

(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 - 30 SEPTEMBER 2022 CONDENSED
INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

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

ÇİMSA ÇİMENTO SANAYİ VE TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

TABLE OF CONTENTS

	Page
Interim consolidated statement of financial position	1 - 2
Interim consolidated statement of profit or loss	3
Interim consolidated statement of other comprehensive income	4
Interim consolidated statement of changes in equity	5
Interim consolidated statement of cash flows	6
Notes to the interim consolidated financial statements	7 – 59

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ÇİMSA ÇİMENTO SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES
INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2022

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

		(Not Audited)	(Audited)
		Current Period	Prior Period
		30 September	31 December
	Notes	2022	2021
ASSETS			
Cash and cash equivalents	5	2,002,225,536	257,911,803
Financial investments	6	639,621,818	-
Trade receivables	7	1,665,852,984	900,920,799
<i>Trade receivables from related parties</i>	31	756,874,563	481,711,703
<i>Trade receivables from third parties</i>		908,978,421	419,209,096
Other receivables		1,097,940	1,057,625
<i>Other receivables from related parties</i>	31	-	50,636
<i>Other receivables from third parties</i>	9	1,097,940	1,006,989
Derivative financial instruments	23	-	27,108,341
Inventories	10	1,254,786,602	697,558,413
Prepaid expenses	11	46,386,504	59,162,499
Assets related to the current period taxes		20,397,358	17,153,692
Other current assets	21	145,210,843	98,709,690
Non-current assets held for sale	13	1,803	180,248,206
Current assets		5,775,581,388	2,239,831,068
Other receivables	9	4,834,853	4,985,658
<i>Other receivables from third parties</i>		4,834,853	4,985,658
Financial investments		64,478	64,478
Investments accounted under equity method	3	1,467,132,818	1,022,220,528
Property, plant and equipment	12	1,518,884,330	1,447,367,967
Right of use assets	15	16,221,025	17,033,792
Intangible assets		172,065,802	176,081,895
<i>Goodwill</i>	16	148,119,252	148,119,252
<i>Other intangible assets</i>	14	23,946,550	27,962,643
Prepaid expenses	11	376,895,480	10,174,126
Deferred tax assets	29	862,540,542	315,181,198
Other non-current assets	21	5,172,183	15,823,527
Non-current assets		4,423,811,511	3,008,933,169
TOTAL ASSETS		10,199,392,899	5,248,764,237

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

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INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2022

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

	Notes	(Not Audited) Current Period 30 September 2022	(Audited) Prior Period 31 December 2021
LIABILITIES			
Short-term borrowings	8	1,450,633,894	743,660,473
Current portion of long-term borrowings	8	573,700,945	188,630,175
Short-term lease liabilities	8	27,768,670	24,534,878
Trade payables	7	1,758,404,913	647,108,794
<i>Trade payables to related parties</i>	31	396,468,923	103,950,640
<i>Trade payables to third parties</i>		1,361,935,990	543,158,154
Employee benefit obligations	20	14,199,151	9,672,293
Other payables		35,726,084	29,505,483
<i>Other payables to related parties</i>	31	5,510,103	10,352,855
<i>Other payables to third parties</i>	9	30,215,981	19,152,628
Derivative financial liabilities	23	-	27,566,080
Deferred income	11	43,811,118	24,281,420
Current income tax liability		96,736,930	23,664,204
Short-term provisions	17	118,875,293	66,055,780
<i>Short-term provisions for employee benefits</i>		4,673,941	16,095,062
<i>Other short-term provisions</i>		114,201,352	49,960,718
Other current liabilities	21	632,006	151,060,187
Current liabilities		4,120,489,004	1,935,739,767
Long-term borrowings	8	-	378,308,384
Long-term lease liabilities	8	30,692,212	24,336,054
Long-term provisions	17	100,676,977	77,190,637
<i>Long-term provisions for employee benefits</i>	20	90,489,187	70,200,321
<i>Other long-term provisions</i>		10,187,790	6,990,316
Deferred tax liability	29	243,814,653	60,335,297
Non-current liabilities		375,183,842	540,170,372
SHAREHOLDERS' EQUITY			
Share capital	22	135,084,442	135,084,442
Adjustments to share capital	22	41,741,516	41,741,516
Share premiums		575,466	575,466
Other comprehensive income/expense to be reclassified to profit or loss		(41,330,617)	(18,388,225)
<i>Foreign currency translation reserve</i>		(49,925,331)	(21,568,313)
<i>Cash flow hedge fund</i>		(261,759,695)	(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>		270,354,409	171,346,294
Other comprehensive income/expense not to be reclassified to profit or loss		59,348,493	(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>		141,697,369	35,816,326
<i>Actuarial losses/gains on defined benefit plans</i>		(19,034,860)	(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		2,974,705,285	1,016,600,770
Equity attributable to equity holders of the parent		5,354,102,976	2,494,801,592
Non-controlling interests		349,617,077	278,052,506
Total shareholders' equity		5,703,720,053	2,772,854,098
TOTAL LIABILITIES AND EQUITY		10,199,392,899	5,248,764,237

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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 30 SEPTEMBER 2022
(Amounts expressed in Turkish Lira (“TRY”), unless otherwise indicated.)

		(Not Audited) Current Period 1 January -	(Not Audited) Prior Period 1 January -	(Not Audited) Current Period 1 July -	(Not Audited) Prior Period 1 July -
	Notes	30 September 2022	30 September 2021	30 September 2022	30 September 2021
OPERATING INCOME					
Revenue	24	6,026,409,808	2,532,773,081	2,431,219,417	891,064,653
Cost of sales (-)	25	(4,899,931,047)	(1,983,881,338)	(1,988,194,808)	(718,845,435)
GROSS PROFIT		1,126,478,761	548,891,743	443,024,609	172,219,218
General and administrative expense (-)	25	(230,879,604)	(123,429,250)	(99,887,341)	(48,462,251)
Marketing, selling and distribution expense (-)	25	(9,477,476)	(9,070,483)	(3,338,653)	(2,481,041)
Research and development expense (-)	25	(7,210,425)	(4,446,429)	(2,719,930)	(1,507,069)
Other operating income	26	588,383,323	204,771,963	227,791,938	47,055,468
Other operating expenses (-)	26	(361,255,156)	(139,052,671)	(146,517,033)	(51,278,771)
OPERATING PROFIT		1,106,039,423	477,664,873	418,353,590	115,545,554
Income/(expense) from investment activities	27	1,697,090,281	32,993,530	1,683,804,635	(1,389,579)
Profit/(loss) from investments accounted by equity method	3	255,473,533	95,055,095	76,054,665	(8,890,541)
OPERATING PROFIT BEFORE FINANCIAL INCOME/(EXPENSE)		3,058,603,237	605,713,498	2,178,212,890	105,265,434
Financial income	28	33,286,976	27,266,777	20,446,905	9,441,785
Financial expenses (-)	28	(243,810,282)	(164,319,473)	(75,575,688)	(39,882,379)
PROFIT BEFORE TAXATION		2,848,079,931	468,660,802	2,123,084,107	74,824,840
Tax income/(expense) from continuing operations		207,466,833	(93,056,164)	(99,276,848)	(18,515,992)
- Current period tax expense (-)	29	(119,617,202)	(93,479,236)	(60,820,195)	(30,859,180)
- Deferred tax income/(expense)	29	327,084,035	423,072	(38,456,653)	12,343,188
PROFIT/(LOSS) FOR THE PERIOD FROM CONTINUING OPERATIONS		3,055,546,764	375,604,638	2,023,807,259	56,308,848
PERIOD (LOSS)/PROFIT OF DISCONTINUED OPERATIONS	18	-	289,639,030	-	-
NET PROFIT		3,055,546,764	665,243,668	2,023,807,259	56,308,848
Profit for the period attributable to					
- Non-controlling interests		80,841,479	35,368,778	31,803,201	6,897,769
- Equity holders of the parent		2,974,705,285	629,874,890	1,992,004,058	49,411,079
Earnings Per Share					
Earnings per share from continuing operations (Nominal amount of 1 Kr)	30	22.02	4.66	14.75	0.37
Earnings per share from discontinued operations (Nominal amount of 1 Kr)	30	-	2.14	-	-

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INTERIM CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 30 SEPTEMBER 2022

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

	(Not Audited) Current Period 1 January- 30 September 2022	(Not Audited) Prior Period 1 January- 30 September 2021	(Not Audited) Current Period 1 July- 30 September 2022	(Not Audited) Prior Period 1 July- 30 September 2021
PERIOD (LOSS)/PROFIT OF CONTINUING OPERATIONS	3,055,546,764	375,604,638	2,023,807,259	56,308,848
Other comprehensive income/expense to be reclassified to profit or loss	(23,399,300)	21,079,764	(4,321,455)	9,701,256
<i>Cash flow hedge fund</i>	(121,549,986)	(40,128,744)	(23,408,913)	17,113,923
<i>Share of other comprehensive income of investments in associates accounted for using equity method that will be reclassified to profit/(loss)</i>	99,008,115	47,643,379	17,754,818	(2,389,199)
<i>Foreign currency translation reserve</i>	(28,813,926)	9,669,463	(4,051,410)	(744,987)
<i>Tax (expense)/income</i>	27,956,497	3,895,666	5,384,050	(4,278,481)
Other comprehensive income/expense not to be reclassified to profit or loss	107,538,491	(8,118,958)	80,659,271	4,599,429
<i>Share of other comprehensive income of investments in associates accounted for using equity method that will not be reclassified to profit/(loss)</i>	137,507,848	(8,892,011)	91,812,452	7,070,445
<i>Actuarial gains/(losses) on defined benefit plans</i>	2,152,530	(1,933,267)	12,939,848	(937,874)
<i>Tax (expense)/income</i>	(32,121,887)	2,706,320	(24,093,029)	(1,533,142)
PERIOD (LOSS)/PROFIT OF DISCONTINUED OPERATIONS	-	289,639,030	-	-
Other comprehensive income/expense to be reclassified to profit or loss	-	33,072,299	-	-
<i>Foreign currency translation reserve</i>	-	33,072,299	-	-
OTHER COMPREHENSIVE INCOME/(EXPENSE)	84,139,191	46,033,105	76,337,816	14,300,685
(AFTER TAX)	3,139,685,955	711,276,773	2,100,145,075	70,609,533
Total comprehensive income attributable to				
- Non-controlling interests	80,384,571	34,804,415	31,010,867	5,553,082
- Equity holders of the parent	3,059,301,384	676,472,358	2,069,134,208	65,056,451

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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 30 SEPTEMBER 2022

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

	<u>Other Comprehensive Income/Expense to be Reclassified to Profit or Loss</u>					<u>Other Comprehensive Income/Expense not to be Reclassified to Profit or Loss</u>				<u>Retained Earnings</u>					
	Share capital	Adjustments to share capital	Share premiums	Foreign currency translation reserve	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 paren	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	-	-	-	-	-	-	-	-	-	-	629,874,890	629,874,890	35,368,778	665,243,668	
Other comprehensive income/(expense)	-	-	-	43,306,126	(36,233,078)	(6,669,008)	47,643,379	-	(1,449,950)	-	-	-	46,597,469	(564,364)	46,033,105
Total comprehensive income/(expense)	-	-	-	43,306,126	(36,233,078)	(6,669,008)	47,643,379	-	(1,449,950)	-	-	629,874,890	676,472,359	34,804,414	711,276,773
Increase/(Decrease) due to other changes	-	-	-	-	-	-	-	(62,417,702)	-	-	-	(62,417,702)	-	(62,417,702)	
Disposal of subsidiaries	-	-	-	(139,113,203)	24,546,080	-	-	-	-	-	-	(114,567,123)	(13,319,461)	(127,886,584)	
30 September 2021	135,084,442	41,741,516	1,099,415	(9,814,750)	(72,199,491)	15,547,588	47,643,379	(62,417,702)	(13,913,426)	193,104,976	1,174,272,645	629,874,890	2,080,023,482	279,793,342	2,359,816,824
1 September 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/(loss) for the period	-	-	-	-	-	-	-	-	-	-	2,974,705,285	2,974,705,285	80,841,479	3,055,546,764	
Other comprehensive income/(expense)	-	-	-	(28,357,018)	(93,593,489)	99,008,115	-	105,881,043	1,657,448	-	-	-	84,596,099	(456,908)	84,139,191
Total comprehensive income/(expense)	-	-	-	(28,357,018)	(93,593,489)	99,008,115	-	105,881,043	1,657,448	-	-	2,974,705,285	3,059,301,384	80,384,571	3,139,685,955
Dividends (*)	-	-	-	-	-	-	-	-	-	(200,000,000)	-	(200,000,000)	(8,820,000)	(208,820,000)	
30 September 2022	135,084,442	41,741,516	575,466	(49,925,331)	(261,759,695)	270,354,409	(63,314,016)	141,697,369	(19,034,860)	193,104,976	1,990,873,415	2,974,705,285	5,354,102,976	349,617,077	5,703,720,053

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

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ÇİMSA ÇİMENTO SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES
INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30 SEPTEMBER 2022
(Amounts expressed in Turkish Lira (‘TRY’), unless otherwise indicated.)

