

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

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

**1 JANUARY - 31 MARCH 2023 CONDENSED
INTERIM CONSOLIDATED
FINANCIAL STATEMENTS**

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

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

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ÇİMSA ÇİMENTO SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES
INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2023

(Amounts expressed in thousands of Turkish Lira (“TRY”) unless otherwise indicated. Currencies other than TRY are expressed in thousands unless otherwise indicated.)

		(Not Audited)	(Audited)
		Current Period	Prior Period
		31 March	31 December
	Note	2023	2022
ASSETS			
Cash and cash equivalents	5	2,206,681	1,602,764
Financial investments	6	210,889	1,057,006
Trade receivables	7	1,701,184	1,868,882
<i>Trade receivables from related parties</i>	29	769,748	831,166
<i>Trade receivables from third parties</i>		931,436	1,037,716
Other receivables		1,041	1,127
<i>Other receivables from related parties</i>	29	-	8
<i>Other receivables from third parties</i>	9	1,041	1,119
Inventories	10	1,251,029	1,126,366
Prepaid expenses	11	280,220	66,314
Assets related to the current period taxes	27	127,138	102,475
Other current assets	20	171,698	113,097
Non-current assets held for sale	13	2	2
Current assets		5,949,882	5,938,033
Other receivables	9	4,835	5,118
<i>Other receivables from third parties</i>		4,835	5,118
Financial investments		64	64
Investments accounted under equity method	3	2,507,593	2,425,717
Property, plant and equipment	12	1,873,451	1,759,934
Right of use assets	15	25,277	31,856
Intangible assets		245,636	172,175
<i>Goodwill</i>	16	148,119	148,119
<i>Other intangible assets</i>	14	97,517	24,056
Prepaid expenses	11	300,931	342,552
Deferred tax assets	27	963,774	920,605
Other non-current assets	20	5,642	2,527
Non-current assets		5,927,203	5,660,548
TOTAL ASSETS		11,877,085	11,598,581

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

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AS AT 31 MARCH 2023

(Amounts expressed in thousands of Turkish Lira (“TRY”) unless otherwise indicated. Currencies other than TRY are expressed in thousands unless otherwise indicated.)

	Note	(Not Audited) Current Period 31 March 2023	(Audited) Prior Period 31 December 2022
LIABILITIES			
Short-term borrowings	8	2,036,998	2,152,175
Current portion of long-term borrowings	8	946,458	617,161
Short-term lease liabilities	8	27,132	26,524
Trade payables	7	1,192,393	1,829,256
<i>Trade payables to related parties</i>	29	10,185	532,665
<i>Trade payables to third parties</i>		1,182,208	1,296,591
Employee benefit obligations	19	36,813	17,839
Other payables		487,674	54,000
<i>Other payables to related parties</i>	29	441,122	9,891
<i>Other payables to third parties</i>	9	46,552	44,109
Deferred income	11	28,557	31,607
Current income tax liability		34,173	2,072
Short-term provisions	17	147,544	90,492
<i>Short-term provisions for employee benefits</i>		27,631	42,134
<i>Other short-term provisions</i>		119,913	48,358
Other current liabilities	20	701	169,288
		4,938,443	4,990,414
Current liabilities			
Long-term borrowings	8	456,083	-
Long-term lease liabilities	8	47,438	51,909
Long-term provisions	17	158,221	168,133
<i>Long-term provisions for employee benefits</i>	19	142,460	153,089
<i>Other long-term provisions</i>		15,761	15,044
Deferred tax liability	27	279,596	279,567
		941,338	499,609
Non-current liabilities			
SHAREHOLDERS' EQUITY			
Share capital	21	135,084	135,084
Adjustments to share capital	21	41,742	41,742
Share premiums		575	575
Other comprehensive income/expense to be reclassified to profit or loss		65,780	7,852
<i>Foreign currency translation reserve</i>		(40,147)	(39,785)
<i>Cash flow hedge fund</i>		(320,403)	(320,723)
<i>Share of other comprehensive income of investments in associates accounted for using equity method that will be reclassified to profit/(loss)</i>		426,330	368,359
Other comprehensive income/expense not to be reclassified to profit or loss		(123,869)	(85,795)
<i>Share of other comprehensive income of investments in associates accounted for using equity method that will not be reclassified to profit/(loss)</i>		-	33,965
<i>Actuarial losses/gains on defined benefit plans</i>		(60,555)	(56,446)
<i>Effects of combinations of entities or businesses under common control on investments in associates accounted for using equity method</i>		(63,314)	(63,314)
Restricted reserves		193,105	193,105
Retained earnings		5,022,447	1,990,874
Net profit for the year		251,709	3,431,573
		5,586,573	5,715,010
Equity attributable to equity holders of the parent		5,586,573	5,715,010
Non-controlling interests		410,731	393,548
Total shareholders' equity		5,997,304	6,108,558
		11,877,085	11,598,581
TOTAL LIABILITIES AND EQUITY			

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

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ÇİMSA ÇİMENTO SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES
INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE PERIOD ENDED 31 MARCH 2023

(Amounts expressed in thousands of Turkish Lira (“TRY”) unless otherwise indicated. Currencies other than TRY are expressed in thousands unless otherwise indicated.)

		(Not Audited) Current Period 1 January- 31 March 2023	(Not Audited) Prior Period 1 January- 31 March 2022
OPERATING INCOME	Note		
Revenue	22	2,362,872	1,354,856
Cost of sales (-)	23	(1,938,969)	(1,178,313)
GROSS PROFIT		423,903	176,543
General and administrative expense (-)	23	(136,941)	(66,816)
Marketing, selling and distribution expense (-)	23	(7,947)	(2,983)
Research and development expense (-)	23	(4,132)	(2,015)
Other operating income	24	69,537	138,713
Other operating expenses (-)	24	(38,052)	(89,319)
OPERATING PROFIT		306,368	154,123
Income from investment activities	25	9,670	7,079
Profit/(loss) from investments accounted by equity method	3	24,419	71,920
OPERATING PROFIT BEFORE FINANCIAL INCOME/(EXPENSE)		340,457	233,122
Financial income	26	61,263	4,403
Financial expenses (-)	26	(163,985)	(98,452)
PROFIT BEFORE TAXATION		237,735	139,073
Tax income/(expense) from continuing operations		67,386	(7,981)
- Deferred tax income/(expense)	27	67,386	(7,981)
PERIOD (LOSS)/PROFIT OF CONTINUING OPERATIONS		305,121	131,092
NET PROFIT		305,121	131,092
Profit for the period attributable to			
- Non-controlling interests		53,412	6,788
- Equity holders of the parent		251,709	124,304
Earnings Per Share			
Earnings per share from continuing operations (Nominal amount of 1 Kr)	28	1.86	0.92

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ÇİMSA ÇİMENTO SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES
INTERIM CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31 MARCH 2023

(Amounts expressed in thousands of Turkish Lira (“TRY”) unless otherwise indicated. Currencies other than TRY are expressed in thousands unless otherwise indicated.)

