

**KALESERAMİK ÇANAKKALE KALEBODUR
SERAMİK SANAYİ A.Ş.**

**CONSOLIDATED FINANCIAL STATEMENTS AT
1 JANUARY-30 SEPTEMBER 2024 AND
INDEPENDENT AUDITOR'S REPORT**

(ORIGINALLY ISSUED IN TURKISH)

CONTENTS	PAGE
CONSOLIDATED INTERIM STATEMENTS OF BALANCE SHEETS.....	1 - 2
CONSOLIDATED INTERIM STATEMENTS OF PROFIT OR LOSS	3
CONSOLIDATED STATEMENTS OF OTHER COMPREHENSIVE INCOME.....	4
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY	5
CONSOLIDATED STATEMENTS OF CASH FLOWS	6
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS.....	7 - 31

KALESERAMİK ÇANAKKALE KALEBODUR SERAMİK SANAYİ A.Ş.**CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION DATED 30 SEPTEMBER 2024**

(Unless otherwise stated, amounts are expressed in Turkish Lira ("TRY") on a purchasing basis as of 30 September 2024.)

		Non - Audited Current Period	Audited Past Period
	Footnote references	30 September 2024	31 December 2023
ASSETS			
Current Assets		8,121,885,018	9,611,414,866
Cash and cash equivalents	5	1,612,439,990	3,099,752,493
Trade receivables		2,120,642,222	2,333,697,652
- <i>Trade receivables from related parties</i>	6	25,403,395	32,081,812
- <i>Trade receivables from third parties</i>		2,095,238,827	2,301,615,840
Other receivables		116,073,171	179,010,589
- <i>Other receivables from third parties</i>		116,073,171	179,010,589
Inventories		3,847,239,645	3,720,861,686
Prepaid expenses		344,222,688	195,773,623
Tax assets for the current period		45,836,070	29,291,144
Other current assets		35,431,232	53,027,679
Non-current assets		7,503,637,970	7,371,896,855
Financial investments	3	61,110,880	70,832,805
Investments accounted for using equity method		18,701,888	18,161,771
Investment properties	7	317,608,925	332,965,262
Property, plant and equipment	8	5,901,548,270	5,577,993,665
Intangible assets		447,953,103	378,789,477
- <i>Other intangible assets</i>	9	447,953,103	378,789,477
Right-of-use assets	10	103,364,500	60,703,643
Deferred tax asset		652,890,404	931,825,274
Other non current assets		460,000	624,958
Total assets		15,625,522,988	16,983,311,721

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

KALESERAMİK ÇANAKKALE KALEBODUR SERAMİK SANAYİ A.Ş.**CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2024**

(Unless otherwise stated, amounts are expressed in Turkish Lira ("TRY") in terms of the purchasing power of the Turkish Lira as of September 30, 2024.)

	Footnote references	Non - Audited Current Period 30 September 2024	Audited Past Period 31 December 2023
LIABILITIES			
Short term liabilities		6,568,812,620	4,950,201,545
Short-term financial borrowings	11	3,986,803,902	1,964,711,283
Short-term portion of long-term borrowings		266,733,324	470,171,879
- Bank loans	11	254,005,055	449,545,534
- Borrowings from lease transactions	11	12,728,269	20,626,345
Derivative financial liabilities	14	-	8,319,220
Trade payables		1,890,640,052	1,843,805,883
- Trade payables to related parties	6	220,278,700	130,055,678
- Trade payables to third parties		1,670,361,352	1,713,750,205
Payables Related to Employee Benefits		70,353,134	165,225,959
Other payables		32,339,153	3,735,495
- Other payables from third parties		32,339,153	3,735,495
Deferred income		195,507,421	443,075,355
Short-term provisions		115,514,352	35,818,747
- Short-term provisions for employee benefits		91,661,418	11,548,129
- Other short term provisions		23,852,934	24,270,618
Other short term liabilities		10,921,282	15,337,724
Long term liabilities		1,027,366,041	1,474,226,138
Long term liabilities		449,811,716	799,890,633
- Bank Credits	11	373,939,779	775,144,449
- Borrowings from lease transactions	11	75,871,937	24,746,184
Trade Payables		204,745,648	315,358,292
- Trade payables to third parties		204,745,648	315,358,292
Long-term provisions		372,808,677	358,977,213
- Long-term provisions for employee benefits	13	372,808,677	358,977,213
Equity		8,029,344,327	10,558,884,038
Equity attributable to owners of the parent		7,933,094,443	10,558,884,038
Paid-in capital		514,778,661	514,778,661
Capital adjustment differences		7,765,925,912	7,765,925,912
Share premium		4,609,063,397	4,609,063,397
Accumulated other comprehensive income and expenses			
that will not be reclassified to profit or loss		(680,703,665)	(558,779,950)
- Remeasurement of defined benefit plans gains (losses)		(676,328,969)	(561,891,135)
- Investments in equity instruments			
gains (losses) arising from		(4,242,751)	3,243,130
- Share of other comprehensive income of investments			
accounted through equity method that will not be reclassified			
to profit or loss		(131,945)	(131,945)
Accumulated other comprehensive income and expenses that will be			
reclassified to profit or loss		(207,090,621)	(165,747,689)
-Foreign Currency Translation Differences		(207,090,621)	(165,747,689)
Restricted Profit Reserves		241,162,962	233,074,481
Previous Years Profit(Loss)		(1,956,438,795)	(2,240,577,871)
Net Profit for the Period		(2,353,603,408)	401,147,097
Non-controlling interests		96,249,884	-
Total Equity		15,625,522,988	16,983,311,721

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

KALESERAMİK ÇANAKKALE KALEBODUR SERAMİK SANAYİ A.Ş.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2024

(Unless otherwise stated, amounts are expressed in Turkish Lira ("TRY") in terms of the purchasing power of the Turkish Lira as of September 30, 2024.)

	Footnote References	Non-Audited Current Period 1 January - 30 September 2024	Non-Audited Current Period 1 July - 30 September 2024	Non-Audited Prior Period 1 January - 30 September 2023	Non-Audited Prior Period 1 July - 30 September 2023
Profit or Loss					
Sales	16	7,363,723,105	2,325,708,063	10,598,691,984	3,387,193,158
Cost of sales (-)		(7,181,554,374)	(2,497,197,197)	(8,694,501,299)	(2,937,249,040)
Gross profit		182,168,731	(171,489,134)	1,904,190,685	449,944,118
General Administrative Expenses (-)		(516,855,523)	(156,417,917)	(613,899,994)	(175,809,407)
Marketing expenses (-)		(1,090,034,162)	(374,323,692)	(1,109,445,230)	(403,947,540)
Research and development expenses (-)		(100,531,933)	(30,618,386)	(73,627,368)	(24,447,056)
Other income from operating activities	17	417,475,228	38,576,003	1,718,744,174	326,135,864
Other expenses from operating activities (-)	17	(534,019,792)	(130,069,135)	(988,092,714)	(289,895,394)
Operating profit (loss)		(1,641,797,451)	(824,342,261)	837,869,553	(118,019,415)
Income from investing activities	18	9,537,664	2,261,952	179,091,423	54,367,888
Expense from investing activities (-)	18	(15,392,395)	(2,684,246)	-	-
Impairment gains (losses) and reversals of impairment losses determined in accordance with TFRS 9		(21,301,548)	(6,070,196)	(64,615,951)	(13,990,220)
Share of profits of investments accounted for using the equity method		540,117	(3,058,815)	541,129	(1,363,375)
Profit (loss) from operations before finance income (costs)		(1,668,413,613)	(833,893,566)	952,886,154	(79,005,122)
Finance income	19	878,400,525	234,309,413	298,450,804	260,870,485
Finance costs (-)	19	(1,685,480,703)	(553,640,052)	(1,368,067,113)	(458,817,826)
Monetary gain		409,114,682	262,551,413	1,119,453,067	566,497,391
Profit before tax		(2,066,379,109)	(890,672,792)	1,002,722,912	289,544,928
Tax expense:		(315,353,642)	(69,625,767)	(384,533,249)	(340,320,126)
- Current tax expense		-	-	(83,441,827)	(368,346)
- Deferred tax expense		(315,353,642)	(69,625,767)	(301,091,422)	(339,951,780)
Net Profit(Loss) for the period		(2,381,732,751)	(960,298,559)	618,189,663	(50,775,198)
Distribution of profit (loss) for the period					
-Non-controlling interests		(28,129,343)	(14,236,878)	-	-
-Owners of the parent		(2,353,603,408)	(946,061,681)	618,189,663	(50,775,198)
Earnings per share		(1,4300)	(0,5748)	0,3885	(0,0330)

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

KALESERAMİK ÇANAKKALE KALEBODUR SERAMİK SANAYİ A.Ş.**CONDENSED CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME FOR THE NINE MONTH PERIOD
ENDED 30 SEPTEMBER 2024**

(Unless otherwise stated, amounts are expressed in Turkish Lira ("TRY") in terms of the purchasing power of the Turkish Lira as of September 30, 2024.)

