1 January 2024	Additions	Disposals	Transfers	31 March 2024
Land and plots	437,855,784	-	-	-	437,855,784
Underground and above ground layouts	1,451,990,486	-	(345,713)	-	1,451,644,773
Buildings	3,859,140,619	-	-	-	3,859,140,619
Plant, machinery and equipment	17,459,957,628	-	(161,925,213)	-	17,298,032,415
Vehicles	33,827,347	-	-	-	33,827,347
Fixed assets	530,536,665	439,533	(270,866)	-	530,705,332
Special costs	140,856,696	-	-	-	140,856,696
Ongoing investments	827,701,233	437,383,762	-	-	1,265,084,995
Total	24,741,866,458	437,823,295	(162,541,792)	-	25,017,147,961
Accumulated depreciation:					
Underground and above ground layouts	(1,119,589,074)	(9,257,946)	345,713	-	(1,128,501,307)
Buildings	(2,297,921,853)	(22,186,565)	-	-	(2,320,108,418)
Plant, machinery and equipment	(14,185,688,359)	(140,326,478)	158,678,251	-	(14,167,336,586)
Vehicles	(31,943,796)	(303,573)	-	-	(32,247,369)
Fixed assets	(444,234,520)	(8,251,140)	171,553	-	(452,314,107)
Special costs	(138,261,530)	(515,825)	-	-	(138,777,355)
Total	(18,217,639,132)	(180,841,527)	159,195,517	-	(18,239,285,142)
Net book value	6,524,227,326				6,777,862,819

The details of period depreciation for tangible fixed assets are as follows;

	31 March 2025	31 March 2024
Cost of sales	175,443,813	174,454,217
Marketing expenses	2,684,450	2,127,350
General and administrative expenses	13,110,869	2,475,586
Research and development expenses	4,079,930	1,784,374
Total	195,319,062	180,841,527

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9. INTANGIBLE ASSETS

	1 January 2025	Additions	Disposals	Transfers	31 March 2025
Cost:					
Computer software	215,631,351	-	-	-	215,631,351
Development costs	1,197,832,812	42,682,351	-	-	1,240,515,163
Total	1,413,464,163	42,682,351	-	-	1,456,146,514
Accumulated amortization:					
Computer software	(96,883,903)	(5,001,401)	-	-	(101,885,304)
Development costs	(738,693,565)	(30,122,177)	-	-	(768,815,742)
Total	(835,577,468)	(35,123,578)	-	-	(870,701,046)
Net book value	577,886,695				585,445,468

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(Unless otherwise stated, the amounts are expressed on the basis of the purchasing power of the Turkish Lira ("TRY") as of March 31, 2025.)

9. INTANGIBLE ASSETS (Continued)

	1 January 2024	Additions	Disposals	Transfers	31 March 2024
Cost:					
Computer software	224,807,098	-	-	-	224,807,098
Development costs	998,733,298	41,209,458	-	-	1,039,942,756
Total	1,223,540,396	41,209,458	-	-	1,264,749,854
Accumulated amortization:					
Computer software	(110,154,804)	(4,011,579)	-	-	(114,166,383)
Development costs	(670,339,436)	(20,698,324)	-	-	(691,037,760)
Total	(780,494,240)	(24,709,903)	-	-	(805,204,143)
Net book value	443,046,156				459,545,711

The details of period amortizations related to intangible fixed assets are as follows;

	31 March 2025	31 March 2024
Cost of sales	201,799	247,646
Marketing expenses	117,986	184,671
General and administrative expenses	2,644,228	1,597,640
Research and development expenses	32,159,565	22,679,946
Total	35,123,578	24,709,903

KALESERAMİK ÇANAKKALE KALEBODUR SERAMİK SANAYİ A.Ş.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD
JANUARY 1 – MARCH 31, 2025**

(Unless otherwise stated, the amounts are expressed on the basis of the purchasing power of the Turkish Lira ("TRY") as of March 31, 2025.)

10. RIGHT OF USE ASSETS

	31 March 2025		
	Buildings	Vehicles	Total
Cost value			
Opening balance as of January 1, 2025	325,275,320	232,770,427	558,045,747
Additions	16,032,641	-	16,032,641
31 March 2025	341,307,961	232,770,427	574,078,388
Accumulated depreciation:			
Opening balance as of January 1, 2025	(265,003,879)	(186,982,622)	(451,986,501)
Period expense	(4,753,396)	(10,527,647)	(15,281,043)
31 March 2025	(269,757,275)	(197,510,269)	(467,267,544)
Net book value	71,550,686	35,260,158	106,810,844
	31 March 2024		
	Buildings	Vehicles	Total
Cost value			
Opening balance as of January 1, 2024	250,132,859	212,361,326	462,494,185
Additions	70,418,337	5,393,035	75,811,372
31 March 2024	320,551,196	217,754,361	538,305,557
Accumulated depreciation:			
Opening balance as of January 1, 2024	(247,211,968)	(144,280,993)	(391,492,961)
Period expense	(5,227,983)	(10,179,091)	(15,407,074)
31 March 2024	(252,439,951)	(154,460,084)	(406,900,035)
Net book value	68,111,245	63,294,277	131,405,522

The details of period depreciation for right-of-use assets are as follows;

	31 March 2025	31 March 2024
Cost of sales	2,360,774	2,183,366
Marketing expenses	7,832,253	8,958,168
General and administrative expenses	4,685,399	3,855,942
Research and development expenses	402,617	409,598
Total	15,281,043	15,407,074

KALESERAMİK ÇANAKKALE KALEBODUR SERAMİK SANAYİ A.Ş.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD
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(Unless otherwise stated, the amounts are expressed on the basis of the purchasing power of the Turkish Lira ("TRY") as of March 31, 2025.)