	(Not Audited) Current Period 1 January- 31 March 2023	(Not Audited) Prior Period 1 January- 31 March 2022
PERIOD (LOSS)/PROFIT OF CONTINUING OPERATIONS	305,121	131,092
Other comprehensive income/expense to be reclassified to profit or loss	60,900	21,866
<i>Cash flow hedge fund</i>	400	(32,208)
<i>Share of other comprehensive income of investments in associates accounted for using equity method that will be reclassified to profit/(loss)</i>	57,969	44,892
<i>Foreign currency translation reserve</i>	2,611	1,774
<i>Tax (expense)/income</i>	(80)	7,408
Other comprehensive income/expense not to be reclassified to profit or loss	(38,076)	23,537
<i>Share of other comprehensive income of investments in associates accounted for using equity method that will not be reclassified to profit/(loss)</i>	(42,456)	35,011
<i>Actuarial gains/(losses) on defined benefit plans</i>	(5,138)	(4,444)
<i>Tax (expense)/income</i>	9,518	(7,030)
OTHER COMPREHENSIVE INCOME/(EXPENSE) (AFTER TAX)	22,824	45,403
TOTAL COMPREHENSIVE INCOME /(EXPENSE)	327,945	176,495
Total comprehensive income attributable to		
- Non-controlling interests	56,382	7,474
- Equity holders of the parent	271,563	169,021

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ÇİMSA ÇİMENTO SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES
INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 MARCH 2023

(Amounts expressed in thousands of Turkish Lira (“TRY”) unless otherwise indicated. Currencies other than TRY are expressed in thousands unless otherwise indicated.)

	<u>Other Comprehensive Income/Expense to be Reclassified to Profit/Loss</u>						<u>Other Comprehensive Income/Expense not to be Reclassified to Profit or Loss</u>			<u>Retained Earnings</u>				<u>Total equity</u>	
	<u>Share capital</u>	<u>Adjustments to share capital</u>	<u>Share premiums</u>	<u>Foreign currency translation reserve</u>	<u>Cash flow hedge reserve</u>	<u>Share of other comprehensive income of investments in associates accounted for using equity method</u>	<u>Effects of combinations of entities or businesses under common control on investments in associates accounted for using equity</u>	<u>Share of other comprehensive income of investments in associates accounted for using equity method</u>	<u>Actuarial gains/(losses) on defined benefit plans</u>	<u>Restricted reserves</u>	<u>Retained earnings</u>	<u>Net profit for the period</u>	<u>Equity attributable to equity holders of the parent</u>		<u>Non-controlling interests</u>
1 January 2022	135,084	41,742	575	(21,568)	(168,166)	171,346	(63,314)	35,817	(20,692)	193,105	1,174,272	1,016,601	2,494,802	278,052	2,772,854
Transfer from retained earnings	-	-	-	-	-	-	-	-	-	-	1,016,601	(1,016,601)	-	-	-
Net profit for the period	-	-	-	-	-	-	-	-	-	-	-	124,304	124,304	6,788	131,092
Other comprehensive income/(expense)	-	-	-	1,089	(24,800)	44,892	-	26,958	(3,422)	-	-	-	44,717	686	45,403
Total comprehensive income/(expense)	-	-	-	1,089	(24,800)	44,892	-	26,958	(3,422)	-	-	124,304	169,021	7,474	176,495
Dividends	-	-	-	-	-	-	-	-	-	-	(200,000)	-	(200,000)	(8,820)	(208,820)
31 March 2022	135,084	41,742	575	(20,479)	(192,966)	216,238	(63,314)	62,775	(24,114)	193,105	1,990,873	124,304	2,463,823	276,706	2,740,529
1 January 2023	135,084	41,742	575	(39,785)	(320,723)	368,361	(63,314)	33,964	(56,446)	193,105	1,990,873	3,431,574	5,715,010	393,549	6,108,559
Transfer from retained earnings	-	-	-	-	-	-	-	-	-	-	3,431,574	(3,431,574)	-	-	-
Net profit for the period	-	-	-	-	-	-	-	-	-	-	-	251,709	251,709	53,412	305,121
Other comprehensive income/(expense)	-	-	-	(362)	320	57,969	-	(33,964)	(4,109)	-	-	-	19,854	2,970	22,824
Total comprehensive income/(expense)	-	-	-	(362)	320	57,969	-	(33,964)	(4,109)	-	-	251,709	271,563	56,382	327,945
Dividends (*)	-	-	-	-	-	-	-	-	-	-	(400,000)	-	(400,000)	(39,200)	(439,200)
31 March 2023	135,084	41,742	575	(40,147)	(320,403)	426,330	(63,314)	-	(60,555)	193,105	5,022,447	251,709	5,586,573	410,731	5,997,304

* At the Ordinary General Assembly held on March 29, 2023, the decision to distribute 400,000 TRY cash dividend from the profit of 2022 was unanimously approved and the dividend payment will be made on April 3, 2023.

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FOR THE PERIOD ENDED 31 MARCH 2023