		(Not Audited) Current Period 1 January - 30 September 2022	(Not Audited) Prior Period 1 January 30 September 2021
A. CASH FLOWS FROM OPERATING ACTIVITIES	Notes	876,563,186	(216,990,892)
Profit/(loss) from continuing operations before tax		2,848,079,931	468,660,802
Profit/(loss) from discontinued operations before tax		-	304,377,180
Adjustments to reconcile net profit/loss for the period		(1,683,982,111)	(218,907,377)
Adjustment related to depreciation and amortization expense		116,037,764	98,672,570
Adjustments for gains from the disposal of PPE classified for sale	27	(1,677,969,019)	-
Adjustment related to gain on sale of fixed assets	27	(13,363,554)	(32,993,530)
Adjustments related to retained profits of subsidiaries	3	(255,473,533)	(95,055,095)
Adjustment related to allowance for doubtful receivable		(1,031,042)	(833,222)
Adjustment related to provision for inventory impairment		(1,277,120)	1,369,596
Adjustment related to provision for litigations, -net	17	5,594,658	2,058,346
Adjustment related to recultivation provision	17	3,197,475	1,159,946
Provision for expected credit losses	7	1,611,702	333,388
Adjustment related to retirement pay provision		20,614,620	7,874,240
Adjustment related to seniority provision	20	1,894,240	874,865
Adjustment related unpaid vacation liability		5,200,616	1,531,721
Adjustments for (Gains) from Disposal of Subsidiaries		-	(302,264,104)
Adjustments to employee benefits		-	6,500,000
Adjustment related to interest expense		147,289,886	82,395,604
Adjustment related to interest income		(106,863,787)	(41,746,290)
Unrealized foreign exchange (gains)/losses on financial borrowings		97,663,324	78,448,377
Adjustment related to fair value decrease/(increase) of derivative financial instruments		(27,108,341)	(27,233,789)
Changes in working capital		(297,837,772)	(692,848,270)
Short-term trade receivables		(765,512,845)	(452,943,611)
Inventories		(555,951,069)	(116,120,564)
Other receivables/current assets/prepaid expenses		(37,009,139)	(91,707,999)
Other long-term trade receivables/non-current/prepaid expenses		10,844,211	7,905,670
Short-term trade payables		1,111,296,119	(44,613,467)
Other short-term payables/liabilities/provisions		(61,505,049)	4,631,701
Cash flow from operations		866,260,048	(138,717,665)
Interest received		73,576,811	14,479,513
Premiums and bonuses paid		(11,461,117)	(6,437,719)
Retirement pay provision paid	20	(3,412,487)	(1,506,694)
Seniority provision paid	20	(1,034,380)	(376,681)
Vacation provision paid	20	(821,213)	(580,600)
Tax payments		(46,544,476)	(83,851,046)
B. CASH FLOWS FROM INVESTING ACTIVITIES		1,333,449,264	(17,619,186)
Cash out flow related to purchases of tangible assets	12	(165,715,327)	(81,279,521)
Cash Inflows from Losing Control of Subsidiaries or Other Businesses		-	334,798,007
Cash Outflows Arising From Purchase of Shares or Capital Increase of Associates and/or Joint Ventures		-	(294,432,360)
Income from sales of fixed assets classified as held for sale		1,853,217,696	-
Proceeds from sales of property, plant and equipment		14,130,638	36,062,442
Purchase of intangible assets	14	(1,420,327)	(1,430,366)
Advances given for the purchase of tangible fixed assets		(366,763,416)	(11,337,388)
C. CASH FLOWS FROM FINANCING ACTIVITIES		(498,738,327)	(270,556,583)
Proceeds from borrowings		1,757,527,300	744,617,186
Repayment of borrowings		(1,352,179,641)	(1,008,731,548)
Interest paid		(88,931,144)	(33,708,998)
Interest income		33,286,976	27,266,777
(Paid)/other financial expenses incurred		(639,621,818)	-
Dividends paid		(200,000,000)	-
Dividends paid to non-controlling interests		(8,820,000)	-
NET CHANGE IN CASH AND CASH EQUIVALENTS (A+B+C)		1,711,274,123	(505,166,661)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	5	257,726,562	903,870,179
Currency translation differences (net)		28,357,023	42,196,063
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	5	1,997,357,708	440,899,581

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NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD
ENDED 30 SEPTEMBER 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 30 September 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	
				30 September 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%
ООО Çimsa Rus CTK (ООО Русья) (*)	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 Cimsa Cementos Espana SAU, Cimsa Americas Cement Manufacturing and Sales Corporation, Cimsa Cement Sales North GmbH and Cimsa Adriatico S.R.L to Cimsa 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.

Cimsa Sabancı Cement BV ("CSC ") company 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% .

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.

(Convenience translation of the report and consolidated financial statements originally issued in Turkish)
ÇİMSA ÇİMENTO SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD
ENDED 30 SEPTEMBER 2022

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

1. ORGANIZATION AND NATURE OF OPERATIONS (Continued)

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 1 November 2022.

The average number of blue collar employees (a union member) of the Group for the year ended 30 September 2022 is 480 (2021: 616) and white collar employees (not a union member) is 439 (2021: 460) and the number of employees working in subsidiaries located abroad is 5 (2021: 57).

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").

POA made a statement on January 20, 2022, in order to eliminate the hesitations about whether companies that apply Turkish Financial Reporting Standards (TFRS) will apply TAS 29 Financial Reporting in Hyperinflationary Economies in the 2021 financial reporting period. Accordingly, it has been stated that the enterprises applying TFRS do not need to make any adjustments within the scope of TAS 29 Financial Reporting in High Inflation Economies ("TAS 29"), and no new explanation has been made by the KGK about the application of TAS 29. Considering that no new disclosure has been made as of the date these financial statements were prepared, no inflation adjustment was made in accordance with TAS 29 while preparing the financial statements dated 30 September 2022.

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

The functional currency of Çimsarom Marketing Distribute Srl is New Romanian Lei ('Ron'), functional currency of OOO Çimsa - Rus Ctk is Ruble. Based on TAS 21, for subsidiaries operating in countries without high inflation rates, 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.

(Convenience translation of the report and consolidated financial statements originally issued in Turkish)
ÇİMSA ÇİMENTO SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD
ENDED 30 SEPTEMBER 2022

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

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

2.1 Basis of Presentation

Preparation principles of financial statements

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. Interim condensed financial statements are presented in accordance with the formats specified in the ‘‘Announcement on TAS Taxonomy’’ published by the POA on 15 April 2019 and the Financial Statement Examples and User Guide published by the CMB.

Businesses are free to prepare their interim financial statements as a full set or as a summary in accordance with TAS 34 standard. In this context, the company preferred to prepare condensed financial statements in the interim periods.

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.

(Convenience translation of the report and consolidated financial statements originally issued in Turkish)
ÇİMSA ÇİMENTO SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD
ENDED 30 SEPTEMBER 2022

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

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.5 Summary of Significant Accounting Policies

Condensed interim consolidated financial statements have been prepared for the period ended 30 September 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 30 September 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.

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.

(Convenience translation of the report and consolidated financial statements originally issued in Turkish)
ÇİMSA ÇİMENTO SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD
ENDED 30 SEPTEMBER 2022

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

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.5 Summary of Significant Accounting Policies (Continued)

Subsidiaries (Continued)

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 requisite 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.

(Convenience translation of the report and consolidated financial statements originally issued in Turkish)
ÇİMSA ÇİMENTO SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD
ENDED 30 SEPTEMBER 2022

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

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 exchange 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	30 September 2022	31December 2021
USD (“USD”)/TRY	18.5038	12.9775
EUR (“EUR”)/ TRY	17.9232	14.6823
RUB (“RUB”)/ TRY	0.3187	0.1730
RON (“RON”)/ TRY	3.6013	2.9498
GBP (“GBP”)/ TRY	19.9995	17.4530

(Convenience translation of the report and consolidated financial statements originally issued in Turkish)
ÇİMSA ÇİMENTO SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD
ENDED 30 SEPTEMBER 2022

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

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.5 Summary of Significant Accounting Policies (Continued)

Foreign currency transactions (Continued)

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

Date	30 September 2022	30 September 2021
USD/ TRY	15.7642	8.1422
EUR/ TRY	16.6906	9.7455
RUB/ TRY	0.2373	0.1093
RON/ TRY	3.3615	1.9726
GBP/ TRY	19.5986	11.2283

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 30 September 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.

a. *New standards effective as of 30 September 2022 and amendments and interpretations on existing previous standards:*

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

- the title of TAS/IFRS,
- the change in accounting policy has been made in accordance with the relevant transitional provisions, if any,
- an explanation of the change in accounting policy,
- an explanation of the transitional provisions, if any,
- the possible effects of the transitional provisions on future periods,
- as far as possible, the amount of adjustments related to the current and each previous period presented,
 - be presented for each financial statement item affected; and
 - if the "TAS 33, Earnings Per Share" standard is valid for the company, ordinary share and diluted earnings per share should be recalculated,
- if possible, the amount of adjustment for periods before the periods not presented; and 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.

Expenses that are not evenly distributed over the one-year financial period are considered in the interim condensed financial statements only when these expenses can be appropriately estimated or deferred at the end of the financial year. Due to the sector in which the Group operates, there are no seasonal or seasonal activities that may significantly affect the interim condensed financial statements.

(Convenience translation of the report and consolidated financial statements originally issued in Turkish)
ÇİMSA ÇİMENTO SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2022

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

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.7 The New Standards, Amendments and Interpretations (Continued)

- **Amendments to IFRS 7, IFRS 4 and IFRS 16, 'Interest Rate' Benchmark Reform Phase 2;** effective from annual periods beginning on or after 1 January 2021. The Phase 2 amendments address issues that arise from the implementation of the reforms, including the replacement of one benchmark with an alternative one. Phase 2 amendments provide temporary additional ease in applying certain TAS 39 and TFRS 9 hedge accounting requirements to hedging relationships directly affected by the IBOR reform.
- **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. On 2020, 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 31 March 2021, IASB issued an additional amendment to extend the date of facilitating implementation from September 30, 2021 to September 30, 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 30 September 2022:

- **A number of narrow-scope amendments to IFRS 3, IAS 16, IAS 37 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'.

