

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

ÇİMSA ÇİMENTO SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES

1 JANUARY - 31 MARCH 2022 CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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

ÇİMSA ÇİMENTO SANAYİ VE TİCARET A.Ş. AND IT'S SUBSIDIARIES

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ÇİMSA ÇİMENTO SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES
INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2022

(Amounts expressed in Turkish Lira ("TRY"), unless otherwise indicated.)

		(Not Audited)	(Audited)
		Current Period	Prior Period
		31 March	31 December
	Note	2022	2021
ASSETS			
Cash and cash equivalents	5	372,727,077	257,911,803
Trade receivables	6	1,067,860,725	900,920,799
<i>Trade receivables from related parties</i>	30	419,342,350	481,711,703
<i>Trade receivables from third parties</i>		648,518,375	419,209,096
Other receivables		1,038,002	1,057,625
<i>Other receivables from related parties</i>	30	-	50,636
<i>Other receivables from third parties</i>	8	1,038,002	1,006,989
Derivative financial instruments	22	-	27,108,341
Inventories	9	1,021,680,968	697,558,413
Prepaid expenses	10	142,094,602	59,162,499
Assets related to the current period taxes	28	1,742,882	17,153,692
Other current assets	20	139,394,935	98,709,690
Non-current assets held for sale	12	180,747,925	180,248,206
Current assets		2,927,287,116	2,239,831,068
Other receivables	8	4,985,658	4,985,658
<i>Other receivables from third parties</i>		4,985,658	4,985,658
Financial investments		64,478	64,478
Investments accounted under equity method	3	1,164,746,396	1,022,220,528
Property, plant and equipment	11	1,468,779,461	1,447,367,967
Right of use assets	14	14,211,251	17,033,792
Intangible assets		175,112,176	176,081,895
<i>Goodwill</i>	15	148,119,252	148,119,252
<i>Other intangible assets</i>	13	26,992,924	27,962,643
Prepaid expenses	10	5,168,156	10,174,126
Deferred tax assets	28	285,034,764	315,181,198
Other non-current assets	20	21,170,206	15,823,527
Non-current assets		3,139,272,546	3,008,933,169
TOTAL ASSETS		6,066,559,662	5,248,764,237

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

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INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2022

(Amounts expressed in Turkish Lira (“TRY”), unless otherwise indicated.)

	Note	(Not Audited) Current Period 31 March 2022	(Audited) Prior Period 31 December 2021
LIABILITIES			
Short-term borrowings	7	1,739,056,374	743,660,473
Current portion of long-term borrowings	7	12,037,940	188,630,175
Short-term lease liabilities	7	24,414,899	24,534,878
Trade payables	6	1,102,285,217	647,108,794
<i>Trade payables to related parties</i>	30	138,334,564	103,950,640
<i>Trade payables to third parties</i>		963,950,653	543,158,154
Employee benefit obligations	19	14,989,793	9,672,293
Other payables		130,125,854	29,505,483
<i>Other payables to related parties</i>	30	105,254,882	10,352,855
<i>Other payables to third parties</i>	8	24,870,972	19,152,628
Derivative financial liabilities	22	-	27,566,080
Deferred income	10	85,490,024	24,281,420
Current income tax liability	28	36,338,841	23,664,204
Short-term provisions	16	55,082,855	66,055,780
<i>Short-term provisions for employee benefits</i>		4,633,945	16,095,062
<i>Other short-term provisions</i>		50,448,910	49,960,718
Other current liabilities	20	10,717,418	151,060,187
Current liabilities		3,210,539,215	1,935,739,767
Long-term borrowings	7	-	378,308,384
Long-term lease liabilities	7	24,091,586	24,336,054
Long-term provisions	16	87,529,912	77,190,637
<i>Long-term provisions for employee benefits</i>	19	79,831,017	70,200,321
<i>Other long-term provisions</i>		7,698,895	6,990,316
Deferred tax liability	28	3,871,152	60,335,297
Non-current liabilities		115,492,650	540,170,372
SHAREHOLDERS' EQUITY			
Share capital	21	135,084,442	135,084,442
Adjustments to share capital	21	41,741,516	41,741,516
Share premiums		575,466	575,466
Other comprehensive income/expense to be reclassified to profit or loss		2,793,047	(18,388,225)
<i>Foreign currency translation reserve</i>		(20,478,548)	(21,568,313)
<i>Cash flow hedge fund</i>		(192,966,647)	(168,166,206)
<i>Share of other comprehensive income of investments in associates accounted for using equity method that will be reclassified to profit/(loss)</i>		216,238,242	171,346,294
Other comprehensive income/expense not to be reclassified to profit or loss		(24,653,383)	(48,189,998)
<i>Share of other comprehensive income of investments in associates accounted for using equity method that will not be reclassified to profit/(loss)</i>		62,774,812	35,816,326
<i>Actuarial losses/gains on defined benefit plans</i>		(24,114,179)	(20,692,308)
<i>Effects of combinations of entities or businesses under common control on investments in associates accounted for using equity method</i>		(63,314,016)	(63,314,016)
Restricted reserves		193,104,976	193,104,976
Retained earnings		1,990,873,415	1,174,272,645
Net profit for the year		124,303,545	1,016,600,770
Equity attributable to equity holders of the parent		2,463,823,024	2,494,801,592
Non-controlling interests		276,704,773	278,052,506
Total shareholders' equity		2,740,527,797	2,772,854,098
TOTAL LIABILITIES AND EQUITY		6,066,559,662	5,248,764,237

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

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ÇİMSA ÇİMENTO SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES
INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE PERIOD ENDED 31 MARCH 2022

(Amounts expressed in Turkish Lira ('TRY'), unless otherwise indicated.)

		(Not Audited) Current Period 1 January- 31 March 2022	(Not Audited) Prior Period 1 January- 31 March 2021
OPERATING INCOME	Note		
Revenue	23	1,354,855,706	639,268,757
Cost of sales (-)	24	(1,178,313,430)	(500,807,982)
GROSS PROFIT		176,542,276	138,460,775
General and administrative expense (-)	24	(66,815,890)	(30,503,963)
Marketing, selling and distribution expense (-)	24	(2,983,428)	(3,261,079)
Research and development expense (-)	24	(2,014,881)	(1,330,694)
Other operating income	25	138,713,010	97,528,577
Other operating expenses (-)	25	(89,319,032)	(46,460,420)
OPERATING PROFIT		154,122,055	154,433,196
Income from investment activities	26	7,078,899	23,930,699
Profit/(loss) from investments accounted by equity method	3	71,920,218	44,099,995
OPERATING PROFIT BEFORE FINANCIAL INCOME/(EXPENSE)		233,121,172	222,463,890
Financial income	27	4,402,662	13,366,442
Financial expenses (-)	27	(98,451,902)	(36,729,255)
PROFIT BEFORE TAXATION		139,071,932	199,101,077
Tax income/(expense) from continuing operations		(7,980,742)	(24,654,497)
- Current period tax expense (-)	28	-	(13,721,361)
- Deferred tax income/(expense)	28	(7,980,742)	(10,933,136)
PERIOD (LOSS)/PROFIT OF CONTINUING OPERATIONS		131,091,190	174,446,580
PERIOD (LOSS)/PROFIT OF DISCONTINUED OPERATIONS	17	-	(225,708)
NET PROFIT		131,091,190	174,220,872
Profit for the period attributable to			
- Non-controlling interests		6,787,645	13,337,987
- Equity holders of the parent		124,303,545	160,882,885
Earnings Per Share			
Earnings per share from continuing operations (Nominal amount of 1 Kr)	29	0.9202	1.1910
Earnings per share from discontinued operations (Nominal amount of 1 Kr)	29	-	(0.0017)

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ÇİMSA ÇİMENTO SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES
INTERIM CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31 MARCH 2022

(Amounts expressed in Turkish Lira (“TRY”), unless otherwise indicated.)

	(Not Audited) Current Period 1 January- 31 March 2022	(Not Audited) Prior Period 1 January- 31 March 2021
PERIOD (LOSS)/PROFIT OF CONTINUING OPERATIONS	131,091,190	174,446,580
Other comprehensive income/expense to be reclassified to profit or loss	21,865,894	(58,038,584)
<i>Cash flow hedge fund</i>	(32,208,365)	(48,241,189)
<i>Share of other comprehensive income of investments in associates accounted for using equity method that will be reclassified to profit/(loss)</i>	44,891,949	(27,225,954)
<i>Foreign currency translation reserve</i>	1,774,386	7,780,321
<i>Tax income/(expense)</i>	7,407,924	9,648,238
Other comprehensive income/expense not to be reclassified to profit or loss	23,536,615	(13,797,035)
<i>Share of other comprehensive income of investments in associates accounted for using equity method that will not be reclassified to profit/(loss)</i>	35,011,021	(17,553,606)
<i>Actuarial gains/(losses) on defined benefit plans</i>	(4,443,988)	307,312
<i>Tax (expense)/income</i>	(7,030,418)	3,449,259
PERIOD (LOSS)/PROFIT OF DISCONTINUED OPERATIONS	-	(225,708)
Other comprehensive income/expense to be reclassified to profit or loss	-	45,132,118
<i>Foreign currency translation reserve</i>	-	45,132,118
OTHER COMPREHENSIVE INCOME/(EXPENSE) (AFTER TAX)	45,402,509	(26,703,501)
TOTAL COMPREHENSIVE INCOME /(EXPENSE)	176,493,699	147,517,371
Total comprehensive income attributable to		
- Non-controlling interests	7,472,267	13,079,379
- Equity holders of the parent	169,021,432	134,437,992

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ÇİMSA ÇİMENTO SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES
INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 MARCH 2022

(Amounts expressed in Turkish Lira (“TRY”), unless otherwise indicated.)

	Other Comprehensive Income/Expense to be Reclassified to Profit or Loss						Other Comprehensive Income/Expense not to be Reclassified to Profit or Loss			Retained Earnings					
	Share capital	Adjustments to share capital	Share premiums	Foreign currency translation reserves	Cash flow hedge reserve	Share of other comprehensive income of investments in associates accounted for using equity method	Effects of combinations of entities or businesses under common control on investments in associates accounted for using equity	Share of other comprehensive income of investments in associates accounted for using equity method	Actuarial gains/(losses) on defined benefit plans	Restricted reserves	Retained earnings	Net profit for the period	Equity attributable to equity holders of the parent	Non-controlling interests	Total equity
1 January 2021	135,084,442	41,741,516	1,099,415	85,992,327	(60,512,493)	-	-	22,216,596	(12,463,476)	193,104,976	998,526,403	175,746,242	1,580,535,948	258,308,389	1,838,844,337
Transfer from retained earnings	-	-	-	-	-	-	-	-	-	175,746,242	(175,746,242)	-	-	-	
Net profit for the period	-	-	-	-	-	-	-	-	-	-	160,882,885	160,882,885	13,337,987	174,220,872	
Other comprehensive income/(expense)	-	-	-	25,945,092	(38,592,951)	-	-	(14,042,885)	245,850	-	-	(26,444,894)	(258,607)	(26,703,501)	
Total comprehensive income/(expense)	-	-	-	25,945,092	(38,592,951)	-	-	(14,042,885)	245,850	-	160,882,885	134,437,991	13,079,380	147,517,371	
31 March 2021	135,084,442	41,741,516	1,099,415	111,937,419	(99,105,444)	-	-	8,173,711	(12,217,626)	193,104,976	1,174,272,645	160,882,885	1,714,973,939	271,387,769	1,986,361,708
1 January 2022	135,084,442	41,741,516	575,466	(21,568,313)	(168,166,206)	171,346,294	(63,314,016)	35,816,326	(20,692,308)	193,104,976	1,174,272,645	1,016,600,770	2,494,801,592	278,052,506	2,772,854,098
Transfer from retained earnings	-	-	-	-	-	-	-	-	-	1,016,600,770	(1,016,600,770)	-	-	-	
Net profit for the period	-	-	-	-	-	-	-	-	-	-	124,303,545	124,303,545	6,787,645	131,091,190	
Other comprehensive income/(expense)	-	-	-	1,089,764	(24,800,441)	44,891,949	-	26,958,486	(3,421,871)	-	-	44,717,887	684,622	45,402,509	
Total comprehensive income/(expense)	-	-	-	1,089,764	(24,800,441)	44,891,949	-	26,958,486	(3,421,871)	-	124,303,545	169,021,432	7,472,267	176,493,699	
Dividends (*)	-	-	-	-	-	-	-	-	-	(200,000,000)	-	(200,000,000)	(8,820,000)	(208,820,000)	
31 March 2022	135,084,442	41,741,516	575,466	(20,478,549)	(192,966,647)	216,238,243	(63,314,016)	62,774,812	(24,114,179)	193,104,976	1,990,873,415	124,303,545	2,463,823,024	276,704,773	2,740,527,797

At the Ordinary General Assembly held on March 29, 2022, the decision to distribute 200,000,000 TL cash dividend from the profit of 2021 was unanimously approved and the dividend payment was made on March 31, 2022 and April 4, 2022.

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NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2022

(Amounts expressed in Turkish Lira ("TRY"), unless otherwise indicated.)