	Non – Audited Current Period 1 January 30 September 2024	Non – Audited Current Period 1 July 30 September 2024	Non – Audited Prior Period 1 January 30 September 2023	Non – Audited Prior Period 1 July 30 September 2023
Other comprehensive income				
Items that will not be reclassified to profit or loss	(121,923,715)	(37,362,383)	(291,167,626)	25,480,391
- Remeasurement losses on defined benefit plans, net of tax	(114,437,834)	(20,829,406)	(298,646,238)	4,726,268
- Gains (losses) from investments in equity instruments, net of tax	(7,485,881)	(16,532,977)	7,478,612	20,754,123
Items that will be reclassified to profit or loss	(41,342,932)	(30,983,376)	(77,811,582)	1,815,554
--Foreign Currency Translation Differences	(41,342,932)	(30,983,376)	(77,811,582)	1,815,554
Other Comprehensive (Expense)	(163,266,647)	(68,345,759)	(368,979,208)	27,295,945
Total comprehensive income (loss)	(2,544,999,398)	(1,028,644,318)	249,210,455	(23,479,253)
Distribution of total comprehensive income (loss)				
Non-controlling interests	(28,129,343)	(14,236,878)	-	-
Owners of the parent	(2,516,870,055)	(1,014,407,440)	249,210,455	(23,479,253)

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

KALESERAMİK ÇANAKKALE KALEBODUR SERAMİK SANAYİ A.Ş.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2024

(Unless otherwise stated, amounts are expressed in Turkish Lira ("TRY") in terms of the purchasing power of the Turkish Lira as of September 30, 2024.)

				Revaluation and measurement gains/losses		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							
	Paid in share capital	Adjustment to share capital	Share premium	Remeasuremet 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	
Balance as at 1 January 2023	405,388,196	7,688,609,341	646,543,669	(336,294,035)	17,109,557	(596,261)	(69,102,457)	194,088,082	(5,079,789,366)	2,958,453,566	6,424,410,292	-	6,424,410,292	
Transfers	-	-	-	-	-	-	-	38,986,399	2,919,467,167	(2,958,453,566)	-	-	-	
Total comprehensive income(loss)	-	-	-	(298,646,238)	7,478,612	-	(77,811,582)	-	-	618,189,663	249,210,455	-	249,210,455	
Cash capital increase	109,390,465	77,344,464	-	-	-	-	-	-	-	-	186,734,929	-	186,734,929	
Increase due to share-based transactions	-	-	3,962,519,728	-	-	-	-	-	-	-	3,962,519,728	-	3,962,519,728	
Other payments made to shareholders, excluding dividends	-	-	-	-	-	-	-	-	(82,205,573)	-	(82,205,573)	-	(82,205,573)	
Balances as of 30 September 2023	514,778,661	7,765,953,805	4,609,063,397	(634,940,273)	24,588,169	(596,261)	(146,914,039)	233,074,481	(2,242,527,772)	618,189,663	10,740,669,831	-	10,740,669,831	
Balances as of 1 January 2024	514,778,661	7,765,925,912	4,609,063,397	(561,891,135)	3,243,130	(131,945)	(165,747,689)	233,074,481	(2,240,577,871)	401,147,097	10,558,884,038	-	10,558,884,038	
Transfers	-	-	-	-	-	-	-	8,088,481	393,058,616	(401,147,097)	-	-	-	
Total comprehensive expense	-	-	-	(114,437,834)	(7,485,881)	-	(41,342,932)	-	-	(2,353,603,408)	(2,516,870,055)	(28,129,343)	(2,544,999,398)	
Dividends (Note 15)	-	-	-	-	-	-	-	-	(108,919,540)	-	(108,919,540)	-	(108,919,540)	
Acquisition or disposal of subsidiary	-	-	-	-	-	-	-	-	-	-	-	124,379,227	124,379,227	
Balances as of 30 September 2024	514,778,661	7,765,925,912	4,609,063,397	(676,328,969)	(4,242,751)	(131,945)	(207,090,621)	241,162,962	(1,956,438,795)	(2,353,603,408)	7,933,094,443	96,249,884	8,029,344,327	

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

KALESERAMİK ÇANAKKALE KALEBODUR SERAMİK SANAYİ A.Ş.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2024

(Unless otherwise stated, amounts are expressed in Turkish Lira ("TRY") in terms of the purchasing power of the Turkish Lira as of September 30, 2024.)

	Footnote references	Non - Audited 1 January – 30 September 2024	Non - Audited 1 January – 30 September 2023
Net profit/(loss) for the period		(1,865,232,052)	924,917,342
Profit (loss) for the period		(2,381,732,751)	618,189,663
Adjustments to reconcile profit for the period		1,017,231,343	1,025,536,321
Adjustments for depreciation and amortization expenses	4	575,801,494	479,320,179
Adjustments for impairment of receivables		21,301,548	64,532,364
Adjustments for impairment of inventories		1,490,371	(118,595,091)
Adjustments for provisions related to employee benefits		100,233,622	182,111,643
Adjustments for provisions related to legal claims		-	(45,428,387)
Adjustments for other provisions		865,352	(16,865,082)
Adjustments for interest income	19	(878,400,525)	(298,450,804)
Adjustments for interest expenses	19	1,224,554,822	817,146,376
Adjustments for fair value losses/gains on financial assets		-	100,544,928
Adjustments for tax (income) expenses	4	315,353,642	384,533,249
Cash inflows from derivative instruments		(8,319,220)	(86,859,414)
Adjustments for fair value losses/gains on investment properties	18	-	(53,991,379)
Adjustments for undistributed profits of equity-accounted investments	4	(540,117)	(541,129)
Adjustments for gains/losses on disposal of property, plant, equipment, and intangible assets	18	8,947,120	(46,793,985)
Adjustments for unrealized foreign exchange differences		128,897,981	182,707,265
Adjustments for monetary position gains and losses		(472,954,747)	(517,834,412)
Changes in working capital		(341,945,589)	(394,970,451)
Changes in trade receivables from related parties		(2,050,166)	51,318,400
Changes in trade receivables from non-related parties		(479,954,967)	(1,872,431,690)
Changes in other receivables related to operations from non-related parties		17,971,897	(5,505,373)
Adjustments for changes in inventories		(127,868,330)	(167,964,925)
Changes in prepaid expenses		(197,978,327)	7,122,649
Changes in other assets related to operations		4,123,969	105,534,830
Changes in trade payables to related parties		142,687,619	359,233,788
Changes in trade payables to non-related parties		437,145,378	1,474,905,845
Changes in liabilities for employee benefits		(23,994,846)	70,986,968
Changes in deferred income		(151,529,470)	(414,650,764)
Adjustments for changes in other payables related to operations to non-related parties		33,898,307	(506,511)
Adjustments for changes in other liabilities related to operations		5,603,347	(3,013,668)
CASH FLOWS FROM OPERATIONS		(1,706,446,997)	1,248,755,533
Taxes paid/tax returns		(27,841,077)	107,714,263
Payments made within the scope of provisions for employee benefits		(130,943,978)	(431,552,454)
CASH FLOWS FROM INVESTING ACTIVITIES		(939,013,792)	(1,286,467,491)
Cash inflows from sales of tangible and intangible fixed assets		6,334,045	47,895,410
Cash outflows from the purchase of tangible and intangible fixed assets		(945,347,837)	(1,333,886,403)
Other cash inflows (outflows)		-	(476,498)
CASH FLOWS FROM FINANCING ACTIVITIES		1,950,033,355	4,753,619,290
Cash inflows from issuance of shares and other equity instruments		-	3,962,519,728
Cash capital increase		-	186,734,929
Cash inflows from borrowing		4,738,680,683	5,524,753,761
Cash outflow on debt payment		(2,126,017,900)	(4,511,987,735)
Cash outflows related to debt payments arising from lease agreements		(50,828,016)	(48,466,229)
Increase in government incentives and aids		-	12,624,495
Interest received		829,900,932	331,573,737
Interest paid		(1,332,782,804)	(704,133,396)
Dividends paid	25	(108,919,540)	-
Change in cash and cash equivalents before foreign exchange differences and monetary effects		(854,212,489)	4,392,069,141
Effect of foreign exchange differences on cash and cash equivalents		36,736,003	3,631,576
Monetary loss and gain on cash and cash equivalents		(718,335,610)	(1,091,246,581)
Net change in cash and cash equivalents		(1,535,812,096)	3,304,454,136
Cash and cash equivalents at the beginning of the period		3,087,628,628	520,391,567
Cash and cash equivalents at the end of the period		1,551,816,532	3,824,845,703

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

KALESERAMİK ÇANAKKALE KALEBODUR SERAMİK SANAYİ A.Ş.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2024

(Unless otherwise stated, amounts are expressed in Turkish Lira ("TRY") in terms of the purchasing power of the Turkish Lira as of September 30, 2024.)