(Convenience translation of the report and consolidated financial statements originally issued in Turkish)
ÇİMSA ÇİMENTO SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD
ENDED 30 SEPTEMBER 2022

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

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.7 The New Standards, Amendments and Interpretations (Continued)

- **Amendments to IAS 1, Presentation of financial statements' on classification of liabilities;** effective from 1 January 2024. These narrow-scope amendments to IAS 1, 'Presentation of financial statements', clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant). The amendment also clarifies what IAS 1 means when it refers to the 'settlement' of a liability.
- **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.
- **Amendments to IAS 12, 'Change in deferred tax on assets and liabilities arising from a single transaction',** effective from annual periods beginning on or after 1 January 2023. The amendments require deferred tax recognition on transactions that cause equal amounts of taxable and deductible temporary differences when first recognized by companies.

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 7).
- 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 16).

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

ÇİMSA ÇİMENTO SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD
ENDED 30 SEPTEMBER 2022

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

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 30 September 2022 and 31 December 2021 and revenue, expense and net profit for the periods ending 30 September 2022 and 30 September 2021 are as follows:

<u>Investments</u>	<u>Country</u>	<u>Main operating activity</u>	<u>Effective ownership (%)</u>	<u>30 September 2022</u> <u>Carrying net book value</u>	<u>Effective ownership (%)</u>	<u>31 December 2021</u> <u>Carrying net book value</u>
Exsa	Turkey	Investment property and financial instruments	32.9	913,140,077	32.9	628,873,107
CSC	Netherland	Cement production and sale	40.0	553,992,741	40.0	393,347,421
				1,467,132,818		1,022,220,528

<u>Exsa</u>	<u>30 September 2022</u>	<u>31 December 2021</u>
Assets	3,096,974,583	2,401,050,999
Liabilities	(319,362,184)	(488,129,000)
Net assets	2,777,612,399	1,912,921,999
Group's share	913,140,077	628,873,107

<u>Exsa</u>	<u>1 January-30 September 2022</u>	<u>1 January-30 September 2021</u>	<u>1 July-30 September 2022</u>	<u>1 July-30 September 2021</u>
Revenues	1,356,111,117	1,104,497,704	446,963,030	251,100,734
Expenses	(750,529,915)	(834,647,358)	(257,972,484)	(198,229,038)
Net profit for the period	605,581,202	269,850,346	188,990,546	52,871,696
Group's share in net profit	199,084,820	88,713,301	62,130,642	17,381,569

<u>CSC</u>	<u>30 September 2022</u>	<u>31 December 2021</u>
Assets	5.596.564.653	4,174,651,233
Liabilities	(4.211.582.800)	(3,191,282,681)
Net assets	1.384.981.853	983,368,552
Group's share	553.992.741	393,347,421

<u>CSC</u>	<u>1 January-30 September 2022</u>	<u>1 January-30 September 2021</u>	<u>1 July-30 September 2022</u>	<u>1 July-30 September 2021</u>
Revenues	3,178,985,400	637,556,365	1,155,703,960	528,499,305
Expenses	(3,038,013,618)	(621,701,881)	(1,120,893,903)	(594,179,582)
Net profit for the period	140,971,782	15,854,484	34,810,057	(65,680,277)
Group's share in net profit	56,388,713	6,341,794	13,924,023	(26,272,110)

(Convenience translation of the report and consolidated financial statements originally issued in Turkish)
ÇİMSA ÇİMENTO SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD
ENDED 30 SEPTEMBER 2022

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

3. SHARES IN AFFILIATED UNDERTAKINGS (Continued)

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

30 September 2022				
Subsidiary	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	91,119,363	60,230,110	-
31 December 2021				
Subsidiary	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 (Before consolidation adjustments)

	30 September 2022	31 December 2021
Cash and cash equivalents	234,347,291	18,768,321
Other current assets	443,329,285	177,704,538
Non-current assets	558,134,475	604,010,623
Total assets	1,235,811,051	800,483,482
Short term borrowings	213,973,511	95,397,854
Other current liabilities	259,025,305	112,975,855
Other non-current liabilities	30,534,892	25,433,138
Total liabilities	503,533,708	233,806,847
Total equity	732,277,343	566,676,635

Condensed income statement information

	1 January-30 September 2022	1 January-30 September 2021	1 July -30 September 2022	1 July -30 September 2021
Revenue	882,248,119	297,142,770	417,188,532	98,081,559
Gross profit	251,596,249	55,223,223	119,994,006	18,114,931
Operating profit/(loss)	241,433,326	49,922,758	116,743,746	15,150,696
Net financial income/(expense)	(24,847,504)	(7,099,767)	(6,772,704)	(1,839,694)
Profit/(loss) before tax	224,131,465	82,706,348	109,971,042	13,311,002
Net profit for the period	185,957,884	80,027,025	85,389,847	14,110,797

Condensed cash flow information

	1 January-30 September 2022	1 January-30 September 2021
Cash flows from operating activities	166,416,959	6,814,341
Cash flows from investing activities	(22,711,616)	24,627,664
Cash flows from financing activities (excluding dividend)	71,873,627	(63,329,309)
Net increase/(decrease) in cash and cash equivalents	215,578,970	(31,887,304)

(Convenience translation of the report and consolidated financial statements originally issued in Turkish)
ÇİMSA ÇİMENTO SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD
ENDED 30 SEPTEMBER 2022
(Amounts expressed in Turkish Lira ('TRY'), unless otherwise indicated.)

4. SEGMENT REPORTING

Since the majority of the export sales of the Group are to the different geographic regions, 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 30 September 2022 and 30 September 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 30 September 2022 and 31 December 2021.

(Convenience translation of the report and consolidated financial statements originally issued in Turkish)
ÇİMSA ÇİMENTO SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD
ENDED 30 SEPTEMBER 2022

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

4. SEGMENT REPORTING (Continued)

1 January – 30 September 2022	Cement	Ready-mix concrete	Total
Revenue	5,348,275,321	678,134,487	6,026,409,808
Cost of sales (-)	(4,297,102,231)	(602,828,816)	(4,899,931,047)
Gross profit/(loss)	1,051,173,090	75,305,671	1,126,478,761
General administrative,marketing selling distribution expenses (-)	(200,432,702)	(39,924,378)	(240,357,080)
Other operating income/(expenses) (-), net	226,325,935	802,232	227,128,167
Research and development expenses (-)	(7,210,425)	-	(7,210,425)
Operating profit/(loss)	1,069,855,898	36,183,525	1,106,039,423
Income from investment activities, net	1,697,090,281	-	1,697,090,281
Profit/(loss) from investments accounted by equity method	255,473,533	-	255,473,533
Operating profit before financial income/(expense)	3,022,419,712	36,183,525	3,058,603,237
Financial income/(expense), net	(210,523,306)	-	(210,523,306)
Profit/(loss) from continuing operations before tax	2,811,896,406	36,183,525	2,848,079,931
Continuing operations tax (expense)/income	207,466,833	-	207,466,833
Current period tax expense (-)	(119,617,202)	-	(119,617,202)
Deferred tax income/(expense)	327,084,035	-	327,084,035
Profit/(loss) for the period from continuing operations	3,019,363,239	36,183,525	3,055,546,764

1 January – 30 September 2021	Cement	Ready-mix concrete	Total
Revenue	2,256,731,252	276,041,829	2,532,773,081
Cost of sales (-)	(1,743,558,505)	(240,322,833)	(1,983,881,338)
Gross profit/(loss)	513,172,747	35,718,996	548,891,743
General administrative,marketing selling distribution expenses (-)	(114,938,981)	(17,560,752)	(132,499,733)
Other operating income/(expenses) (-), net	65,550,580	168,712	65,719,292
Research and development expenses (-)	(4,446,429)	-	(4,446,429)
Operating profit/(loss)	459,337,917	18,326,956	477,664,873
Income from investment activities, net	32,993,530	-	32,993,530
Profit/(loss) from investments accounted by equity method	95,055,095	-	95,055,095
Operating profit before financial income/(expense)	587,386,542	18,326,956	605,713,498
Financial income/(expense), net	(137,052,696)	-	(137,052,696)
Profit/(loss) from continuing operations before tax	450,333,846	18,326,956	468,660,802
Continuing operations tax (expense)/income	(93,056,164)	-	(93,056,164)
Current period tax expense (-)	(93,479,236)	-	(93,479,236)
Deferred tax income/(expense)	423,072	-	423,072
Profit/(loss) for the period from continuing operations	357,277,682	18,326,956	375,604,638
Discontinued Operations Period (loss)/profit	289,639,030	-	289,639,030

(Convenience translation of the report and consolidated financial statements originally issued in Turkish)
ÇİMSA ÇİMENTO SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD
ENDED 30 SEPTEMBER 2022

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

4. SEGMENT REPORTING (Continued)

1 July – 30 September 2022	Cement	Ready-mix concrete	Total
Revenue	2,142,175,914	289,043,503	2,431,219,417
Cost of sales (-)	(1,746,854,412)	(241,340,396)	(1,988,194,808)
Gross profit/(loss)	395,321,502	47,703,107	443,024,609
General administrative,marketing selling distribution expenses (-)	(86,819,236)	(16,406,758)	(103,225,994)
Other operating income/(expenses) (-), net	81,261,373	13,532	81,274,905
Research and development expenses (-)	(2,719,930)	-	(2,719,930)
Operating profit/(loss)	387,043,709	31,309,881	418,353,590
Income from investment activities, net	1,683,804,635	-	1,683,804,635
Profit/(loss) from investments accounted by equity method	76,054,665	-	76,054,665
Operating profit before financial income/(expense)	2,146,903,010	31,309,881	2,178,212,890
Financial income/(expense), net	(55,128,783)	-	(55,128,783)
Profit/(loss) from continuing operations before tax	2,091,774,226	31,309,881	2,123,084,107
Continuing operations tax (expense)/income	(99,276,848)	-	(99,276,848)
Current period tax expense (-)	(60,820,195)	-	(60,820,195)
Deferred tax income/(expense)	(38,456,653)	-	(38,456,653)
Profit/(loss) for the period from continuing operations	1,992,497,378	31,309,881	2,023,807,259
1 July – 30 September 2021	Cement	Ready-mix concrete	Total
Revenue	779,024,230	112,040,423	891,064,653
Cost of sales (-)	(624,866,320)	(93,979,115)	(718,845,435)
Gross profit/(loss)	154,157,910	18,061,308	172,219,218
General administrative,marketing selling distribution expenses (-)	(43,769,312)	(7,173,980)	(50,943,292)
Other operating income/(expenses) (-), net	(4,322,651)	99,348	(4,223,303)
Research and development expenses (-)	(1,507,069)	-	(1,507,069)
Operating profit/(loss)	104,558,878	10,986,676	115,545,554
Income from investment activities, net	(1,389,579)	-	(1,389,579)
Profit/(loss) from investments accounted by equity method	(8,890,541)	-	(8,890,541)
Operating profit before financial income/(expense)	94,278,758	10,986,676	105,265,434
Financial income/(expense), net	(30,440,594)	-	(30,440,594)
Profit/(loss) from continuing operations before tax	63,838,164	10,986,676	74,824,840
Continuing operations tax (expense)/income	(18,515,992)	-	(18,515,992)
Current period tax expense (-)	(30,859,180)	-	(30,859,180)
Deferred tax income/(expense)	12,343,188	-	12,343,188
Profit/(loss) for the period from continuing operations	45,322,172	10,986,676	56,308,848

(Convenience translation of the report and consolidated financial statements originally issued in Turkish)
ÇİMSA ÇİMENTO SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD
ENDED 30 SEPTEMBER 2022