11. BORROWINGS

	31 March 2025		
	Interest Range (%)	Original Amount	TRY Equivalent
Short-term borrowings:			
TRY credits	23.09 -50.00	3,005,564,506	3,005,564,506
US dollar bank loans	4.68-11.00	54,389,495	2,054,051,911
Other short-term borrowings			
Credit cards	-	-	-
Total short-term borrowings			5,059,616,417
Short-term portions of total long-term borrowings:			
TRY credits	39.95-58.05	59,592,533	59,592,533
US dollar bank loans	6.26-11.27	3,898,664	147,235,367
Euro bank loans	5.68-5.69	1,687,879	68,699,882
TRY liabilities from leasing	43.10	35,207,080	35,207,080
Short-term portions of total long-term borrowings			310,734,862
Long-term borrowings:			
TRY credits	58.05	16,363,928	16,363,928
Bond issues	51.95	400,000,000	400,000,000
US dollar bank loans	6.26-11.27	7,076,420	267,245,250
Euro bank loans	5.68-5.69	2,501,509	101,816,175
TRY liabilities from leasing	43.10	69,090,297	69,090,297
Total long-term borrowings			854,515,650
Total borrowings			6,224,866,929

KALESERAMİK ÇANAKKALE KALEBODUR SERAMİK SANAYİ A.Ş.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD
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(Unless otherwise stated, the amounts are expressed on the basis of the purchasing power of the Turkish Lira ("TRY") as of March 31, 2025.)

11. BORROWINGS (Continued)

	31 December 2024		
	Interest Range (%)	Original Amount	TRY Equivalent
Short-term borrowings:			
TRY credits	26.93 -55.00	2,390,849,195	2,390,849,195
Bond issues	45.88	721,140,371	721,140,371
US dollar bank loans	6.50-7.70	41,332,015	1,602,348,750
Total short-term borrowings			4,714,338,316
Short-term portions of total long-term borrowings:			
TRY credits	8,5-58.05	65,118,234	65,118,234
US dollar bank loans	7.13-11.27	3,898,664	151,142,367
Euro bank loans	6.72-6.74	1,687,879	68,258,252
TRY liabilities from leasing	35.12	33,231,137	33,231,137
Short-term portions of total long-term borrowings			317,749,990
Long-term borrowings:			
TRY credits	8,5-58.05	16,408,106	16,408,106
Bond issues	51.95	440,251,066	440,251,066
US dollar bank loans	7.13-11.27	7,051,504	273,370,865
Euro bank loans	6.72-6.74	2,771,044	112,061,700
TRY liabilities from leasing	35.12	73,240,495	73,240,495
Total long-term borrowings			915,332,232
Total borrowings			5,947,420,538

KALESERAMİK ÇANAKKALE KALEBODUR SERAMİK SANAYİ A.Ş.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD
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11. BORROWINGS (Continued)

The loan borrowings table as of March 31, 2025 and March 31, 2024 is as follows:

	Credits	Lease Liabilities	Total
1 January 2025	5,840,948,907	106,471,631	5,947,420,538
Cash inflows during the period	1,881,041,194	-	1,881,041,194
Cash outflows during the period	(1,267,436,391)	-	(1,267,436,391)
Additions to lease liabilities	-	16,032,641	16,032,641
Other non-monetary transactions	-	(18,745,873)	(18,745,873)
Exchange rate difference	184,697,135	-	184,697,135
Interest accrual	36,011,806	10,819,142	46,830,948
Monetary loss/gain	(554,693,099)	(10,280,164)	(564,973,263)
31 March 2025	6,120,569,552	104,297,377	6,224,866,929
Cash and cash equivalents			1,376,788,522
Net debt			4,848,078,407
	Credits	Lease Liabilities	Total
1 January 2024	3,730,441,471	53,069,386	3,783,510,857
Cash inflows during the period	2,678,125,032	-	2,678,125,032
Cash outflows during the period	(1,279,656,587)	(18,139,264)	(1,297,795,851)
Additions to lease liabilities	-	75,811,372	75,811,372
Exchange rate difference	105,064,690	-	105,064,690
Interest accrual	150,455,286	10,494,531	160,949,817
Monetary loss/gain	(586,693,056)	(12,733,259)	(599,426,315)
31 March 2024	4,797,736,836	108,502,766	4,906,239,602
Cash and cash equivalents			3,500,889,070
Net debt			1,405,350,532

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12. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

a) Other short-term provisions

	31 March 2025	31 March 2024
Provision for litigation	31,505,016	23,494,995
Cost expense provision (*)	990,065	986,049
Total	32,495,081	24,481,044

(*) The majority of the cost expense provision consists of agency provisions related to Kale Italy.