1. ORGANISATION AND NATURE OF OPERATIONS

Çanakkale Seramik Fabrikaları A.Ş., the first ceramic tile producer in Turkey, was established in 1957, while Kalebodur Seramik Sanayi A.Ş., the first floor tile producer, was founded in 1972. Çanakkale Seramik Fabrikaları A.Ş. and Kalebodur Seramik Sanayi A.Ş. merged under the name of Kaleseramik Çanakkale Kalebodur Seramik Sanayi A.Ş. ("Kaleseramik" or the "Company") in the year 2000. Kaleseramik, along with its subsidiaries and affiliates (collectively referred to as the "Group"), is primarily engaged in the production, sale, and distribution of wall tiles, floor tiles, granite ceramics, insulators, frit, and bathroom and kitchen furniture and accessories. The ultimate controlling shareholder of the Company is H. İbrahim Bodur Holding A.Ş., which is ultimately controlled by the Bodur family.

The Company is registered in Turkey and has a registered address.
Büyükdere Caddesi Kaleseramik Binası 34330 Levent, İstanbul.

Subsidiaries

As of September 30, 2024 and December 31, 2023 the consolidated subsidiaries are as follows:

30 September 2024	Country	Principal Activities	Ordinary Shares held By the company Percentage (%)	Ordinary Shares held By the company Percentage (%)
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 Ticareti ve Üretimi Ltd.Şirketi(**)	Iraq	Production	100.00	100.00

31 December 2023	Country	Principal Activities	Ordinary Shares held By the company Percentage (%)	Ordinary Shares held By the company Percentage (%)
Kale Italia	Italy	Production	100	100
OOO Kaleseramik Rusya Ltd.	Russia	Production	100	100

(*) In order to contribute to the growth of the Group in the ceramic coating materials sector in the Iraqi market, the Group has acquired 49% of the shares representing the capital of the Company named "Al-Sadaf Porcelain and Ceramic Kaşı Üretimi Ltd." with a capital of 1,000,000,000,000 Iraqi Dinars and net assets amounting to TL (8,229,488), headquartered in Baghdad, Iraq, in order to contribute to the growth of the Group in the ceramic coating materials sector in the Iraqi market. Şti.", which has a capital amounting to TL (8,229,488), has been acquired by the Group for a consideration of TL 11,153,019. The capital of the Company named "Al-Sadaf Porselen ve Seramik Kaşı Üretimi Ltd. Şti." was increased by 11,465,554,122 Iraqi Dinars to 12,465,554,122 Iraqi Dinars with the decision of the Board of Directors dated February 14, 2024 and the related decision was registered by the Iraqi Official Authorities on July 23, 2024. With the decision taken by the Board of Directors of the Group on February 16, 2024, the Group participated in the increased capital with 5,618,121,520 Iraqi Dinars in proportion to its shares and paid in cash.

(**) On February 5, 2024, the Group established a new company in Erbil, Iraq, with the aim of contributing to the Group's growth in the ceramic tile sector in the Iraqi market. The company has a capital of 20,008 TL.

**CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS FOR
THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2024**

(Unless otherwise stated, amounts are expressed in Turkish Lira (“TRY”) in terms of the purchasing power of the Turkish Lira as of September 30, 2024.)

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

2.1 Basis of Presentation

The Company has prepared its condensed interim consolidated financial statements for the period ended September 30, 2024, in accordance with Turkish Accounting Standard No: 34 “Interim Financial Reporting.” The condensed interim consolidated financial statements do not include all the information and disclosures required in the annual consolidated financial statements and should be read in conjunction with the Company’s annual consolidated financial statements as of December 31, 2023.

The accompanying condensed interim consolidated financial statements have been prepared in accordance with the provisions of the Capital Markets Board (“CMB”) Communiqué No: II-14.1 “Communiqué on Principles of Financial Reporting in Capital Markets” published in the Official Gazette dated September 13, 2013, and numbered 28676. These financial statements have been prepared based on Turkish Financial Reporting Standards (“TFRS”) issued by the Kamu Gözetleme Kurumu (“KGK”) as per Article 5 of the Communiqué, including the related appendices and interpretations. The Company’s accompanying condensed interim consolidated financial statements have been prepared in accordance with the CMB’s announcement dated June 7, 2013, “Announcement on Financial Statement and Disclosure Formats.” The financial statements are presented in accordance with the formats specified in the “2024 TFRS Taxonomy” published by the KGK on July 3, 2024, and the Financial Statement Examples and User Guide published by the KGK.

The Group’s condensed interim consolidated financial statements for the nine-month interim period ended September 30, 2024. were approved for issuance by the Company’s Board of Directors on November 11, 2024.

Adjustment of Financial Statements in Periods of High Inflation

In accordance with the decision of the Capital Markets Board (“CMB”) dated December 28, 2023, and numbered 81/1820, issuers and capital market institutions subject to financial reporting regulations applying Turkish Accounting/Financial Reporting Standards are required to apply inflation accounting by implementing the provisions of TAS 29 “Financial Reporting in Hyperinflationary Economies” starting from their annual financial reports for the fiscal periods ending on December 31, 2023.

Based on the announcement made by the Kamu Gözetleme Kurumu (“KGK”) on November 23, 2023, and the published “Implementation Guide on Financial Reporting in Hyperinflationary Economies,” the Group has prepared its consolidated financial statements for the year ended September 30, 2024, by applying TAS 29 “Financial Reporting in Hyperinflationary Economies.” According to this standard, consolidated financial statements prepared in the currency of a hyperinflationary economy should be presented in terms of the purchasing power of the currency at the balance sheet date, and comparative information for previous periods should also be expressed in the current measurement unit at the end of the reporting period. Therefore, the Group has also presented its consolidated financial statements as of September 30, 2023, and December 31, 2023, in terms of purchasing power as of September 30, 2024.

The adjustments made under TAS 29 have been calculated using the adjustment coefficient derived from the Consumer Price Index (“CPI”) published by the Turkish Statistical Institute (“TUIK”). As of September 30, 2024, the indices and adjustment coefficients used in the adjustment of the consolidated financial statements, from January 1, 2005, when the Turkish Lira ceased to be classified as the currency of a hyperinflationary economy, to the current and previous periods, are as follows:

KALESERAMİK ÇANAKKALE KALEBODUR SERAMİK SANAYİ A.Ş.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2024

(Unless otherwise stated, amounts are expressed in Turkish Lira ("TRY") in terms of the purchasing power of the Turkish Lira as of September 30, 2024.)

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

2.1 Basis of presentation (Continued)

Date	Index	Adjustment coefficient	Three years compound inflation rate
30 September 2024	2,526,16	1.00000	%343
31 December 2023	1,859,38	1.35860	%268
30 September 2023	1,691,04	1.49385	%254

The main elements of the adjustments made by the Group for financial reporting purposes in hyperinflationary economies are as follows:

- The current period consolidated financial statements prepared in Turkish Lira are expressed in terms of the purchasing power at the balance sheet date, and the amounts for previous reporting periods are also adjusted to reflect the purchasing power at the end of the reporting period.
- Monetary assets and liabilities are not adjusted as they are already expressed in terms of the current purchasing power at the balance sheet date. If the inflation-adjusted values of non-monetary items exceed their recoverable amount or net realizable value, the provisions of TAS 36 and TAS 2 have been applied, respectively.
- Non-monetary assets and liabilities and equity items that are not expressed in terms of the current purchasing power at the balance sheet date have been adjusted using the relevant adjustment coefficients.

Principles of Consolidation

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

- Having power over the invested company/asset;
- Being exposed to, or having rights to, variable returns from its involvement with the investee; and
- Being able to use its power to affect its returns.

The Group reassesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

In cases where the Group does not have a majority of the voting rights of an investee, it has control over the investee if it has sufficient rights to direct the activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether the voting rights in the investee are sufficient to give it power, including the following factors:

**CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS FOR
THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2024**

(Unless otherwise stated, amounts are expressed in Turkish Lira ("TRY") in terms of the purchasing power of the Turkish Lira as of September 30, 2024.)