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

4. SEGMENT REPORTING (Continued)

30 September 2022	Cement	Ready-mix concrete	Undistributed	Total
Segment assets	7,171,207,038	311,545,507	-	7,482,752,545
Financial assets at fair value through other comprehensive income	-	-	64,478	64,478
Investments accounted under equity method	-	-	1,467,132,818	1,467,132,818
Undistributed assets	-	-	1,249,443,058	1,249,443,058
Total assets	7,171,207,038	311,545,507	2,716,640,354	10,199,392,899
Segment liabilities	4,391,698,474	103,974,372	-	4,495,672,846
Undistributed liabilities	-	-	5,703,720,053	5,703,720,053
Total liabilities	4,391,698,474	103,974,372	5,703,720,053	10,199,392,899

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

(Convenience translation of the report and consolidated financial statements originally issued in Turkish)
ÇİMSA ÇİMENTO SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD
ENDED 30 SEPTEMBER 2022

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

5. CASH AND CASH EQUIVALENTS

The detail of cash and cash equivalents as of 30 September 2022 and 31 December 2021 is as follows:

	30 September	31 December
	2022	2021
Cash	-	1,469
Cash at banks	2,002,225,536	257,910,334
<i>Demand deposits</i>	53,196,935	16,951,809
<i>Time deposits with maturity of less than 3 months</i>	1,949,028,601	240,958,525
	2,002,225,536	257,911,803
Blocked deposits (-)	(4,867,828)	(185,241)
Cash and cash equivalents in consolidated cash flow statement	1,997,357,708	257,726,562

The detail of bank deposits is stated below:

	30 September	31 December
	2022	2021
Turkish Lira	206,210,369	84,158,378
Euro	1,093,814,475	63,448,043
USD	675,445,414	99,506,679
GBP	21,876,760	5,836,606
Other	4,878,518	4,960,628
	2,002,225,536	257,910,334

Time deposits as of 30 September 2022 and 31 December 2021 are denominated in TRY, EUR, USD and GBP with the maturity of less than three months. As of 30 September 2022, effective weighted average interest rate on time deposits is 16.94% for TRY, 0.68% for USD, 0.55% for EUR and 0.01% for GBP (31 December 2021 TRY: 17.69%, USD 0.06% and EUR 0.01%). The blocked deposit amount is TRY 4,867,828 as of 30 September 2022 (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.

6. FINANCIAL INVESTMENTS

Financial assets at Fair Value through profit or loss	30 September
	2022
Eurobond	364,859,390
Other Financial Assets (*)	274,762,428
	639,621,818

The group has conducted a purchase transaction of USD 19,718,079 and nominal Eurobonds worth EUR 19,710,000 as of September 30, 2022. The redemption dates for these bonds are December 23, 2023, and March 23, 2023.

(*) The Group's financial assets at fair value through profit or loss, foreign currency protected deposits amounting to TRY 274,762,428 are recognized under other financial assets.

(Convenience translation of the report and consolidated financial statements originally issued in Turkish)
ÇİMSA ÇİMENTO SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD
ENDED 30 SEPTEMBER 2022

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

7. TRADE RECEIVABLES AND PAYABLES

a. Trade Receivables

	30 September 2022	31 December 2021
Short-term trade receivables		
Trade receivables	668,130,320	336,262,122
Notes receivable	258,357,661	99,875,874
Due from related parties (Note 31)	756,874,563	481,711,703
Allowance for doubtful receivables (-)	(13,767,471)	(14,798,513)
Less: Provision for expected credit losses	(3,742,089)	(2,130,387)
	1,665,852,984	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 54 days (31 December 2021 - 58 days). Effective interest rates used when determining the amortized cost are 14.99% for TRY, 3.7% for USD and 3.11% for EUR (31 December 2021 - TRY: 14.63%, USD: 0.21%, EUR: 1.85%).

The movement of the provision for doubtful receivables for the periods ended 30 September 2022 and 30 September 2021 is as follows:

	1 January- 30 September 2022	1 January- 30 September 2021
Movements of allowance for doubtful receivables		
Opening balance	14,798,513	15,409,260
Charge for the period (Note 26)	-	18,500
Provision no longer required (-) (Note 26)	(1,031,042)	(851,722)
Closing balance	13,767,471	14,576,038

b. Trade Payables

	30 September 2022	31 December 2021
Short-term trade payables		
Trade payables	1,361,935,990	543,158,154
Trade payables to related parties (Note 31)	396,468,923	103,950,640
	1,758,404,913	647,108,794

The average payment period of trade payables is 62 days (31 December 2021: 61 days). Effective interest rates used when determining the amortized cost are 14.99% for TRY, 3.7% for USD and 3.11% for EUR (31 December 2021 - TRY: 14.63%, USD: 0.21%, EUR 1.85%).

(Convenience translation of the report and consolidated financial statements originally issued in Turkish)
ÇİMSA ÇİMENTO SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD
ENDED 30 SEPTEMBER 2022

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

8. FINANCIAL BORROWINGS

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

Borrowings	30 September 2022	31 December 2021
Short-term borrowings	1,450,633,894	643,187,452
Current portion of long-term borrowings	573,700,945	188,630,175
Short-term financial liabilities	27,768,670	24,534,878
Short-term issued bonds	-	100,473,021
	2,052,103,509	956,825,526
Long-term borrowings	-	378,308,384
Long-term financial liabilities	30,692,212	24,336,054
	30,692,212	402,644,438
Financial borrowings except IFRS 16	2,024,334,839	1,310,599,032
Total borrowings	2,082,795,721	1,359,469,964

The details of the borrowings as of 30 September 2022 are as follows:

Secured/ Unsecured	Interest Type	Currency Type	Weighted Average Interest Rate (%)	Original Balance	Short-Term	Long-Term	30 September 2022
Secured	Fixed	TRY	12.44	500,000,000	500,000,000	-	500,000,000
Unsecured	Fixed	EUR	3.11	54,848,046	983,052,495	-	983,052,495
Unsecured	Fixed	TRY	17.93	542,293,427	542,293,427	-	542,293,427
					2,024,334,839	-	2,024,334,839

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	58,235,502	567,251,297	287,779,814	855,031,111
Unsecured	Fixed	TRY	15.57	455,567,920	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 EUR 3,235,296 with floating interest rate. Maturity date of this transaction is 29 March 2022, financial risk hedge accounting applied and accounted under equity.

(Convenience translation of the report and consolidated financial statements originally issued in Turkish)
ÇİMSA ÇİMENTO SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD
ENDED 30 SEPTEMBER 2022

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

8. FINANCIAL BORROWINGS (Continued)

The repayment schedule of the borrowings as of 30 September 2022 and 31 December 2021 is as follows:

	<u>30 September 2022</u>	<u>31 December 2021</u>
To be paid within 1 year	2,024,334,839	932,290,648
To be paid between 1-2 years	-	378,308,384
	<u>2,024,334,839</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 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.

9. OTHER RECEIVABLES AND OTHER PAYABLES

a. Other Receivables

	<u>30 September 2022</u>	<u>31 December 2021</u>
Short-term other receivables from third parties		
Other miscellaneous receivables	1,610,259	1,609,454
Due from personnel	252,035	161,889
Provision for doubtful other receivables	(764,354)	(764,354)
	<u>1,097,940</u>	<u>1,006,989</u>
Short-term other receivables		
Short-term other receivables from related parties (Note 31)	-	50,636
	<u>-</u>	<u>50,636</u>
Long-term other receivables		
Deposits and guarantees given	4,834,853	4,985,658
	<u>4,834,853</u>	<u>4,985,658</u>

b. Other Payables

	<u>30 September 2022</u>	<u>31 December 2021</u>
Short-term other payables		
Other payables to related parties (Note 31)	5,510,103	10,352,855
Taxes and funds payable	18,328,250	10,039,267
Deposits and guarantees received	11,887,731	9,113,361
	<u>35,726,084</u>	<u>29,505,483</u>

(Convenience translation of the report and consolidated financial statements originally issued in Turkish)
ÇİMSA ÇİMENTO SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD
ENDED 30 SEPTEMBER 2022

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

10. INVENTORIES

Inventories	30 September 2022	31 December 2021
Raw Materials	585,796,878	483,781,700
Work-in progress	330,223,462	185,700,115
Finished goods	97,254,078	37,633,630
Goods in transit	250,500,503	-
Other inventories	-	708,407
Inventory impairment provision (-)	(8,988,319)	(10,265,439)
	1,254,786,602	697,558,413

Inventory impairment provision movement

Inventory impairment provision movement	30 September 2022	30 September 2021
Opening balance	10,265,439	10,498,878
Provisions during the period (Note 25)	-	1,370,400
Provision no longer required (-) (Note 25)	(1,277,120)	(804)
Closing balance	8,988,319	11,868,474

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.

11. PREPAID EXPENSES AND DEFERRED INCOME

a. Prepaid Expenses

Short-term prepaid expenses	30 September 2022	31 December 2021
Advances given to suppliers(*)	29,212,904	41,047,778
Prepaid expenses	17,173,600	18,114,721
	46,386,504	59,162,499

Long-term prepaid expenses	30 September 2022	31 December 2021
Advances given for the purchase of fixed assets(**)	376,257,755	9,494,339
Prepaid expenses	637,725	679,787
	376,895,480	10,174,126

b. Deferred Income

Short-term deferred income	30 September 2022	31 December 2021
Advanced received	43,811,118	24,281,420
	43,811,118	24,281,420

(*)Order advances given mainly consist of advances given for raw material purchases.

(**) It is the advance amount given for the capacity increase investment of the CAC facility, which was announced with the Public Disclosure Platform announcement of April 28, 2022.

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

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

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2022

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

12. 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
Additions	-	2,380,320	715,938	44,835,196	13,247,908	2,917,483	100,931	153,363	101,364,188	165,715,327
Disposals	(4,600)	-	-	(4,391,505)	(1,741,661)	(564,125)	(357,406)	-	-	(7,059,297)
Transfers from construction in progress	-	584,975	3,317,416	54,402,964	-	1,312,044	-	-	(59,617,399)	-
Closing balance as of 30 September 2022	56,556,292	119,562,865	496,720,072	1,815,243,757	70,190,138	36,374,950	631,924	8,963,070	103,366,735	2,707,609,803
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	-	(4,814,325)	(8,843,412)	(60,555,740)	(14,859,383)	(3,737,760)	-	(1,175,368)	-	(93,985,989)
Disposals	-	-	-	4,390,785	1,711,021	387,476	357,039	-	-	6,846,321
Closing balance as of 30 September 2022	-	(66,545,193)	(140,299,413)	(893,483,871)	(63,216,193)	(18,763,872)	47,268	(6,464,199)	-	(1,188,725,473)
Net book value as of 30 September 2022	56,556,292	53,017,672	356,420,659	921,759,886	6,973,945	17,611,078	679,192	2,498,871	103,366,735	1,518,884,330

As of 30 September 2022, there is no capitalized financing expenses.

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

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

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2022

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

12. 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	-	-	-	1,848,110	13,320	16,969	144,459	-	-	2,022,858
Classification*	(11,359,003)	(14,399,608)	(52,921,585)	(359,071,117)	(13,485,674)	(4,799,840)	-	(249,405)	(5,363,396)	(461,649,628)
Additions	1,035,028	57,911	234,419	13,263,584	-	3,544,989	-	-	63,143,590	81,279,521
Disposals	(134,642)	-	-	(9,732,654)	(149,506)	(501,331)	(3,061)	-	-	(10,521,194)
Transfers from construction in progress	-	637,959	150,000	45,858,990	-	1,057,419	-	-	(50,835,386)	(3,131,018)
Closing balance as of 30 September 2021	56,561,572	113,004,698	490,149,175	1,665,420,271	57,736,135	27,141,966	881,810	8,809,707	45,517,837	2,465,223,171
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	-	-	-	(851,242)	(13,320)	(4,630)	(43,606)	-	-	(912,798)
Classification*	-	10,068,739	28,520,099	227,043,029	11,902,081	3,368,826	-	249,405	-	281,152,179
Charge for the period	-	(5,337,942)	(9,664,401)	(63,781,876)	(3,257,509)	(2,565,543)	(3,051)	(1,022,007)	-	(85,632,329)
Disposals	-	-	-	7,096,388	149,506	203,621	2,767	-	-	7,452,282
Closing balance as of 30 September 2021	-	(60,209,038)	(128,520,030)	(818,064,364)	(49,118,487)	(14,500,078)	(203,257)	(4,948,164)	-	(1,075,563,418)
Net book value as of 30 September 2021	56,561,572	52,795,660	361,629,145	847,355,907	8,617,648	12,641,888	678,553	3,861,543	45,517,837	1,389,659,753

As of 30 September 2021, there is no capitalized financing 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 TRY 180,497,449 , which is accounted for in tangible and intangible assets in the statement of financial position. reclassified fixed assets in these facilities and other related assets to non-current assets held for sale. Asset transfers were completed as of 28 July 2022, within the framework of the contractual provisions, by performing the transfer transactions and collecting the transfer fee.