		(Not Audited)	(Not Audited)
		Current	Prior
		Period	Period
		1 January-	1 January-
		31 March	31 March
		2022	2021
	Note		
A. CASH FLOWS FROM OPERATING ACTIVITIES		32,891,904	(173,853,706)
Profit/(loss) from continuing operations before tax		139,071,932	199,101,077
Profit/(loss) from discontinued operations before tax	17	-	322,629
Adjustments to reconcile net profit/loss for the period		3,526,677	(37,045,200)
Adjustment related to depreciation and amortization expense		32,444,323	41,172,965
Adjustment related to gain on sale of fixed assets	26	(7,078,899)	(23,930,699)
Adjustments related to retained profits of subsidiaries	3	(71,920,218)	(44,099,995)
Adjustment related to provision for inventory impairment		(53,183)	346,879
Adjustment related to provision for litigations (net)	16	2,278,349	1,408,270
Adjustment related to recultivation provision	16	708,579	156,257
Fair value losses/(gains)	6	(188,932)	-
Adjustment related to retirement pay provision		1,529,380	2,614,826
Adjustment related to seniority provision	19	1,201,266	565,302
Adjustment related unpaid vacation liability		3,676,312	1,343,051
Adjustments related to employee benefits		-	1,000,000
Adjustment related to interest expense		35,925,567	31,139,219
Adjustment related to interest income		(31,541,308)	(16,361,360)
Unrealized foreign exchange (gains)/losses on financial borrowings		63,653,782	7,317,003
Adjustment related to fair value decrease/(increase) of derivative financial instruments		(26,387,207)	(39,716,918)
Changes in working capital		(124,163,984)	(315,101,122)
Short-term trade receivables		(166,750,991)	(83,015,368)
Inventories		(324,069,372)	(65,312,445)
Other receivables/current assets/prepaid expenses		(108,186,915)	17,262,727
Other long-term trade receivables/non-current/prepaid expenses		(5,346,679)	(19,454,180)
Short-term trade payables		455,176,423	(139,649,352)
Other short-term payables/liabilities/provisions		25,013,549	(24,932,504)
Cash flow from operations		18,434,625	(152,722,616)
Interest received		27,138,646	2,991,690
Premiums and bonuses paid		(11,461,117)	(6,437,720)
Retirement pay provision paid		(705,280)	(483,221)
Seniority provision paid	19	(438,446)	(198,096)
Vacation provision paid	19	(76,524)	(205,083)
Tax payments		-	(16,798,660)
B. CASH FLOWS FROM INVESTING ACTIVITIES		(38,123,020)	(301,052,256)
Cash out flow related to purchases of tangible assets		(48,190,035)	(30,679,157)
Cash Outflows Arising From Purchase of Shares or Capital Increase of Associates and/or Proceeds related to sales of tangible and intangible assets		5,640,257	24,175,398
Cash out flow related to purchases of intangible assets		(579,212)	(116,137)
Advances given for the purchase of tangible fixed assets		5,005,970	-
C. CASH FLOWS FROM FINANCING ACTIVITIES		120,717,889	(84,016,500)
Proceeds from borrowings		1,019,874,596	608,462,039
Repayment of borrowings		(757,286,936)	(700,720,249)
Interest paid		(31,290,093)	(5,127,961)
Interest income		4,402,662	13,369,671
Dividends paid		(114,982,340)	-
NET CHANGE IN CASH AND CASH EQUIVALENTS (A+B+C)		115,486,773	(558,922,462)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	5	257,726,562	903,870,179
Currency translation differences (net)		(1,089,768)	9,270,502
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	5	372,123,567	354,218,219

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NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2022

(Amounts expressed in Turkish Lira ('TRY'), unless otherwise indicated.)

1. ORGANIZATION AND NATURE OF OPERATIONS

General

Çimsa Çimento Sanayi ve Ticaret A.Ş. ('Çimsa' or the 'Company') was founded with a declaration of the trade registry on 16 December 1972 which was announced at Turkish Trade Registry Gazette numbered 4729 and dated 21 December 1972. Operations of the Group consist of production and sales of cement, clinker and ready mix concrete. The ultimate shareholder of the Group is Hacı Ömer Sabancı Holding A.Ş. ('Sabancı Holding').

The registered office address of the Group is Allianz Tower Küçükbakkalköy Mah. Kayışdağı Cad. No:1 Kat:23-24 34750 Ataşehir/İstanbul.

A certain amount of the shares of the Company is traded on Borsa İstanbul A.Ş. (BIST). In accordance with Article 82 of the BIST Basic Principles of Share Indexes, the shares of Çimsa are included in the BIST 100 index by the Directorate General of the Stock Exchange.

The upper limit of registered share capital of the Company is TRY350,000,000 (31 December 2021: TRY350,000,000).

As of 31 March 2022 and 31 December 2021, the information related to the Company's subsidiaries and joint venture is as follows:

Company	Date of acquisition	Location of the operation	Principal Activities	Effective shareholding of the company	
				31 March 2022	31 December 2021
Çimsa Cement Free-Zone Limited (Çimsa Cement) (*)	12.10.2005	NCTR	Cement sales and marketing	99.99%	99.99%
CIMSAROM Marketing Distributie S.R.L. (Cimsarom) (*)	08.02.2006	Romania	Cement sales and marketing	100%	100%
Çimsa Mersin Serbest Bölge Şubesi (Çimsa Mersin) (*)	12.12.2007	Mersin	Cement export	100%	100%
OOO Çimsa Rus CTK (OOO Rusya) (*)	16.07.2008	Russia	Cement packaging, sales and marketing	100%	100%
Afyon Çimento Sanayi Türk Anonim Şirketi (*)	31.05.2012	Turkey	Cement production and sales	51%	51%

(*) Full consolidation method has been applied.

Agreements for the sale and transfer of the Group's shares of Çimsa Cementos Espana SAU, Çimsa Americas Cement Manufacturing and Sales Corporation, Çimsa Cement Sales North GmbH and Çimsa Adriatico S.R.L to Çimsa Sabancı Cement BV were signed on 22 June 2021 and the transfer process was completed as of 30 June 2021, following the completion of other necessary legal actions.

The Company's associate, Exsa Export Sanayi Mamülleri Satış ve Araştırma A.Ş. ('Exsa') (effective ownership: 32,875%) is consolidated by the equity method.

Çimsa Sabancı Cement BV ("CSC") company established with 87,000,000 Euro capital in the Netherlands on 16 November 2020 with 40% participation of the Company and 60% participation of the Group's parent company Sabancı Holding A.Ş. Çimsa Sabancı Cement BV ("CSC") company is an affiliate of the Company and has been included in the consolidation by equity method with a share of 40% .

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FOR THE PERIOD ENDED 31 MARCH 2022

(Amounts expressed in Turkish Lira ('TRY'), unless otherwise indicated.)

1. ORGANIZATION AND NATURE OF OPERATIONS (Continued)

With the decision taken by the Board of Directors of the Group, within the framework of new investment and growth strategies, it has been decided that the commercial operation in Cimsarom Marketing Distributie S.R.L will be carried out through the dealer channel instead of the distributorship, and the liquidation process of this operation continues. There is no difference in terms of trade volume between the affiliated distributorship and the dealer channel.

For the purpose of presentation of the consolidated financial statements, Çimsa, its subsidiaries and its associate will be together referred as ('the Group').

The consolidated financial statements were authorized for issue by the Board of Directors of Çimsa on 9 May 2022. The General Assembly and certain regulatory bodies have the power to amend the statutory financial statements after issuance.

The average number of blue collar employees (a union member) of the Group for the year ended 31 March 2022 is 627 (2021: 617) and white collar employees (not a union member) is 482 (2021: 468) and the number of employees working in subsidiaries located abroad is 5 (2021: 6).

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

2.1 Basis of Presentation

Preparation principles of financial statements

The accompanying consolidated financial statements have been prepared in accordance with the communiqué numbered II-14,1 'Communiqué on the Principles of Financial Reporting In Capital Markets' ('the Communiqué') announced by the Capital Markets Board ('CMB') (hereinafter will be referred to as 'the CMB Reporting Standards') on 13 June 2013 which is published on Official Gazette numbered 28676. In accordance with article 5th of the CMB Reporting Standards, companies should apply Turkish Accounting Standards/Turkish Financial Reporting Standards and interpretations regarding these standards as adopted by the Public Oversight Accounting and Auditing Standards Authority of Turkey ('POA'). TFRS is updated through communiqués to be inline with the changes in International Financial Reporting Standards ("IFRS").

The functional and presentation currency of the Company is Turkish Liras ('TRY').

The functional currency of Çimsarom Marketing Distributie Srl is New Romanian Lei ('Ron'), functional currency of OOO Çimsa - Rus Ctk is Ruble. Based on TAS 21, the exchange rate used for translating the financial position items is the exchange rate at the balance sheet date; for income statement balances, the average exchange rate of the related period and the consolidated financial statements are presented in TRY. The resulting foreign currency gain/loss are recorded under the 'Currency Translation Reserve' account in equity.

The Company and the group companies established in Turkey maintain their books of account and prepare their statutory financial statements ('Statutory Financial Statements') in accordance with rules and principles published by POA, the Turkish Commercial Code ('TCC'), tax legislation and the Uniform Chart of Accounts issued by the Ministry of Finance. Subsidiaries that are registered in foreign countries maintain their books of account and prepare their statutory statements in accordance with the prevailing accounting principles in their registered countries. These consolidated financial statements have been prepared in Turkish Lira under the historical cost convention except for available for sale financial assets, assets acquired through business combination, derivative instruments and cash flow hedge reserve that are carried at fair value. These consolidated financial statements are based on the statutory records with the required adjustments and reclassifications reflected for the purpose of fair presentation in accordance with the Turkish Financial Reporting Standards as adopted by POA.

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.2 Going Concern

The Group has prepared its consolidated financial statements in accordance with going concern principle.

2.3 Offsetting

Financial assets and liabilities are offset and reported in the net amount when there is a legally enforceable right or when there is an intention to settle the assets and liabilities on a net basis or realize the assets and settle the liabilities simultaneously.

2.4 Changes in Accounting Policies, Estimates and Errors

Any change in accounting policies resulting from the first time adoption of a new standard is made either retrospectively or prospectively in accordance with the transition requirements. Changes without any transition requirement, material changes in accounting policies or material errors are corrected, retrospectively by restating the prior period consolidated financial statements. If changes in accounting estimates are related to only one period, they are recognised in the period when the changes are applied; if changes in estimates are related to future periods, they are recognised both in the period where the change is applied and in future periods prospectively.

2.5 Summary of Significant Accounting Policies

Condensed interim consolidated financial statements have been prepared for the period ended 31 March 2022 in accordance with (‘TAS’) 34 ‘Interim Financial Reporting’. The significant accounting policies used while preparing the condensed consolidated financial statements are consistent with the accounting policies explained in detail in the consolidated financial statements as of 31 December 2021. Therefore, the interim consolidated financial statements should be evaluated together with the financial statements for the year ended 31 December 2021.

Subsidiaries

As at 31 March 2022, the consolidated financial statements include the financial statements of Çimsa and its subsidiaries. The consolidated financial statements of the Companies included in the scope of consolidation have been prepared as of the date of the consolidated financial statements with adjustments and reclassifications for the purpose of fair presentation in accordance with “TAS/IFRS” and the application of uniform accounting policies and presentation. Subsidiaries are all companies over which the Group has directly or indirectly control. The Group controls a company when the Group is exposed to, or has rights to, variable returns from its involvement with the company and has the ability to affect those returns through its power over the company. The results of operations of the subsidiaries are included or excluded from the effective dates of the said transactions in accordance with the acquisition or disposal transactions.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those used by the Group. The consolidated financial statements are prepared using common accounting policies for similar transactions and events and are prepared for the same accounting system with the Company.

The financial statements of the companies included in the scope of consolidation have been consolidated through full consolidation method and the book value of the shares of the Group and its subsidiaries is deducted from the related equity. Transactions and balances between the Group and its subsidiaries are mutually eliminated within the scope of consolidation.

Subsidiaries are consolidated from the date on which control is transferred to the Group until the date on which the control is transferred out of the Group. The shares of non-controlling shareholders in the net assets and operating results of subsidiaries are presented as non-controlling interest and non-controlling profit/loss, respectively, in the consolidated balance sheet and profit or loss statement.

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.5 Summary of Significant Accounting Policies (Continued)

Subsidiaries

Changes in the Group's shareholding in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The book values of the Group's share and non-controlling interests are adjusted to reflect changes in share of the subsidiaries. The difference between the adjustment for non-controlling interests and the fair value of the consideration received or paid is accounted for directly in equity as the Group's share.

If the Group loses control of a subsidiary, profit/loss after sale transaction is calculated as i) the sum of the sales price received and the fair value of the remaining interest and ii) the difference between the previous book values of the assets (including goodwill) and liabilities of the subsidiary and the non-controlling interests. The amounts previously accounted for in other comprehensive income related to the subsidiary and collected in equity are recorded according to the accounting method to be used on the assumption that the Company has sold the relevant assets (for example, in accordance with the relevant TFRS standards, transfer to profit / loss or directly transfer to retained earnings). If the subsidiary has an investment remaining after the sale, its fair value at the date of loss of control is accepted as fair value in the initial recognition under TFRS 9 Financial Instruments or, where applicable, as the cost in the initial recognition of an investment in an associate or jointly controlled entity.

Associates

Investments in associates are accounted by equity method. These are entities in which the Group has significant influence, but not control, over company activities. Unrealized gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associate, and unrealized losses are also eliminated if the transaction does not indicate that the transferred asset is impaired. The Group has not taken any obligation or made any commitment regarding its Subsidiaries. The associate of the Group are Exsa and Cimsa Sabancı Cement BV.

Investments accounted by equity method are presented in consolidated statement of financial position with additions or deductions of changes on share of the Group on net assets of the affiliate and with deduction of provisions for the decline in the value. The other comprehensive income statement presents shares of financial results of the Group's affiliates. The changes of the amount, not reflected on income or loss of the affiliate, on the equity of the affiliate can require an adjustment on the net book value of the affiliate in proportion of the Group's share. The share of the group from these changes is directly accounted under the Group's equity.

Exsa and Cimsa Sabancı Cement BV's financial statements are prepared for the same period and with respect to the same accounting policies.

The Group considers at each balance sheet date whether there is impairment on the investments accounted by equity method.

The Group has not taken any obligation or made any commitment regarding its associates.

It has been decided to sell all of the assets of the Group's subsidiaries that undertake white cement operations abroad to a company to be established together with Sabancı Holding, and within this framework Cimsa Sabancı Cement BV ("CSC ") is established with EUR87,000,000 capital in the Netherlands on 16 November 2020 with 40% participation of the Company and 60% participation of the Group's parent company Sabancı Holding A.Ş. . Cimsa Sabancı Cement BV ("CSC") company is an affiliate of the Company and has been included in the consolidation by equity method with a share of 40% .

Sale of 100% of Cimsa Americas Cement Manufacturing and Sales Corporation, Cimsa Cement Sales North GmbH and Cimsa Cementos Espana SAU and 70% of Cimsa Adriatico SRL's shares to CSC BV 30 June 2021 and as of the same date, the Group has lost its control over the aforementioned subsidiaries.

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.5 Summary of Significant Accounting Policies (Continued)

Associates (Continued)

Since CSC BV purchased the aforementioned companies, the related transaction realised between companies under common control and it was a capital reorganization transaction under the umbrella of Sabancı Holding, this transaction in CSC BV is considered as “business combinations under common control” in line with the relevant regulations of POA. The assets and liabilities of these companies acquired by CSC BV are the carrying values of Sabancı Holding, the parent holding joint control, in the consolidated statement of financial position prepared in accordance with TFRS. In order to eliminate the asset-liability mismatch in the financial statements of CSC BV due to the business combination under common control, the difference between the book value of the net assets of the acquired business at the acquisition date and the transferred price is accounted for in the financial statements of CSC BV as a factor reducing the equity. The effect of the accounting in question has been consolidated to the Group's consolidated financial statements for using equity method and presented under the item “Effects of combinations of entities or businesses under common control on investments in associates accounted for using equity method”.