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

2.2 New and amended standards and interpretations

i) As at 30 September 2024, new standards, amendments and interpretations to existing standards effective as at 30 September 2024:

- **TAS 1, Amendment to long-term liabilities with contractual terms:** Effective for annual periods beginning on or after January 1, 2024. These amendments clarify how conditions that an entity must comply with within twelve months after the reporting period affect the classification of a liability. The amendments also aim to improve the information that an entity provides about liabilities subject to these conditions.
- **TFRS 16, Sale and leaseback transactions;** is effective for annual reporting periods beginning on or after January 1, 2024. These amendments include the sale and leaseback provisions that clarify how an entity accounts for a sale and leaseback transaction in TFRS 16 after the transaction date. Sale and leaseback transactions where a portion or all of the lease payments consist of variable lease payments that are not tied to an index or rate are likely to be affected.
- **The amendments to TAS 7 and TFRS 7 regarding supplier financing agreements;** are effective for annual reporting periods beginning on or after January 1, 2024. These amendments require disclosure to increase transparency regarding supplier financing agreements and their effects on entity's liabilities, cash flows and liquidity risks. The disclosure requirements are the IASB's (International Accounting Standards Board) response to investors' concerns that some companies' supplier financing agreements are not sufficiently clear and hinder investors' analysis.
- **TSRS 1, "General Requirements for Disclosure of Financial Information Related to Sustainability"** is effective for annual reporting periods beginning on or after January 1, 2024. This standard contains the basic framework for disclosing all significant risks and opportunities related to sustainability to which a company is exposed in its value chain.
- **TSRS 2, "Climate-related disclosures,"** is effective for annual reporting periods beginning on or after January 1, 2024. This is the first standard to specify disclosure requirements for companies about climate-related risks and opportunities.

However, in the Board Decision of the KGK published in the Official Gazette dated December 29, 2023, it was announced that certain businesses will be subject to mandatory sustainability reporting as of January 1, 2024. In order to determine the businesses that will be subject to sustainability reporting within the scope of the "Board Decision on the Scope of Application of the Turkish Sustainability Reporting Standards (TSRS)" dated January 5, 2024, businesses that fall within the scope of sustainability application are counted.

**CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS FOR
THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2024**

(Unless otherwise stated, amounts are expressed in Turkish Lira ("TRY") in terms of the purchasing power of the Turkish Lira as of September 30, 2024.)

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

2.2 New and amended standards and interpretations (Continued)

**ii) Standards, amendments and interpretations issued but not yet effective as at
30 September 2024:**

IFRS codification has been preserved in the standards recently issued by the International Accounting Standards Board but not yet codified by the Public Oversight Authority.

- **TFRS 17, 'Insurance Contracts'**, is effective for annual reporting periods beginning on or after January 1, 2023. This standard replaces TFRS 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.

However, in its letter dated 6 April 2023 sent to the Insurance, Reinsurance and Pension Companies Association of Turkey by the Public Oversight Authority (KGK), it was stated that it was concluded that it would be appropriate to apply TFRS 17 in the consolidated and individual financial statements of insurance, reinsurance and pension companies, banks with partnerships/investments in these companies and other companies with partnerships/investments in these companies as of 1 January 2024.

- **TAS 21 Lack of Interchangeability**; it is effective for annual reporting periods beginning on or after January 1, 2025. An entity is affected by these changes when it has a transaction or activity in a foreign currency that cannot be converted into another currency at a specified measurement date for a specified purpose. A currency can be converted when the ability to obtain another currency is available (with a normal administrative delay) and the transaction occurs through a market or exchange mechanism that creates enforceable rights and obligations
- **TFRS 9 and TFRS 7, Amendments Related to Classification and Measurement of Financial Instruments**: Effective for annual reporting periods beginning on or after January 1, 2026 (early application is permitted). These amendments:
 - Clarify the timing requirements for the recognition and derecognition of certain financial assets and liabilities, including a new exception for certain financial liabilities paid through an electronic cash transfer system;
 - Provide additional guidance and clarification on assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion;
 - Introduce new disclosures for certain instruments with contractual terms that could change cash flows (such as some instruments linked to environmental, social, and governance (ESG) targets); and
 - Update disclosures related to equity instruments measured at fair value through other comprehensive income.

**CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS FOR
THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2024**

(Unless otherwise stated, amounts are expressed in Turkish Lira ("TRY") in terms of the purchasing power of the Turkish Lira as of September 30, 2024.)

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

2.2 New and amended standards and interpretations (Continued)

ii) Standards, amendments and interpretations issued but not yet effective as at 30 September 2024:

- **IFRS 18 Presentation and Disclosure in Financial Statements;** Effective for annual reporting periods beginning on or after January 1, 2027. This is the new standard on presentation and disclosure of financial statements, with a focus on updates to the income statement. The main new concepts introduced in IFRS 18 relate to the following:
 - The structure of the income statement;
 - Required disclosures in the financial statements for certain profit or loss performance measures reported outside the financial statements (i.e., management-defined performance measures); and
 - Enhanced principles for aggregation and disaggregation applicable to the primary financial statements and notes in general.
- **IFRS 19, Disclosures for Subsidiaries without Public Accountability:** Effective for annual reporting periods beginning on or after January 1, 2027. Early application is permitted. This new standard is applied together with other IFRS standards. A qualifying subsidiary shall apply the requirements of other IFRS Accounting Standards, excluding the disclosure requirements, and instead apply the reduced disclosure requirements in IFRS 19. The reduced disclosure requirements of IFRS 19 balance the information needs of users of the financial statements of eligible subsidiaries with the cost savings for financial statement preparers. IFRS 19 is a standard that can be voluntarily applied by qualifying subsidiaries. A subsidiary shall meet the relevant requirements if:
 - It must be a subsidiary that is not publicly held or traded on a stock exchange and,
 - It must have a parent or sub-parent that produces consolidated financial statements that are available for public use and in accordance with IFRS.

The Group is assessing the impact of the above amendments on its operations and will apply them from their effective date. The application of the above standards and interpretations is not expected to have a significant impact on the Group's condensed consolidated financial statements and notes in future periods.

2.3 Developments in the current period

On January 16, 2024, under the Shareholders' Agreement signed between the Group and the shareholders of Al-Sadaf Porcelain and Ceramic Spoon Production Limited Company ("Al-Sadaf") established in Iraq, the share transfer transactions were completed in accordance with the relevant legislation, and the Group purchased 49% of the capital of Al-Sadaf. Since control is with the Group's management, Al-Sadaf has been accounted for in the Group's consolidated financial statements using the full consolidation method.

KALESERAMİK ÇANAKKALE KALEBODUR SERAMİK SANAYİ A.Ş.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2024

(Unless otherwise stated, amounts are expressed in Turkish Lira ("TRY") in terms of the purchasing power of the Turkish Lira as of September 30, 2024.)

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

2.4 Comparative Information and Restatement of Prior Period Financial Statements

To facilitate the identification of financial position and performance trends, the Group's consolidated financial statements are prepared on a comparative basis with the previous period.

As of September 30, 2024, the Group has prepared the consolidated statement of financial position in comparison with the consolidated statement of financial position as of December 31, 2023, and the consolidated statement of comprehensive income, cash flow statement, and statement of changes in equity in comparison with the consolidated financial statements for the period ended September 30, 2023. The Group has identified and retrospectively corrected the adjustments and classifications in the prior period financial statements. The effects on the financial statements as of September 30, 2024, are as follows:

The revenue financing component amounting to TRY 431,128,049, classified under other income from main operations in the statement of profit or loss for the period January 1 - September 30, 2023, has been reclassified under the revenue item in the statement of profit or loss to ensure consistency with the financial statements prepared as of September 30, 2024

The derivative fair value difference income amounting to TRY 1,105,601,536, classified under finance income in the statement of profit or loss for the period January 1 - September 30, 2023, has been reclassified under other income from main operations in the statement of profit or loss to ensure consistency with the financial statements prepared as of September 30, 2024.

3. SHARES IN OTHER ENTITIES

a) Financial Investments

Financial Assets at Fair Value Through Other Comprehensive Income	30 September 2024	31 December 2023
Traded on a stock exchange	60,347,821	70,069,745
Not actively traded	763,059	763,060
Total	61,110,880	70,832,805

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

	30 September 2024	31 December 2023
Sumaş Suni Tahta ve Mobilya Sanayi A.Ş.	29,182,860	25,369,473
Şişe Cam A.Ş.	23,420,989	33,827,955
Akçansa Çimento Sanayi Ticaret A.Ş.	6,503,610	8,153,944
Bagfaş Bandırma Gübre Sanayi A.Ş.	1,240,362	2,718,373
Total	60,347,821	70,069,745

KALESERAMİK ÇANAKKALE KALEBODUR SERAMİK SANAYİ A.Ş.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2024

(Unless otherwise stated, amounts are expressed in Turkish Lira ("TRY") in terms of the purchasing power of the Turkish Lira as of September 30, 2024.)

3. SHARES IN OTHER ENTITIES (Continued)

Movements of long-term financial investments during the period are as follows

	2024	2023
1 January	70,832,805	88,841,152
Change in fair value	(9,721,925)	9,712,483
30 September	61,110,880	98,553,635

It is anticipated that the carrying amounts of financial assets measured at fair value through other comprehensive income, which do not have an active market, are approximately equal to their fair values.