(Convenience translation of the report and consolidated financial statements originally issued in Turkish)
ÇİMSA ÇİMENTO SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD
ENDED 30 SEPTEMBER 2022

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

12. PROPERTY, PLANT AND EQUIPMENT (Continued)

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

	1 January – 30 September 2022	1 January – 30 September 2021
Cost of sales	(86,554,198)	(81,056,027)
General administrative expenses	(7,220,539)	(4,356,433)
Marketing, sales and distribution expenses	(130,890)	(147,846)
Research and development expenses	(80,361)	(72,023)
	<u>(93,985,988)</u>	<u>(85,632,329)</u>

13. 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).

	30 September 2022	31 December 2021
Opening balance	342,936	8,522,648
Sales	(341,133)	(8,179,712)
Total	<u>1,803</u>	<u>342,936</u>

The asset sales agreement were signed condition that the necessary legal approvals, including the approval of the Competition Authority, and subject to adjustments on the closing date which are regarding to transfer of Niğde Integrated Cement Factory, Kayseri Integrated Cement Factory, Ankara Cement Grinding Facility and Başakpınar, Ambar, Nevşehir, Cırgalan, Aksaray, Ereğli and Kahramanmaraş ready mixed concrete plant, registered in the assets/property of Company and classified assets held for sale as of the financial statements dated 30 September 2021 to Ferpa İnşaat Sanayi Petrol Ürünleri Tic. ve Paz. Ltd. Şti amounting to 110 Million Euro or Turkish Liras equivalent of 110 Million Euro excluding VAT. As of 28 July 2022, the transfer of assets within the scope of this contract has been completed within the framework of the terms of the contract by performing the transfer transactions and collecting the transfer fee.

As of 30 September 2022, the movement table of Non-current Assets Classified for Sale is as follows:

	30 September 2022	31 December 2021
Opening balance	179.905.270	-
Classification	(4.656.593)	179,905,270
Disposals	(175.248.677)	-
Total	<u>-</u>	<u>179,905,270</u>

(Convenience translation of the report and consolidated financial statements originally issued in Turkish)
ÇİMSA ÇİMENTO SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD
ENDED 30 SEPTEMBER 2022

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

14. 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	-	1,420,327	1,420,327
Closing balance as of 30 September 2022	32,484,077	35,178,852	67,662,928
<u>Accumulated amortization (-)</u>			
Opening balance as of 1 January 2022	(24,344,585)	(13,935,373)	(38,279,958)
Charge for period	(952,845)	(4,483,575)	(5,436,420)
Closing balance as of 30 September 2022	(25,297,430)	(18,418,948)	(43,716,378)
Net book value as of 30 September 2022	7,186,647	16,759,903	23,946,550

	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
Classification*	-	(498,664)	(498,664)
Additions	-	1,430,366	1,430,366
Transfers from investments	-	3,131,018	3,131,018
Closing balance as of 30 September 2021	32,484,077	22,754,569	55,238,646
<u>Accumulated amortization (-)</u>			
Opening balance as of 1 January 2021	(23,201,818)	(11,320,338)	(34,522,156)
Classification*	-	494,275	494,275
Charge for period	(937,450)	(2,356,829)	(3,294,279)
Closing balance as of 30 September 2021	(24,139,268)	(13,182,892)	(37,322,160)
Net book value as of 30 September 2021	8,344,809	9,571,677	17,916,486

*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 TRY 180,497,449 , which is accounted for in tangible and intangible assets in the statement of financial position. reclassified fixed assets in these facilities and other related assets to non-current assets held for sale. Asset transfers were completed as of 28 July 2022, within the framework of the contractual provisions, by performing the transfer transactions and collecting the transfer fee.

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 – 30 September 2022	1 January – 30 September 2021
Cost of sales	(5,006,547)	(3,118,229)
General administrative expenses	(417,657)	(167,592)
Marketing, sales and distribution expenses	(7,571)	(5,688)
Research and development expenses	(4,645)	(2,770)
	(5,436,420)	(3,294,279)

(Convenience translation of the report and consolidated financial statements originally issued in Turkish)
ÇİMSA ÇİMENTO SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD
ENDED 30 SEPTEMBER 2022

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

15. 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	30 September 2022
Buildings	11,576,063	-	(10,134,446)	1,441,617
Vehicles	4,490,343	15,802,589	(6,473,620)	13,819,312
Other	967,386	-	(7,290)	960,096
	17,033,792	15,802,589	(16,615,356)	16,221,025

The depreciation expense of TRY 4,742,759 for the period ending on 30 September 2022 of the right of use assets has been included in the cost of the goods sold and the part of TRY 11,872,597 has been included in the general administrative expense .

Right of use assets	1 January 2021	Additions	Depreciation for the period	30 September 2021
Buildings	13,786,632	-	(4,767,824)	9,018,808
Vehicles	10,948,911	1,569,768	(4,920,845)	7,597,834
Other	144,448	-	(57,293)	87,155
	24,879,991	1,569,768	(9,745,962)	16,703,797

The depreciation expense of TRY 1,436,746 for the period ending on 30 September 2021 of the right of use assets has been included in the cost of the goods sold and the part of TRY 8,309,216 has been included in the general administrative expense

(Convenience translation of the report and consolidated financial statements originally issued in Turkish)
ÇİMSA ÇİMENTO SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2022

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

16. GOODWILL

The goodwill in the Group's financial statements as of 30 September 2022; It is related to Eskişehir and Ankara Cement Factories ("Standard Cement"), which it bought in 2005, Çimsa Cement located in TRNC, Bilecik Ready-Mixed Concrete Facilities it bought in 2008, Afyon Çimento Sanayi Türk Anonim Şirketi, which it bought in 2012, on 30 September 2022 and The movement table as of 31 December 2021 is shown below.

	30 September 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, 29.18% 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 2020, 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 6% - 8% 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 29.18% (2021:24.8%). While the EBITDA/Net Sales ratio is in line with the budgets prepared by the Group management on a cash-generating unit basis for 2021 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.

(Convenience translation of the report and consolidated financial statements originally issued in Turkish)
ÇİMSA ÇİMENTO SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD
ENDED 30 SEPTEMBER 2022

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

17. PROVISION, CONTINGENT ASSETS AND LIABILITIES

a. Short-Term Provisions

	30 September 2022	31 December 2021
Short-term provisions		
Provision for litigations	33,794,537	28,199,879
Other provisions	85,080,756	37,855,901
	118,875,293	66,055,780

The movement of "Provision for the litigations" as of 30 September 2022 and 30 September 2021 is stated below:

	30 September 2022	30 September 2021
Provision for the litigation movement		
Opening balance	28,199,879	25,669,833
Additional provision (Note 26)	6,454,766	5,478,203
Provision no longer required (-) (-) (Note 26)	(860,108)	(3,419,857)
Closing balance	33,794,537	27,728,179

As of 30 September 2022, the Group has provided provision amounting to TRY 33,794,537 for the risky cases against the Company with the opinion obtained from the Company's legal counsels (31 December 2021: TRY 28,199,879).

b. Long-Term Provisions

	30 September 2022	31 December 2021
Long-term provisions		
Long-term employee benefits	90,489,187	70,200,321
Other long term provisions	10,187,790	6,990,316
	100,676,977	77,190,637
	30 September 2022	31 December 2021
Other long term provisions		
Recultivation provision	10,187,791	6,990,316
	10,187,791	6,990,316

(Convenience translation of the report and consolidated financial statements originally issued in Turkish)
ÇİMSA ÇİMENTO SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD
ENDED 30 SEPTEMBER 2022

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

17. 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 TRY 10,187,791 under "Other Long Term Provisions" as of 30 September 2022 (31 December 2021 TRY6,990,316).

Movement of recultivation provision as of 30 September 2022 and 30 September 2021 is as follows:

	30 September 2022	30 September 2021
Recultivation provision movement		
Opening balance	6,990,316	4,454,937
Additional provision (Note 26)	3,197,475	1,159,946
Closing balance	10,187,791	5,614,883

18. 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" In the income statements of September 2021, the profit or loss related to asset groups and pre-tax gain recognized on disposal of these asset groups with loss of control are presented as "profit (loss) of discontinued operations".

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.

(Convenience translation of the report and consolidated financial statements originally issued in Turkish)
ÇİMSA ÇİMENTO SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD
ENDED 30 SEPTEMBER 2022

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

18. 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 - 30 September 2022	1 January - 30 September 2021
Net sales income	-	165,064,768
Gross profit	-	48,765,240
Operating profit/loss	-	323,745,157
Net financial income/expense	-	(19,367,977)
Profit/loss before tax	-	304,377,180
Tax income/expense	-	(14,738,150)
Discontinued Operations Period (Loss)/Profit	-	289,639,030
Cash Flow Statement Regarding Discontinued Operations	1 January - 30 September 2022	1 January - 30 September 2021
Cash flow from operating activities	-	(5,021,429)
Cash flow from investing activities	-	(4,863,589)
Cash flows from financing activities (excluding dividends)	-	15,488,899
Net increase/decrease in cash and cash equivalents)	-	5,603,881

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

(Convenience translation of the report and consolidated financial statements originally issued in Turkish)
ÇİMSA ÇİMENTO SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD
ENDED 30 SEPTEMBER 2022

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

19. COMMITMENTS

The collaterals, pledges and mortgages (CPM) received by the Group as of 30 September 2022 and 31 December 2021 are as follows:

	Currency	30 September 2022		31 December 2021	
		Original	TRY Amount	Original	TRY Amount
Guarantee letter received	TRY	1,184,214,497	1,184,214,497	670,924,232	670,924,232
Guarantee letter received	USD	53,096,035	982,478,420	25,447,835	330,249,284
Guarantee letter received	EUR	15,180,877	272,089,888	14,578,977	214,052,909
Guarantee letter received	Other	26,000	26,000	26,000	26,000
Mortgages received	TRY	36,543,023	36,543,023	26,939,023	26,939,023
Checks and notes received	TRY	33,633,646	33,633,646	20,833,646	20,833,646
Checks and notes received	USD	47,300	875,230	47,300	613,836
Pledge	TRY	50,326,733	50,326,733	19,619,927	19,619,927
Total CPM received			2,560,187,437		1,283,258,857

As of 30 September 2022 and 31 December 2021, the details of the collaterals, pledges and mortgages (CPM) given are as follows:

	Currency	30 September 2022		31 December 2021	
		Original	TRY Amount	Original	TRY Amount
A. Total CPM given for the Company’s own legal entity	TRY	20,129,375	20,129,375	133,088,912	133,088,912
	USD	18,767,548	347,270,952	692,548	8,987,539
	EUR	2,220,237	39,793,758	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	645,235,200	36,000,000	528,562,800
	USD	20,000,000	370,076,000	-	-
iii. Total CPM given in favour of other 3rd parties out of scope of clause C		-	-	-	-
			1,422,505,285		704,898,010

(Convenience translation of the report and consolidated financial statements originally issued in Turkish)
ÇİMSA ÇİMENTO SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD
ENDED 30 SEPTEMBER 2022

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

20. EMPLOYEE BENEFITS

a. Employee Benefit Obligations

	30 September 2022	31 December 2021
Social security payables	8,407,448	5,013,785
Wage accrual and income tax withholding payable to personnel	5,791,703	4,658,508
	14,199,151	9,672,293

b. Long-Term Employee Benefits

	30 September 2022	31 December 2021
Retirement pay provision	77,010,681	61,961,078
Provision for unpaid vacation liability	10,583,420	6,204,017
Seniority provision	2,895,086	2,035,226
	90,489,187	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 TRY 15,371.40 as of 30 September 2022 (31 December 2021: full TRY8,284.51).