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		(Not Audited) Current Period	(Not Audited) Prior Period
	<u>Note</u>	1 January -31 March 2023	1 January -31 March 2022
A. CASH FLOWS FROM OPERATING ACTIVITIES		(239,536)	32,894
Profit/(loss) from continuing operations before tax		237,735	139,073
Adjustments to reconcile net profit/loss for the period		104,294	3,527
Adjustment related to depreciation and amortization expense		39,064	32,444
Adjustment related to gain on sale of fixed assets	25	(5)	(7,079)
Adjustments related to retained profits of subsidiaries	3	(24,419)	(71,920)
Adjustment related to allowance for doubtful receivable		(340)	-
Adjustment related to provision for inventory impairment		913	(53)
Adjustment related to provision for litigations (net)	17	9,375	2,278
Adjustment related to recultivation provision	17	717	709
Fair value losses/(gains)	7	2,544	(189)
Adjustment related to retirement pay provision		2,657	1,529
Adjustment related to seniority provision	19	2,413	1,201
Adjustment related unpaid vacation liability		8,887	3,676
Adjustment related to interest expense		139,045	35,926
Adjustment related to interest income		(77,572)	(31,541)
Unrealized foreign exchange (gains)/losses on financial borrowings		10,650	63,654
Adjustment related to fair value decrease/(increase) of derivative financial instruments		-	(27,108)
Adjustments for fair value losses/(gains) of financial investments		(9,635)	-
Changes in working capital		(548,314)	(124,164)
Short-term trade receivables		165,494	(166,751)
Inventories		(125,576)	(324,069)
Other receivables/current assets/prepaid expenses		(297,084)	(108,187)
Other long-term trade receivables/non-current/prepaid expenses		(2,812)	(5,347)
Short-term trade payables		(636,863)	455,176
Other short-term payables/liabilities/provisions		348,527	25,014
Cash flow from operations		(206,285)	18,436
Interest received		16,309	27,138
Premiums and bonuses paid		(19,839)	(11,461)
Retirement pay provision paid	19	(26,284)	(705)
Seniority provision paid	19	(460)	(438)
Vacation provision paid	19	(2,975)	(76)
B. CASH FLOWS FROM INVESTING ACTIVITIES		(177,858)	(38,123)
Cash out flow related to purchases of tangible assets	12	(144,400)	(48,190)
Proceeds related to sales of tangible and intangible assets		30	5,640
Cash out flow related to purchases of intangible assets	14	(75,090)	(579)
Change in advances given for the purchase of tangible fixed assets		41,601	5,006
C. CASH FLOWS FROM FINANCING ACTIVITIES		1,025,648	120,719
Proceeds from borrowings		2,000,074	1,019,875
Repayment of borrowings		(1,724,008)	(757,287)
Interest paid		(167,433)	(31,290)
Interest income		61,263	4,403
(Paid)/other financial expenses incurred		855,752	-
Dividends paid		-	(114,982)
NET CHANGE IN CASH AND CASH EQUIVALENTS (A+B+C)		608,253	115,490
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	5	1,597,507	257,727
Currency translation differences (net)		360	(1,093)
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	5	2,206,120	372,124

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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 (31 December 2022: TRY350,000).

As of 31 March 2023, and 31 December 2022, the information related to the Company’s subsidiaries and joint venture is as follows:

Company	Date of acquisition	Location of the operation	Principal Activities	Effective shareholding of the company	
				31 March 2023	31 December 2022
Çimsa Cement Free-Zone Limited (Çimsa Cement) (*)	12.10.2005	NCTR	Cement sales and marketing	99.99%	99.99%
CIMSAROM Marketing Distributie S.R.L. (Cimsarom) (*) (**)	08.02.2006	Romania	Cement sales and marketing	100%	100%
Çimsa Mersin Serbest Bölge Şubesi (Çimsa Mersin) (*)	12.12.2007	Mersin	Cement export	100%	100%
OOO Çimsa Rus CTK (OOO Rusya) (*) (***)	16.07.2008	Russia	Cement packaging, sales and marketing	100%	100%
Afyon Çimento Sanayi Türk Anonim Şirketi (*)	31.05.2012	Turkey	Cement production and sales	51%	51%

(*) Full consolidation method has been applied.

The shares of “Cimsa Cementos Espana SAU, Cimsa Americas Cement Manufacturing and Sales Corporation, Cimsa Cement Sales North GmbH and Cimsa Adriatico SRL, previously consolidated by the Group as subsidiaries, have been transferred to Sabancı Building Solutions BV (formerly “Cimsa Sabancı Cement BV”) was signed on June 22, 2021, and the transfer process was completed as of June 30, 2021, following the completion of other necessary legal procedures.

Sabancı Building Solutions BV (“SBS”), established in the Netherlands on 16 November 2020 with the participation of 40% of the Group and 60% of Sabancı Holding A.Ş. and is included in the consolidation of the Company by equity pick up method and is an associate of the company. In accordance with the General Assembly Decision dated October 31, 2022, it has been decided to increase its current capital from EUR 87,000 to EUR 187,000 by increasing EUR 100,000. Shareholders participated in the capital increase in proportion to their shares. Cimsa Sabancı Cement BV, established in the Netherlands, where the Company owns 40% and Sabancı Holding 60% shareholder. The company's name was changed to Sabancı Building Solutions BV.

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

(**) 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 has been completed. There is no difference in terms of trade volume between the affiliated distributorship and the dealer channel.

(***) With the decision taken by the Group Board of Directors, it has been decided to liquidate the inactive Company.

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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 4 May 2023. The General Assembly and certain regulatory bodies have the power to amend the statutory financial statements after issuance.

The average number of blue-collar employees (a union member/not a union member) of the Group for the 3 months period ended 31 March 2023 is 536 (2022: 627) and white-collar employees (not a union member) is 379 (2022: 482) and the number of employees working in subsidiaries located abroad is 6 (2022: 5).

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 in line 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 the companies applying 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 statement has been made by the POA on the application of TAS 29 afterwards. 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 as of 31 March 2023.

The Company's functional and presentation currency is accepted as Turkish Lira (“TL”). Unless otherwise stated, financial information in TL has been rounded to the nearest thousand.

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, 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.

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.1 Basis of Presentation (continued)

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.

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.

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.5 Summary of Significant Accounting Policies

Subsidiaries

As at 31 March 2023, 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.

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 IFRS 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 IFRS 9 Financial Instruments or, where applicable, as the cost in the initial recognition of an investment in an associate or jointly controlled entity.

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.5 Summary of Significant Accounting Policies (Continued)

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 Sabanci Building Solutions B.V.

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. Sabanci Building Solutions B.V.'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 was decided to transfer the Group's white cement operations abroad to a company to be established abroad together with Sabancı Holding, and within this framework, with the last capital increase, in which the Group participated by 40% and the parent Sabancı Holding A.Ş. by 60%, 187,000. The company, titled Sabanci Building Solutions BV (SBS BV), located in the Netherlands with a capital of .000 EUR, was established on 16 November 2020. The controlling party of SBS BV is Sabancı Holding.

Sale of 100% of the shares 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 SBS BV 30 June 2021 and as of the same date, the Group has lost its control over the aforementioned subsidiaries.

Since SBS 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 SBS 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 SBS 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 SBS 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 SBS 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”.

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.5 Summary of Significant Accounting Policies (Continued)

Foreign currency transactions

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

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

Transactions in foreign currencies are translated into TRY at the exchange rates on the date of the transaction. Assets and liabilities denominated in foreign currencies as of 31 December 2022 are valued with the buying rate of the Central Bank of the Republic of Turkey on the balance sheet date, and the resulting foreign exchange differences are reflected in the relevant income and expense accounts.