4. SEGMENT REPORTING

The Executive Committee is the decision-making authority of the Group. Management has determined the operating segments based on the reports reviewed by the Executive Committee for the purpose of making decisions about the allocation of resources to the segments and assessing their performance.

Since the Group's main activity is singular, there are no reportable segments other than the geographical segment. Management monitors performance geographically in Turkey and Italy. The Executive Committee evaluates the performance of the geographical segments based on profit before tax.

a) Revenue

1 January - 30 September 2024			
	Total segment revenue	Inter-segment revenue	Revenue from non-group customers
Türkiye	7,332,951,228	-	7,332,951,228
Iraq	30,771,877	-	30,771,877
Total	7,363,723,105	-	7,363,723,105

1 January - 30 September 2023			
	Total segment revenue	Inter-segment revenue	Revenue from non-group customers
Türkiye	10,598,691,984	-	10,598,691,984
Total	10,598,691,984	-	10,598,691,984

KALESERAMİK ÇANAKKALE KALEBODUR SERAMİK SANAYİ A.Ş.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2024

(Unless otherwise stated, amounts are expressed in Turkish Lira ("TRY") in terms of the purchasing power of the Turkish Lira as of September 30, 2024.)

4. SEGMENT REPORTING (Continued)

b) Other income and expense explanations

1 January - 30 September 2024	Türkiye	Italy	Iraq	Other	Total
Depreciation and amortization expense	(564,211,471)	-	(11,590,023)	-	(575,801,494)
Net Interest Income/(Expense)	(346,154,297)	-	-	-	(346,154,297)
Tax Income/(Expense)	(315,353,642)	-	-	-	(315,353,642)
Shares of profits/(losses) of investments accounted for using the equity method	540,117	-	-	-	540,117
1 January - 30 September 2023	Türkiye	Italy	Iraq	Other	Total
Depreciation and amortization expense	(479,320,179)	-	-	-	(479,320,179)
Net Interest Income/(Expense)	(518,695,572)	-	-	-	(518,695,572)
Tax Income/(Expense)	(384,533,249)	-	-	-	(384,533,249)
Shares of profits/(losses) of investments accounted for using the equity method	541,129	-	-	-	541,129

5. CASH AND CASH EQUIVALENTS

	30 September 2024	31 December 2023
Cash	3,453,186	2,698,787
Banks	1,598,011,983	3,092,669,410
- Demand deposit	29,778,818	175,454,759
- Time deposit	1,568,233,165	2,917,214,651
other (*)	10,974,821	4,384,296
Total	1,612,439,990	3,099,752,493
Interest Accrual	(60,623,458)	(12,123,865)
Cash and cash equivalents in the statement of cash flows	1,551,816,532	3,087,628,628

(*) As of September 30, 2024, and December 31, 2023, other cash and cash equivalents consist of credit card receivables with maturities of less than three months.

The Group's cash and cash equivalents as of September 30, 2024, December 31, 2023, September 30, 2023 and December 31, 2022 are TRY 1,551,816,532, TRY 3,087,628,628, TRY 3,824,845,703 and TRY 520,391,567, respectively.

KALESERAMİK ÇANAKKALE KALEBODUR SERAMİK SANAYİ A.Ş.**CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2024**

(Unless otherwise stated, amounts are expressed in Turkish Lira ("TRY") in terms of the purchasing power of the Turkish Lira as of September 30, 2024.)

5. CASH AND CASH EQUIVALENTS (Continued)

The Group has no restricted deposits as of September 30, 2024, and December 31, 2023.

Maturity	Interest rate (%)	Currency	Currency Balance	TL balance	Accrued interest in original currency	Interest Accrual (TL)	30 September 2024
1.10.2024	1.00	USD	20,000	681,800	1	18	681,818
1.10.2024	0.75	EUR	10,000	380,180	0,2	8	380,188
1.10.2024	48.00	TL	6,250,000	6,250,000	8,197	8,197	6,258,197
1.10.2024	48.00	TL	297,727	297,727	390	390	298,117
4.10.2024	51.00	TL	1,500,000,000	1,500,000,000	60,614,845	60,614,845	1,560,614,845
				1,507,609,707		60,623,458	1,568,233,165

Maturity	Interest rate (%)	Currency	Currency Balance	TL balance	Accrued interest in original currency	Interest Accrual (TL)	31 December 2023
2.01.2024	2.50	USD	40,000	1,599,794	8	328	1,600,122
2.01.2024	0.02	EUR	15,000	663,825	0,3	1	663,826
2.01.2024	41.00	TL	45,309,424	45,309,424	152,582	152,582	45,462,006
2.01.2024	40.00	TL	2,814,334,806	2,814,334,806	9,246,288	9,246,288	2,823,581,094
14.02.2024	47.00	TL	43,182,937	43,182,937	2,724,666	2,724,666	45,907,603
				2,905,090,786		12,123,865	2,917,214,651

6. RELATED PARTY DISCLOSURES**a) Trade receivables from related parties**

	30 September 2024	31 December 2023
Kalefrit Silikat Mamulleri Sir ve Boya Sanayi A.Ş. (*)	25,063,083	-
Kalemaden Endüstriyel Hammaddeler Sanayi ve Ticaret A.Ş.	-	31,825,472
Other	340,312	256,340
Total	25,403,395	32,081,812

(*) It is a subsidiary of the Group and sells frit which is the raw material requirement of Kalefrit.

b) Trade payables from related parties

	30 September 2024	31 December 2023
Kalenakliyat Seyahat ve Turizm Sanayi ve Ticaret A.Ş.	115,010,714	50,733,882
Kalemaden Endüstriyel Hammaddeler Sanayi ve Ticaret A.Ş.	71,819,325	-
Kale Holding A.Ş.	23,860,050	61,427,128
Kalekim Kimyevi Maddeler Sanayi ve Ticaret A.Ş.	6,569,391	6,956,351
Kaleseramik Özel Organize Sanayi Bölgesi	1,039,222	4,664,420
Other	1,979,998	6,273,897
Total	220,278,700	130,055,678

KALESERAMİK ÇANAKKALE KALEBODUR SERAMİK SANAYİ A.Ş.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2024

(Unless otherwise stated, amounts are expressed in Turkish Lira ("TRY") in terms of the purchasing power of the Turkish Lira as of September 30, 2024.)

6. RELATED PARTY DISCLOSURES (Continued)

c) Sales of goods and services to related parties

	1 January - 30 September 2024	1 July - 30 September 2024	1 January - 30 September 2023	1 July - 30 September 2023
Kalefrit Silikat Mamulleri Sir ve Boya Sanayi ve Ticaret A.Ş. (*)	258,607,366	81,337,512	284,535,076	107,315,359
Kalemaden Endüstriyel Hammaddeler Sanayi ve Ticaret A.Ş.	6,805,558	2,222,347	40,673,645	34,261,894
Kalenakliyat Seyahat ve Turizm A.Ş.	5,003,645	1,707,651	5,866,358	2,062,447
Kalekim Kimyevi Maddeler Sanayi ve Ticaret A.Ş.	1,752,372	981,890	4,212,937	181,270
Kale Holding A.Ş.	1,216,146	336,796	5,185,083	3,658,441
Bodur Proje Geliştirme Gayrimenkul İnşaat Sanayi ve Ticaret A.Ş.	460,004	440,487	78,202	44,051
Other	2,649,232	661,241	4,370,815	3,202,606
Total	276,494,323	87,687,924	344,922,116	150,726,068

(*) It is a subsidiary of the Group and sells frit which is the raw material requirement of Kalefrit.

d) Purchase of goods and services to related parties

	1 January - 30 September 2024	1 July 30 September 2024	1 January - 30 September 2023	1 July 30 September 2023
Kalemaden Endüstriyel Hammaddeler Sanayi ve Ticaret A.Ş. (*)	560,603,024	53,202,569	1,139,815,759	430,576,518
Kalenakliyat Seyahat ve Turizm A.Ş. (**)	635,689,097	178,742,723	536,158,071	221,630,359
Kale Holding A.Ş.(***)	234,047,478	69,569,656	261,325,144	79,152,306
Kale Seramik Özel Organize Sanayi Bölgesi(****)	30,571,347	6,558,950	61,897,537	23,168,864
Kalekim Kimyevi Maddeler Sanayi ve Ticaret A.Ş.	14,232,521	3,958,915	16,596,903	2,488,123
Kalebodur Gayrimenkul Tic. A.Ş.	11,528,096	3,505,356	-	-
Bodur Gayrimenkul Geliştirme A.Ş.	1,564,585	156,805	19,529,927	5,884,614
Other	4,699,987	1,538,802	3,147,274	2,383,341
Total	1,492,936,135	317,233,776	2,038,470,615	765,284,125

(*) Intra-group company that purchases raw materials for use in the production of various minerals..