Foreign currency transactions

The Company and its subsidiaries translate the transactions in foreign currencies during the period at the ex-change rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies have been translated at the exchange rates prevailing at period-end and exchange gains or losses arising on the settlement and translation of foreign currency items have been included in the consolidated statement of profit or loss. Non-monetary items carried at cost that are denominated in foreign currencies are translated at the rates on the initial transaction date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing on the date when the fair value was determined.

Exchange differences arising, if any, are recognized in other comprehensive income and accumulated in equity. On the disposal of a foreign operation, all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Group is reclassified to profit or loss. The Group has transferred the effect of net investment hedge in equity to the financial income and expenses account together with the share sale transaction resulting in the loss of control of the subsidiaries, and associated it with the consolidated statement of profit or loss.

Foreign currency translation rates used as of respective period-ends are as follows:

Date	31 March 2022	31 December 2021
US Dollar ('USD')/TRY	14.6458	12.9775
Euro ('EUR')/TRY	16.3086	14.6823
Rub ('RUB')/TRY	0.1723	0.1730
Ron ('RON')/TRY	3.2777	2.9498
Sterlin ('GBP')/TRY	19.2129	17.4530

Foreign currency average rates used in the consolidated financial statements are as follow:

Date	2022	2021
USD/TRY	13.8174	7.5897
EUR/TRY	15.4636	9.1490
RUB/TRY	0.1714	0.1004
RON/TRY	3.1077	1.8620
GBP/TRY	18.4054	10.4085

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.6 Comparative Information

The financial statements of the Group have been prepared comparatively with the previous period in order to enable information about financial position and performance trends. If the presentation or classification of the financial statements is changed, in order to be comparative, financial statements of the previous periods are also reclassified and significant changes are disclosed.

2.7 The New Standards, Amendments and Interpretations

The accounting policies adopted in preparation of the interim consolidated financial statements as at 31 March 2022 are consistent with those of the previous financial year, except for the adoption of new and amended TFRS and TFRIC interpretations effective as of 1 January 2021. The effects of these standards and interpretations on the Group's financial position and performance have been disclosed in the related paragraphs.

Explanations on the effects of the new TAS / IFRS on the financial statements:

- a) the title of TAS / IFRS,
- b) the change in accounting policy has been made in accordance with the relevant transitional provisions, if any,
- c) an explanation 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,
- f) as far as possible, the amount of adjustments related to the current and each previous period presented,
 - i. be presented for each financial statement item affected; and
 - ii. if the "TAS 33, Earnings Per Share" standard is valid for the company, ordinary share and diluted earnings per share should be recalculated,
- g) if possible, the amount of adjustment for periods before the periods not presented; and
- h) if retrospective application is not possible for any period or periods, the events that led to this situation should be disclosed and the date and how the change in accounting policy was applied should be explained.

a. *New standards effective as of 31 March 2022 and amendments and interpretations on existing previous standards:*

Amendment to IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform Phase 2: Effective as of 1 January 2021. These Phase 2 amendments address issues arising from the implementation of reforms, including replacing a benchmark interest rate with an alternative. Phase 2 changes provide temporary additional ease in applying certain TAS 39 and TFRS 9 hedge accounting requirements to hedging relationships directly affected by the IBOR reform.

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.7 The New Standards, Amendments and Interpretations(Continued)

Amendment to IFRS 16, ‘Leases’ - Covid-19 related rent concessions; effective as of 1 April 2021. As a result of the coronavirus (COVID-19) pandemic, rent concessions have been granted to lessees. The IASB published an amendment to IFRS 16 that provides an optional practical expedient for lessees from assessing whether a rent concession related to COVID-19 is a lease modification on May 2020. On 31 March 2021, the IASB published an amendment to extend the date of optional practical expedient from 30 June 2021 to 30 June 2022. Lessees can elect to account for such rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concession as variable lease payments in the period(s) in which the event or condition that triggers the reduced payment occurs.

b. Standards, amendments and interpretations that are issued but not effective as at 31 March 2022:

- **A number of narrow-scope amendments to IFRS 3, IAS 16, IAS 17 and some annual improvements on IFRS 1, IFRS 9, IAS 41 and IFRS 16;** effective from Annual periods beginning on or after 1 January 2022.
 - **Amendments to IFRS 3, ‘Business combinations’;** update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.
 - **Amendments to IAS 16, ‘Property, plant and equipment’;** prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the Company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss.
 - **Amendments to IAS 37, ‘Provisions, contingent liabilities and contingent assets’;** specify which costs a company includes when assessing whether a contract will be loss-making.

Annual improvements make minor amendments to IFRS 1, ‘First-time Adoption of IFRS’, IFRS 9, ‘Financial instruments’, IAS 41, ‘Agriculture’ and the Illustrative Examples accompanying IFRS 16, ‘Leases’.

IAS 1, the amendment of the “Presentation of Financial Statements” standard regarding the classification of liabilities; The effective date has been postponed to the annual reporting periods beginning on or after 1 January 2024. These narrow changes to IAS 1, “Presentation of Financial Statements” explain that liabilities are classified as current or non-current, depending on the rights existing at the end of the reporting period. The classification is not affected by events after the reporting date or the expectations of the entity (for example, the receipt of a concession or the conclusion of a contract). The amendment also clarifies what “payment” of an obligation means in IAS 1.

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.7 The New Standards, Amendments and Interpretations(Continued)

- **Narrow scope amendments to IAS 1, Practice statement 2 and IAS 8**, effective from annual periods beginning on or after 1 January 2023. The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies.
- **Amendment to IAS 12 – Deferred tax related to assets and liabilities arising from a single transaction**; from annual periods beginning on or after 1 January 2023. These amendments require companies to recognise deferred tax on transactions that, on initial recognition give rise to equal amounts of taxable and deductible temporary differences.

2.8 Significant accounting judgments and estimates

- a) Provision for doubtful receivables is an estimated amount that management believes to reflect possible future losses on existing receivables that have collection risk due to current economic conditions. During the impairment test for the receivables, the debtors, other than the key accounts and related parties, are assessed with their prior year performances, their credit risk in the current market, their performance after the balance sheet date up to the issuing date of the financial statements; and also the renegotiation conditions with these debtors are considered. The Group also uses the simplified approach in IFRS 9 to calculate expected credit losses of trade receivables. This method requires the recognition of expected credit losses for all trade receivables (Note 6).
- b) In determining of provision for litigations, the Group considers the probability of legal cases to be resulted against the Group and in case it is resulted against the Group considers its consequences based on the assessments of legal advisor (Note 15).

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3. SHARES IN AFFILIATED UNDERTAKINGS

The assets and liabilities of Exsa and CSC, which is consolidated by the equity method, calculated by using the effective percentage of ownership as of 31 March 2022 and 31 December 2021 and revenue, expense and net profit for the periods ending 31 March 2022 and 31 March 2021 are as follows:

<u>Investments</u>	<u>Country</u>	<u>Main operating activity</u>	<u>Effective ownership (%)</u>	<u>31 March 2022</u>	<u>31 December 2021</u>
				<u>Carrying net book value</u>	<u>Carrying net book value</u>
Exsa	Turkey	Investment property and financial instruments	32.9	710,947,603	628,873,107
CSC	Netherland	Cement production and sale	40.0	453,798,793	393,347,421
				<u>1,164,746,396</u>	<u>1,022,220,528</u>

<u>Exsa</u>	<u>31 March 2022</u>	<u>31 December 2021</u>
Assets	2,768,261,264	2,401,050,999
Liabilities	(605,683,000)	(488,129,000)
Net assets	2,162,578,264	1,912,921,999
Group's share	<u>710,947,603</u>	<u>628,873,107</u>

<u>Exsa</u>	<u>1 January-31 March 2022</u>	<u>1 January-31 March 2021</u>
Revenues	410,914,841	442,365,577
Expenses	(241,506,580)	(333,867,933)
Net profit for the period	169,408,261	108,497,644
Group's share in net profit	<u>55,692,966</u>	<u>35,668,600</u>

<u>CSC</u>	<u>31 March 2022</u>	<u>31 December 2021</u>
Assets	5,156,182,376	4,174,651,233
Liabilities	(4,021,685,397)	(3,191,282,681)
Net assets	1,134,496,979	983,368,552
Group's share	<u>453,798,793</u>	<u>393,347,421</u>

<u>CSC</u>	<u>1 January-31 March 2022</u>	<u>1 January-31 March 2021</u>
Revenues	934,039,177	21,078,487
Expenses	(893,471,049)	-
Net profit for the period	40,568,128	21,078,487
Group's share in net profit	<u>16,227,252</u>	<u>8,431,395</u>

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3. SHARES IN AFFILIATED UNDERTAKINGS (Continued)

Information regarding the subsidiaries in which the Group has major non-controlling interests is as follows:

Subsidiary	31 March 2022			
	Non-controlling interest %	Gain/losses attributable to non-controlling interests	Accumulated non-controlling interests	Dividend paid to non-controlling interests
Afyon Çimento Sanayi T.A.Ş.	49	7,011,280	61,231,669	-
Subsidiary	31 December 2021			
	Non-controlling interest %	Gain/losses attributable to non-controlling interests	Accumulated non-controlling interests	Dividend paid to non-controlling interests
Afyon Çimento Sanayi T.A.Ş.	49	37,674,365	32,377,303	-

Condensed financial information of subsidiary Afyon Çimento T.A.Ş., is as follows:

Condensed balance sheet information

	31 March 2022	31 December 2021
Cash and cash equivalents	86,038,995	18,768,321
Other current assets	231,161,510	177,704,538
Non-current assets	613,485,737	604,010,623
Total assets	930,686,242	800,483,482
Short term borrowings	184,592,682	95,397,854
Other current liabilities	155,296,632	112,975,855
Long term borrowings	-	-
Other non-current liabilities	28,012,309	25,433,138
Total liabilities	367,901,623	233,806,847
Total equity	562,784,619	566,676,635

Condensed income statement information

	1 January - 31 March 2022	1 January - 31 March 2021
Revenue	104,103,061	81,276,205
Gross profit	14,622,367	9,625,075
Operating profit/(loss)	12,533,485	9,158,212
Net financial income/(expense)	(8,191,637)	(3,226,925)
Profit/(loss) before tax	11,887,491	33,468,866
Net profit for the period	14,308,735	33,853,222

Condensed cash flow information

	1 January - 31 March 2022	1 January - 31 March 2021
Cash flows from operating activities	(12,486,189)	(1,904,291)
Cash flows from investing activities	(2,520,718)	26,854,638
Cash flows from financing activities (excluding dividend)	82,277,581	(10,637,572)
Net increase/(decrease) in cash and cash equivalents	67,270,674	14,312,775

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4. SEGMENT REPORTING

Since the majority of the export sales of the Group are to the different geographic regions as one-off basis, the distribution of sales to specific locations is not consistent between years. Therefore, the details of sales are disclosed as domestic and export sales.

The Group manages and organizes its operations depending on the content of the services and goods provided. The Group prepares its segment reporting in accordance with IFRS 8. The transfer prices between segments are prepared on the same basis with third parties. For the periods ended 31 March 2022 and 31 March 2021, the information about the Group's segments consists of sales and profits obtained from cement (including clinker and aggregate) and ready mix concrete; segment assets and liabilities as of 31 March 2022 and 31 December 2021.

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4. SEGMENT REPORTING (Continued)

1 January – 31 March 2022	Cement	Ready-mix concrete	Total
Sales	1,219,015,599	135,840,107	1,354,855,706
Cost of sales (-)	(1,053,329,431)	(124,983,999)	(1,178,313,430)
Gross profit/(loss)	165,686,168	10,856,108	176,542,276
General administrative,marketing selling distribution expenses (-)	(61,063,836)	(8,735,482)	(69,799,318)
Other operating income/(expenses) (-), net	48,996,906	397,072	49,393,978
Research and development expenses (-)	(2,014,881)	-	(2,014,881)
Operating profit/(loss)	151,604,357	2,517,698	154,122,055
Income from investment activities, net	7,078,899	-	7,078,899
Profit/(loss) from investments accounted by equity method	71,920,218	-	71,920,218
OPERATING PROFIT BEFORE FINANCIAL INCOME/(EXPENSE)	230,603,474	2,517,698	233,121,172
Financial income/(expense), net	(94,049,240)	-	(94,049,240)
Profit/(loss) from continuing operations before tax	136,554,234	2,517,698	139,071,932
Continuing operations tax (expense)/income	(7,980,742)	-	(7,980,742)
Current period tax expense (-)	-	-	-
Deferred tax income/(expense)	(7,980,742)	-	(7,980,742)
Profit/(loss) for the period from continuing operations	128,573,492	2,517,698	131,091,190
Discontinued Operations Period (loss)/profit	-	-	-
1 January – 31 March 2021	Cement	Ready-mix concrete	Total
Sales	572,236,851	67,031,906	639,268,757
Cost of sales (-)	(438,946,217)	(61,861,765)	(500,807,982)
Gross profit/(loss)	133,290,634	5,170,141	138,460,775
General administrative,marketing selling distribution expenses (-)	(29,080,733)	(4,684,309)	(33,765,042)
Other operating income/(expenses) (-), net	50,989,345	78,812	51,068,157
Research and development expenses (-)	(1,330,694)	-	(1,330,694)
Operating profit/(loss)	153,868,552	564,644	154,433,196
Income from investment activities, net	23,930,699	-	23,930,699
Profit/(loss) from investments accounted by equity method	44,099,995	-	44,099,995
OPERATING PROFIT BEFORE FINANCIAL INCOME/(EXPENSE)	221,899,246	564,644	222,463,890
Financial income/(expense), net	(23,362,813)	-	(23,362,813)
Profit/(loss) from continuing operations before tax	198,536,433	564,644	199,101,077
Continuing operations tax (expense)/income	(24,654,497)	-	(24,654,497)
Current period tax expense (-)	(13,721,361)	-	(13,721,361)
Deferred tax income/(expense)	(10,933,136)	-	(10,933,136)
Profit/(loss) for the period from continuing operations	173,881,936	564,644	174,446,580
Discontinued Operations Period (loss)/profit	(225,708)	-	(225,708)

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4. SEGMENT REPORTING (Continued)

31 March 2022	Cement	Ready-mix concrete	Undistributed	Total
Segment assets	4,404,942,629	180,447,375	-	4,585,390,004
Financial assets at fair value through other comprehensive income	-	-	64,478	64,478
Investments accounted under equity method	-	-	1,164,746,396	1,164,746,396
Undistributed assets	-	-	316,358,784	316,358,784
Total assets	4,404,942,629	180,447,375	1,481,169,658	6,066,559,662
Segment liabilities	3,263,075,646	62,956,220	-	3,326,031,866
Undistributed liabilities	-	-	2,740,527,796	2,740,527,796
Total liabilities	3,263,075,646	62,956,220	2,740,527,796	6,066,559,662