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

Date	31 March 2023 Buying	31 March 2023 Sales	31 March 2022 Buying	31 March 2022 Sales
US Dollar (‘USD’)/TRY	19.1532	19.1878	18.6983	18.7320
Euro (‘EUR’)/TRY	20.8450	20.8825	19.9349	19.9708
Rub (‘RUB’)/TRY	0.2465	0.2497	0.2595	0.2628
Ron (‘RON’)/TRY	4.1875	4.2423	4.0062	4.0586
Sterlin (‘GBP’)/TRY	23.6602	23.7836	22.4892	22.6065

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

Date	31 March 2023	31 December 2022
USD/TRY	18.8738	16.4264
EUR/TRY	20.2739	17.2951
RUB/TRY	0.2558	0.2490
RON/TRY	4.0896	3.4868
GBP/TRY	22.9616	20.1762

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.6 Comparative Information

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

2.7 The New Standards, Amendments and Interpretations

The accounting policies adopted in preparation of the interim consolidated financial statements as at 31 March 2023 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 31 March 2023 and amendments and interpretations on existing previous standards:

- **TFRS 16 'Leases' - changes regarding the extension of COVID 19 lease concessions facilitating practice (effective as of 1 April 2021);** Due to the COVID-19 outbreak, some concessions were provided to tenants in rent payments. In May 2020, with the amendment published in IFRS 16 Leases standard, IASB introduced an optional facilitating practice for lessees to evaluate whether the privileges granted due to COVID-19 in lease payments have changed or not. On March 31, 2021, IASB published an additional amendment to extend the date of facilitating implementation from 30 June 2021 to 30 June 2022. Lessees may choose to account for such lease concessions in accordance with the terms that would apply in the absence of a lease modification. This ease of application often causes the lease concession to be recognized as a variable lease payment during periods when the event or condition that triggers the reduction in lease payments occurs.
- **A number of narrow-scope amendments to IFRS 3, IAS 16, IAS 17 and some annual improvements on IFRS 1, IFRS 9, IAS 41 and IFRS 16;** effective from Annual periods beginning on or after 1 January 2022.

Amendments to IFRS 3, ‘Business combinations’; update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.

Amendments to IAS 16, ‘Property, plant and equipment’; prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the Company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss.

Amendments to IAS 37, ‘Provisions, contingent liabilities and contingent assets’; specify which costs a company includes when assessing whether a contract will be loss-making.

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

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.7 The New Standards, Amendments and Interpretations (Continued)

b. Standards, amendments and interpretations that are issued but not effective as at 31 March 2023

- **Narrow scope amendments to IAS 1, Practice statement 2 and IAS 8**, effective from annual periods beginning on or after 1 January 2023. The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies.
- **Amendment to IAS 12 – Deferred tax related to assets and liabilities arising from a single transaction**; from annual periods beginning on or after 1 January 2023. These amendments require companies to recognise deferred tax on transactions that, on initial recognition give rise to equal amounts of taxable and deductible temporary differences.
- **TFRS 16, Sale and leaseback transactions**; Effective for annual reporting periods beginning on or after 1 January 2024. These changes include the sale and leaseback requirements in IFRS 16 that describe how an entity accounts for a sale and leaseback transaction after the transaction date. Sales and leaseback transactions where some or all of the lease payments consist of variable lease payments that are not tied to an index or rate are likely to be affected.
- **TAS 1, Amendment to the long-term obligations, which are the terms of the contract**; Effective for annual reporting periods beginning on or after 1 January 2024. These changes clarify how conditions that an entity must comply with within twelve months of the reporting period affect the classification of a liability.

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).

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3. SHARES IN AFFILIATED UNDERTAKINGS

The assets and liabilities of Exsa and SBS, which is consolidated by the equity method, calculated by using the effective percentage of ownership as of 31 March 2023 and 31 December 2022 and revenue, expense and net profit for the periods ending 31 March 2023 and 31 March 2022 are as follows:

Investments	Country	Main operating activity	Effective ownership (%)	31 March 2023	Effective ownership (%)	31 December 2022
				Carrying net book value		Carrying net book value
Exsa	Turkey	Investment property and financial instruments	32.9	1,085,434	32.9	1,064,276
SBS	Netherland	Cement production and sale	40.0	1,422,159	40.0	1,361,441
				2,507,593		2,425,717

Exsa	31 March 2023	31 December 2022
Assets	3,586,320	3,434,728
Liabilities	(284,620)	(197,388)
Net assets	3,301,700	3,237,340
Group's share	1,085,434	1,064,276

Exsa	1 January – 31 March 2023	1 January- 31 March 2022
Revenues	298,057	410,915
Expenses	(229,514)	(241,507)
Net profit for the period	68,543	169,408
Group's share in net profit	22,534	55,693

SBS	31 March 2023	31 December 2022
Assets	8,604,978	7,879,725
Liabilities	(5,049,581)	(4,476,121)
Net assets	3,555,397	3,403,604
Group's share	1,422,159	1,361,441

SBS	1 January- 31 March 2023	1 January- 31 March 2022
Revenues	1,296,556	934,039
Expenses	(1,291,843)	(893,471)
Net profit for the period	4,713	40,568
Group's share in net profit	1,885	16,227

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3. SHARES IN AFFILIATED UNDERTAKINGS (Continued)

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

Subsidiary	31 March 2023			
	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	53,458	152,065	-
Subsidiary	31 December 2022			
	Non-controlling interest %	Gain/losses attributable to non-controlling interests	Accumulated non-controlling interests	Dividend paid to non-controlling interests
Afyon Çimento Sanayi T.A.Ş.	49	131,035	60,230	8,200

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

Condensed balance sheet information (before consolidation adjustments)

	31 March 2023	31 December 2022
Cash and cash equivalents	75,352	274,824
Other current assets	564,379	426,303
Non-current assets	573,140	568,241
Total assets	1,212,871	1,269,368
Short term borrowings	44,578	86,901
Other current liabilities	292,947	336,059
Other non-current liabilities	38,949	38,833
Total liabilities	376,474	461,793
Total equity	836,397	807,575

Condensed income statement information

	1 January - 31 March 2023	1 January - 31 March 2022
Revenue	397,524	104,103
Gross profit	113,651	14,622
Operating profit/(loss)	105,855	12,533
Net financial income/(expense)	2,483	(8,192)
Profit/(loss) before tax	108,343	11,887
Net profit for the period	109,098	14,309

Condensed cash flow information

	1 January - 31 March 2023	1 January - 31 March 2022
Cash flows from operating activities	(146,535)	(12,486)
Cash flows from investing activities	(13,648)	(2,521)
Cash flows from financing activities (excluding dividend)	(39,289)	82,278
Net increase/(decrease) in cash and cash equivalents	(199,472)	67,271

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4. SEGMENT REPORTING

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

The Group manages and organizes its operations depending on the content of the services and goods provided. The Group prepares its segment reporting in accordance with IFRS 8. The transfer prices between segments are prepared on the same basis with third parties. For the periods ended 31 March 2023 and 2022, the information about the Group’s segments consists of sales and profits obtained from cement (including clinker and aggregate) and ready mix concrete; segment assets and liabilities as of 31 March 2023 and 31 December 2022.