Movements in litigation provisions during the period are as follows:

	2025	2024
1 January	23,494,995	28,387,811
(Unrelated)/provision expense (Note 16)	10,276,432	-
Monetary loss/gain	(2,266,411)	(3,716,407)
31 March	31,505,016	24,671,404

The movements of cost expense provisions during the period are as follows:

	2025	2024
1 January	986,049	-
Provision expense	94,168	91,253
Monetary loss/gain	(90,152)	-
31 March	990,065	91,253

b) Contingent assets and liabilities

The Group's received collateral/pledge/mortgage ("CPM") position is as follows:

	Original Currency	31 March 2025		31 December 2024	
		Original Amount	TRY equivalent	Original Amount	TRY equivalent
CPM Received	TRY	3,217,885,659	3,217,885,659	3,221,172,133	3,221,172,133
Total			3,217,885,659		3,221,172,133

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(Unless otherwise stated, the amounts are expressed on the basis of the purchasing power of the Turkish Lira ("TRY") as of March 31, 2025.)

12. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Continued)**b) Contingent assets and liabilities (Continued)**

The Group's CPM position is as follows:

	Original currency	31 March 2025	
		Original amount	TRY equivalent
A. Total amount of CPM's given on behalf of its own legal entity	TRY	3,045,382,533	3,045,382,533
	USD	5,779,467	218,265,039
	Euro	6,885,940	280,270,841
B. Total amount of CPM's given in favor of partnerships included in the scope of full consolidation	-	-	-
C. The total amount of CPM's given by other third parties to secure their debts for the purpose of carrying out their ordinary commercial activities	-	-	-
D. Total amount of other CPM's given			
i. Total amount of CPM's given in favor of the parent company	-	-	-
ii. Total amount of CPM's given in favor of the group companies not included in the scope of Articles B and C	-	-	-
iii. Total amount of CPM's given in favor of third parties not included in Article C	-	-	-
Total			3,543,918,413

	Original currency	31 December 2024	
		Original amount	TRY equivalent
A. Total amount of CPM's given on behalf of its own legal entity	TRY	2,861,883,600	2,861,883,600
	USD	6,779,467	262,824,604
	Euro	7,506,940	303,582,546
B. Total amount of CPM's given in favor of partnerships included in the scope of full consolidation	-	-	-
C. The total amount of CPM's given by other third parties to secure their debts for the purpose of carrying out their ordinary commercial activities	-	-	-
D. Total amount of other CPM's given			
i. Total amount of CPM's given in favor of the parent company	-	-	-
ii. Total amount of CPM's given in favor of the group companies not included in the scope of Articles B and C	-	-	-
iii. Total amount of CPM's given in favor of third parties not included in Article C	-	-	-
Total			3,428,290,750

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13. BENEFITS PROVIDED TO EMPLOYEE

a) Debts within the scope of employee benefits

	31 March 2025	31 December 2024
Social security deductions payable	122,779,212	94,959,183
Accumulated leave liability	100,347,635	71,399,041
Debts to personnel	5,445,225	3,718,971
Total	228,572,072	170,077,195

b) Short-term provisions for employee benefits

	31 March 2025	31 December 2024
Personnel bonus provision	49,240,159	21,732,178
Total	49,240,159	21,732,178

The movement of personnel bonus provisions is as follows:

	2025	2024
1 January	21,732,178	13,507,118
Provision expense	49,240,159	47,137,468
Payments made	(19,745,259)	(11,738,826)
Monetary loss/gain	(1,986,919)	(1,768,292)
31 March	49,240,159	47,137,468

b) Long-term provisions for employee benefits

	31 March 2025	31 December 2024
Severance pay provision	426,591,473	419,237,960
Total	426,591,473	419,237,960

The severance pay provision is calculated within the framework of the explanations below.

In accordance with the provisions of the Labor Law in force, there is an obligation to pay the legal severance pay to employees whose employment contracts have ended in a way that entitles them to severance pay. In addition, in accordance with the provision of Article 60 of the Social Security Law No. 506, which is currently in force and amended by Laws No. 2422 dated March 6, 1981 and No. 4447 dated August 25, 1999, there is also an obligation to pay legal severance pay to those who have earned the right to leave work by receiving severance pay. The compensation to be paid is equal to one month's salary for each year of service and this amount is limited to TRY46,655.43 as of March 31, 2025 (December 31, 2024: TRY46,655.43).

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13. BENEFITS PROVIDED TO EMPLOYEE (Continued)

The severance pay obligation is not subject to any legal funding.