31 December 2021	Cement	Ready-mix concrete	Undistributed	Total
Segment assets	3,673,890,495	179,315,886	-	3,853,206,381
Financial assets at fair value through other comprehensive income	-	-	64,478	64,478
Investments accounted under equity method	-	-	1,022,220,528	1,022,220,528
Undistributed assets	-	-	373,272,850	373,272,850
Total assets	3,673,890,495	179,315,886	1,395,557,856	5,248,764,237
Segment liabilities	2,400,465,075	75,445,064	-	2,475,910,139
Undistributed liabilities	-	-	2,772,854,098	2,772,854,098
Total liabilities	2,400,465,075	75,445,064	2,772,854,098	5,248,764,237

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5. CASH AND CASH EQUIVALENTS

The detail of cash and cash equivalents as of 31 March 2022 and 31 December 2021 is as follows:

	31 March 2022	31 December 2021
Cash	-	1,469
Cash at banks	372,727,077	257,910,334
<i>Demand deposits</i>	46,755,914	16,951,809
<i>Time deposits with maturity of less than 3 months</i>	325,971,163	240,958,525
	372,727,077	257,911,803
Blocked deposits (-)	(603,510)	(185,241)
Cash and cash equivalents in consolidated cash flow statement	372,123,567	257,726,562

The detail of bank deposits is stated below:

	31 March 2022	31 December 2021
Turkish Lira	305,614,608	84,158,378
Euro	11,374,428	63,448,043
US Dollar	51,697,790	99,506,679
British Pound	912,931	5,836,606
Other	3,127,320	4,960,628
	372,727,077	257,910,334

Time deposits as of 31 March 2022 and 31 December 2021 are denominated in TRY, EUR, and USD with the maturity of less than three months. As of 31 March 2022, effective weighted average interest rate on time deposits is 15.10% for TRY, 0.05% for USD, and 0.01% for EUR (31 December 2021 TRY: 17.69%, USD 0.06% and EUR 0.001%). The blocked deposit amount is TRY603,510 as of 31 December 2021 (The blocked deposit amount is TRY185,241 as of 31 December 2021).

Credit risks of banks with group deposits are evaluated by taking into account independent data. The market values of cash and cash equivalents approximate to their carrying values, including the interest income accrued at the balance sheet date.

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6. TRADE RECEIVABLES AND PAYABLES

a. Trade Receivables

	31 March 2022	31 December 2021
Short-term trade receivables		
Trade receivables	585,523,506	336,262,122
Notes receivable	79,734,836	99,875,874
Due from related parties (Note 30)	419,342,350	481,711,703
Allowance for doubtful receivables (-)	(14,798,513)	(14,798,513)
Less: Provision for expected credit losses	(1,941,454)	(2,130,387)
	1,067,860,725	900,920,799

Collection terms of trade receivables', notes receivables' and checks' vary based on the type of the product and agreements made with the customers and the average term is 59 days (31 December 2021 - 58 days). Effective interest rates used when determining the amortized cost are 14.75% for TRY, 0.96% for USD and 2.94% for EUR (31 December 2020 - TRY: 14.63%, USD: 0.21%, EUR: 1.85%).

The movement of the provision for doubtful receivables for the periods ended 31 March 2022 and 31 March 2021 is as follows:

	1 January- 31 March 2022	1 January- 31 March 2021
Movements of allowance for doubtful receivables		
Opening balance	14,798,513	15,409,260
Closing balance	14,798,513	15,409,260

b. Trade Payables

	31 March 2022	31 December 2021
Short-term trade payables		
Trade payables	963,950,653	543,158,154
Trade payables to related parties (Note 30)	138,334,564	103,950,640
	1,102,285,217	647,108,794

The average payment period of trade payables is 60 days (31 December 2021: 61 days). Effective interest rates used when determining the amortized cost are 14.75% for TRY, 0.96% for USD and 2.94% for EUR (31 December 2021 - TRY: 14.63%, USD: 0.21%, EUR 1.85%).

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7. FINANCIAL BORROWINGS

The detail of Group's financial borrowings as of the balance sheet date is stated below:

Finansal Borçlar	31 March 2022	31 December 2021
Short-term borrowings	1,739,056,374	643,187,452
Current portion of long-term borrowings	12,037,940	188,630,175
Short-term financial liabilities	24,414,899	24,534,878
Short-term issued bonds	-	100,473,021
	1,775,509,213	956,825,526
Long-term borrowings	-	378,308,384
Long-term financial liabilities	24,091,586	24,336,054
Long-term issued bonds	-	-
	24,091,586	402,644,438
Financial borrowings except IFRS 16	1,751,094,314	1,310,599,032
Total borrowings	1,799,600,799	1,359,469,964

The details of the borrowings as of 31 March 2022 are as follows:

Secured/ Unsecured	Interest Type	Curren- Type	Weighted Average Interest Rate (%)	Original Balance	Short-Term	Long-Term	31 December 2022
Secured	Fixed	TRY	11.55%	12,263,468	200,000,000	-	200,000,000
Unsecured	Fixed	EUR	2.94%	54,849,685	894,521,575	-	894,521,575
Unsecured	Fixed	TRY	17.00%	656,572,739	656,572,739	-	656,572,739
					1,751,094,314	-	1,751,094,314

The details of the borrowings as of 31 December 2021 are as follows:

Secured/ Unsecured	Interest Type	Currency Type	Weighted Average Interest Rate (%)	Original Balance	Short-Term	Long-Term	31 December 2021
Unsecured	Fixed (*)	EUR	1.65%	29,266,263	567,251,297	287,779,814	855,031,111
Unsecured	Fixed	TRY	15.57%	6,102,918	365,039,351	90,528,570	455,567,921
					932,290,648	378,308,384	1,310,599,032

(*) Çimsa has made interest rate swap transaction in order to its cash flow risk for the long term loan of EUR3,235,296 with floating interest rate. Maturity date of this transaction is 29 March 2022, financial risk hedge accounting applied and accounted under equity.

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7. FINANCIAL BORROWINGS (Continued)

The repayment schedule of the borrowings as of 31 March 2022 and 31 December 2021 is as follows

	<u>31 March 2022</u>	<u>31 December 2021</u>
To be paid within 1 year	1,751,094,314	932,290,648
To be paid between 1-2 years	-	378,308,384
To be paid between 2-3 years	-	-
	<u>1,751,094,314</u>	<u>1,310,599,032</u>

The Company issued bonds with a nominal value of TRY150,000,000 and a 728 day maturity, floating interest rate and 3 month maturity, indexed to the Turkish Lira Reference Interest Sales Rate. The value date of the issue is 21 March 2019 and the redemption date is 18 March 2021. The subjected bond has been redeemed.

The Company issued bonds with a nominal value of TRY100,000,000 and a 372 day maturity, floating interest rate and 3 month maturity, indexed to the Turkish Lira Reference Interest Sales Rate. The value date of the issue is 18 March 2021 and the redemption date is 25 March 2022. The subjected bond has been redeemed.

8. OTHER RECEIVABLES AND OTHER PAYABLES

a. Other Receivables

	<u>31 March 2022</u>	<u>31 December 2021</u>
Short-term other receivables from third parties		
Other miscellaneous receivables	1,609,454	1,609,454
Due from personnel	192,902	161,889
Provision for doubtful other receivables (-)	(764,354)	(764,354)
	<u>1,038,002</u>	<u>1,006,989</u>

	<u>31 March 2022</u>	<u>31 December 2021</u>
Short-term other receivables		
Short-term other receivables from related parties (Note 30)	-	50,636
	<u>-</u>	<u>50,636</u>

	<u>31 March 2022</u>	<u>31 December 2021</u>
Long-term other receivables		
Deposits and guarantees given	4,985,658	4,985,658
	<u>4,985,658</u>	<u>4,985,658</u>

b. Other Payables

	<u>31 March 2022</u>	<u>31 December 2021</u>
Short-term other payables		
Other payables to related parties (Note 30)	105,254,882	10,352,855
Taxes and funds payable	10,982,903	10,039,267
Deposits and guarantees received	13,888,069	9,113,361
	<u>130,125,854</u>	<u>29,505,483</u>

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9. INVENTORIES

Inventories	31 March 2022	31 December 2021
Raw Materials	507,196,196	483,781,700
Work-in progress	299,594,818	185,700,115
Finished goods	74,956,448	37,633,630
Goods in transit	150,145,762	-
Other inventories	-	708,407
Inventory impairment provision (-)	(10,212,256)	(10,265,439)
	1,021,680,968	697,558,413

Inventory impairment provision movement

Inventory impairment provision movement	31 March 2022	31 March 2021
Opening balance	10,265,439	10,498,878
Provisions during the period (Note 24)	-	346,879
Reversal of the provision (-)(Note24)	(53,183)	-
Closing balance	10,212,256	10,845,757

The Group allocates an allowance for the impairment on the inventories of finished goods, work in progress and raw materials in the cases when their net realizable values are lower than their costs or when they are classified as slow moving inventories. The provision has been recognized under cost of sales.

10. PREPAID EXPENSES AND DEFERRED INCOME

a. Prepaid Expenses

Short-term prepaid expenses	31 March 2022	31 December 2021
Advances given to suppliers	66,390,705	41,047,778
Prepaid expenses	75,703,897	18,114,721
	142,094,602	59,162,499

Long-term prepaid expenses	31 March 2022	31 December 2021
Advances given for the purchase of fixed assets	3,172,475	9,494,339
Prepaid expenses	1,995,681	679,787
	5,168,156	10,174,126

b. Deferred Income

Short-term deferred income	31 March 2022	31 December 2021
Advanced received	85,490,024	24,281,420
	85,490,024	24,281,420

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11. PROPERTY, PLANT AND EQUIPMENT

	Land	Land Improvements	Buildings	Machinery and Equipment	Vehicles	Furniture and Fixture	Other Tangible Assets	Leasehold Improvements	Construction in Progress	Total
Cost value										
Opening balance as of 1 January 2022	56,560,892	116,597,570	492,686,718	1,720,397,102	58,683,891	32,709,547	888,400	8,809,707	61,619,946	2,548,953,773
Classifications*	-	-	-	(840,852)	-	-	-	-	-	(840,852)
Additions	-	-	65,000	13,548,861	34,746	951,324	-	-	33,590,104	48,190,035
Disposals	(4,600)	-	-	(4,391,505)	(201,870)	(81,288)	(357,407)	-	-	(5,036,670)
Transfers from construction in progress	-	584,975	3,059,466	6,021,865	-	45,881	-	-	(9,712,187)	-
Closing balance as of 31 March 2022	56,556,292	117,182,545	495,811,184	1,734,735,471	58,516,767	33,625,464	530,993	8,809,707	85,497,863	2,591,266,286
Accumulated depreciation (-)										
Opening balance as of 1 January 2022	-	(61,730,868)	(131,456,001)	(837,318,916)	(50,067,831)	(15,413,588)	(309,771)	(5,288,831)	-	(1,101,585,806)
Charge for the period	-	(1,631,385)	(4,968,017)	(18,439,909)	(1,034,196)	(1,303,285)	-	(340,670)	-	(27,717,462)
Disposals	-	-	-	6,238,831	171,230	49,344	357,038	-	-	6,816,443
Closing balance as of 31 March 2022	-	(63,362,253)	(136,424,018)	(849,519,994)	(50,930,797)	(16,667,529)	47,267	(5,629,501)	-	(1,122,486,825)
Net book value as of 31 March 2022	56,556,292	53,820,292	359,387,166	885,215,477	7,585,970	16,957,935	578,260	3,180,206	85,497,863	1,468,779,461

As of 31 March 2022, there is no capitalized financial expenses.

* The Group includes Niğde Integrated Cement Factory, Kayseri Integrated Cement Factory, Ankara Cement Grinding Facility and Başakpınar, Ambar, Nevşehir, Cırgalan, Aksaray, Ereğli and Kahramanmaraş Ready-Mixed Concrete Facilities with a net book value of TRY179,847,649, which is accounted for in tangible and intangible fixed assets in the financial position statement, fixed assets in these facilities and other related assets are classified under non-current assets held for sale.

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11. PROPERTY, PLANT AND EQUIPMENT (Continued)

	Land	Land Improvements	Buildings	Machinery and Equipment	Vehicles	Furniture and Fixture	Other Tangible Assets	Leasehold Improvements	Construction in Progress	Total
Cost value										
Opening balance as of 1 January 2021	67,020,189	126,708,436	542,686,341	1,973,253,358	71,357,995	27,823,760	740,412	9,059,112	38,573,029	2,857,222,632
Currency translation difference	-	-	-	883,348	7,943	16,302	10,721	-	(2,765)	915,549
Additions	-	57,912	150,669	4,447,948	-	611,753	-	-	25,043,770	30,312,052
Disposals	(197,695)	-	-	-	(149,506)	-	-	-	-	(347,201)
Transfers from construction in progress	-	637,959	110,000	18,676,216	-	412,943	-	-	(19,837,118)	-
Closing balance as of 31 March 2021	66,822,494	127,404,307	542,947,010	1,997,260,870	71,216,432	28,864,758	751,133	9,059,112	43,776,916	2,888,103,032
Accumulated depreciation (-)										
Opening balance as of 1 January 2021	-	(64,939,835)	(147,375,728)	(987,570,663)	(57,899,245)	(15,502,352)	(159,367)	(4,175,562)	-	(1,277,622,752)
Currency translation difference	-	-	-	673,028	(7,943)	(11,585)	(13,030)	-	-	640,470
Charge for the period	-	(1,738,223)	(3,204,873)	(22,297,135)	(977,154)	(742,916)	(6,875)	(340,669)	-	(29,307,845)
Disposals	-	-	-	-	149,506	2,542	-	-	-	152,048
Closing balance as of 31 March 2021	-	(66,678,058)	(150,580,601)	(1,009,194,770)	(58,734,836)	(16,254,311)	(179,272)	(4,516,231)	-	(1,306,138,079)
Net book value as of 31 March 2021	66,822,494	60,726,249	392,366,409	988,066,100	12,481,596	12,610,447	571,861	4,542,881	43,776,916	1,581,964,953

As of 31 March 2021, there is no capitalized financial expenses on construction in progress.