(**) Intra-group company that provides transportation services to the Group.

(***) Intra-group company that provides various services (such as IT support, management consultancy, etc.) to the Group on behalf of the holding company..

(****) Intra-group company that provides energy (electricity) consumption costs and security services for the factory located in the Yerköy Special Organized Industrial Zone to the Group.

e) Benefits provided to senior management

Senior management consists of the Board of Directors, the General Manager, and the Deputy General Managers. The fees and similar benefits (seniority) paid to senior management by the Group are as follows

	1 January - 30 September 2024	1 July - 30 September 2024	1 January - 30 September 2023	1 July - 30 September 2023
Short-term benefits provided to employees	39,760,270	13,195,582	45,569,604	12,099,110
Long-term benefits provided to employees	1,478,299	(10,610)	1,186,269	255,314
Total	41,238,569	13,184,972	46,755,873	12,354,424

KALESERAMİK ÇANAKKALE KALEBODUR SERAMİK SANAYİ A.Ş.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2024

(Unless otherwise stated, amounts are expressed in Turkish Lira ("TRY") in terms of the purchasing power of the Turkish Lira as of September 30, 2024.)

7. INVESTMENT PROPERTIES

	2024	2023
1 January	332,965,262	279,841,002
Fair Value Change (Note 18)	-	53,991,379
Foreign Currency Translation Difference	(15,356,337)	(8,311,591)
30 September	317,608,925	325,520,790

The Group has 4 buildings in Istanbul, 9 plots of land in Russia, 3 plots of land in Tekirdağ, 1 plot of land in Istanbul, and 1 plot of land in Çanakkale, totaling 14 plots of land. The fair values of these investment properties have been determined using the comparable sales method, and the measurements are Level 2. There was no rental income or directly expensed cost from investment properties during the year ended September 30, 2024 (December 31, 2023: None).

KALESERAMİK ÇANAKKALE KALEBODUR SERAMİK SANAYİ A.Ş.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2024

(Unless otherwise stated, amounts are expressed in Turkish Lira ("TRY") in terms of the purchasing power of the Turkish Lira as of September 30, 2024.)

8. PROPERTY, PLANT AND EQUIPMENT

	1 January 2024	Additions	Disposals	Transfers	30 September 2024
Cost value:					
Land and plots	374,351,884	-	-	1,913,686	376,265,570
Underground and above ground layouts	1,241,402,748	-	(596,621)	22,188,598	1,262,994,725
Buildings	3,299,434,683	-	(39,985,009)	46,248,514	3,305,698,188
Plant, machinery and equipment	14,927,673,144	1,201,856	(175,482,099)	453,515,051	15,206,907,952
Vehicles	28,921,238	-	-	3,959,178	32,880,416
Fixed assets	453,590,902	6,820,028	(704,385)	32,375,432	492,081,977
Special costs	120,427,710	-	-	65,935,909	186,363,619
Ongoing investments	707,656,555	809,175,895	-	(632,733,073)	884,099,377
Total	21,153,458,864	817,197,779	(216,768,114)	(6,596,705)	21,747,291,824
Accumulated depreciation:					
Underground and above ground layouts	(957,210,785)	(24,218,637)	582,437	-	(980,846,985)
Buildings	(1,964,645,451)	(57,357,042)	27,913,610	-	(1,994,088,883)
Plant, machinery and equipment	(12,128,283,680)	(357,450,441)	172,485,819	-	(12,313,248,302)
Vehicles	(27,310,865)	(1,117,783)	-	-	(28,428,648)
Fixed assets	(379,805,487)	(22,972,152)	505,083	-	(402,272,556)
Special costs	(118,208,931)	(8,649,249)	-	-	(126,858,180)
Total	(15,575,465,199)	(471,765,304)	201,486,949	-	(15,845,743,554)
Net book value	5,577,993,665				5,901,548,270

As of September 30, 2024, there are pledges, mortgages, and liens on tangible fixed assets (December 31, 2023: None).

Details of the period depreciation for tangible fixed assets are as follows;

	30 September 2024
Cost of sales	442,910,973
Marketing expenses	5,165,360
General and administrative expenses	17,744,880
Research and development expenses	5,944,091
Total	471,765,304

KALESERAMİK ÇANAKKALE KALEBODUR SERAMİK SANAYİ A.Ş.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2024

(Unless otherwise stated, amounts are expressed in Turkish Lira ("TRY") in terms of the purchasing power of the Turkish Lira as of September 30, 2024.)

9. INTANGIBLE ASSETS

	1 January 2024	Additions	Disposals	Transfers	30 September 2024
Cost:					
Computer software	192,202,465	-	-	6,596,705	198,799,170
Development costs	853,883,186	128,150,058	-	-	982,033,244
Total	1,046,085,651	128,150,058	-	6,596,705	1,180,832,414
Accumulated amortization:					
Computer software	(94,178,631)	(9,947,333)	-	-	(104,125,964)
Development costs	(573,117,543)	(55,635,804)	-	-	(628,753,347)
Total	(667,296,174)	(65,583,137)	-	-	(732,879,311)
Net book value	378,789,477				447,953,103

The details of the amortization for intangible assets for the period are as follows:

	30 September 2024
Cost of sales	609,184
Marketing expenses	457,419
General and administrative expenses	4,390,785
Research and development expenses	60,125,749
Total	65,583,137

KALESERAMİK ÇANAKKALE KALEBODUR SERAMİK SANAYİ A.Ş.**CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS FOR
THE NINE MONTH PERIOD
ENDED 30 SEPTEMBER 2024**

(Unless otherwise stated, amounts are expressed in Turkish Lira ("TRY") in terms of the purchasing power of the Turkish Lira as of September 30, 2024.)

10. RIGHT OF USE

	30 September 2024		
	Buildings	Vehicles	Total
Cost value			
Opening balance as of 1 January 2024	213,855,133	181,561,750	395,416,883
Additions	64,244,263	16,869,647	81,113,910
30 September 2024	278,099,396	198,431,397	476,530,793
Accumulated depreciation:			
Opening balance as of 1 January 2024	(211,357,871)	(123,355,369)	(334,713,240)
Period expense	(11,402,488)	(27,050,565)	(38,453,053)
30 September 2024	(222,760,359)	(150,405,934)	(373,166,293)
Net book value	55,339,037	48,025,463	103,364,500

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

	30 September 2024
Cost of sales	5,354,167
Marketing expenses	23,101,731
General and administrative expenses	8,985,985
Research and development expenses	1,011,170
Total	38,453,053

KALESERAMİK ÇANAKKALE KALEBODUR SERAMİK SANAYİ A.Ş.**CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS FOR
THE NINE MONTH PERIOD
ENDED 30 SEPTEMBER 2024**

(Unless otherwise stated, amounts are expressed in Turkish Lira ("TRY") in terms of the purchasing power of the Turkish Lira as of September 30, 2024.)

11. BORROWINGS

		30 September 2024	
	Interest Range (%)	Original amount	TL equivalent
Short-term borrowings:			
TL credits	26.43 -56.10	2,501,953,739	2,501,953,739
Bond	45.88	655,208,290	655,208,290
US dollar bank loans	6.50-7.50	24,336,810	829,641,873
Other short-term borrowings			
Supplier financing debts (Credit Cards)	-	-	-
Total short-term borrowings			3,986,803,902
Short-term portions of total long-term borrowings			
TL credits	8.5-59.15	38,717,933	38,717,933
US dollar bank loans	7.13-11.27	4,726,510	161,126,721
Euro dollar bank loans	6.72-6.74	1,424,599	54,160,401
TL liabilities from leasing	35.12	12,728,269	12,728,269
Short-term portions of total long-term borrowings			266,733,324
Long-term borrowings:			
TL Credits	8.5-59.15	36,286,888	36,286,888
US dollar bank loans	7.13-11.27	6,868,714	234,154,475
Euro dollar bank loans	7.01-7.04	2,722,353	103,498,416
TL liabilities from leasing	35.12	75,871,937	75,871,937
Total long-term borrowings			449,811,716

KALESERAMİK ÇANAKKALE KALEBODUR SERAMİK SANAYİ A.Ş.**CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS FOR
THE NINE MONTH PERIOD
ENDED 30 SEPTEMBER 2024**

(Unless otherwise stated, amounts are expressed in Turkish Lira ("TRY") in terms of the purchasing power of the Turkish Lira as of September 30, 2024.)