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4. SEGMENT REPORTING (Continued)

1 January – 31 March 2023	Cement	Ready-mix concrete	Total
Sales	2,013,222	349,650	2,362,872
Cost of sales (-)	(1,633,279)	(305,690)	(1,938,969)
Gross profit/(loss)	379,943	43,960	423,903
General administrative,marketing selling distribution expenses (-)	(119,864)	(25,024)	(144,888)
Other operating income/(expenses) (-), net	31,643	(158)	31,485
Research and development expenses (-)	(4,132)	-	(4,132)
Operating profit/(loss)	287,590	18,778	306,368
Income from investment activities, net	9,670	-	9,670
Profit/(loss) from investments accounted by equity method	24,419	-	24,419
Operating profit before financial income /(expense)	321,679	18,778	340,457
Financial income/(expense), net	(102,722)	-	(102,722)
Profit/(loss) from continuing operations before tax	218,957	18,778	237,735
Continuing operations tax (expense)/income	67,386	-	67,386
Deferred tax income/(expense)	67,386	-	67,386
Profit/(loss) for the period from continuing operations	286,343	18,778	305,121
1 January – 31 March 2022	Cement	Ready-mix concrete	Total
Sales	1,219,016	135,840	1,354,856
Cost of sales (-)	(1,053,329)	(124,984)	(1,178,313)
Gross profit/(loss)	165,687	10,856	176,543
General administrative,marketing selling distribution expenses (-)	(61,064)	(8,735)	(69,799)
Other operating income/(expenses) (-), net	48,997	397	49,394
Research and development expenses (-)	(2,015)	-	(2,015)
Operating profit/(loss)	151,605	2,518	154,123
Income from investment activities, net	7,079	-	7,079
Profit/(loss) from investments accounted by equity method	71,920	-	71,920
Operating profit before financial income /(expense)	230,604	2,518	233,122
Financial income/(expense), net	(94,049)	-	(94,049)
Profit/(loss) from continuing operations before tax	136,555	2,518	139,073
Continuing operations tax (expense)/income	(7,981)	-	(7,981)
Deferred tax income/(expense)	(7,981)	-	(7,981)
Profit/(loss) for the period from continuing operations	128,574	2,518	131,092

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4. SEGMENT REPORTING (Continued)

31 March 2023	Cement	Ready-mix concrete	Undistributed	Total
Segment assets	7,707,029	387,217	-	8,094,246
Financial assets at fair value through other comprehensive income	-	-	64	64
Investments accounted under equity method	-	-	2,507,593	2,507,593
Undistributed assets	-	-	1,275,182	1,275,182
Total assets	7,707,029	387,217	3,782,839	11,877,085
Segment liabilities	5,740,795	138,984	-	5,879,779
Undistributed liabilities	-	-	5,997,306	5,997,306
Total liabilities	5,740,795	138,984	5,997,306	11,877,085

31 December 2022	Cement	Ready-mix concrete	Undistributed	Total
Segment assets	7,432,201	469,796	-	7,901,997
Financial assets at fair value through other comprehensive income	-	-	64	64
Investments accounted under equity method	-	-	2,425,717	2,425,717
Undistributed assets	-	-	1,270,803	1,270,803
Total assets	7,432,201	469,796	3,696,584	11,598,581
Segment liabilities	5,225,682	264,340	-	5,490,022
Undistributed liabilities	-	-	6,108,559	6,108,559
Total liabilities	5,225,682	264,340	6,108,559	11,598,581

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5. CASH AND CASH EQUIVALENTS

The detail of cash and cash equivalents as of 31 March 2023 and 31 December 2022 is as follows:

	31 March 2023	31 December 2022
Cash at banks	2,206,681	1,602,764
<i>Demand deposits</i>	<i>346,744</i>	<i>390,479</i>
<i>Time deposits with maturity of less than 3 months</i>	<i>1,859,937</i>	<i>1,212,285</i>
	2,206,681	1,602,764
Blocked deposits (-)	(561)	(5,257)
Cash and cash equivalents in consolidated cash flow statement	2,206,120	1,597,507

The detail of bank deposits is stated below:

	31 March 2023	31 December 2022
Turkish Lira	1,670,358	1,502,053
Euro	311,159	63,543
USD	221,417	33,299
GBP	3,050	359
Other	697	3,510
	2,206,681	1,602,764

Time deposits as of 31 March 2023 and 31 December 2022 are denominated in TRY, EUR, USD and GBP with the maturity of less than three months. As of 31 March 2023, effective weighted average interest rate on time deposits is 31.56% for TRY, 0,02% for USD and 0.01% for EUR (31 December 2022 TRY: 16.82%, USD 0.48%, EUR 0,45% and GBP 0,01%). The blocked deposit amount is TRY561 as of 31 March 2023 (The blocked deposit amount is TRY 5,257 as of 31 December 2022).

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	31 March 2023	31 December 2022
Eurobond	210,889	369,914
Other Financial Assets (*)	-	687,092
	210,889	1,057,006

Between August 23, 2022, and September 14, 2022, the Group has purchased 5 pieces of nominal Eurobonds for a total of US\$ 19,718 and USD 19,710. The portion of the transaction, corresponding to USD 9,000 was made with an effective interest rate of 3.25%, and the remaining portion was made with an effective interest rate of 7.25%. The redemption date of the security for USD 9,000 was March 23, 2023, and it has been redeemed. The redemption date for the remaining securities is December 23, 2023.

(*) The Group's financial assets at fair value through profit or loss, foreign currency protected deposits amounting to TRY 687,092 are recognized under other financial assets as of 31 December 2022.

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7. TRADE RECEIVABLES AND PAYABLES

a. Trade Receivables

	31 March 2023	31 December 2022
Short-term trade receivables		
Trade receivables	755,213	801,054
Notes receivable	189,700	247,935
Due from related parties (Note 29)	769,748	831,166
Allowance for doubtful receivables (-)	(9,748)	(10,088)
Less: Provision for expected credit losses	(3,729)	(1,185)
	1,701,184	1,868,882

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 2022 - 54 days). Effective interest rates used when determining the amortized cost are 24.56% for TRY, 5.18% for USD and 6.9% for EUR (31 December 2022 - TRY: 23.94%, USD: 4.77%, EUR: 3.11%).

The movement of the provision for doubtful receivables for the periods ended 31 March 2023 and 31 March 2022 is as follows:

	1 January- 31 March 2023	1 January- 31 March 2022
Movements of allowance for doubtful receivables		
Opening balance	10,088	14,799
Reversal of the provision (-)	(340)	-
Closing balance	9,748	14,799

b. Trade Payables

	31 March 2023	31 December 2022
Short-term trade payables		
Trade payables	1,182,208	1,296,591
Trade payables to related parties (Note 29)	10,185	532,665
	1,192,393	1,829,256

The average payment period of trade payables is 59 days (31 December 2022: 62 days). Effective interest rates used when determining the amortized cost are 24.56% for TRY, 5.18% for USD and 6.9% for EUR (31 December 2022 - TRY: 23.94%, USD: 4.77%, EUR 3.11%).