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11. PROPERTY, PLANT AND EQUIPMENT (Continued)

The distribution of depreciation charge for the property, plant and equipment is as follows:

	1 January – 31 March 2022	1 January – 31 March 2021
Cost of sales	(25,530,299)	(27,971,870)
General administrative expenses	(2,115,113)	(1,262,636)
Marketing, sales and distribution expenses	(45,205)	(49,150)
Research and development expenses	(26,845)	(24,189)
	(27,717,462)	(29,307,845)

12. NON-CURRENT ASSETS HELD FOR SALE

Portion of TRY1,803 has been classified as non-current assets held for sale (31 December 2021: TRY342,936).

	31 March 2022	31 December 2021
Opening balance	342,936	8,522,648
Sales	(341,133)	(8,179,712)
Total	1,803	342,936

Niğde Integrated Cement Factory, Kayseri Integrated Cement Factory, Ankara Cement Grinding Facility and Başakpınar, Ambar, Nevşehir, Cırgalan, Aksaray, Ereğli and Kahramanmaraş Ready-Mixed Concrete Facilities registered in the assets/property of our company, the fixed assets in these facilities and their On 24 September 2021, regarding the transfer of other related assets to Çimko Çimento ve Beton Sanayi Ticaret A.Ş. for 127 million USD excluding VAT, subject to the necessary legal approvals including the approval of the Competition Authority and subject to adjustments at the closing date, The Sales Agreement has been signed. The application before the Competition Authority regarding the subject was taken into final examination with the decision of the Competition Board dated 24 February 2022 and numbered 22-10/142-M, and considering that this examination has not been concluded yet, the Asset Sales Agreement has expired. In addition, the decision of sell to these assets continues, these assets are classified from Property, Plant and Equipment to Non-current Assets Held for Sale.

	31 March 2022	31 December 2021
Opening balance	179,905,270	-
Classified	840,852	179,905,270
Total	180,746,122	179,905,270

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13. INTANGIBLE ASSETS

	Mining Rights	Other Intangible Assets	Total
<u>Cost value</u>			
Opening balance as of 1 January 2022	32,484,077	33,758,524	66,242,601
Additions	-	579,212	579,212
Closing balance as of 31 March 2022	32,484,077	34,337,736	66,821,813
<u>Accumulated amortization (-)</u>			
Opening balance as of 1 January 2022	(24,344,585)	(13,935,373)	(38,279,958)
Charge for period	(247,094)	(1,301,837)	(1,548,931)
Closing balance as of 31 March 2022	(24,591,679)	(15,237,210)	(39,828,889)
Net book value as of 31 March 2022	7,892,398	19,100,526	26,992,924
	Mining Rights	Other Intangible Assets	Total
<u>Cost value</u>			
Opening balance as of 1 January 2021	32,484,077	18,691,849	51,175,926
Disposals	-	116,136	116,136
Closing balance as of 31 March 2021	32,484,077	18,807,985	51,292,062
<u>Accumulated amortization (-)</u>			
1 January 2021 itibariyle açılış bakiyesi	(23,201,818)	(11,320,338)	(34,522,156)
Charge for period	(292,827)	(618,301)	(911,128)
Closing balance as of 31 March 2021	(23,494,645)	(11,938,639)	(35,433,284)
Net book value as of 31 March 2021	8,989,432	6,869,346	15,858,778

The mining rights are amortized in proportion to the reserves consumed in the current year to the total reserves. The remaining amortization period depends on the duration of the depletion of the remaining reserves.

The distribution of amortization charge for intangible assets is as follows:

	1 January – 31 March 2022	1 January – 31 March 2021
Cost of sales	(1,441,327)	(869,595)
General administrative expenses	(104,059)	(39,253)
Marketing, sales and distribution expenses	(2,224)	(1,528)
Research and development expenses	(1,321)	(752)
	(1,548,931)	(911,128)

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14. RIGHT OF USE ASSETS

Details regarding the right of use assets recognized on asset basis are as follows were as follows:

Right of use assets

	1 January 2022	Additions	Depreciation for the period	31 March 2022
Buildings	11,576,063	-	(1,597,336)	9,978,727
Vehicles	4,490,343	355,389	(1,567,964)	3,277,768
Other	967,386	-	(12,630)	954,756
	17,033,792	355,389	(3,177,930)	14,211,251

The depreciation expense of TRY2,774,273 for the period ending on 31 March 2022 of the right of use assets has been included in the cost of the goods sold and the part of TRY403,657 has been included in the general administrative expense .

Right of use assets

	1 January 2021	Additions	Depreciation for the period	31 March 2021
Buildings	13,786,632	-	(1,378,555)	12,408,077
Vehicles	10,948,911	-	(1,236,903)	9,712,008
Other	144,448	-	(12,612)	131,836
	24,879,991	-	(2,628,070)	22,251,921

The depreciation expense of TRY445,005 for the period ending on 31 March 2021 of the right of use assets has been included in the cost of the goods sold and the part of TRY2,183,065 has been included in the general administrative expense..

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15. GOODWILL

The goodwill amount presented in the Group's financial statements as of 31 March 2022 is related to Eskişehir and Ankara Cement Factories ('Standart Çimento') acquired in 2005, Çimsa Cement located in TRNC, Bilecik Ready Mix Cement Facilities acquired in 2008, Afyon Çimento Sanayi Türk Anonim Şirketi acquired in 2012. The movement of goodwill for the periods ending 31 March 2022 and 31 December 2021 is stated below:

	31 March 2022	31 December 2021
Eskişehir	132,140,806	132,140,806
Afyon Çimento Sanayi T.A.Ş.	11,358,393	11,358,393
Bilecik Hazır Beton	4,293,971	4,293,971
Çimsa Cement Free Zone Ltd.	326,082	326,082
	148,119,252	148,119,252

Goodwill amounts associated with cash generating units are subjected to an impairment determination study once a year or more frequently in December when the circumstances indicate impairment. The recoverable value of the cash-generating units has been determined on the basis of value in use or fair value less cost to sell. The recoverable value was determined according to the fair value calculations made according to the discounted cash flow analysis. These calculations include cash flow projections on a TRY basis and are based on ten-year plans between 1 January 2022 and 31 December 2031. For the cash flow estimation, 24.8% weighted average cost of capital and cost and sales price increases in line with macroeconomic and market assumptions were taken into account. As a result of these impairment tests, the recoverable value of the goodwill was determined on the registered value as a result of the examination as of 31 December 2021, and no impairment was found.

In the valuation technique applied, the test for impairment of goodwill is based on the following assumptions:

These generally accepted valuation techniques are based on the changing EBITDA / net sales ratio on the basis of cash generating unit with a growth rate of 4% - 5% on the basis of each cash-generating unit and it is extremely sensitive to changes in the Weighted Average Cost of Capital values accepted as 24.8%. While the EBITDA / Net Sales ratio is in line with the budgets prepared by the Group management on a cash-generating unit basis for 2022 and beyond, the Weighted Average Cost of Capital ratio depends on some macroeconomic and cement sector-specific variables. When calculating the estimated recoverable amount, when the discount rate is increased by 1 point from the values used in the assumptions by keeping the other variables constant, or in the same way, when the growth rate is reduced by 1 point from the values used in the assumptions by keeping the other variables constant, the recoverable amount of the cash generating unit does not fall below the book value.

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16. PROVISION, CONTINGENT ASSETS AND LIABILITIES

a. Short-Term Provisions

	31 March 2022	31 December 2021
Short-term provisions		
Provision for litigations	30,478,228	28,199,879
Other provisions	24,604,627	37,855,901
	55,082,855	66,055,780

The movement of "Provision for the litigations" as of 31 March 2022 and 31 December 2021 is stated below:

	31 March 2022	31 March 2021
Provision for the litigation movement		
Opening balance	28,199,879	25,669,833
Additional provision (Note 25)	2,278,349	1,408,270
Closing balance	30,478,228	27,078,103

As of 31 March 2022, the Group has provided provision amounting to TRY30,478,228 for the risky cases against the Company with the opinion obtained from the Company's legal counsels (31 December 2021: TRY28,199,879).

b. Long-Term Provisions

	31 March 2022	31 December 2021
Long-term provisions		
Long-term employee benefits	79,831,017	70,200,321
Other long term provisions	7,698,895	6,990,316
	87,529,912	77,190,637
	31 March 2022	31 December 2021
Other long term provisions		
Recultivation provision	7,698,895	6,990,316
	7,698,895	6,990,316

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16. PROVISION, CONTINGENT ASSETS AND LIABILITIES (Continued)

The operations of the Group such as mining, cement production are subject to the Environment Law, and to the Land Protection and Utilization Law. All liabilities such as taxes, duties and emission fees resulting from this legislation have been fulfilled by the Group. This legislation addresses the costs that could arise from recovering the damage, pollution in the land while vacating the mines. Accordingly, the management calculated the estimated cost of plans that is deemed to meet the requirements of legislation related with the mining areas in which the Group operates. The Group has accounted and disclosed the recultivation provision amounting to TRY7,698,895 under "Other Long Term Provisions" as of 31 March 2022 (31 December 2021: TRY6,990,316).

Movement of recultivation provision as of 31 March 2022 and 31 March 2021 is as follows:

	31 March 2022	31 March 2021
Recultivation provision movement		
Opening balance	6,990,316	4,454,937
Additional provision (Note 25)	708,579	156,257
Closing balance	7,698,895	4,611,194

17. ASSETS AND LIABILITIES DIRECTLY ASSOCIATED WITH ASSETS CLASSIFIED FOR AS HELD FOR SALE AND PROFIT /(LOSS) OF DISCONTINUED OPERATIONS

As stated in the Company's PDP statements dated 01.10,2020; the Company announced to sell the shares of Çimsa's subsidiaries that undertake white cement business abroad, whereas 100% equity shares of Cimsa Americas Cement Manufacturing and Sales Corporation, Cimsa Cement Sales North Gmbh and Cimsa Cementos Espana S.A.U., and corresponding to 70% of the total equity shares in Cimsa Adriatico S.R.L, all of which are being held by Çimsa, to the CSC BV, which is to be incorporated in the Netherlands. In this context, since the conditions required by TFRS 5 standard "Non-current Assets Held for Sale and Discontinued Operations" is fulfilled, , the assets and liabilities related to these subsidiaries are classified as "Assets related to asset groups classified for sale" and "Liabilities regarding asset groups classified for sale", if the profit or loss related to the asset groups is "Discontinued operations period (loss) is classified as "profit".

Amounts shown under "Assets related to asset groups classified for sale" and "Liabilities related to asset groups classified for sale" in the financial statements are related to the consolidation of in Group transactions that are handled within the scope of TFRS 5 " Fixed Assets Held for Sale and Discontinued Operations " and it also includes its effects.

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17. ASSETS AND LIABILITIES DIRECTLY ASSOCIATED WITH ASSETS CLASSIFIED FOR AS HELD FOR SALE AND PROFIT /(LOSS) OF DISCONTINUED OPERATIONS (continued)

Discontinued Operations Period Summary (Loss) / Profit	1 January- 31 March 2022	1 January- 31 March 2021
Net sales income	-	86,382,692
Gross profit	-	16,655,361
Operating profit/loss	-	4,242,918
Net financial income/expense	-	(3,920,289)
Profit/loss before tax	-	322,629
Tax income/expense	-	(548,337)
Discontinued Operations Period (Loss) / Profit	-	(225,708)

Cash Flow Statement Regarding Discontinued Operations	1 January- 31 March 2022	1 January- 31 March 2021
Cash flow from operating activities	-	1,381,415
Cash flow from investing activities	-	(317,560)
Cash flows from financing activities (excluding dividends)	-	1,059,380
Net increase/decrease in cash and cash equivalents	-	2,123,235

Agreements for the sale and transfer of the Group's shares of Cimsa Cementos Espana SAU, Cimsa Americas Cement Manufacturing and Sales Corporation, Cimsa Cement Sales North GmbH and Cimsa Adriatico SRL, consolidated by the Group as a subsidiary, to Cimsa Sabanci Cement BV were signed on 22 June 2021 and, the transfer process was completed as of 30 June 2021, following the completion of other necessary legal actions.

The details of the subsidiary sale are as follows:

	1 January- 31 December 2021
Sale price	334,798,007
Assets directly associated with assets classified as held for sale,-net	(184,966,567)
Disposal of foreign currency translation differences	139,113,203
Disposal of non-controlling interests	13,319,461
Profit from disposal of discontinued operations	302,264,104

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18. COMMITMENTS

The collaterals, pledges and mortgages (CPM) received by the Group as of 31 March 2022 and 31 December 2021 are as follows:

	Currency	31 March 2022		31 December 2021	
		Original	TRY Amount	Original	TRY Amount
Guarantee letter received	TRY	841,598,163	841,598,163	670,924,232	670,924,232
Guarantee letter received	USD	43,274,185	633,785,065	25,447,835	330,249,284
Guarantee letter received	EUR	14,444,479	235,569,236	14,578,977	214,052,909
Guarantee letter received	Other	26,000	26,000	26,000	26,000
Mortgages received	TRY	25,966,023	25,966,023	26,939,023	26,939,023
Mortgages received	RUB	-	-	-	-
Checks and notes received	TRY	21,152,262	21,152,262	20,833,646	20,833,646
Checks and notes received	USD	47,300	692,746	47,300	613,836
Pledge	TRY	22,191,272	22,191,272	19,619,927	19,619,927
			1,780,980,767		1,283,258,857

As of 31 March 2022 and 31 December 2021, the details of the collaterals, pledges and mortgages (CPM) given are as follows:

	Currency	31 March 2022		31 December 2021	
		Original	TRY Amount	Original	TRY Amount
A. Total CPM given for the Company's own legal entity	TRY	129,862,012	129,862,012	133,088,912	133,088,912
	USD	692,548	10,142,917	692,548	8,987,539
	EUR	2,447,337	39,912,646	2,333,337	34,258,759
B. Total CPM given in favour of subsidiaries consolidated on line-by-line basis		-	-	-	-
C. Total CPM given in favour of other 3rd parties for ordinary trading operations		-	-	-	-
D. Other CPM given					
i. Total CPM given in favour of parent entity		-	-	-	-
ii. Total CPM given in favour of other Group companies not of scope of clause B and C	EUR	36,000,000	587,109,600	36,000,000	528,562,800
	USD	20,000,000	292,916,000		
iii. Total CPM given in favour of other 3rd parties out of scope of clause C		-	-	-	-
			1,059,943,175		704,898,010

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19. EMPLOYEE BENEFITS

a. Employee Benefit Obligations

	31 March 2022	31 December 2021
Social security payables	7,768,205	5,013,785
Wage accrual and income tax withholding payable to personnel	7,221,588	4,658,508
	14,989,793	9,672,293

b. Long-Term Employee Benefits

	31 March 2022	31 December 2021
Retirement pay provision	67,229,166	61,961,078
Provision for unpaid vacation liability	9,803,805	6,204,017
Seniority provision	2,798,046	2,035,226
	79,831,017	70,200,321

In accordance with the existing social legislation in Turkey, the Group is required to make lump-sum termination indemnities to each employee who has completed over one year of service with the Group and whose employment is terminated due to retirement or for reasons other than resignation or misconduct.