The severance pay liability is calculated based on the present value estimate of the Group's future probable liability arising from the retirement of employees. TAS 19, "Employee Benefits" requires the Group's liabilities to be developed using actuarial valuation methods within the scope of defined benefit plans. Accordingly, the actuarial assumptions used in the calculation of total liabilities are as follows:

	31 March 2025	31 December 2024
Discount Rate	27.50%	27.50%
Turnover Ratio for Estimating Probability of Retirement	95.40%	95.40%

The movements in the severance pay provision during the period are as follows:

	2025	2024
1 January	419,237,960	419,873,001
Service cost	14,997,120	14,012,814
Interest cost	28,146,309	22,105,207
Payments made	(8,894,530)	(51,753,378)
Remeasurement losses	12,538,403	26,510,700
Monetary loss/gain	(39,433,789)	(54,948,024)
31 March	426,591,473	375,800,320

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14. CAPITAL, RESERVES AND OTHER EQUITY ITEMS

a) Paid-in capital and capital adjustment differences

	31 March 2025	Partnership Share (%)	31 December 2024	Partnership Share(%)
H. İbrahim Bodur Holding A.Ş.	315,205,881	61.23	315,205,881	61.23
Public part	109,390,465	21.25	109,390,465	21.25
Victory International AG	74,000,000	14.38	74,000,000	14.38
Zeynep Bodur Okyay	8,049,677	1.56	8,049,677	1.56
Sevim Bodur	3,595,307	0,7	3,595,307	0,7
İbrahim Bodur Kaleseramik	2,912,501	0.57	2,912,501	0.57
Süleyman Bodur	174,193	0.03	174,193	0.03
Other partners	1,450,637	0.28	1,450,637	0.28
Total	514,778,661		514,778,661	
Capital adjustment differences	9,170,639,125		9,170,639,125	
Total paid-in capital	9,685,417,786		9,685,417,786	

At the Extraordinary General Assembly meeting of the Company dated March 10, 2023, it was decided to increase the current registered capital ceiling of TRY497,957,727 to TRY1,000,000,000 for a 5-year period (2023 - 2027) with the amendment made to Article 6 of the Articles of Association. The relevant decision was registered on March 14, 2023 and announced in the Trade Registry Gazette dated March 14, 2023.

In addition, at the Board of Directors meeting of the Group held on April 14, 2023, it was decided that the issued capital of TRY405,388,195.51 within the registered capital ceiling of TRY1,000,000,000 would be increased by TRY109,390,465 in cash on July 26, 2023, to TRY514,778,660.51, all of which would be paid in cash.

In accordance with the Board of Directors' decision dated January 9, 2023, the Group decided to cancel and purchase 300 dividend certificates belonging to H. İbrahim Holding A.Ş. A dividend certificate is a type of security that does not grant the owner the right to share ownership but the right to participate in profits, as defined in Article 503 of the Turkish Commercial Code. The dividend certificate fee was paid on May 17, 2023.

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14. CAPITAL, RESERVES AND OTHER EQUITY ITEMS (Continued)

The details of restricted reserves allocated from profit are as follows:

31 March 2025 (According to TFRS)	Nominal value	Inflation adjustment effect	Indexed value
Capital	514,778,661	9,170,639,125	9,685,417,786
Share issue premium	2,639,497,177	2,751,433,535	5,390,930,712
Legal reserves	44,044,061	238,029,043	282,073,104

31 March 2025 (According to VUK)	Nominal value	Inflation adjustment effect	Indexed value
Capital	514,778,661	3,570,864,287	4,085,642,948
Share issue premium	2,732,671,160	2,418,689,714	5,151,360,874
Legal reserves	44,044,061	301,856,897	345,900,958

15. REVENUE

	1 January - 31 March 2025	1 January - 31 March 2024
Domestic sales	2,446,672,822	2,790,726,201
Overseas sales	550,781,417	633,664,883
Sales returns and sales discounts	(163,299,796)	(157,233,185)
Revenue, net (*)	2,834,154,443	3,267,157,899

(*) All sales consist of instant sales.

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16. OTHER INCOME AND EXPENSES FROM MAIN ACTIVITIES**a) Other income from main activities**

	1 January - 31 March 2025	1 January - 31 March 2024
Exchange difference income	122,160,321	146,033,099
Rediscount interest income	25,496,454	163,696,002
Non-group service revenues	4,019,599	1,959,423
Derivative fair value difference	1,135,314	98,828,318
Insurance damage compensation income	487,164	352,938
Provisions for lawsuits that are no longer relevant	-	-
Other	3,241,135	735,325
Total	156,539,987	411,605,105

b) Other expenses from main activities

	1 January - 31 March 2025	1 January - 31 March 2024
Rediscount interest expense	(118,592,186)	(152,250,167)
Exchange rate difference expense	(105,646,613)	(94,154,272)
Provision for litigation expense (Note 12)	(10,276,432)	-
Donation and aid expenses	(2,814,902)	(3,307,254)
Non-deductible expenses	(1,532,133)	-
Compensation and penalties	(410,892)	(79,549)
Derivative fair value difference	-	(27,468,859)
Other	(2,693,880)	(4,712,016)
Total	(241,967,038)	(281,972,117)

17. INCOME AND EXPENSE FROM INVESTMENT ACTIVITIES**a) Income from investment activities**

	1 January - 31 March 2025	1 January - 31 March 2024
Rental income	955,317	824,445
Treasury bill sales profits	427,107	338,320
Profit on sale of tangible fixed assets	7,065	2,858,357
Total	1,389,489	4,021,122

b) Expenses from investment activities

	1 January - 31 March 2025	1 January - 31 March 2024
Loss on sale of property, plant and equipment	-	(2,269,185)
Total	-	(2,269,185)