In the consolidated financial statements dated 30 September 2022 and 31 December 2021, the actuarial assumptions used in calculating the severance pay liability are as follows:

	30 September 2022	31 December 2021
Discount rate, net	4.34%	4.34%

The movement of the 'retirement pay provision' for the periods ended 30 September 2022 and 30 September 2021 is presented below:

	1 January- 30 September 2022	1 January- 30 September 2021
Opening balance	61,961,078	42,295,557
Service cost	9,028,600	2,405,354
Interest cost (Note 28)	11,586,020	5,468,885
Actuarial loss/(gain)	(2,152,530)	1,933,267
Payments	(3,412,487)	(1,506,694)
Closing balance	77,010,681	50,596,369

(Convenience translation of the report and consolidated financial statements originally issued in Turkish)
ÇİMSA ÇİMENTO SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD
ENDED 30 SEPTEMBER 2022

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

20. 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- 30 September 2022	1 January- 30 September 2021
Opening balance	6,204,017	4,308,223
Additional provision	5,200,616	1,531,721
Provision paid during the period	(821,213)	(376,681)
Closing balance	10,583,420	5,463,263

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

	1 January- 30 September 2022	1 January- 30 September 2021
Opening balance	2,035,226	1,654,965
Additional provision	1,894,240	874,865
Provision paid during the period	(1,034,380)	(580,600)
Closing balance	2,895,086	1,949,230

(Convenience translation of the report and consolidated financial statements originally issued in Turkish)
ÇİMSA ÇİMENTO SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD
ENDED 30 SEPTEMBER 2022

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

21. OTHER ASSETS AND LIABILITIES

a. Other Assets

	30 September 2022	31 December 2021
<u>Other current assets</u>		
Deferred VAT ⁽¹⁾	140,501,147	94,903,245
Job and personnel advances	2,681,139	1,949,064
Other current assets	2,028,557	1,857,381
	145,210,843	98,709,690
	30 September 2022	31 December 2021
<u>Other non-current assets</u>		
Export VAT ⁽³⁾	5,121,762	2,798,076
Deferred VAT ⁽²⁾	-	13,024,146
Other non- current assets	50.421	1,305
	5,172,183	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

	30 September 2022	31 December 2021
<u>Other short term liabilities (*)</u>	632,006	151,060,187
	632,006	151,060,187

(*) Liabilities related to petcoke purchases are followed in other short-term liabilities.

(Convenience translation of the report and consolidated financial statements originally issued in Turkish)
ÇİMSA ÇİMENTO SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD
ENDED 30 SEPTEMBER 2022

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

22. EQUITY, RESERVES AND OTHER EQUITY ITEMS

As of 30 September 2022 and 31 December 2021, the composition of shareholders is as follows:

	30 September 2022		31 December 2021	
	(%)	Amount	(%)	Amount
Shareholders (*)				
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
Other shareholders	36.48	49,279,681	36.48	49,279,681
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 30 September 2021 (31 December 2021: 35.7%).

As of 30 September 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).

In line with the decision of the Board of Directors dated January 27, 2021, the registered capital ceiling validity period of the Company is extended to cover the years 2021-2025; Changes planned to be made in Articles 6 and 9 of the Company's Articles of Association in order to increase the registered capital ceiling of TRY 200,000,000. to TRY 350,000,000. and to enable the meeting of the Board of Directors to be held electronically have been accepted at the board meeting dated 23 March 2021. 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.

(Convenience translation of the report and consolidated financial statements originally issued in Turkish)
ÇİMSA ÇİMENTO SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD
ENDED 30 SEPTEMBER 2022

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

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

Profit Distribution (continued)

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

- a) Whether dividends will be distributed, and if distributed, the dividend distribution rate for shareholders and for others participating in the distribution.
- b) Payment type of dividend distribution.
- c) 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.
- d) 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.

The Net Distributable Profit for the Period amounting to TRY **1,016,600,770** remaining after deducting Legal Liabilities and Non-Controlling Interests in accordance with Article 26 of the Articles of Association and in accordance with the CMB Communiqués, over the said consolidated profit for the year 2021 amounting to TRY **1,050,394,723** calculated in accordance with the CMB Legislation, is as follows: to be distributed,

First Dividend	TRY6,754,222
Second Dividend	TRY193,245,778
Total Gross Dividend	TRY200,000,000
General Legal Reserve (Section 2)	-
Extraordinary reserves	TRY816,600,770

As a result of the profit distribution according to the above principles, from the Net Distributable Profit of TRY 406,700,088 , 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 TRY 202,612,058 will be allocated, the remaining portion will be distributed as TRY 200,000,000 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, it was decided to distribute TRY 200,000,000 (Gross) Dividends from the 2021 Profit to the shareholders representing a capital of TRY 135,084,442 in cash on 31 March 2022 and 04 April 2022, depending on their legal status.

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.

(Convenience translation of the report and consolidated financial statements originally issued in Turkish)
ÇİMSA ÇİMENTO SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD
ENDED 30 SEPTEMBER 2022

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

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

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.

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	30 September 2022	30 September 2021
Opening balance	628,873,107	394,562,222
Profit/loss effect	199,084,820	88,713,300
Currency translation difference	3,502,000	682,512
Hedge fund	(24,200,894)	(2,594,495)
Net fair value change of financial investments	105,881,043	(6,669,008)
	913,140,076	474,694,531

CSC Available for sales financial assets revaluation reserve movement table	30 September 2022	30 September 2021
Opening balance	393,347,421	313,788,120
Profit/loss effect	56,388,713	6,341,795
Currency translation difference	95,506,115	46,960,867
Hedge fund	7,330,775	-
Non-controlling interests	1,419,718	-
Effects of combinations of entities or businesses under common control on investments in associates accounted for using equity method	-	(62,417,702)
	553,992,742	304,673,080

(Convenience translation of the report and consolidated financial statements originally issued in Turkish)
ÇİMSA ÇİMENTO SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD
ENDED 30 SEPTEMBER 2022
(Amounts expressed in Turkish Lira (‘TRY’), unless otherwise indicated.)

23. DERIVATIVE FINANCIAL INSTRUMENTS

	30 September 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 to hedge the floating rate installment payments of the bond from the cash flow risk for the TRY 100 m bond with the value date of the issuance on 18 March 2021 and the redemption date of 25 March 2022. Changes arising from interest rate swap transactions are recognized in the statement of change in shareholder’s equity considering the deferred tax effect.

These derivative transactions have been redeemed as of 30 September 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.

(Convenience translation of the report and consolidated financial statements originally issued in Turkish)
ÇİMSA ÇİMENTO SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD
ENDED 30 SEPTEMBER 2022

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

24. REVENUE

Revenue	1 January- 30 September 2022	1 January- 30 September 2021	1 July- 30 September 2022	1 July- 30 September 2021
Domestic sales	3,344,458,912	1,235,887,602	1,472,200,797	477,039,998
Export sales	3,569,431,373	1,549,156,710	1,321,850,999	494,193,810
Sales discounts (-)	(37,729,349)	(10,666,545)	(13,262,638)	(308,630)
Other deductions (-)	(849,751,128)	(241,604,686)	(349,569,741)	(79,860,525)
	6,026,409,808	2,532,773,081	2,431,219,417	891,064,653
Cost of sales (-) (Not:24)	(4,899,931,047)	(1,983,881,338)	(1,988,194,808)	(718,845,435)
Gross profit	1,126,478,761	548,891,743	443,024,609	172,219,218

25. OPERATING EXPENSES BY NATURE

The detail of costs of sales for the periods between 1 January - 30 September 2022 and 2021 is as follows:

Cost of sales (-)

	1 January- 30 September 2022	1 January- 30 September 2021	1 July- 30 September 2022	1 July- 30 September 2021
Direct material and supplies expenses	(639,059,601)	(258,698,972)	(206,834,606)	(94,977,795)
Labor expenses	(139,692,505)	(86,950,848)	(55,056,093)	(27,636,572)
Energy costs	(2,558,780,625)	(883,332,234)	(1,126,257,546)	(344,738,674)
Depreciation and amortization	(96,303,504)	(85,611,002)	(41,042,273)	(28,628,218)
Other production expenses	(779,651,152)	(421,383,716)	(152,581,904)	(203,821,389)
Total production cost	(4,213,487,387)	(1,735,976,772)	(1,581,772,422)	(699,802,648)
Inventory impairment provision	1,277,120	(1,369,596)	1,364,436	(420,066)
Change in work- in process	144,523,347	62,950,771	2,194,259	41,895,966
Change in finished goods	59,620,448	7,554,156	13,390,995	2,645,425
Cost of trade goods sold and other	(891,864,575)	(317,039,897)	(423,372,076)	(63,164,112)
	(4,899,931,047)	(1,983,881,338)	(1,988,194,808)	(718,845,435)

The detail of general administration expenses for the periods between 1 January - 30 September 2022 and 2021 is as follows:

General adm. expenses	1 January- 30 September 2022	1 January- 30 September 2021	1 July- 30 September 2022	1 July- 30 September 2021
Personnel expenses	(89,960,220)	(54,818,257)	(34,682,586)	(16,215,393)
Consultancy expenses	(36,908,621)	(14,572,545)	(20,728,258)	(8,870,741)
Depreciation and amortization	(19,510,793)	(12,833,242)	(8,595,142)	(5,001,379)
Tax, duty and charges	(18,518,815)	(5,938,054)	(13,831,398)	(1,677,096)
IT Expenses	(13,445,438)	(6,718,780)	(5,895,839)	(2,394,758)
Representation expenses	(12,952,775)	(1,176,093)	(3,687,248)	(724,609)
Travel expenses	(10,136,448)	(3,699,764)	(3,226,331)	(2,939,463)
Rent expenses	(6,889,052)	(1,882,653)	(2,293,573)	(982,114)
Insurance expenses	(4,859,481)	(1,892,700)	(3,061,985)	(729,609)
Communication and publicity expenses	(2,148,605)	(1,342,905)	(1,026,715)	(511,283)
Maintenance expenses	(1,082,936)	(251,485)	(622,435)	(147,977)
Other miscellaneous expenses	(14,466,420)	(18,302,772)	(2,235,831)	(8,267,829)
	(230,879,604)	(123,429,250)	(99,887,341)	(48,462,251)

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

ÇİMSA ÇİMENTO SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD
ENDED 30 SEPTEMBER 2022

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

25. OPERATING EXPENSES BY NATURE (Continued)

The detail of marketing, selling and distribution expense for the periods between 1 January - 30 September 2022 and 2021 is as follows:

Marketing, selling and distribution	1 January- 30 September 2022	1 January- 30 September 2021	1 July- 30 September 2022	1 July- 30 September 2021
Personnel expenses	(5,769,099)	(5,286,547)	(2,270,262)	(1,335,416)
Travel expenses	(1,435,759)	(645,636)	(360,557)	(157,985)
Rent expenses	(606,486)	(787,176)	(206,611)	(264,661)
Consultancy expenses	(217,639)	(947,806)	(47,040)	(185,664)
Depreciation and amortization	(138,461)	(153,534)	(43,633)	(51,369)
Insurance expenses	(110,128)	(70,504)	(39,173)	(21,579)
Representation expenses	(130,132)	(61,182)	(50,916)	(30,966)
Communication and publicity	(9,201)	(23,831)	(2,429)	(6,536)
Other miscellaneous expenses	(1,060,571)	(1,094,267)	(318,032)	(426,865)
	(9,477,476)	(9,070,483)	(3,338,653)	(2,481,041)

The detail of research and development expense for the periods between 1 January - 30 September 2022 and 2021 is as follows:

Research and development expenses	1 January- 30 September 2022	1 January- 30 September 2021	1 July- 30 September 2022	1 July- 30 September 2021
Personnel expenses	(4,601,550)	(2,909,382)	(1,828,551)	(941,812)
Raw material expenses	(1,305,824)	(500,977)	(186,571)	(330,331)
Travel expenses	(340,440)	(19,714)	(223,152)	(15,475)
Outsourced benefits and services	(238,811)	(592,174)	(65,617)	(93,248)
Maintenance expenses	(114,851)	(212,263)	(68,748)	(53,845)
Depreciation and amortization	(85,006)	(74,792)	(28,333)	(24,926)
Other miscellaneous expenses	(523,943)	(137,127)	(318,958)	(47,432)
	(7,210,425)	(4,446,429)	(2,719,930)	(1,507,069)

26. OTHER OPERATING INCOME AND EXPENSES

	1 January- 30 September 2022	1 January- 30 September 2021	1 July- 30 September 2022	1 July- 30 September 2021
Other income from main operations				
Foreign exchange gain from operating activities	423,422,264	160,545,323	154,538,902	32,164,562
Overdue and interest income from operating activities	73,576,811	14,479,513	16,927,278	1,148,048
Sales of scrap and miscellaneous material	21,545,247	14,052,361	16,263,962	12,537,785
Reversal of the provision (Note 7/17)	1,891,150	4,271,579	221,318	3,412,390
Other income	67,947,851	11,423,187	39,840,478	(2,207,317)
	588,383,323	204,771,963	227,791,938	47,055,468

(Convenience translation of the report and consolidated financial statements originally issued in Turkish)
ÇİMSA ÇİMENTO SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD
ENDED 30 SEPTEMBER 2022
(Amounts expressed in Turkish Lira (‘TRY’), unless otherwise indicated.)

26. OTHER OPERATING INCOME AND EXPENSES (Continued)

	1 January- 30 September 2022	1 January- 30 September 2021	1 July- 30 September 2022	1 July- 30 September 2021
Other operating expense				
Foreign exchange loss from operating activities	(289,710,344)	(115,735,873)	(91,977,335)	(35,111,478)
Interest expense of retirement pay provision	(11,586,020)	(4,136,621)	(5,162,532)	(1,810,339)
Provision expenses (Note 7/17)	(9,652,241)	(6,656,649)	(3,422,750)	(4,699,486)
Compensation and penalty expenses	(1,507,387)	(1,129,140)	(574,645)	401,379
Litigation, levy and court paid expenses	(689,613)	(108,925)	(343,233)	(27,264)
Other expenses	(48,109,551)	(11,285,463)	(45,036,538)	(10,031,583)
	(361,255,156)	(139,052,671)	(146,517,033)	(51,278,771)

27. INCOME AND EXPENSE FROM INVESTMENT ACTIVITIES

	1 January- 30 September 2022	1 January- 30 September 2021	1 July- 30 September 2022	1 July- 30 September 2021
Income from investment activities				
Income from fixed assets classified for sale	1,677,969,019	-	1,677,969,019	-
Fixed assets sales income (*)	13,363,554	32,993,530	77,908	(1,389,579)
Income from other investments activities	5,757,708	-	5,757,708	-
	1,697,090,281	32,993,530	1,683,804,635	(1,389,579)

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

28. FINANCIAL INCOME/EXPENSE

	1 January- 30 September 2022	1 January- 30 September 2021	1 July- 30 September 2022	1 July- 30 September 2021
Financial income				
Interest income	33,286,976	27,266,777	20,446,905	9,441,785
Total financial income	33,286,976	27,266,777	20,446,905	9,441,785
Financial expenses				
Foreign exchange loss on bank borrowings(**)	(97,663,324)	(78,448,377)	(15,742,444)	(14,126,594)
Interest expenses of bank borrowings	(135,703,866)	(78,258,983)	(55,517,527)	(25,530,541)
Other financial expenses	(10,443,092)	(7,612,113)	(4,315,717)	(225,244)
Total financial expense	(243,810,282)	(164,319,473)	(75,575,688)	(39,882,379)

(**) 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 2021 consolidated profit or loss statement.

(Convenience translation of the report and consolidated financial statements originally issued in Turkish)
ÇİMSA ÇİMENTO SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD
ENDED 30 SEPTEMBER 2022

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

29. 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 April 22, 2021, starting from the declarations that must be submitted as of July 1, 2021, and to be valid for the corporate earnings for the taxation period starting from 1 January 2021.

As of 30 September 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 April 22, 2021 and numbered 31462.

With the addition made to the Corporate Tax Law No. 5520 with the Law No. 7351, the corporate tax rate will be effective as of January 1, 2022, to the earnings of the exporting institutions exclusively from exports and to the earnings obtained exclusively from the production activities of the corporations holding the industrial registration certificate and actually engaged in production activities. 1 point discount is applied.

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.

(Convenience translation of the report and consolidated financial statements originally issued in Turkish)
ÇİMSA ÇİMENTO SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD
ENDED 30 SEPTEMBER 2022
(Amounts expressed in Turkish Lira (‘TRY’), unless otherwise indicated.)

29. INCOME TAXES (Continued)

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.

Companies calculate advance tax at a rate of 23% over their quarterly financial profits, and they declare it until the 17th day of the second month following that period and pay it until the evening of the seventeenth day. However, since the increase in the corporate tax rate made by Law No. 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.

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 30 September 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:

	30 September 2022	31 December 2021
2024	-	60,477,166
2025	-	9,222,225
Total	-	69,699,391

(Convenience translation of the report and consolidated financial statements originally issued in Turkish)
ÇİMSA ÇİMENTO SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD
ENDED 30 SEPTEMBER 2022

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

29. INCOME TAXES (Continued)

As of 30 September 2022 and 31 December 2021, corporate tax payables are summarized as follows:

Distribution of tax expenses are as follows:

Tax (expense)/income	1 January- 30 September 2022	1 January- 30 September 2021	1 July- 30 September 2022	1 July- 30 September 2021
Current period corporate tax (expense)/income	(119,617,202)	(93,479,236)	(60,820,195)	(30,859,180)
Deferred tax (expense)/income	327,084,035	423,072	(38,456,655)	12,343,188
	207,466,833	(93,056,164)	(99,276,848)	(18,515,992)

The details of the deferred tax assets and liabilities of the Group as of 30 September 2022 and 31 December 2021 are as follows:

	30 September 2022	31 December 2021
Deferred tax assets(*)		
Cash capital increase tax incentive assets	17,729,651	43,391,720
Tax losses carried forward	-	15,835,029
Provision for litigations	7,587,155	6,298,084
Inventory impairment provision	2,402,231	2,402,231
Rediscount of receivables	8,372,595	2,312,835
Provision for employee benefits	5,154,854	3,036,856
Provision for other doubtful receivables	1,685,412	1,922,551
Recultivation provision	1,921,207	1,505,907
Property, plant and equipment and intangible assets	745,501,592	228,109,132
Other	-	6,863,113
	790,354,697	311,677,458
Deferred tax liabilities(*)		
Goodwill	(24,737,532)	(24,737,532)
Property, plant and equipment and intangible assets	(22,541,567)	(28,265,131)
Internal rate of return adjustment of borrowings	(2,131,556)	(864,688)
Other (**)	(122,218,153)	(2,964,206)
	(171,628,808)	(56,831,557)
Net deferred tax asset/(liability)	618,725,889	254,845,901

(*) The total net amount of these two balances is shown as deferred tax assets amounting to TRY 862,540,542 (31 December 2021: TRY 315,181,198) and deferred tax liability of TRY 243,814,653 (31 December 2021 TRY 60,335,297) in the balance sheet.

(**) It includes the deferred tax liability calculated from classified portion of the sales income of fixed assets held for sale to special fund as renewal fund.

(Convenience translation of the report and consolidated financial statements originally issued in Turkish)
ÇİMSA ÇİMENTO SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD
ENDED 30 SEPTEMBER 2022

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

29. INCOME TAXES (Continued)

	30 September 2022	31 December 2021
<u>Deferred tax assets/(liabilities) presentation at balance sheet</u>		
Deferred tax assets	862,540,542	315,181,198
Deferred tax liabilities	(243,814,653)	(60,335,297)
	618,725,889	254,845,901

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

	30 September 2022	30 September 2021
<u>Deferred tax assets/(liabilities) movement</u>		
Opening balance	(254,845,901)	(23,667,853)
Deferred tax (income)/expense	(327,084,035)	423,072
Accounted under other comprehensive income	(60,078,384)	(6,601,985)
Other	23,282,431	1,702,254
Closing balance	(618,725,889)	(28,144,512)

	30 September 2022	30 September 2021
<u>Tax reconciliation:</u>		
Profit before taxation	2,848,079,931	468,660,802
Effective statutory income tax rate	23%	%25
Tax expense at the effective statutory income tax rate	(655,058,384)	(117,165,201)
Reconciliation of tax provision calculated with deductible:		
- Effect of the profit from investments accounted by equity method	58,758,913	23,763,774
- Effect of cash capital increase on tax incentive assets	12,252,056	12,921,844
- Tax exemption from sale of land	842,983	4,287,897
- Non-deductible expenses	(8,821,261)	(1,547,930)
- Revaluation effect (*)	591,029,264	-
- Exception resulted from the sales profit of subsidiaries	-	(16,087,129)
- Other	208,463,262	770,581
Tax expense in the income statement	207,466,833	(93,056,164)

(*)The Group has revalued its immovables and their depreciation as of 30 September 2022 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. In addition, as of 30 September 2022, immovable properties and their depreciation have been revalued within the framework of reiterated article 298/Ç of the Tax Procedure Law, within the scope of the Tax Procedure Law General Communiqué (Sequence No: 537) published by the Ministry of Treasury and Finance. The deferred tax asset/liability, which is currently calculated over the temporary difference between TFRS and TFRS financial statements, has been calculated 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 has been accounted for in the income statement at once, to the extent that the recovery of the said tax advantage is possible. As of 30 September 2022, the total tax effect is TRY 824,615,950. (December 2021: TRY 235,198,728 tax asset has been defined from revaluation. 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 the real estate will disappear, it may be possible to write tax expense.

(**) Mainly consists of tax exemption based on asset sales

(Convenience translation of the report and consolidated financial statements originally issued in Turkish)
ÇİMSA ÇİMENTO SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD
ENDED 30 SEPTEMBER 2022

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

29. INCOME TAXES (Continued)

The law on amending the Tax Procedure Law and the Corporate Tax Law was enacted on January 20, 2022, Law No. it has been enacted with the number 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, the 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. The Public Oversight Authority made a statement on the Application of Financial Reporting in High Inflation Economies within the Scope of Turkish Financial Reporting Standards, Financial Reporting Standard for Large and Medium Sized Enterprises on 20 January 2022. Accordingly, it is stated that businesses that apply 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.