Such payments are calculated on the basis of one month's pay limited to a maximum of full TRY10,848.59 as of 31 March 2022 (31 December 2021: full TRY8,284.51).

In the consolidated financial statements dated 31 March 2022 and 31 December 2021, the actuarial assumptions used in calculating the severance pay liability are as follows:

	31 December 2021	31 December 2020
Discount rate, net	4.34%	4.34%

The movement of 'retirement pay provision' in the period is stated below:

	1 January- 31 March 2022	1 January- 31 March 2021
Opening balance	61,961,078	42,295,557
Service cost	520,974	995,005
Interest cost (Note 27)	1,008,406	1,621,612
Actuarial loss/(gain)	4,443,988	(307,313)
Payments	(705,280)	(483,221)
Closing balance	67,229,166	44,121,640

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19. EMPLOYEE BENEFITS (Continued)

b. Long-Term Employee Benefits (continued)

The movement of provision for unpaid vacation liability in the period is stated below:

	1 January- 31 March 2022	1 January- 31 March 2021
Opening balance	6,204,017	4,308,223
Additional provision	3,676,312	1,266,569
Provision paid during the period	(76,524)	(205,083)
Closing balance	9,803,805	5,369,709

The movement of 'seniority provision' in the period is stated below:

	1 January- 31 March 2022	1 January- 31 March 2021
Opening balance	2,035,226	1,654,965
Additional provision	1,201,266	565,302
Provision paid during the period	(438,446)	(198,096)
Closing balance	2,798,046	2,022,171

20. OTHER ASSETS AND LIABILITIES

a. Other Assets

	31 March 2022	31 December 2021
Other current assets		
Deferred VAT ⁽¹⁾	133,903,249	94,903,245
Job and personnel advances	1,341,101	1,949,064
Other current assets	4,150,585	1,857,381
	139,394,935	98,709,690
Other non-current assets		
Deferred VAT ⁽²⁾	18,079,495	13,024,146
Export VAT ⁽³⁾	2,798,076	1,049,585
Other non-current assets	1,305	2,115
	21,170,206	15,823,527

(1) According to the estimates of the Group, the portion to be deducted from the VAT payables to be paid within one year is reclassified to other current assets.

(2) According to the Group's estimations, the portion of the transferred VAT of Afyon Çimento T.A.Ş which will be deducted over a year is classified as long term. (31 December 2021: TRY13,024,146).

(3) According to VAT Law no 11/c, the VAT amount regarding to the goods which are rendered to export dealers by manufacturers is not collected, and are recorded to export VAT and deferred VAT accounts. Uncollected VAT is declared on related VAT declaration; accrued VAT is deferred and recorded to deferred VAT accounts. After verification of the realization of export, tax administration makes cancellation for the deferred VAT.

b. Other Liabilities

	31 March 2022	31 December 2021
Other short term liabilities (*)	10,717,418	151,060,187
	10,717,418	151,060,187

(*) Other short term liabilities mainly related with petrocoke purchases.

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21. EQUITY, RESERVES AND OTHER EQUITY ITEMS

As of 31 March 2022 and 31 December 2021, the composition of shareholders is as follows::

Shareholders (*)	31 March 2022		31 December 2021	
	(%)	Amount	(%)	Amount
Hacı Ömer Sabancı Holding A.Ş.	54.54	73,674,201	54.54	73,674,201
Akçansa Çimento San. ve Tic. A.Ş.	8.98	12,130,560	8.98	12,130,560
Hacı Ömer Sabancı Vakfı	0.11	150,000	0.11	150,000
Other shareholders	36.37	49,129,681	36.37	49,129,681
Nominal share capital	100	135,084,442	100	135,084,442
Inflation adjustment		41,741,516		41,741,516
Rearranged share capital		176,825,958		176,825,958

(*) Public quotation of the Group is 35,7% as of 31 March 2022 (31 December 2021: 35.7%).

As of 31 March 2022, the Company's capital is composed of 135,084,442 units (31 December 2021: 135,084,442). The nominal value of the shares is TRY1 per share (31 December 2021: TRY1 per share).

With the decision of the Board of Directors dated 27 January 2021, the registered capital ceiling validity period has been extended to cover the years 2021-2025, since the validity period of the registered capital ceiling has expired as of the end of 2020 and the amount currently determined as the registered capital ceiling has remained low under today's conditions. It was decided to change the article 6 and 9 of the Company's Articles of Association in order to increase the registered capital ceiling of TRY200,000,000 to TRY350,000,000 and enable the Board of Directors meetings to be held electronically. Issued General Assembly resolution was registered on 21 April 2021 and published in the Trade Registry Gazette numbered 10314 with the same date.

Retained earnings and accumulated profit/loss

Legal reserves

The legal reserves consist of first and second legal reserves in accordance with the Turkish Commercial Code. The first legal reserve is appropriated out of the statutory profits at the rate of 5%, until the total reserve reaches a maximum of 20% of the Group's share capital. The second legal reserve is appropriated at the rate of 10% of all distributions in excess of 5% of the Group's share capital. The legal reserves are not available for distribution unless they exceed 50% of the issued capital, other than that legal reserves can not be used.

Profit Distribution

Listed companies distribute dividend in accordance with the Communiqué No. II-19.1 issued by the CMB which is effective from 1 February 2014:

Companies distribute dividends in accordance with their dividend payment policies settled and dividend payment decision taken in general assembly and also in conformity with relevant legislations. The communiqué does not constitute a minimum dividend rate. Companies distribute dividend in accordance with the method defined in their dividend policy or articles of incorporation. In addition, dividend can be distributed by fixed or variable instalments and advance dividend can be paid in accordance with profit on interim financial statements of the Company.

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21. EQUITY, RESERVES AND OTHER EQUITY ITEMS (Continued)

Profit Distribution (Continued)

Companies should include at least the following in their profit distribution policies:

- Whether dividends will be distributed, and if distributed, the dividend distribution rate for shareholders and for others participating in the distribution.
- Payment type of dividend distribution.
- Time of dividend distribution; on condition that the distribution procedures to be started at the latest of the end of the annual period in which general assembly meeting was held in which the distribution was agreed upon.
- Whether dividend advances will be distributed, and if distributed, the related principles.

In accordance with the Turkish Commercial Code (TCC), unless the required reserves and the dividend for shareholders as determined in the article of association or in the dividend distribution policy of the company are set aside, no decision may be made to set aside other reserves, to transfer profits to the subsequent year or to distribute dividends to the holders of usufruct right certificates, to the members of the board of directors or to the employees; and no dividend can be distributed to these persons unless the determined dividend for shareholders is paid in cash.

In accordance with CMB Communiqués, over the said consolidated profit for the year 2021 amounting to **TL 1.050.394.723.00** calculated in accordance with the CMB Legislation, **1.016.600.770** remaining after deducting Legal Obligations and Non-Controlling Interests, pursuant to Article 26 of the Articles of Association To distribute the Net Distributable Profit for the period as follows,

First Dividend	6,754,222.10 TL
Second Dividend	193,245,777.90 TL
Total Gross Dividend	200,000,000.00 TL

General Legal Reserve (2. order)	---
Extraordinary Reserve	816,600,770.00 TL

As a result of the profit distribution according to the above principles, from the Net Distributable Profit of **406,700,088,04 TL**, which is included in our legal records prepared in accordance with the provisions of the Tax Procedure Law; first of all, according to the provision of Article 5/1-e of the Corporate Tax Law, the necessary legal funds of 202.612,058.58 TL will be allocated, the remaining portion will be distributed as 200,000,000,00 TL gross profit share as stated above, and the remainder will be set aside as Extraordinary Reserves,

Thus, in the General Assembly held on 29 March 2022, the distribution of **200,000,000.00 TL (Gross)** Dividends from the 2021 Profit to the shareholders representing a capital of **135,084,442.00 TL**, in cash on 31 March 2022 and 4 April 2022, depending on their legal status was decided.

Foreign currency translation differences

According to TAS 21 'Effects of Changes in Foreign Exchange Rates', during the consolidation, the assets and liabilities of Group's subsidiaries and joint ventures in foreign countries are translated to Turkish Lira with respect to the exchange rates on the balance sheet date. Income and expense items are translated via the average exchange rates. The differences emerged as a result of using the closing and average exchange rates are accounted for as foreign currency translation differences in the comprehensive statement of income.

Non-controlling interests

All non-controlling shares are eliminated from the equity accounts, including paid-in capital, of the consolidated subsidiaries and presented as a non-controlling interest in shareholders' equity in the consolidated balance sheet.

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21. EQUITY, RESERVES AND OTHER EQUITY ITEMS (Continued)

Profit Distribution (Continued)

Available for sales financial assets revaluation reserve

Exsa, which is the Group's investment accounted by equity method, purchased shares of Hacı Ömer Sabancı Holding A.Ş. Those shares are classified as available for sale financial assets in financial statements and accounted in available for sales financial assets revaluation reserve under shareholders' equity by taking into consideration its deferred tax effect.

EXSA - Available for sales financial assets revaluation reserve movement table	31 March 2022	31 December 2021
Opening balance	628,873,107	394,562,222
Profit/loss effect	55,692,966	35,668,599
Currency translation difference	1,115,779	522,746
Hedge fund	(1,692,734)	622,982
Net fair value change of financial investments	26,958,486	(14,042,885)
	710,947,604	417,333,664
CSC Available for sales financial assets revaluation reserve movement table	31 March 2022	31 December 2021
Opening balance	393,347,421	313,788,120
Profit/loss effect	16,227,252	8,431,395
Currency translation difference	43,776,170	26,703,207
Non controlling interests	447,949	-
	453,798,792	348,922,722

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22. DERIVATIVE FINANCIAL INSTRUMENTS

	31 March 2022			31 December 2021		
	Fair Value			Fair Value		
	Contract Amount	Assets	Liabilities	Contract Amount	Assets	Liabilities
Short term derivative financial instruments						
Hedging against impaired risk						
Forward foreign exchange transactions	-	-	-	47,501,586	-	27,566,080
Marketable securities						
Forward foreign exchange transactions	-	-	-	47,501,586	27,108,341	-
Total short-term derivative instruments		-	-		27,108,341	27,566,080
Long term derivative financial instruments						
Hedging against impaired risk						
Interest rate swap	-	-	-	-	-	-
Hedging against cash flow risk						
Forward foreign exchange transactions	-	-	-	-	-	-
Marketable securities						
Forward foreign exchange transactions	-	-	-	-	-	-
Total long-term derivative instruments		-	-		-	-
Total derivative financial instruments		-	-		27,108,341	27,566,080

As of 31 December 2021, the Group has realized 3.2 million sell Euro buy Turkish Lira forward transaction with maturity of 4 years expired on 29 March 2022 and with the same forward, the Group has protected a portion of its sales by foreign exchange forward contracts. Changes arising from forward transactions are recognized in the statement of change in shareholder's equity considering the deferred tax effect.

As of 31 December 2021, the Group has realized 3.2 million Euro nominal value sell Turkish lira buy Euro forward transaction with maturity of 4 years expired on 29 March 2022. Changes arising from forward transactions are recognized in the consolidated statement of profit and loss.

As of 31 December 2021, interest rate swap transactions consist of swap transactions in which Çimsa's long term borrowings of 3.2 million Euro of floating rates are replaced with fixed installment payments to hedge against cash flow risk. Changes arising from interest rate swap transactions are recognized in the statement of change in shareholder's equity considering the deferred tax effect.

The Group has fixed the interest rate by performing IRS (Interest Rate Swap) through the bank for the purpose of hedging the interest rate swap transactions for the bond with a value of 100 mtl, the value date of the issue being 18 March 2021 and the redemption date of 25 March 2022, in order to hedge the variable rate installments of the bond from the cash flow risk. Changes arising from interest rate swap transactions are accounted for in the consolidated statement of changes in shareholders' equity, taking into account the deferred tax.

The issued bonds had been redeemed as of 31 March 2022.

The Group has paid the capital commitment on 16 February 2021 for Cimsa Sabancı Cement BV to which it has made a capital commitment as of 14 November 2020. Foreign exchange losses related to the loan of EUR 34.8 million used simultaneously for the capital payment were accounted for under equity as part of the net investment hedge.

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23. REVENUE

Revenue	1 January – 31 March 2022	1 January – 31 March 2021
Domestic sales	599,057,177	307,593,573
Export sales	965,058,073	412,940,271
Sales discounts (-)	(11,222,458)	(13,297,977)
Other deductions (-)	(198,037,086)	(67,967,110)
	1,354,855,706	639,268,757
<u>Cost of sales (-) (Note 24)</u>	<u>(1,178,313,430)</u>	<u>(500,807,982)</u>
Gross profit	176,542,276	138,460,775

24. OPERATING EXPENSES BY NATURE

The detail of costs of sales for the periods between 1 January - 31 March 2022 and 2021 is as follows:

Cost of sales (-)

	1 January – 31 March 2022	1 January – 31 March 2021
Direct material and supplies expenses	(153,476,279)	(54,271,915)
Labor expenses	(41,388,963)	(28,798,672)
Energy costs	(623,033,236)	(228,973,654)
Depreciation and amortization expenses	(27,360,661)	(29,286,469)
Other production expenses	(289,794,887)	(182,299,421)
Total production cost	(1,135,054,026)	(523,630,131)
Change in provision for inventory impairment (Note:9)	53,183	(346,879)
Change in work-in process	113,894,703	36,284,959
Change in finished goods	37,322,818	(4,134,596)
Cost of trade goods sold and other	(194,530,108)	(8,981,335)
	(1,178,313,430)	(500,807,982)

The detail of general administration expenses for the periods between 1 January - 31 March 2022 and 2021 is as follows:

General adm. expenses	1 January – 31 March 2022	1 January – 31 March 2021
Personnel expenses	(31,244,138)	(17,008,591)
Consultancy expense	(11,215,602)	(2,370,407)
Depreciation and amortization expenses	(5,007,584)	(3,484,954)
IT Expenses	(3,497,783)	(1,897,627)
Tax, duty and charges	(2,151,619)	(1,291,384)
Travel expenses	(3,363,251)	(124,332)
Insurance expenses	(957,948)	(538,141)
Rent expenses	(1,160,528)	(610,208)
Communication and publicity expenses	(469,290)	(367,606)
Representation expenses	(714,511)	(82,518)
Maintenance expenses	(216,652)	(41,374)
Other miscellaneous expenses	(6,816,984)	(2,686,821)
	(66,815,890)	(30,503,963)