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18. FINANCIAL INCOME AND EXPENSES

a) Financing income

	1 January - 31 March 2025	1 January - 31 March 2024
Interest income	159,212,084	399,520,741
Total	159,212,084	399,520,741

b) Financing expenses

	1 January - 31 March 2025	1 January - 31 March 2024
Interest expense	(381,020,176)	(508,241,213)
Exchange rate difference expense	(184,697,135)	(105,064,690)
Bank commission expense	(78,707,236)	(119,817,198)
Total	(644,424,547)	(733,123,101)

19. INCOME TAXES (INCLUDING DEFERRED ASSETS AND LIABILITIES)

Tax income and expenses included in the profit or loss statements for the periods January 1 - March 31, 2025 and 2024 are as follows:

	1 January - 31 March 2025	1 January - 31 March 2024
Current period corporate tax income/(expense)	-	-
Deferred tax (expense)/income	(22,016,181)	(194,558,295)
Total tax (expense)/income	(22,016,181)	(194,558,295)

a) Corporate Tax

	31 March 2025	31 December 2024
Current period tax income/(expense)	-	-
Provisional tax and withholding to be deducted	86,002,991	71,578,666
Assets related to the current period taxes	86,002,991	71,578,666

Turkish tax legislation does not allow the parent company to file a tax return on the financial statements in which it consolidates its subsidiaries and affiliates. For this reason, the tax provisions reflected in these consolidated financial statements are calculated separately for all companies included in the full consolidation scope.

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19. INCOME TAXES (INCLUDING DEFERRED ASSETS AND LIABILITIES) (Continued)

a) Corporate Tax (Continued)

With the amendment to the Corporate Tax Law, which entered into force by being published in the Official Gazette dated April 22, 2022 and numbered 31462, the corporate tax rate in Turkey is 25% as of March 31, 2025 (December 31, 2024: 25%). In accordance with the provisions added to Article 32 of the KVK by the Law on Amendments to the Individual Retirement Savings and Investment System Law No. 7351 and Certain Laws and Legislative Decree No. 375, the corporate tax is applied with a 1 point discount on the earnings of exporting institutions exclusively from exports and the earnings of institutions that have an industrial registry certificate and are actually engaged in production activities exclusively from production activities. The corporate tax rates in Italy, Russia and Iraq are 24%, 20% and 15%, respectively.

The corporate tax rate is applied to the tax base found by adding expenses that are not deductible according to tax laws to the commercial income of the corporations, and deducting the exemptions (participation income exemptions, investment deduction exemptions, etc.) and deductions (such as R&D deductions) included in the tax laws. If the profit is not distributed, no other tax is paid.

No withholding tax is applied to dividends paid to limited taxpayer corporations that earn income through a workplace or permanent representative in Turkey and to corporations resident in Turkey. Dividend payments made to persons and corporations other than these are subject to withholding tax at a rate of 10%. Addition of profit to capital is not considered as profit distribution.

According to the regulation made by Law No. 6009 published in the Official Gazette dated August 1, 2010, the investment deduction amounts earned can be used without any year limitation. In addition, a 23% corporate tax will be calculated on the profit after the deduction according to the current tax rate. The regulation made by Law No. 6009 entered into force on August 1, 2010 to be applied to 2010 earnings.

There is no practice in Turkey such as reaching an agreement with the tax authority regarding the taxes to be paid. Corporate tax returns are submitted to the tax office by the evening of the 25th day of the fourth month following the month in which the accounting period is closed.

The authorities authorized to conduct tax audits may examine accounting records within five years, and if an erroneous transaction is detected, the tax amounts may change due to the tax assessment to be made.

According to Turkish tax legislation, financial losses shown on the return can be deducted from the corporate income for the period provided that they do not exceed 5 years. However, financial losses cannot be offset from previous year profits.

A new article was added to the bill known to the public as the "Amnesty Law" with the proposal submitted and an additional tax was introduced for corporate taxpayers. The base of this additional tax was defined as the deductions and exceptions on the corporate tax return. The tax in question is a newly created tax. The discussions on the entire bill have been completed and the additional tax regulation has been enacted. The said article entered into force with the Law No. 7440 on the "Restructuring of Certain Receivables and Amendments to Certain Laws" published in the Official Gazette on March 12, 2023. With the regulation, companies will pay an additional tax of 10% (there are also exceptions that are not in the scope and are subject to a 5% rate) on the exemption and discount amounts they will deduct on their 2022 corporate tax return and the reduced corporate tax base. The said additional tax has no effect on the 2022 corporate tax provisions. Because, according to the text of the Law, it is determined based on the discount and exemption amounts used independently of the relevant tax period income. In this context, it will be declared in 2023, paid in two equal installments in April and August 2023, recorded in the 2023 legal books and again according to the text of the Law, it is not taken into account as an expense in the determination of the tax base.