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.
- c) With Article 49 of Law No. 7417, effective from 05 July 2022, this reduction cannot be used separately for the accounting period in which the decision regarding the capital increase or the articles of association was registered at the initial establishment stage, and for the four accounting periods following this period, and that this amendment provision is effective on 05 July 2022. It is stipulated that it will be applied for 5 accounting periods, including the 2022 accounting period, for companies that increased their capital before 2022 or were established for the first time.

(Convenience translation of the report and consolidated financial statements originally issued in Turkish)
ÇİMSA ÇİMENTO SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD
ENDED 30 SEPTEMBER 2022

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

30. 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- 30 September 2022	1 January- 30 September 2021	1 July- 30 September 2022	1 July- 30 September 2021
Number of shares	135,084,442	135,084,442	135,084,442	135,084,442
Profit attributable to equity holders of the parent–TRY	2,974,705,285	629,874,890	1,992,004,058	49,411,079
Dividend per share with nominal value of 1 Kr - TRY	22.02	4.66	14.75	0.37

Earnings/(loss) per share from discontinued operations:

	1 January- 30 September 2022	1 January- 30 September 2021	1 July- 30 September 2022	1 July- 30 September 2021
Number of shares	135,084,442	135,084,442	135,084,442	-
Profit attributable to equity holders of the parent -TRY	-	289,639,030	-	-
Dividend per share with nominal value of 1 Kr - TRY	-	2.14	-	-

31. 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 30 September 2022 and 31 December 2021 and the related party transactions for the periods ended 30 September 2022 and 30 September 2021 are mainly as follows:

Short-term trade receivables from related parties

	30 September 2022	31 December 2021
Çimsa Sabancı Cement BV. ⁽¹⁾	755,840,942	481,500,701
Akçansa Çimento Sanayi ve Ticaret A.Ş. ⁽²⁾	1,033,621	211,002
	756,874,563	481,711,703

Other receivables from related parties

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

(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.

(Convenience translation of the report and consolidated financial statements originally issued in Turkish)
ÇİMSA ÇİMENTO SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD
ENDED 30 SEPTEMBER 2022

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

31. RELATED PARTY DISCLOSURES (Continued)

Short-term trade payables to related parties

	30 September 2022	31 December 2021
Enerjisa Üretim Santralleri A.Ş. ⁽¹⁾	360,847,923	72,372,585
Akbank T.A.Ş.(*) ⁽¹⁾	14,670,054	16,925,318
Cimsa Sabanci Cement BV ⁽¹⁾	19,592,480	10,707,849
Akçansa Çimento Sanayi ve Ticaret A.Ş. ⁽²⁾	-	3,495,567
Other	1,358,466	449,321
	396,468,923	103,950,640

Short-term trade payables to related parties

	30 September 2022	31 December 2021
Aksigorta	1,229,407	-
Sabancı Dx ⁽¹⁾	2,262,580	6,425,555
Teknosa A.Ş. ⁽¹⁾	278,236	1,970,480
Other	1,739,880	1,956,820
	5,510,103	10,352,855

Bank balances deposited in related parties

	30 September 2022	31 December 2021
Akbank T.A.Ş. ⁽¹⁾	1,943,673,821	251,687,452
	1,943,673,821	251,687,452

Borrowings from related parties

	30 September 2022	31 December 2021
Bank borrowing from Akbank T.A.Ş. ⁽¹⁾	380,292,781	131,051,719
	380,292,781	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.

(*) The trade payable is related with supplier financing

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

ÇİMSA ÇİMENTO SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD
ENDED 30 SEPTEMBER 2022

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

31. RELATED PARTY DISCLOSURES (Continued)

Sales to related parties

	1 January- 30September 2022	1 January- 30 September 2021	1 July- 30 September 2022	1 July- 30 September 2021
Çimsa Sabancı Cement BV	1,205,480,217	195,827,056	434,302,806	-
Akçansa Çimento Sanayi ve Ticaret	1,321,312	6,125,741	488,340	1,772,767
Ak Finansal Kiralama	54,121	947,050	54,121	-
Sabancı Dx	106,199	75,242	12,000	24,450
Other	20,764,894	206,154	9,299,963	141,266
	1,227,726,743	203,181,243	444,157,230	1,938,483

Other transactions with related parties

	1 January- 30September 2022	1 January- 30 September 2021	1 July- 30 September 2022	1 July- 30 September 2021
Cimsa Sabancı Cement BV(*)	-	342,330,249	-	7,532,242
	-	342,330,249	-	7,532,242

Purchases and services received from related parties

	1 January- 30September 2022	1 January- 30September 2021	1 July- 30 September 2022	1 July- 30 September 2021
Enerjisa Enerji A.Ş. ⁽¹⁾	945,447,236	289,530,049	437,120,735	116,063,476
Akçansa Çimento Sanayi ve Ticaret A.Ş. ⁽¹⁾	138,884,681	31,412,670	66,986,022	12,762,820
Aksigorta A.Ş.	28,260,867	13,015,794	4,609,471	638,163
Sabancı Dx	11,562,157	5,689,444	4,852,229	1,949,735
Ak Finansal Kiralama	-	947,050	-	-
Ak Yatırım	168,359	463,449	63,981	-
AgeSa Hayat ve Emeklilik A.Ş. ⁽¹⁾	467,160	370,358	2,650	12,716
Teknosa	535,180	1,412,718	279,479	1,280,807
Hacı Ömer Sabancı Holding. A.Ş. ⁽¹⁾	117,328	560,352	60,808	334,915
Other	5,461,362	1,694,089	2,918,862	545,016
	1,130,904,330	345,095,973	516,894,237	133,587,648

(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.

(*) Transaction price of disposal of subsidiaries

(Convenience translation of the report and consolidated financial statements originally issued in Turkish)
ÇİMSA ÇİMENTO SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD
ENDED 30 SEPTEMBER 2022

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

31. RELATED PARTY DISCLOSURES (Continued)

Interest income from related parties

	<u>1 January-</u> <u>30 September 2022</u>	<u>1 January-</u> <u>30 September 2021</u>	<u>1 July-</u> <u>30 September 2022</u>	<u>1 July-</u> <u>30 September 2021</u>
Akbank T.A.Ş. ⁽¹⁾	14,926,237	5,011,881	3,989,357	2,667,464
	<u>14,926,237</u>	<u>5,011,881</u>	<u>3,989,357</u>	<u>2,667,464</u>

Interest expense from related parties

	<u>1 January-</u> <u>30 September 2022</u>	<u>1 January-</u> <u>30 September 2021</u>	<u>1 July-</u> <u>30 September 2022</u>	<u>1 July-</u> <u>30 September 2021</u>
Akbank T.A.Ş. ⁽¹⁾	(15,502,006)	(4,446,132)	(3,799,722)	(2,638,854)
	<u>(15,502,006)</u>	<u>(4,446,132)</u>	<u>(3,799,722)</u>	<u>(2,638,854)</u>

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

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, general coordinator and deputy general managers, is TRY 19,435,955 (30 September 2021: TRY 14,382,695). The contributions paid to Social Security Institution are TRY 721,436 (30 September 2021: TRY 822,518).

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

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

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2022

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

32. FOREIGN CURRENCY RISK

As of 30 September 2022 and 31 December 2021, the Group's foreign currency position in terms of the original currency is as follows:

	30 September 2022				31 December 2021			
	TRY Equivalent (Functional Currency)	USD (Original Currency)	EUR (Original Currency)	GBP (Original Currency)	TRY (Functional Currency)	USD (Original Currency)	EUR (Original Currency)	GBP (Original Currency)
Trade receivables	895,617,182	36,178,123	12,349,134	242,428	557,800,942	28,647,393	12,207,745	389,138
Monetary financial assets	1,700,790,783	36,645,555	55,840,655	1,093,305	180,221,560	8,557,143	4,313,672	334,419
Other	410,534,957	21,993,019	199,771	-	40,243,769	2,779,554	284,158	-
Current Assets	3,006,942,922	94,816,697	68,389,560	1,335,733	778,266,271	39,984,090	16,805,575	723,557
TOTAL ASSETS	3,006,942,922	94,816,697	68,389,560	1,335,733	778,266,271	39,984,090	16,805,575	723,557
Trade payables	(894,635,374)	(46,145,188)	(2,132,062)	(128,036)	(399,549,341)	(26,487,751)	(3,708,512)	(77,641)
Financial liabilities	(988,502,477)	-	(55,152,120)	-	(855,923,591)	-	(58,296,288)	-
Other	(28,246,670)	(306,178)	(1,256,914)	(2,664)	(24,189,081)	(180,303)	(1,484,966)	(2,664)
Short Term Liabilities	(1,911,384,521)	(46,451,366)	(58,541,096)	(130,700)	(1,279,662,013)	(26,668,054)	(63,489,766)	(80,305)
TOTAL LIABILITIES	(1,911,384,521)	(46,451,366)	(58,541,096)	(130,700)	(1,279,662,013)	(26,668,054)	(63,489,766)	(80,305)
Net foreign currency asset liability position	1,095,558,401	48,365,331	9,848,464	1,205,033	(501,395,742)	13,316,036	(46,684,191)	643,252
Off balance sheet derivative financial instruments asset/liability position	623,727,359	-	34,800,000	-	558,445,626	-	38,035,296	-
Net foreign currency asset/liability position for monetary items	1,719,285,760	48,365,331	44,648,464	1,205,033	57,049,884	13,316,036	(8,648,895)	643,252
Export	3,569,431,373	130,454,575	87,432,424	2,735,564	2,304,626,565	147,307,638	90,838,370	1,944,877
Import	835,852,627	43,633,448	8,863,965	3,049	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.

(Convenience translation of the report and consolidated financial statements originally issued in Turkish)
ÇİMSA ÇİMENTO SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2022
(Amounts expressed in Turkish Lira (‘TRY’), unless otherwise indicated.)

32. 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	Foreign currency	Foreign currency	Foreign currency
30 September 2022	appreciation	depreciation	appreciation	depreciation
1- USD net assets/liabilities	89,494,238	(89,494,238)	89,494,238	(89,494,238)
2- Hedged portion of USD risk (-)	-	-	-	-
3- USD net effect (1+2)	89,494,238	(89,494,238)	89,494,238	(89,494,238)
4- Net EUR assets/liabilities	17,651,598	(17,651,598)	17,651,598	(17,651,598)
5- Hedged portion of EUR risk (-)	62,372,736	(62,372,736)	62,372,736	(62,372,736)
6- EUR net effect (4+6)	80,024,334	(80,024,334)	80,024,334	(80,024,334)
7- Net GBP assets/liabilities	2,410,004	(2,410,004)	2,410,004	(2,410,004)
8- Hedged portion of GBP risk (-)	-	-	-	-
9- GBP net effect (7+8)	2,410,004	(2,410,004)	2,410,004	(2,410,004)
TOTAL (3+6+9)	171,928,576	(171,928,576)	171,928,576	(171,928,576)
	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)

(Convenience translation of the report and consolidated financial statements originally issued in Turkish)
ÇİMSA ÇİMENTO SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2022

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

33. FINANCIAL INSTRUMENTS FAIR VALUE AND HEDGE ACCOUNTING DISCLOSURES

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.

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

(Convenience translation of the report and consolidated financial statements originally issued in Turkish)
ÇİMSA ÇİMENTO SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE
PERIOD ENDED 30 SEPTEMBER 2022

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

33. FINANCIAL INSTRUMENTS FAIR VALUE AND HEDGE ACCOUNTING
DISCLOSURES (Continued)

Fair value of financial instruments (Continued)

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.

34. SUBSEQUENT EVENTS

In accordance with the shareholders resolution of Cimsa Sabanci Cement BV (CSC BV) dated October 31, 2022, it has been decided to increase the share capital from its current EUR 87,000,000 to EUR 187,000,000 by increasing EUR 100,000,000. The Company will subscribe to the capital increase in proportion of its shares (40%) in CSC BV.