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24. OPERATING EXPENSES BY NATURE (Continued)

The detail of marketing, selling and distribution expense for the periods between 1 January - 31 March 2022 and 2021 is as follows:

Marketing, selling and distribution	1 January – 31 March 2022	1 January – 31 March 2021
Personnel expenses	(1,764,098)	(2,036,386)
Consultancy expenses	(59,768)	(134,104)
Rent expenses	(217,440)	(269,653)
Travel expenses	(452,392)	(289,512)
Depreciation and amortization expenses	(47,731)	(50,678)
Insurance expenses	(34,672)	(26,963)
Representation expenses	(34,089)	(11,518)
Communication and advertising expenses	(2,811)	(10,856)
Other miscellaneous expenses	(370,427)	(431,409)
	(2,983,428)	(3,261,079)

The detail of research and development expense for the periods between 1 January - 31 March 2022 and 2021 is as follows:

Research and development expenses	1 January – 31 March 2022	1 January – 31 March 2021
Personnel expenses	(1,396,464)	(1,037,794)
Outsourced benefits and services	(99,265)	(82,439)
Raw material expenses	(324,767)	(147,113)
Maintenance expenses	(38,690)	(5,777)
Depreciation and amortization	(28,347)	(24,941)
Travel expenses	(7,329)	(2,228)
Rent expenses	(1,801)	(161)
Other miscellaneous expenses	(118,218)	(30,241)
	(2,014,881)	(1,330,694)

25. OTHER OPERATING INCOME AND EXPENSES

Other operating income	1 January – 31 March 2022	1 January – 31 March 2021
Foreign exchange gain from operating activities	93,250,540	82,863,735
Overdue and interest income from operating activities	27,138,646	2,991,690
Sales of scrap and miscellaneous material	1,444,450	1,240,280
Incentives received	3,418,110	-
Other income	13,461,264	10,432,872
	138,713,010	97,528,577

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25. OTHER OPERATING INCOME AND EXPENSES (Continued)

Other operating expense	1 January – 31 March 2022	1 January – 31 March 2021
Foreign exchange loss from operating activities	(81,358,771)	(43,036,925)
Provision expenses (Note 6/16)	(2,986,928)	(1,564,527)
Interest expense of retirement pay provision (Note 16)	(2,793,554)	(757,343)
Compensation and penalty expenses	(170,483)	(661,643)
Donations and grants	(48,774)	(9,450)
Litigation, levy and court paid expenses	(366,820)	(35,448)
Other expenses	(1,593,702)	(395,084)
	(89,319,032)	(46,460,420)

26. INCOME AND EXPENSE FROM INVESTMENT ACTIVITIES

Income from investment activities	1 January – 31 March 2022	1 January – 31 March 2021
Fixed assets sales income (*)	7,078,899	23,930,699
	7,078,899	23,930,699

(*) Tangible fixed asset sales revenues are related to the Afyon old factory land, Niğde and Antalya land sales, which are still ongoing.

27. FINANCIAL INCOME/EXPENSE

Financial income	1 January – 31 March 2022	1 January – 31 March 2021
Interest income	4,402,662	13,366,442
Total financial income	4,402,662	13,366,442

Financial expenses	1 January – 31 March 2022	1 January – 31 March 2021
Foreign exchange loss on bank borrowings (**)	(63,653,782)	(7,317,003)
Interest expenses of bank borrowings	(33,132,013)	(26,465,462)
Other financial expenses	(1,666,107)	(2,946,790)
Total financial expense	(98,451,902)	(36,729,255)

(**) The share sale transaction, which resulted in the loss of control of Cimsa Americas, the effect of the net investment hedge was transferred to the financial income and expenses account and associated with the consolidated profit or loss statement.

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28. INCOME TAXES

The Group is subject to taxation in accordance with the tax procedures and the legislation effective in the countries where the Group is operating.

The tax expense for the year comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised directly in equity. In such case, the tax is also recognised in shareholders' equity.

The current income tax charge is calculated in accordance with the tax laws enacted or substantively enacted at the balance sheet date in the countries where the subsidiaries and associates of the Group operate. Under the Turkish Tax Code, companies having head office or place of business in Turkey are subject to corporate tax.

Under the Turkish taxation system, tax losses can be carried forward to be offset against future taxable income for five years. Tax losses cannot retrospectively offset against the profits of previous years.

In addition, temporary tax is paid at the rate of valid corporate tax over the tax assessments declared in interim periods during the year to be deducted from corporate tax. However, with the Law No. 7316, the corporate tax rate was determined as 25% for the earnings obtained in the 2021 taxation period and 23% for the earnings to be obtained in the 2022 taxation period. The regulation has become valid on 22 April 2021, starting from the declarations that must be submitted as of 1 July 2021, and to be valid for the corporate earnings for the taxation period starting from 1 January 2021.

As of 31 March 2022 and 31 December 2021, income tax provisions have been accrued in accordance with the prevailing tax legislation.

According to Article 32 of the Corporate Tax Law No. 5520, the corporate tax rate is 20%. However, the corporate tax rate was determined as 25% for 2021 earnings and 23% for 2022 earnings with the "Law on the Procedure for the Collection of Public Claims and the Law No,7316 on the Amendment of Certain Laws" published in the Official Gazette dated 22 April 2021 and numbered 31462.

Deferred income tax is provided in full, using the liability method, on all temporary differences arising between the tax bases of assets and liabilities and their carrying values in the consolidated financial statements. Currently enacted tax rates are used to determine deferred income tax at the balance sheet date.

Deferred tax liabilities are recognized for all taxable temporary differences, where deferred tax assets resulting from deductible temporary differences are recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary difference can be utilized.

Provided that deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority and it is legally eligible, they may be offset against one another.

This rate is applicable to the tax base derived upon exemptions and deductions stated in the tax legislation and by addition of disallowable expenses to the commercial revenues of the companies with respect to the tax legislation. Corporate tax is required to be filed by the twenty-fifth day of the month following the balance sheet date and taxes must be paid by the end of the fourth month.

The tax legislation provides for a temporary tax of 23% to be calculated based on earnings generated for each quarter. Temporary tax is declared by the 14th day of the second month following each quarter and corresponding tax is payable by the 17th day of the same month. 7316 takes effect starting from the declarations to be submitted as of July 1, 2021, the temporary tax rate for the earnings obtained in the first temporary taxation period of 2021 will be 20%. The amounts thus calculated and paid are offset against the final corporate tax liability for the year. If there is excess temporary tax paid even if it is already offset, this amount may be refunded or offset.

Corporate tax losses can be carried forward for a maximum period of 5 years following the year in which the losses were incurred. The tax authorities can inspect tax returns and the related accounting records for a retrospective maximum period of five years.

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28. INCOME TAXES (Continued)

15% withholding applies to dividends distributed by resident real persons, those who are not liable to income and corporation tax, non-resident real persons, non-resident corporations (excluding those that acquire dividend through a permanent establishment or permanent representative in Turkey) and non-resident corporations exempted from income and corporation tax.

Dividend distribution by resident corporations to resident corporations is not subject to a withholding tax. Furthermore, in the event the profit is not distributed or included in capital, no withholding tax shall be applicable.

Turkish tax legislation does not permit a parent company and its subsidiaries to file a consolidated tax return. Therefore, tax liabilities, as reflected in these consolidated financial statements, have been calculated on a separate-entity basis. As of 31 March 2022 and 31 December 2021 current income tax payables have been offset against the prepaid taxes in entity basis but such offset amounts have been classified in gross basis in the consolidated financial statement.

In accordance with the 'General Communiqué' (Serial no:1) on 'Disguised Profit Distribution Through Transfer Pricing' was published in November 2007, the forms should be prepared until the deadline of annual corporate tax return.

Expiration years of the tax losses carried forward are as follows::

	31 March 2022	31 December 2021
2024	51,041,763	59,866,662
2025	8,981,288	8,981,290
Total	60,023,051	68,847,952

As of 31 March 2022 and 31 December 2021, corporate tax payables are summarized as follows:

Distribution of tax expenses are as follows:

	31 March 2022	31 December 2021
Assets related to the current period taxes		
Assets related to the current period taxes	1,742,882	17,153,692
	1,742,882	17,153,692
Corporate tax payable		
Current period corporate tax provision	(36,338,841)	(23,664,204)
	(36,338,841)	(23,664,204)
Tax (expense)/income		
Current period corporate tax (expense)/income	-	(13,721,361)
Deferred tax (expense)/income	(7,980,742)	(10,933,136)
	(7,980,742)	(24,654,497)

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28. INCOME TAXES (Continued)

The details of the deferred tax assets and liabilities of the Group as of 31 March 2022 and 31 December 2021 are as follows:

	31 March 2022	31 December 2021
Deferred tax assets(*)		
Cash capital increase tax incentive assets	47,726,383	43,391,720
Tax losses carried forward	10,769,305	15,835,029
Provision for litigations	6,822,104	6,298,084
Inventory impairment provision	2,402,231	2,402,231
Rediscount of receivables	2,331,558	2,312,835
Provision for employee benefits	4,087,835	3,036,856
Provision for other doubtful receivables	1,922,551	1,922,551
Recultivation provision	1,668,614	1,505,907
Property, plant and equipment and intangible assets	264,404,993	228,109,132
Other	6,359,555	6,863,113
	348,495,129	311,677,458
Deferred tax liabilities(*)		
Goodwill	(24,737,532)	(24,737,532)
Property, plant and equipment and intangible assets(**)	(38,318,739)	(28,265,131)
Internal rate of return adjustment of borrowings	(920,039)	(864,688)
Inventories	-	(340,200)
Other	(3,355,207)	(2,624,006)
	(67,331,517)	(56,831,557)
Net deferred tax asset/(liability)	281,163,612	254,845,901

(*) The total net amount of these two balances is shown as deferred tax assets amounting to TRY 285,034,764 (31 December 2021: TRY 315,181,198) and deferred tax liability of TRY3,871,152 (31 December 2021: TRY60,335,297) in the balance sheet.

	31 March 2022	31 December 2021
Deferred tax assets/(liabilities) presentation at balance sheet		
Deferred tax assets	285,034,764	315,181,198
Deferred tax liabilities	(3,871,152)	(60,335,297)
	281,163,612	254,845,901

The movement of the net deferred tax liabilities is as follows:

	31 March 2022	31 March 2021
Deferred tax assets/(liabilities) movement		
Opening balance	(254,845,901)	(23,667,853)
Deferred tax (income)/expense	7,980,742	(10,933,136)
Accounted under other comprehensive income	(14,438,341)	11,584,087
Other	(19,860,112)	-
Closing balance	(281,163,612)	(23,016,902)

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28. INCOME TAXES (Continued)

Tax reconciliation:	31 March 2022	31 March 2021
Profit before taxation	139,071,932	199,101,077
Effective statutory income tax rate	%23	%20
Tax expense at the effective statutory income tax rate	(31,986,544)	(39,820,215)
Reconciliation of tax provision calculated with deductible:		
- Effect of the profit from investments accounted by equity	16,541,650	8,819,999
- Effect of cash capital increase on tax incentive assets	4,334,663	4,330,450
- Tax exemption from sale of land	814,104	2,940,631
- Non-deductible expenses	(3,871,222)	(64,871)
- Other	6,186,607	(860,491)
Tax expense in the income statement	(7,980,742)	(24,654,497)

(*)The Group has revalued its immovables and their depreciation as of 31 December 2021 within the scope of the Tax Procedure Law General Communiqué (Sequence No: 530) published by the Ministry of Treasury and Finance. It continues to be accounted for using the cost method in TFRS financial statements. It has calculated the deferred tax asset/liability, which is currently calculated over the temporary difference between the TFRS financial statements, over the current TPL values that will occur with the effect of revaluation, and the deferred tax income that will arise due to this application, to the extent that the recoverability of the said tax advantage is considered possible, in one go. accounted for in the table. As of 31 December 2021, the total tax effect is TRY209,922,482. With the implementation of inflation accounting in TFRS financial statements, the immovables included in TFRS financial statements will also need to be evaluated. In this case, since the temporary difference between the TFRS financial statements regarding immovables will disappear, it may be possible to write off tax expense.

The law on amending the Tax Procedure Law and the Corporate Tax Law was enacted on January 20, 2022, Law No. 7352 and it has been decided that the financial statements will not be subject to inflation adjustment in the 2021 and 2022 accounting periods, including the temporary accounting periods, and in the provisional tax periods of the 2023 accounting period, regardless of whether the conditions for the inflation adjustment within the scope of the Repeated Article 298 are met. In line with the Law No. 7352, inflation adjustment will be applied to the financial statements dated 31 December 2023, and the profit/loss difference arising from the inflation adjustment will be shown in the previous years' profit/loss account and will not be taxed. On 20 January 2022, the Public Oversight Authority made a statement on the Implementation of Financial Reporting in High Inflation Economies within the Scope of Turkish Financial Reporting Standards, Financial Reporting Standard for Large and Medium Sized Enterprises. Accordingly, it has been stated that businesses applying TFRS do not need to make any adjustments in their financial statements for 2021 within the scope of TAS 29 Financial Reporting in High Inflation Economies.

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28. INCOME TAXES (Continued)

'The Law on Amendment to Certain Laws and Decree Laws' (Law No: 6637) has been promulgated in the Official Gazette dated 7 April 2015 and the Article will enter into force as from 1 July 2015. Capital companies are allowed a deemed interest deduction that is equal to 50% of the interest calculated on the cash capital increase in the registered capital of the existing corporations or cash capital contributions of the newly incorporated corporations based on the average interest rate announced by the Central Bank of Turkey for TRY denominated commercial loans, from their Corporate tax base of the relevant year. Within the scope of the authorization provision in the legal regulation, the Council of Ministers amended this rate with the Decision no. 2015/7910 published in the Official Gazette dated 31 December 2016. Accordingly, the deduction will be applied as follows:

a) For publicly held capital companies whose shares are traded in the stock exchange, 25 points will be added to 50% rate where the ratio of the nominal value of shares followed up as tradable shares in the stock exchange by Merkezi Kayıt Kuruluşu A.Ş. to the registered paid-in or removed capital is 50% or less as of the last day of the year when the deduction is benefited from, 50 points will be added to 50% rate where the above-mentioned ratio is above 50%.

b) If the capital increased in cash is used in production and industry plants with investment incentive certificates and investments of machines and equipments pertaining to these plants and/or investments of lands and plots allocated to construction of these plants, the deduction in question will be applied by adding 25 points to the 50% rate stated above, as limited to the fixed investment amount in the investment incentive certificate.