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19. INCOME TAXES (INCLUDING DEFERRED ASSETS AND LIABILITIES) (Continued)

a) Corporate Tax (Continued)

The law on amendments to the Tax Procedure Law and the Corporate Tax Law was enacted on January 20, 2022 with Law No. 7352, and it has been decided that the financial statements will not be subject to inflation adjustment regardless of whether the conditions for inflation adjustment within the scope of Article 298 are met in the 2021 and 2022 accounting periods, including temporary accounting periods, and in the 2023 accounting period temporary tax periods. In line with Law No. 7352, the inflation adjustment has been applied to the financial statements dated December 31, 2023, and the profit/loss difference arising from the inflation adjustment has been shown in the profit/loss account of previous years and has not been subject to tax.

The reconciliation of expected and actual tax revenue/(expense) for the periods of January 1 - March 31, 2025 and 2024 is as follows:

	1 January - 31 March 2025	1 January - 31 March 2024
Profit before tax	(624,638,719)	(533,548,471)
Tax income/(expense) calculated based on applicable tax rates (23%, 23%)	143,666,905	122,716,149
Effect of expenses not recognized by law	(102,952,128)	(41,582,204)
Effect of exclusions and discounts	1,184,185	-
Investment incentive discounts resulting in deferred taxes	-	7,910,261
Legal records inflation accounting transformation effect	152,512,715	253,256,375
Effect of reinvestment incentive discounts and related legislative changes on tangible and intangible fixed assets	-	-
Tax rate change effect	-	-
Earthquake tax effect	-	-
Inflation accounting effect	(216,391,559)	(524,913,429)
Other	(8,808,538)	(11,945,447)
Total tax income/(expense)	(22,016,181)	(194,558,295)

b) Deferred Tax

	Deferred Tax Assets/(Liabilities)	
	31 March 2025	31 December 2024
Provisions for employee benefits	128,738,966	96,424,731
Incentive investments	701,009,974	771,550,971
Trade receivables	(2,159,582)	-
Financial assets and derivative instruments reflected in other comprehensive income changes in fair value	(13,744,443)	1,345,099
Stocks	16,513,603	(11,562,925)
Provisions	53,327,933	46,891,559
Differences between registered values and tax bases of tangible, intangible assets and investment properties	(162,442,618)	(174,148,515)
Other, net	(1,592,160)	6,371,386
Deferred tax asset, net	719,651,673	736,872,306

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19. INCOME TAXES (INCLUDING DEFERRED ASSETS AND LIABILITIES) (Continued)

The Group calculates its deferred tax assets and liabilities by taking into account the effects of temporary differences arising from different evaluations between the Turkish Financial Reporting Standards and the Tax Procedure Law in the balance sheet items.

20. EXPLANATIONS REGARDING NET MONETARY POSITION GAINS/(LOSSES)

	1 January- 31 March 2025
Financial position statement	672,058,692
Inventories	582,881,270
Prepaid expenses	17,415,612
Property, plant and equipment and intangible assets	264,265,816
Other financial investments	13,415,289
Deferred tax asset	175,370,629
Advances received	(497,189)
Paid-in capital	(51,800,975)
Accumulated other comprehensive income and expenses that will not be reclassified to profit or loss	39,384,986
Share premiums	(260,646,338)
Restricted profit reserves	(4,432,051)
Previous years profit	(103,298,357)
Profit or loss statement items	(211,005,844)
Revenue	(103,747,035)
Cost of sales	(112,185,595)
Research and development expenses	(16,191,111)
Marketing expenses	12,853,292
General administrative expenses	(1,381,846)
Other operating income/expense	(6,373,337)
Income/expenses from investment activities	(808)
Financial income/expenses	16,020,596
Net monetary position gains/(losses)	461,052,848

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21. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

Financial risk factors

The Group is exposed to market risk (exchange rate risk, interest rate risk and price risk), credit risk and liquidity risk due to its activities.

The Group's risk management program generally focuses on minimizing the possible negative effects of uncertainty in financial markets on the Group's financial performance.

i) Exchange rate risk

The Group is exposed to foreign exchange risk arising from foreign currencies, primarily the US Dollar and Euro. This exchange rate risk is monitored by analyzing the foreign exchange position.

The foreign exchange position table expressed in Turkish Lira as of March 31, 2025 and December 31, 2024 is as follows:

		31 March 2025			
		TRY Equivalent	USD	Euro	Other
1.	Trade receivables	540,226,568	8,410,999	3,382,258	1,740,210
2a.	Monetary financial assets	11,876,516	169,553	72,251	51,899
2b.	Non - monetary financial assets	-	-	-	-
3.	Other	72,071,284	506,683	1,281,568	15,859
4.	Current assets (1+2+3)	624,174,368	9,087,235	4,736,077	1,807,968
5.	Trade receivables	-	-	-	-
6a.	Monetary financial assets	-	-	-	-
6b.	Non - monetary financial assets	-	-	-	-
7.	Other	-	-	-	-
8.	Fixed assets (5+6+7)				
9.	Total assets (4+8)	624,174,368	9,087,235	4,736,077	1,807,968
10.	Trade payables	929,875,742	5,837,040	17,328,735	84,514
11.	Financial liabilities	2,269,987,160	58,288,159	1,687,879	-
12a.	Other monetary liabilities	-	-	-	-
12b.	Other non-monetary liabilities	-	-	-	-
13.	Short term liabilities (10+11+12)	3,199,862,902	64,125,199	19,016,614	84,514
14.	Trade payables	168,092,063	-	4,129,833	-
-15.	Financial liabilities	369,061,425	7,076,420	2,501,509	-
16a.	Other monetary liabilities	-	-	-	-
16b.	Other non-monetary liabilities	-	-	-	-
17.	Long term liabilities (14+15+16)	537,153,488	7,076,420	6,631,342	-
18.	Total liabilities (13+17)	3,737,016,390	71,201,619	25,647,956	84,514
19.	Off-balance sheet foreign currency derivative instruments asset/(liability) position (19a-19b)	-	-	-	-
19a.	In active off-balance sheet foreign currency	-	-	-	-
	In off-balance sheet foreign currency with a passive character	-	-	-	-
19b.	Monetary items net foreign currency assets/(liabilities) position (9-18+19)	(3,112,842,022)	(62,114,384)	(20,911,879)	1,723,454

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21. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

i) Exchange rate risk (Continued)

		31 December 2024			
		TRY Equivalent	USD	Euro	Other
1.	Trade receivables	501,946,747	7,842,217	3,618,125	1,059,667
2a.	Monetary financial assets	14,210,571	253,375	74,678	28,088
2b.	Non-monetary financial assets	-	-	-	-
3.	Other	486,886,072	1,605,959	1,010,757	7,784
4.	Current assets (1+2+3)	1,003,043,390	9,701,551	4,703,560	1,095,539
5.	Trade receivables	-	-	-	-
6a.	Monetary financial assets	-	-	-	-
6b.	Non-monetary financial assets	-	-	-	-
7.	Other	-	-	-	-
8.	Fixed assets (5+6+7)	-	-	-	-
9.	Total assets (4+8)	1,003,043,390	9,701,551	4,703,560	1,095,539
10.	Trade payables	762,271,910	5,255,104	13,604,019	172,357
11.	Financial liabilities	1,821,749,369	45,230,679	1,687,879	-
12a.	Other monetary liabilities	-	-	-	-
12b.	Other non-monetary liabilities	-	-	-	-
13.	Short term liabilities (10+11+12)	2,584,021,279	50,485,783	15,291,898	172,357
14.	Trade payables	152,309,041	-	3,766,273	-
15.	Financial liabilities	385,432,565	7,051,504	2,771,044	-
16a.	Other monetary liabilities	-	-	-	-
16b.	Other non-monetary liabilities	-	-	-	-
17.	Long term liabilities (14+15+16)	537,741,606	7,051,504	6,537,317	-
18.	Total liabilities (13+17)	3,121,762,885	57,537,287	21,829,215	172,357
19.	Off-balance sheet foreign currency derivative instruments asset/(liability) position (19a-19b)	-	-	-	-
19a.	In active off-balance sheet foreign currency	-	-	-	-
	In off-balance sheet foreign currency with a passive character	-	-	-	-
19b.	Monetary items net foreign currency assets/(liabilities) position (9-18+19)	(2,118,719,495)	(47,835,736)	(17,125,655)	923,182

The exchange rate sensitivity analysis table as of March 31, 2025 and December 31, 2024 is as follows:

		31 March 2025			
		Profit/(loss)		Equity	
		Foreign currency appreciation	Foreign currency depreciation	Foreign currency appreciation	Foreign currency depreciation
If the USD changes by 10% against the Turkish Lira:					
1.	USD net assets/liabilities	(234,578,697)	234,578,697	-	-
2.	The portion hedged against USD risk (-)	-	-	-	-
3.	USD net effect (1+2)	(234,578,697)	234,578,697	-	-
If the Euro changes by 10% against the Turkish Lira					
4.	Euro net assets/liabilities	(85,115,320)	85,115,320	-	-
5.	The portion hedged against Euro risk (-)	-	-	-	-
6.	Euro net effect (4+5)	(85,115,320)	85,115,320	-	-
In the event of a 10% change in other rates against the Turkish Lira:					
7.	Net foreign currency assets/liabilities	-	-	-	-
8.	The portion hedged against other currency exchange rate risk (-)	8,409,815	(8,409,815)	-	-
9.	Net effect of other exchange rates (7+8)	8,409,815	(8,409,815)	-	-
Total (3+6+9)		(311,284,202)	311,284,202	-	-

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21. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

i) Exchange rate risk (Continued)