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8. FINANCIAL BORROWINGS

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

Financial Debts	31 March 2023	31 December 2022
Short-term borrowings	1,362,027	1,647,885
Current portion of long-term borrowings	946,458	617,161
Short-term financial liabilities	27,132	26,524
Short-term issued bonds	674,971	504,290
	3,010,588	2,795,860
Long-term borrowings	82,779	-
Long-term financial liabilities	47,438	51,909
Long-term issued bonds	373,304	-
	503,521	51,909
Financial borrowings except IFRS 16	3,439,539	2,769,336
Total borrowings	3,514,109	2,847,769

The details of the borrowings as of 31 March 2023 are as follows:

Secured/ Unsecured	Interest Type	Currency Type	Weighted Average Interest Rate (%)	Original Balance	Short-Term	Long-Term	31 March 2023
Secured	Fixed	TRY	10.00	70,000	70,000	-	70,000
Unsecured	Fixed	EUR	6.90	30,000	626,756	-	626,756
Unsecured	Fixed	TRY	25.01	2,742,783	2,286,700	456,083	2,742,783
					2,983,456	456,083	3,439,539

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

Secured/ Unsecured	Interest Type	Currency Type	Weighted Average Interest Rate (%)	Original Balance	Short-Term	Long-Term	31 December 2022
Secured	Fixed	TRY	4.29	69,966	69,966	-	69,966
Unsecured	Fixed	EUR	3.11	54,800	1,094,400	-	1,094,400
Unsecured	Fixed	TRY	23.30	1,604,970	1,604,970	-	1,604,970
					2,769,336	-	2,769,336

The repayment schedule of the borrowings as of 31 March 2023 and 31 December 2022 are as follows:

	31 March 2023	31 December 2022
Will be paid in 1 year	2,983,456	2,769,336
Will be paid in 1 - 2 years	450,351	-
Will be paid in 2 - 3 years	5,732	-
	3,439,539	2,769,336

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8. FINANCIAL BORROWINGS (Continued)

The Company issued bonds with a nominal value of TRY100,000 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 March 18, 2021, and the redemption date is March 25, 2022. The said bond has been redeemed.

The Group has issued bonds with a nominal value of TRY 500,000, with a maturity of 385 days, a fixed interest rate and a 1-year maturity, the value date of the issue is December 2, 2022, and the redemption date is December 22, 2023.

The Group has issued bonds with a nominal value of TRY 500,000, with a maturity of 730 days, a fixed interest rate and a 2-year maturity, the value date of the issue is March 7, 2023, and the redemption date is March 6, 2025.

9. OTHER RECEIVABLES AND OTHER PAYABLES

a. Other Receivables

	31 March 2023	31 December 2022
<u>Short-term other receivables from third parties</u>		
Other miscellaneous receivables	1,612	1,615
Due from personnel	194	269
Provision for doubtful other receivables (-)	(765)	(765)
	1,041	1,119

	31 March 2023	31 December 2022
<u>Short-term other receivables</u>		
Short-term other receivables from related parties (Note 29)	-	8
	-	8

	31 March 2023	31 December 2022
<u>Long-term other receivables</u>		
Deposits and guarantees given	4,835	5,118
	4,835	5,118

b. Other Payables

	31 March 2023	31 December 2022
<u>Short-term other payables</u>		
Other payables to related parties (Note 29)	441,122	9,891
Taxes and funds payable	32,710	29,779
Deposits and guarantees received	13,842	14,330
	487,674	54,000

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10. INVENTORIES

	31 March	31 December
Inventories	2023	2022
Raw Materials	677,927	506,456
Work-in progress	512,780	334,462
Finished goods	69,057	107,597
Goods in transit	54	185,727
Inventory impairment provision (-)	(8,789)	(7,876)
	1,251,029	1,126,366

Inventory impairment provision movement

	31 March	31 March
Inventory impairment provision movement	2023	2022
Opening balance	7,876	10,265
Provisions during the period (Note 23)	913	-
Reversal of the provision (-) (Note23)	-	(53)
Closing balance	8,789	10,212

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

	31 March	31 December
Short-term prepaid expenses	2023	2022
Advances given to suppliers (*)	234,957	32,922
Prepaid expenses	45,263	33,392
	280,220	66,314

	31 March	31 December
Long-term prepaid expenses	2023	2022
Advances given for the purchase of fixed assets (**)	298,329	339,930
Prepaid expenses	2,602	2,622
	300,931	342,552

b. Deferred Income

	31 March	31 December
Short-term deferred income	2023	2022
Advanced received	28,557	31,607
	28,557	31,607

(*) TL 179,873 of order advances consist of advances given for electricity supplies.

(**) Consists of the advance amount given for the capacity increase investment of the CAC facility, which was announced with the PDP announcement of April 28, 2022.

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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 2023	57,837	131,237	501,507	1,984,239	72,092	69,434	632	8,963	153,322	2,979,263
Additions	-	486	102	9,633	-	2,732	-	-	131,447	144,400
Disposals	-	-	-	-	-	(122)	-	-	-	(122)
Transfers from construction in progress	-	8,991	-	12,569	-	71	-	-	(21,631)	-
Closing balance as of 31 March 2023	57,837	140,714	501,609	2,006,441	72,092	72,115	632	8,963	263,138	3,123,541
Accumulated depreciation (-)										
Opening balance as of 1 January 2023	-	(68,139)	(143,282)	(916,727)	(64,127)	(20,296)	47	(6,805)	-	(1,219,329)
Charge for the period	-	(1,849)	(3,004)	(22,093)	(855)	(2,715)	-	(340)	-	(30,856)
Disposals	-	-	-	-	-	95	-	-	-	95
Closing balance as of 31 March 2023	-	(69,988)	(146,286)	(938,820)	(64,982)	(22,916)	47	(7,145)	-	(1,250,090)
Net book value as of 31 March 2023	57,837	70,726	355,323	1,067,621	7,110	49,199	679	1,818	263,138	1,873,451

As of 31 March 2023, there is no capitalized financial expenses.