11. BORROWINGS (Continued)

		31 December 2023	
	Interest range (%)	Original amount	TL equivalent
Short-term borrowings:			
TL Credits	26.93 -52.01	1,710,015,749	1,710,015,749
US dollar bank loans	9.50-9.75	2,714,145	108,551,791
Other short-term borrowings			
Supplier financing debts (Credit Cards)	19	146,143,743	146,143,743
Total short-term borrowings			1,964,711,283
Short-term portions of long-term borrowings			
TL credits	8.5-46.34	170,343,400	170,343,400
US dollar bank loans	8.28 -11.27	5,213,170	208,499,897
Euro bank loans	7.05-7.07	1,597,610	70,702,237
TL liabilities from leasing	35.10	20,626,345	20,626,345
Short-term portions of total long-term borrowings			470,171,879
Long-term borrowings:			
TL Credits	8.5-39.95	161,044,949	161,044,949
US dollar bank loans	8.28 -11.27	10,756,562	430,206,961
Euro dollar bank loans	7.05-7.07	4,155,293	183,892,539
TL liabilities from leasing	35.10	24,746,184	24,746,184
Total Long-term borrowings			799,890,633

As at 30 September 2024, the table of borrowings is as follows

	Credits	Lease Liabilities	Total
1 January 2024	3,189,401,266	45,372,529	3,234,773,795
Cash inflows during the period	4,738,680,683	-	4,738,680,683
Cash outflows during the period	(2,126,017,900)	(50,828,016)	(2,176,845,916)
Additions to lease liabilities	-	81,113,910	81,113,910
Exchange rate difference	185,308,980	-	185,308,980
Interest accrual	(201,332,002)	31,976,496	(169,355,506)
Monetary loss/gain	(1,171,292,292)	(19,034,712)	(1,190,327,004)
30 September 2024	4,614,748,735	88,600,207	4,703,348,942
Cash and cash equivalents			1,612,439,990
Net Debt			3,090,908,952

KALESERAMİK ÇANAKKALE KALEBODUR SERAMİK SANAYİ A.Ş.**CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS FOR
THE NINE MONTH PERIOD
ENDED 30 SEPTEMBER 2024**

(Unless otherwise stated, amounts are expressed in Turkish Lira ("TRY") in terms of the purchasing power of the Turkish Lira as of September 30, 2024.)

12. CONTINGENT ASSETS AND LIABILITIES

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

	Original currency	30 September 2024		31 December 2023	
		Original amount	TL equivalent	Original amount	TL equivalent
CPM received	TL	2,714,960,158	2,714,960,158	3,284,022,360	3,284,022,360
Total			2,714,960,158		3,284,022,360

The Group's CPM position is as follows:

		30 September 2024		
		Original currency	Original amount	TL equivalent
A. Total amount of CPM's given on behalf of its own legal entity				
	TL		2,803,179,660	2,803,179,660
	USD		7,829,467	266,906,530
	EUR		8,867,940	337,141,343
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 other 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				3,407,227,533

KALESERAMİK ÇANAKKALE KALEBODUR SERAMİK SANAYİ A.Ş.**CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS FOR
THE NINE MONTH PERIOD
ENDED 30 SEPTEMBER 2024**

(Unless otherwise stated, amounts are expressed in Turkish Lira ("TRY") in terms of the purchasing power of the Turkish Lira as of September 30, 2024.)

12. CONTINGENT ASSETS AND LIABILITIES (Continued)

	31 December 2023		
	Original currency	Original amount	TL equivalent
A. Total amount of CPM's given on behalf of its own legal entity			
	TL	941,909,405	941,909,405
	USD	6,733,467	269,303,927
	EUR	9,646,940	426,925,440
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 other 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			1,638,138,772

13. BENEFITS PROVIDED TO EMPLOYEES**Long term provisions for employee benefits**

	30 September 2024	31 December 2023
Discount Rate	%27.50	%25.00
Turnover Rate for Estimating Retirement Probability	%95.40	%93.68

Movements in the Provision for Severance Pay During the Period are as Follows:

	2024
1 January	358,977,213
Service cost	34,534,838
Interest cost	61,127,524
Payments made	(121,206,259)
Remeasurement losses	148,620,564
Monetary gain	(109,245,203)
30 September	372,808,677

KALESERAMİK ÇANAKKALE KALEBODUR SERAMİK SANAYİ A.Ş.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2024

(Unless otherwise stated, amounts are expressed in Turkish Lira ("TRY") in terms of the purchasing power of the Turkish Lira as of September 30, 2024.)

14. DERIVATIVE ASSETS AND LIABILITIES

	30 September 2024		31 December 2023	
	Fair Value		Fair Value	
	Assets	Liability	Assets	Liability
Foreign currency forward transactions	-	-	-	8,319,220
Total	-	-	-	8,319,220

15. CAPITAL, RESERVES AND OTHER EQUITY ITEMS

At the Extraordinary General Assembly meeting held on March 10, 2023, the Company decided to increase the registered capital ceiling from TRY 497,957,727 to TRY 1,000,000,000 for a new 5-year period (2023 - 2027) by amending Article 6 of its Articles of Association. This decision was registered on March 14, 2023.

In accordance with the Board of Directors' decision dated January 9, 2023, the Group decided to cancel and acquire 300 usufruct shares belonging to H. İbrahim Holding A.Ş. A usufruct share, as defined in Article 503 of the TCC, is a type of security that does not grant ownership rights but provides the right to participate in profits. The payment for the usufruct shares was made on May 17, 2023.

Within the scope of the Group's Articles of Association and profit distribution policy, the Board of Directors decided on May 16, 2024, to distribute a gross cash dividend of TRY 100,000,000 to its shareholders, corresponding to a gross amount of TRY 0.1942582 (net TRY 0.1748323) per share with a nominal value of TRY 1, for the relevant accounting period (payment date: June 25, 2024), in accordance with the principles stipulated in the legislation

16. REVENUE

	1 January - 30 September 2024	1 July - 30 September 2024	1 January - 30 September 2023	1 July - 30 September 2023
Domestic sales	6,123,339,165	1,934,415,477	8,939,039,594	2,750,304,571
Export sales	1,616,516,922	525,188,484	2,531,147,324	888,339,846
Sales returns and sales discounts	(376,132,982)	(133,895,898)	(871,494,934)	(251,451,259)
Revenue, net (*)	7,363,723,105	2,325,708,063	10,598,691,984	3,387,193,158

(*) All sales consist of instant sales,

KALESERAMİK ÇANAKKALE KALEBODUR SERAMİK SANAYİ A.Ş.**CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS FOR
THE NINE MONTH PERIOD
ENDED 30 SEPTEMBER 2024**

(Unless otherwise stated, amounts are expressed in Turkish Lira ("TRY") in terms of the purchasing power of the Turkish Lira as of September 30, 2024.)

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

	1 January - 30 September 2024	1 July - 30 September 2024	1 January - 30 September 2023	1 July - 30 September 2023
Exchange difference income	237,315,513	83,265,196	769,995,301	254,537,223
Derivative fair value difference	121,375,261	12,860,282	876,821,586	62,479,981
Rediscount interest income	38,323,915	(61,949,372)	9,211,351	3,702,671
Non-group service revenues	16,615,708	1,794,392	11,105,369	4,022,646
Provisions for lawsuits that are no longer subject to issue	-	-	45,428,387	(27,622)
Other	3,844,831	2,605,505	6,182,180	1,420,965
Total	417,475,228	38,576,003	1,718,744,174	326,135,864

b) Other expenses from main activities

	1 January - 30 September 2024	1 July - 30 September 2024	1 January - 30 September 2023	1 July - 30 September 2023
Rediscount interest income	(308,878,120)	(25,019,017)	(289,442,246)	(134,429,681)
Exchange difference expense	(184,237,579)	(91,252,470)	(633,987,323)	(150,694,199)
Donation and aid expenses	(15,188,606)	(4,085,568)	(55,920,242)	(1,749,819)
Derivative fair value difference	(10,098,878)	-	-	-
Other	(15,616,609)	(9,712,080)	(8,742,903)	(3,021,695)
Total	(534,019,792)	(130,069,135)	(988,092,714)	(289,895,394)

18. INCOME AND EXPENSE FROM INVESTMENT ACTIVITIES**a) Income from investments activities**

	1 January - 30 September 2024	1 July - 30 September 2024	1 January - 30 September 2023	1 July - 30 September 2023
Property, plant and equipment sales profit	6,445,275	1,609,078	46,793,985	46,708,366
Treasury bill sales profits	1,167,137	79,930	2,438,523	625,030
Investment properties value increase	-	-	53,991,379	(6,724,419)
Exchange rate protected deposit income	-	-	72,791,442	12,886,985
Other Income	1,925,252	572,944	3,076,094	871,926
Total	9,537,664	2,261,952	179,091,423	54,367,888

b) Expenses from investment activities

	1 January - 30 September 2024	1 July - 30 September 2024	1 January - 30 September 2023	1 July - 30 September 2023
Loss on Sale of Tangible Fixed Assets	(15,392,395)	(2,684,246)	-	-
Total	(15,392,395)	(2,684,246)	-	-

KALESERAMİK ÇANAKKALE KALEBODUR SERAMİK SANAYİ A.Ş.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2024

(Unless otherwise stated, amounts are expressed in Turkish Lira ("TRY") in terms of the purchasing power of the Turkish Lira as of September 30, 2024.)