	31 December 2024			
	Profit/(loss)		Equity	
	Foreign currency appreciation	Foreign currency depreciation	Foreign currency appreciation	Foreign currency depreciation
If the USD changes by 10% against the Turkish Lira:				
1. USD net assets/liabilities	(147,111,096)	147,111,096	-	-
2. The portion hedged against USD risk (-)	-	-	-	-
3. USD net effect (1+2)	(147,111,096)	147,111,096	-	-
If the Euro changes by 10% against the Turkish Lira				
4. Euro net assets/liabilities	(69,256,577)	69,256,577	-	-
5. The portion hedged against Euro risk (-)	-	-	-	-
6. Euro net effect (4+5)	(69,256,577)	69,256,577	-	-
In the event of a 10% change in other rates against the Turkish Lira:				
7. Net foreign currency assets/liabilities	4,495,725	(4,495,725)	-	-
8. The portion hedged against other currency exchange rate risk (-)	-	-	-	-
9. Net effect of other exchange rates (7+8)	4,495,725	(4,495,725)	-	-
Total (3+6+9)	(211,871,948)	211,871,948	-	-

ii) Interest rate risk

The Group is exposed to interest rate risk arising from the effect of changes in interest rates on assets and liabilities subject to interest rates. The Group manages this risk by keeping the interest rates of its assets and liabilities balanced or by using financial instruments for hedging purposes.

A portion of the interest rates related to borrowings are based on interest rates prevailing in the market. Therefore, the Group is affected by changes in interest rates in national and international markets. The Group's exposure to market risk arising from changes in interest rates is primarily related to its debt obligations.

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21. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

ii) Interest rate risk (Continued)

The interest rate position table showing the Group's financial instruments sensitive to interest rates is as follows:

	31 March 2025		Total
	Fixed interest	Variable interest rate	
Financial assets:			
Cash and cash equivalents and short-term financial investments	1,319,857,076	-	1,319,857,076
Financial liabilities:			
Borrowings	(4,271,831,770)	(1,953,035,159)	(6,224,866,929)

	31 December 2024		Total
	Fixed interest	Variable interest rate	
Financial assets:			
Cash and cash equivalents and short-term financial investments	1,545,583,368	-	1,545,583,368
Financial liabilities:			
Borrowings	(3,361,126,036)	(2,586,294,502)	(5,947,420,538)

Of the borrowings with variable borrowing rates, TRY1,341,708,773 is in US Dollars (31 December 2024: TRY1,291,388,613) and TRY146,730,355 is in Euros (31 December 2024: TRY174,944,536).

Impairment

Expected credit losses are as follows:

	31 March 2025	31 March 2024
As of the beginning of the period	154,447,168	174,524,994
Provision expense for doubtful receivables	26,414,558	29,027,239
Provisions that are no longer relevant	(4,895,819)	(13,457,198)
Foreign currency conversion differences	680,639	(1,334,601)
Monetary loss/gain	(14,892,279)	(23,501,022)
As of the end of the period	161,754,267	165,259,412

iii) Price risk

Price risk arises from financial assets traded on the stock exchange and available for sale. The Group monitors price risk by analyzing the price indices formed on Borsa Istanbul, where financial assets traded on the stock exchange are traded.

Ownership of financial assets brings with it the risk of the other party not fulfilling the contract. The Group's credit risk mainly arises from trade receivables. The Group manages this risk that may arise from its dealers by limiting the credit limits determined for dealers with the collateral received. The use of credit limits is constantly monitored by the Group and the customer's credit quality is constantly evaluated by considering the customer's financial position, past experiences and other factors. Trade receivables are evaluated by taking into account the Group's policies and procedures and are shown clearly in the balance sheet after the provision for doubtful receivables is separated accordingly.

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22. FINANCIAL INSTRUMENTS (FAIR VALUE DISCLOSURES AND DISCLOSURES WITHIN THE FRAMEWORK OF HEDGE ACCOUNTING)

The Group classifies fair value measurements using a three-level hierarchy according to the source of inputs for each financial instrument class, as follows:

Level 1: Financial assets and liabilities are valued based on stock market prices traded in active markets for identical assets and liabilities.

Level 2: Financial assets and liabilities are valued using inputs used to find the price of the relevant asset or liability that can be observed directly or indirectly in the market, other than the stock market price specified in the first level.

Level 3: Financial assets and liabilities are valued using inputs that are not based on observable data in the market used to find the fair value of the asset or liability.

31 March 2025	Level 1	Level 2	Level 3	Total
Gains from financial assets at fair value through other comprehensive income	61,122,871	-	892,502	62,015,373
Investment properties	-	371,840,437	-	371,840,437
Borrowings	-	(6,120,569,551)	-	(6,120,569,551)
Derivative financial liabilities	-	-	-	-
Total	61,122,871	(5,748,729,114)	892,502	(5,686,713,741)

31 December 2024	Level 1	Level 2	Level 3	Total
Gains from financial assets at fair value through other comprehensive income	69,434,680	-	892,502	70,327,182
Investment properties	-	349,723,364	-	349,723,364
Borrowings	-	(4,565,049,963)	-	(4,565,049,963)
Derivative financial liabilities	-	-	-	-
Total	69,434,680	(4,215,326,599)	892,502	(4,144,999,417)

23. SUBSEQUENT EVENTS

As a result of the evaluation conducted by the credit rating agency JCR Avrasya Derecelendirme A.Ş. (JCR Eurasia Rating) in April 2025, the Company's Long-Term National Institution Credit Rating was revised to "BBB+ (tr)" with a "Stable" outlook. The Short-Term National Institution Credit Rating was affirmed at "J2 (tr)" with a "Stable" outlook.