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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 2022	56,561	116,598	492,687	1,720,397	58,684	32,709	888	8,810	61,620	2,548,954
Classifications	-	-	-	(841)	-	-	-	-	-	(841)
Additions	-	-	65	13,549	35	951	-	-	33,590	48,190
Disposals	(5)	-	-	(4,392)	(202)	(81)	(357)	-	-	(5,037)
Transfers from construction in progress	-	585	3,059	6,022	-	46	-	-	(9,712)	-
Closing balance as of 31 March 2022	56,556	117,183	495,811	1,734,735	58,517	33,625	531	8,810	85,498	2,591,266
Accumulated depreciation (-)										
Opening balance as of 1 January 2022	-	(61,730)	(131,456)	(837,319)	(50,068)	(15,414)	(310)	(5,289)	-	(1,101,586)
Charge for the period	-	(1,631)	(4,968)	(18,440)	(1,034)	(1,303)	-	(341)	-	(27,717)
Disposals	-	-	-	6,239	171	49	357	-	-	6,816
Closing balance as of 31 March 2022	-	(63,361)	(136,424)	(849,520)	(50,931)	(16,668)	47	(5,630)	-	(1,122,487)
Net book value as of 31 March 2022	56,556	53,822	359,387	885,215	7,586	16,957	578	3,180	85,498	1,468,779

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

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12. PROPERTY, PLANT AND EQUIPMENT (Continued)

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

	1 January – 31 March 2023	1 January – 31 March 2022
Cost of sales	(26,495)	(25,530)
General administrative expenses	(2,985)	(2,115)
Marketing, sales and distribution expenses	(1,342)	(45)
Research and development expenses	(34)	(27)
	(30,856)	(27,717)

13. NON-CURRENT ASSETS HELD FOR SALE

Portion of TRY2 has been classified as non-current assets held for sale (31 December 2022: TRY2).

	31 March 2023	31 December 2022
Opening balance	2	343
Sales	-	(341)
Total	2	2

Niğde Integrated Cement Factory, Kayseri Integrated Cement Factory, Ankara Cement Grinding Facility and Başakpınar, Ambar, Nevşehir, Cırgalan, Aksaray, Ereğli and Kahramanmaraş Ready-Mixed Concrete Facilities registered in the assets/property of our Company, the fixed assets in these facilities and their subject to the necessary legal approvals including the approval of the Competition Authority and subject to corrections on the closing date, for 110 million EURO excluding VAT or its equivalent in Turkish Lira Ferpa İnşaat Sanayi Petrol Ürünleri Tic. and Sun. Ltd. Şti., the Asset Sale Agreement was signed on 15 June 2022. Asset transfers within the scope of this contract were completed as of 28 July 2022, within the framework of the contractual provisions, by performing the transfer transactions and collecting the transfer fee.

As of 31 December 2022, the movement table of Non-current Assets Classified for Sale is as follows:

	31 December 2022
Opening Balance	179,905
Classified	(4,657)
Outputs	(175,248)
Total	-

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14. INTANGIBLE ASSETS

	Mining Rights	Other Intangible Assets	Total
<u>Cost value</u>			
Opening balance as of 1 January 2023	32,484	36,755	69,239
Additions	75,090	-	75,090
Closing balance as of 31 March 2023	107,574	36,755	144,329
<u>Accumulated amortization (-)</u>			
Opening balance as of 1 January 2023	(25,465)	(19,718)	(45,183)
Charge for period	(266)	(1,363)	(1,629)
Closing balance as of 31 March 2023	(25,731)	(21,081)	(46,812)
Net book value as of 31 March 2023	81,843	15,674	97,517

	Mining Rights	Other Intangible Assets	Total
<u>Cost value</u>			
Opening balance as of 1 January 2022	32,484	33,759	66,243
Additions	-	579	579
Closing balance as of 31 March 2022	32,484	34,338	66,822
<u>Accumulated amortization (-)</u>			
Opening balance as of 1 January 2022	(24,345)	(13,935)	(38,280)
Charge for period	(247)	(1,302)	(1,549)
Closing balance as of 31 March 2022	(24,592)	(15,237)	(39,829)
Net book value as of 31 March 2022	7,892	19,101	26,993

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

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

	1 January – 31 March 2023	1 January – 31 March 2022
Cost of sales	(1,399)	(1,441)
General administrative expenses	(158)	(104)
Marketing, sales and distribution expenses	(71)	(3)
Research and development expenses	(1)	(1)
	(1,629)	(1,549)

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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 2023	Additions	Depreciation for the period	31 March 2023
Buildings	2,476	-	(1,175)	1,301
Vehicles	29,290	-	(5,399)	23,891
Other	90	-	(5)	85
	31,856	-	(6,579)	25,277

The depreciation expense of TRY 3,526 for the period ending on 31 March 2023 of the right of use assets has been included in the cost of the goods sold and the part of TRY3,053 has been included in the general administrative expense.

Right of use assets	1 January 2022	Additions	Depreciation for the period	31 March 2022
Buildings	11,576	-	(1,597)	9,979
Vehicles	4,490	355	(1,568)	3,277
Other	968	-	(13)	955
	17,034	355	(3,178)	14,211

The depreciation expense of TRY2,774 for the period ending on 31 March 2022 of the right of use assets has been included in the cost of the goods sold and the part of TRY404 has been included in the general administrative expense.

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16. GOODWILL

The goodwill amount presented in the Group’s financial statements as of 31 March 2023 is related to Eskişehir Cement Factory (‘Standart Çimento’) acquired in 2005, Çimsa Cement located in TRNC, Bilecik Ready Mixed Concrete Facilities acquired in 2008, Afyon Çimento Sanayi Türk Anonim Şirketi acquired in 2012. The movement of goodwill for the periods ending 31 March 2023 and 31 December 2022 is stated below:

	31 March 2023	31 December 2022
Eskişehir	132,141	132,141
Afyon Çimento Sanayi T.A.Ş.	11,358	11,358
Bilecik Hazır Beton	4,294	4,294
Çimsa Cement Free Zone Ltd.	326	326
	148,119	148,119

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 2023 and 31 December 2032. For the cash flow estimation, 23.9% 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 2022, 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 5% - 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 23.9%. While the EBITDA / Net Sales ratio is in line with the budgets prepared by the Group management on a cash-generating unit basis for 2022 and beyond, the Weighted Average Cost of Capital ratio depends on some macroeconomic and cement sector-specific variables. When calculating the estimated recoverable amount, when the discount rate is increased by 1 point from the values used in the assumptions by keeping the other variables constant, or in the same way, when the growth rate is reduced by 1 point from the values used in the assumptions by keeping the other variables constant, the recoverable amount of the cash generating unit does not fall below the book value.

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17. PROVISION, CONTINGENT ASSETS AND LIABILITIES

a. Short-Term Provisions

	31 March 2023	31 December 2022
Short-term provisions		
Provision for litigations	43,771	34,396
Other provisions	103,773	56,096
	147,544	90,492

The movement of “Provision for the litigations” as of 31 March 2023 and 31 March 2022 is stated below:

	31 March 2023	31 March 2022
Provision for the litigation movement		
Opening balance	34,396	28,200
Additional provision (Note 24)	9,375	2,278
Closing balance	43,771	30,478

As of 31 March 2023, the Group has provided provision amounting to TRY43,771 for the risky cases against the Company with the opinion obtained from the Company’s legal counsels (31 December 2022: TRY34,396).

b. Long-Term Provisions

	31 March 2023	31 December 2022
Long-term provisions		
Long-term employee benefits	142,460	153,089
Other long-term provisions	15,761	15,044
	158,221	168,133

	31 March 2023	31 December 2022
Other long-term provisions		
Recultivation provision	15,761	15,044
	15,761	15,044

The operations of the Group such as mining, cement production is 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 TRY15,761 under “Other Long-Term Provisions” as of 31 March 2023 (31 December 2022: TRY15,044).