19. FINANCIAL INCOME AND EXPENSES

a) Financing income

	1 January - 30 September 2024	1 July – 30 September 2024	1 January - 30 September 2023	1 July – 30 September 2023
Interest income	878,400,525	234,309,413	298,450,804	260,870,485
Total	878,400,525	234,309,413	298,450,804	260,870,485

b) Financing Expense

	1 January - 30 September 2024	1 July – 30 September 2024	1 January - 30 September 2023	1 July – 30 September 2023
Interest expense	(1,224,554,822)	(385,620,116)	(817,146,376)	(342,508,512)
Bank commission expense	(275,616,901)	(101,393,430)	(139,833,981)	(51,259,865)
Exchange rate difference expense	(185,308,980)	(66,626,506)	(411,086,756)	(65,049,449)
Total	(1,685,480,703)	(553,640,052)	(1,368,067,113)	(458,817,826)

20. INCOME TAXES

With the amendment to the Corporate Tax Law, which came into effect by being published in the Resmi Gazete dated April 22, 2022, and numbered 31462, the corporate tax rate in Turkey is 25% as of September 30, 2024 (December 31, 2023: 23%). According to the provisions added to Article 32 of the Corporate Tax Law by the Law No. 7351 on the Amendment of the Individual Pension Savings and Investment System Law and Some Laws and the Decree Law No. 375, a 1-point reduced corporate tax rate is applied to the profits exclusively obtained from exports by institutions engaged in export activities and to the profits exclusively obtained from production activities by institutions holding an industrial registry certificate and actively engaged in production activities. The corporate tax rates in Italy, Russia, and Iraq are 24%, 20%, and 15%, respectively.

The effective tax rates for the nine-month and three-month interim periods ended September 30, 2024, and 2023 are %15, %8, %(38) and %(118) respectively.

The significant reasons for the difference between the effective tax rate and the statutory tax rate are as follows: non-deductible expenses (January 1 - September 30, 2024: (TRY 244,462,854), July 1 - September 30, 2024: (TRY 141,150,293), January 1 - September 30, 2023: (TRY 87,702,114), July 1 - September 30, 2023: (TRY 30,741,033), and the effect of inflation accounting (January 1 - September 30, 2024: (825,938,311), July 1 - September 30, 2024: (TRY 176,002,768), January 1 - September 30, 2023: (TRY 887,646,231), July 1 - September 30, 2023: (TRY 544,978,218).

KALESERAMİK ÇANAKKALE KALEBODUR SERAMİK SANAYİ A.Ş.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2024

(Unless otherwise stated, amounts are expressed in Turkish Lira ("TRY") in terms of the purchasing power of the Turkish Lira as of September 30, 2024.)

21. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

Exchange rate risk

The Group is exposed to exchange rate risk arising from foreign currencies, including the US Dollar and Euro. This exchange rate risk is monitored through the analysis of foreign exchange positions.

As of September 30, 2024 the foreign exchange position expressed in Turkish Lira is as follows:

		30 September 2024			
		TL Equilavent	USD	Euro	Other
1.	Trade receivables	418,516,500	6,493,113	3,850,144	1,115,297
2a.	Monetary Financial Assets	14,060,190	140,046	237,685	5,484
2b.	Non-Monetary Financial Assets	-	-	-	-
3.	Other	356,557,797	7,589,226	2,322,405	209,655
4.	Current Assets (1+2+3)	789,134,487	14,222,385	6,410,234	1,330,436
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)	789,134,487	14,222,385	6,410,234	1,330,436
10.	Trade payables	823,452,815	6,487,038	15,647,956	162,617
11.	Financial liabilities	1,044,928,994	29,063,320	1,424,599	-
12a.	Other monetary liabilities	-	-	-	-
12b.	Other non-monetary liabilities	-	-	-	-
13.	Short term liabilities (10+11+12)	1,868,381,809	35,550,358	17,072,555	162,617
14.	Trade payables	-	-	-	-
15.	Financial liabilities	337,652,891	6,868,714	2,722,353	-
16a.	Other monetary liabilities	-	-	-	-
16b.	Other non-monetary liabilities	-	-	-	-
17.	Long Term Liabilities (14+15+16)	337,652,891	6,868,714	2,722,353	-
18.	Total Liabilities (13+17)	2,206,034,700	42,419,072	19,794,908	162,617
19.	Off-balance sheet foreign currency derivative instruments asset/(liability) position (19a-19b)	-	-	-	-
19a.	In active off-balance sheet foreign currency	-	-	-	-
19b.	In off-balance sheet foreign currency with a passive character	-	-	-	-
20.	Monetary items net foreign currency assets /liabilities) position 9-18+19)	(1,416,900,213)	(28,196,687)	(13,384,674)	1,167,819

Foreign Currency Sensitivity Analysis Table as of September 30, 2024:

		30 September 2024			
		Profit/(loss)		Equity	
		Foreign currency appreciation	Foreign currency depreciation	Foreign currency appreciation	Foreign currency depreciation
If the USD changes by %10 against TRY:					
1.	USD net assets/liabilities	(96,122,508)	96,122,508	-	-
2.	The portion hedged against USD risk (-)	-	-	-	-
3.	USD net effect (1+2)	(96,122,508)	96,122,508	-	-
If the EUR changes by %10 against TRY:					
4.	Euro net assets/liabilities	(50,885,853)	50,885,853	-	-
5.	The portion hedged against Euro risk (-)	-	-	-	-
6.	Euro net effect (4+5)	(50,885,853)	50,885,853	-	-
In the event of a 10% change in other rates against the Turkish Lira:					
7.	Net foreign currency assets/liabilities	5,318,339	(5,318,339)	-	-
8.	The portion hedged against other currency exchange rate risk (-)	-	-	-	-
9.	Net effect of other exchange rates (7+8)	5,318,339	(5,318,339)	-	-
Total (3+6+9)		(141,690,022)	141,690,022	-	-

KALESERAMİK ÇANAKKALE KALEBODUR SERAMİK SANAYİ A.Ş.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2024

(Unless otherwise stated, amounts are expressed in Turkish Lira ("TRY") in terms of the purchasing power of the Turkish Lira as of September 30, 2024.)

21. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

Exchange Rate Risk

The Group is exposed to interest rate risk, which arises from the effect of changes in interest rates on assets and liabilities that have an interest rate. The Group manages this risk by balancing the interest rates of its assets and liabilities or by using financial instruments for hedging purposes.

The interest rates related to borrowings are partly based on the prevailing market interest rates. 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 associated with its debt obligations.

The interest position table, which shows the Group's financial instruments sensitive to interest rates, is as follows:

	30 September 2024		
	Fixed interest	Variable Interest Rates	Total
Financial assets:			
Cash and cash equivalents	1,568,233,165	-	1,568,233,165
Financial liabilities:			
Borrowings	(4,030,713,645)	(672,635,297)	(4,703,348,942)

TL 487,858,892 of the borrowings with variable borrowing rates are denominated in USD and TL 164,465,873 in Euro.

Impairment

Expected credit losses are as follows:

	2024
1 January	149,212,965
Provision for doubtful debts expense	43,083,786
Reversal of provisions	(21,782,238)
Foreign exchange differences	(891,924)
Monetary loss/gain	(41,911,887)
30 September	127,710,702

Price Risk

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

KALESERAMİK ÇANAKKALE KALEBODUR SERAMİK SANAYİ A.Ş.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2024

(Unless otherwise stated, amounts are expressed in Turkish Lira ("TRY") in terms of the purchasing power of the Turkish Lira as of September 30, 2024.)

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.

30 September 2024	Level 1	Level 2	Level 3	Total
Gains on financial assets at fair value through other comprehensive income	60,347,821	-	763,059	61,110,880
Investment properties	-	317,608,925	-	317,608,925
Borrowings	-	(4,614,748,735)	-	(4,614,748,735)
Derivative financial liabilities	-	-	-	-
Derivative financial Assets	-	-	-	-
Total	60,347,821	(4,297,139,810)	763,059	(4,236,028,930)

No transfers between levels occurred during the current period.

23. EXPLANATIONS ON THE SEASONAL NATURE OF OPERATIONS

The operations of the companies within the scope of consolidation may increase or decrease over periods. Therefore, the results for the interim period ending on 30 September 2024 may not be indicative of the results for the entire year. The construction market in Turkey tends to increase during the spring and summer months when construction demand rises and the construction sector becomes more active.

24. EVENTS AFTER THE REPORTING PERIOD

N/A

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