29. EARNINGS PER SHARE

Earnings per share (EPS) is calculated by dividing the net profit for the period attributable to the ordinary shareholders by the weighted average number of ordinary shares outstanding during the period.

Earnings/loss per share from continuing operations:

	1 January – 31 March 2022	1 January – 31 March 2021
Number of shares	135,084,442	135,084,442
Profit attributable to equity holders of the parent-TRY	124,303,545	160,882,885
Dividend per share with nominal value of 1 Kr - TRY	0.9202	1.1910

Earnings / (loss) per share from discontinued operations:

	1 January – 31 March 2022	1 January – 31 March 2021
Number of shares	135,084,442	135,084,442
Profit attributable to equity holders of the parent - TRY	-	(225,708)
Dividend per share with nominal value of 1 Kr - TRY	-	(0.0017)

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30. RELATED PARTY DISCLOSURES

Entities are defined as related if one of the entities has control over the other entity or has a significant influence over the other entity's financial and administrative decisions. The Group is controlled by Hacı Ömer Sabancı Holding A.Ş. For the consolidated financial statements, shareholder companies and financial assets of Hacı Ömer Sabancı Holding A.Ş. and their associates and subsidiaries and also other companies of Sabancı Group are presented separately and these companies and top management of the Group are referred to as related parties. The Group has various transactions with related parties. The related party balances as of 31 March 2022 and 31 December 2021 and the related party transactions for the periods ended 31 March 2022 and 31 December 2021 are mainly as follows:

Short-term trade receivables from related parties

	31 March 2022	31 December 2021
Çimsa Sabancı Cement BV. ⁽¹⁾	419,073,853	481,500,701
Akçansa Çimento Sanayi ve Ticaret A.Ş. ⁽²⁾	268,497	211,002
	419,342,350	481,711,703

Short-term other receivables from related parties

	31 March 2022	31 December 2021
Sabancı Dx ⁽¹⁾	-	50,636
	-	50,636

Short-term trade payables to related parties

	31 March 2022	31 December 2021
Enerjisa Üretim Santralleri A.Ş. ⁽¹⁾	91,564,604	72,372,585
Akbank T.A.Ş.(*) ⁽¹⁾	29,158,633	16,925,318
Cimsa Sabancı Cement BV(**) ⁽¹⁾	17,116,539	10,707,849
Akçansa Çimento Sanayi ve Ticaret A.Ş. ⁽²⁾	-	3,495,567
Other	494,788	449,321
	138,334,564	103,950,640

(*) The trade payable is related with supplier financing

(1) Subsidiary of the parent company; Hacı Ömer Sabancı Holding A.Ş.

(2) Joint venture of the parent company; Hacı Ömer Sabancı Holding A.Ş.

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30. RELATED PARTY DISCLOSURES (Continued)

Short-term other payables to related parties

	31 March 2022	31 December 2021
Sabancı Dx ⁽¹⁾	658,681	6,425,555
Aksigorta	9,597,597	-
Teknosa A.Ş. ⁽¹⁾	24,208	1,970,480
Cimsa Sabancı Cement BV(**) ⁽¹⁾	1,258,962	1,258,961
Diğer	349	697,859
	11,539,797	10,352,855

Short-term other payables to related parties - dividends

	31 March 2022	31 December 2021
Dividends	93,715,085	-
	93,715,085	-

Bank deposits to related parties

	31 March 2022	31 December 2021
Akbank T.A.Ş. ⁽¹⁾	292,368,200	251,687,452
	292,368,200	251,687,452

Borrowings from related parties

	31 March 2022	31 December 2021
Akbank T.A.Ş. ⁽¹⁾	362,013,132	131,051,719
	362,013,132	131,051,719

(1) Subsidiary of the parent company; Hacı Ömer Sabancı Holding A.Ş.

(2) Joint venture of the parent company; Hacı Ömer Sabancı Holding A.Ş.

Sales to related parties

	1 January 31 March 2022	1 January 31 March 2021
Çimsa Sabancı Cement BV ⁽¹⁾	338,304,417	-
Akçansa Çimento Sanayi ve Ticaret A.Ş. ⁽²⁾	226,852	2,740,524
Ak Finansal Kiralama	-	568,230
Sabancı Dx ⁽¹⁾	94,199	24,155
Diğer	1,057,116	229,838
	339,682,584	3,562,747

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30. RELATED PARTY DISCLOSURES (continued)

Purchases and services received from related parties

	1 January – 31 March 2022	1 January – 31 March 2021
Enerjisa Enerji A.S. ⁽¹⁾	201,373,660	73,856,518
Akçansa Çimento Sanayi ve Ticaret A.Ş. ⁽²⁾	34,908,944	7,281,340
Aksigorta A.Ş. ⁽¹⁾	17,480,622	12,331,574
Sabancı Dx ⁽¹⁾	2,766,054	2,032,358
Ak Finansal Kiralama ⁽¹⁾	-	568,230
Ak Yatırım	50,543	463,449
AgeSa Hayat ve Emeklilik A.Ş. ⁽¹⁾	416,324	335,035
Teknosa ⁽¹⁾	134,737	50,185
Other	669,747	113,592
	257,800,631	97,032,281

Interest income from related parties

	1 January – 31 March 2022	1 January – 31 March 2021
Akbank T.A.Ş. ⁽¹⁾	2,961,229	11,488,040
	2,961,229	11,488,040

Interest expense from related parties

	1 January – 31 March 2022	1 January – 31 March 2021
Akbank T.A.Ş. ⁽¹⁾	(4,269,860)	(3,166,504)
	(4,269,860)	(3,166,504)

Compensation benefits to the top management

Total amount of compensation benefits paid to the Chairman and the members of the Board of Directors, general manager, and deputy general managers, is TRY8,478,117 (31 March 2021 – TRY3,611,646). The contributions paid to Social Security Institution are TRY197,032 (31 March 2021 – TRY140.865).

(1) Subsidiary of the parent company; Hacı Ömer Sabancı Holding A.Ş.

(2) Joint venture of the parent company; Hacı Ömer Sabancı Holding A.Ş.

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31. FOREIGN CURRENCY RISK

As of 31 March 2022 and 31 December 2021, the Group's foreign currency position in terms of the original currency is as follows:

	31 March 2022				31 December 2021			
	TRY Equivalent (Functional Currency)	USD (Original Currency)	EUR (Original Currency)	GBP (Original Currency)	TRY Equivalent (Functional Currency)	USD (Original Currency)	EUR (Original Currency)	GBP (Original Currency)
Trade receivables	763,347,068	34,288,111	15,362,816	552,974	557,800,942	28,647,393	12,207,745	389,138
Monetary financial assets	58,620,472	3,163,751	697,293	47,517	180,221,560	8,557,143	4,313,672	334,419
Other	63,868,449	4,038,302	287,737	1,650	40,243,769	2,779,554	284,158	-
Current Assets	885,835,989	41,490,164	16,347,846	602,141	778,266,271	39,984,090	16,805,575	723,557
TOTAL ASSET	885,835,989	41,490,164	16,347,846	602,141	778,266,271	39,984,090	16,805,575	723,557
Trade payables	(564,978,451)	(32,863,026)	(5,047,952)	(70,167)	(399,549,341)	(26,487,751)	(3,708,512)	(77,641)
Financial liabilities	(896,548,288)	-	(54,973,958)	-	(855,923,591)	-	(58,296,288)	-
Other	(27,590,820)	(335,393)	(1,387,460)	(2,664)	(24,189,081)	(180,303)	(1,484,966)	(2,664)
Short Term Liabilities	(1,489,117,559)	(33,198,419)	(61,409,370)	(72,831)	(1,279,662,013)	(26,668,054)	(63,489,766)	(80,305)
TOTAL LIABILITIES	(1,489,117,559)	(33,198,419)	(61,409,370)	(72,831)	(1,279,662,013)	(26,668,054)	(63,489,766)	(80,305)
Net foreign currency asset liability position	(603,281,570)	8,291,745	(45,061,524)	529,310	(501,395,742)	13,316,036	(46,684,191)	643,252
Off balance sheet derivative financial instruments	567,539,280	-	34,800,000	-	558,445,626	-	38,035,296	-
Net foreign currency asset / liability position for monetary	(35,742,290)	8,291,745	(10,261,524)	529,310	57,049,884	13,316,036	(8,648,895)	643,252
Export	965,058,073	44,575,256	21,232,701	1,130,824	2,304,626,565	147,307,638	90,838,370	1,944,877
Import	57,486,489	56,300	3,665,245	1,677	518,900,637	53,977,865	3,203,018	93,963

As the national currencies of the Group's foreign subsidiaries are not assessed as the foreign currency risk, they are not included in the foreign currency position.

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31. FOREIGN CURRENCY RISK (Continued)

The Group is mainly exposed to currency risk denominated in USD, EUR and GBP.

The table below shows the Group's sensitivity to a 10% increase in USD, Euro and GBP exchange rates. The 10% rate is the rate used in the reporting of the currency risk within the Group to the top management and represents the probable change that the management expects in foreign exchange rates. The sensitivity analysis only covers the monetary items denominated in foreign currency and presents the impact of the 10% change in foreign exchange rates of these monetary items at year-end. This analysis covers, as well as external loans, the loans denominated in a currency other than the functional currency of the parties taking the loan. Positive value represents the increase in other equity items in profit/loss.

	Profit /Loss		Equity	
	Foreign currency appreciation	Foreign currency depreciation	Foreign currency appreciation	Foreign currency depreciation
31 March 2022				
1- USD net assets/liabilities	12,143,924	(12,143,924)	12,143,924	(12,143,924)
2- Hedged portion of USD risk (-)	-	-	-	-
3- USD net effect (1+2)	12,143,924	(12,143,924)	12,143,924	(12,143,924)
4- Net EUR assets/liabilities	(73,489,038)	73,489,038	(73,489,038)	73,489,038
5- Hedged portion of EUR risk (-)	56,753,928	(56,753,928)	56,753,928	(56,753,928)
6- EUR net effect (4+6)	(16,735,110)	16,735,110	(16,735,110)	16,735,110
7- Net GBP assets/liabilities	1,016,957	(1,016,957)	1,016,957	(1,016,957)
8- Hedged portion of GBP risk (-)	-	-	-	-
9- GBP net effect (7+8)	1,016,957	(1,016,957)	1,016,957	(1,016,957)
TOTAL (3+6+9)	(3,574,229)	3,574,229	(3,574,229)	3,574,229

	Profit /Loss		Equity	
	Foreign currency appreciation	Foreign currency depreciation	Foreign currency appreciation	Foreign currency depreciation
31 December 2021				
1- USD net assets/liabilities	17,280,887	(17,280,887)	17,280,887	(17,280,887)
2- Hedged portion of USD risk (-)	-	-	-	-
3- USD net effect (1+2)	17,280,887	(17,280,887)	17,280,887	(17,280,887)
4- Net EUR assets/liabilities	(68,543,128)	68,543,128	(68,543,128)	68,543,128
5- Hedged portion of EUR risk (-)	55,844,563	(55,844,563)	55,844,563	(55,844,563)
6- EUR net effect (4+6)	(12,698,565)	12,698,565	(12,698,565)	12,698,565
7- Net GBP assets/liabilities	1,122,668	(1,122,668)	1,122,668	(1,122,668)
8- Hedged portion of GBP risk (-)	-	-	-	-
9- GBP net effect (7+8)	1,122,668	(1,122,668)	1,122,668	(1,122,668)
TOTAL (3+6+9)	5,704,990	(5,704,990)	5,704,990	(5,704,990)

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32. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

Fair value of financial instruments

Fair value is defined as the price that collected from the sale of an asset or payable in the ordinary course of business at the measurement date between market participants.

The estimated fair values of financial instruments have been determined by the Company using available market information and appropriate valuation methodologies. However, estimates are necessary to interpret market data to determine fair value. Accordingly, the estimates presented herein are not necessarily indicative of the amounts the Company could realize in a current market exchange.

Monetary assets

It is foreseen that cash and cash equivalent recording prices are equal to their fair value due to their short-term nature.

It is foreseen that trade receivables recording prices are equal to their fair value due to their short-term nature.

Monetary liabilities

The carrying values of trade payables are estimated to reflect their fair value due to their short-term nature.

	31 March 2022	31 December 2021
Fair value difference reflects other comprehensive income/loss derivative financial assets and liabilities (*)	-	(27,566,080)
Total	-	(27,566,080)
	31 March 2022	31 December 2021
Fair value difference reflects over income/loss financial	-	27,108,341
Total	-	27,108,341

Fair value measurement hierarchy table

The fair value of the financial assets and liabilities is determined as follows:

- First level: Financial assets and liabilities are measured at quoted market prices on the active market for identical assets and liabilities.
- Second level: Financial assets and liabilities are valued using inputs that are used to determine directly or indirectly the marketable price of the related asset or liability other than the quoted price at the first level.
- Third level: Financial assets and liabilities are valued at inputs that are not based on an observable asset in the market for the fair value of the asset or liability.

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34. FEES FOR SERVICES RECEIVED FROM INDEPENDENT AUDITOR

The fees related to the services received by the company from the independent auditor/independent audit firm are presented below:

	1 January – 31 March 2022	1 January – 31 December 2021
Independent audit fee for the reporting period	312,496	501,000
Fee for tax consultancy services	-	442,077
Fee for other assurance services	-	987,497
Total	312,496	1,930,574

35. SUBSEQUENT EVENTS

Niğde Integrated Cement Factory, Kayseri Integrated Cement Factory, Ankara Cement Grinding Facility and Başakpınar, Ambar, Nevşehir, Cırgalan, Aksaray, Ereğli and Kahramanmaraş Ready-Mixed Concrete Facilities registered in the assets/property of our company, fixed assets in these facilities and other related assets, An Asset Sale Agreement was signed on September 24, 2021 regarding the transfer to Çimko Cement ve Beton Sanayi Ticaret A. and our Company's material event statement dated the same date, it was announced that these asset transfers could be made provided that the necessary legal approvals, including the approval of the Competition Board, were obtained and after these approvals were obtained.

The application before the Competition Authority on the subject was taken into final examination with the decision of the Competition Board dated February 24, 2022 and numbered 22-10/142-M, and considering that this review has not been concluded yet, the Asset Sales Agreement has expired with the expiration of preconditions in the contract.

In line with our company's goals of growing and expanding its value-added product range, it has been decided to make an additional investment in the existing CAC (Calcium Aluminate Cement) production capacity.

In this context;

- Investment to increase the capacity of the CAC (Calcium Aluminate Cement) facility at the Mersin Plant,
- Allocating a budget of 45 million USD for the investment to be made,
- It is planned to start the investment in the second quarter of 2022 and to complete the investment in the third quarter of 2023. It was announced in the material event statement dated April 28, 2022.