Movement of recultivation provision as of 31 March 2023 and 31 March 2022 is as follows:

	31 March 2023	31 March 2022
Recultivation provision movement		
Opening balance	15,044	6,990
Additional provision (Note 24)	717	709
Closing balance	15,761	7,699

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18. COMMITMENTS

The collaterals, pledges and mortgages (CPM) received by the Group as of 31 March 2023 and 31 December 2022 are as follows:

	Currency	31 March 2023		31 December 2022	
		Original	TRY Amount	Original	TRY Amount
Guarantee letter received	TRY	1,400,126	1,400,126	1,313,445	1,313,445
Guarantee letter received	USD	35,193	673,805	37,536	701,860
Guarantee letter received	EUR	14,029	291,842	13,649	272,091
Guarantee letter received	Other	26	26	26	26
Mortgages received	TRY	55,915	55,915	48,698	48,698
Checks and notes received	TRY	63,634	63,634	33,634	33,634
Checks and notes received	USD	47	906	47	884
Pledge	TRY	131,428	131,428	87,775	87,775
Total CPMs received			2,617,682		2,458,413

As of 31 March 2023, and 31 December 2022, the details of the collaterals, pledges and mortgages (CPM) given are as follows:

	Currency	31 March 2023		31 December 2022	
		Original	TRY Amount	Original	TRY Amount
A. Total CPM given for the Company’s own legal entity	TRY	711,413	711,413	93,223	93,223
	USD	1,950	37,335	665	12,430
	EUR	100	2,080	1,695	33,789
B. Total CPM given in favor of subsidiaries consolidated on line-by-line basis		-	-	-	-
C. Total CPM given in favor of other 3rd parties for ordinal trading operations		-	-	-	-
D. Other CPM given					
i. Total CPM given in favor of parent entity		-	-	-	-
ii. Total CPM given in favor of other Group companies not of scope of clause B and C	EUR	36,000	748,876	36,000	717,656
	USD	20,000	382,920	20,000	373,967
iii. Total CPM given in favour of other 3rd parties out of scope of clause C				-	-
			1,882,624		1,231,065

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19. EMPLOYEE BENEFITS

a. Employee Benefit Obligations

	31 March 2023	31 December 2022
Social security payables	14,897	13,684
Wage accrual and income tax withholding payable to personnel	21,916	4,155
	36,813	17,839

b. Long-Term Employee Benefits

	31 March 2023	31 December 2022
Retirement pay provision	119,991	138,483
Provision for unpaid vacation liability	17,425	11,513
Seniority provision	5,044	3,093
	142,460	153,089

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 TRY19,982.83 as of 31 March 2023 (31 December 2022: full TRY15,371.40). The maximum severance pay is revised semi-annually, and the maximum amount of 19,982.83 Full TRY effective from 1 January 2023 has been taken into account in calculating the provision for employment termination benefits of the Group.

In the consolidated financial statements dated 31 March 2023 and 31 December 2022, the actuarial assumptions used in calculating the severance pay liability are as follows:

	31 March 2023	31 December 2022
Discount rate, net (%)	5.0	5.0

The movement of ‘retirement pay provision’ for the periods ended 31 March 2023 and 2022 is presented below:

	1 January- 31 March 2023	1 January- 31 March 2022
Opening balance	138,483	61,961
Service cost	1,426	521
Interest cost (Note 24)	1,231	1,008
Actuarial loss/(gain)	5,135	4,444
Payments	(26,284)	(705)
Closing balance	119,991	67,229

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19. EMPLOYEE BENEFITS (Continued)

b. Long-Term Employee Benefits (continued)

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

	1 January- 31 March 2023	1 January- 31 March 2022
Opening balance	11,513	6,204
Additional provision	8,887	3,676
Provision paid during the period	(2,975)	(76)
Closing balance	17,425	9,804

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

	1 January- 31 March 2023	1 January- 31 March 2022
Opening balance	3,093	2,035
Additional provision	2,413	1,201
Provision paid during the period	(462)	(438)
Closing balance	5,044	2,798

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20. OTHER ASSETS AND LIABILITIES

a. Other Assets

	31 March	31 December
	2023	2022
Other current assets		
Deferred VAT ⁽¹⁾	161,041	107,100
Job and personnel advances	5,763	3,246
Other current assets	4,894	2,751
	171,698	113,097
	31 March	31 December
	2023	2022
Other fixed assets		
Export VAT ⁽²⁾	5,506	2,396
Other non-current assets	136	131
	5,642	2,527

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

b. Other Liabilities

	31 March	31 December
	2023	2022
Other short-term liabilities (*)	701	169,288
	701	169,288

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21. EQUITY, RESERVES AND OTHER EQUITY ITEMS

As of 31 March 2023, and 31 December 2022, the composition of shareholders is as follows:

	31 March 2023		31 December 2022	
	(%)	Amount	(%)	Amount
<u>Shareholders (*)</u>				
Sabancı Holding A.Ş.	54.54	73,674	54.54	73,674
Akçansa Çimento San. ve Tic. A.Ş.	8.98	12,131	8.98	12,131
Sabancı Vakfi	0.11	150	0.11	150
Other shareholders	36.37	49,130	36.37	49,130
Nominal share capital	100	135,084	100	135,084
Inflation adjustment		41,742		41,742
Rearranged share capital		176,826		176,826

(*) Public quotation of the Group is 45.06% as of 31 March 2023 (31 December 2022: 35.7%).

As of 31 March 2023, the Company's capital is composed of 135,084 units (31 December 2022: 135,084). The nominal value of the shares is TRY1 per share (31 December 2022: TRY1 per share).

In line with the Board of Directors decision dated January 27, 2021, the validity period of the Company's registered capital ceiling is extended to cover the years 2021-2025; Amendments 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 and determine it as TRY 350.000 and to allow the meetings of the Board of Directors to be held electronically. It was accepted at the Board meeting. The said General Assembly resolution was registered on 21 April 2021 and published in the Trade Registry Gazette of the same date and numbered 10314.

Retained earnings and accumulated profit/loss

Legal reserves

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

Profit Distribution

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

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

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

Profit Distribution (Continued)

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

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

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

Net amounting to TRY 3,431,573, remaining after deducting Legal Liabilities and Non-Controlling Interests, pursuant to Article 26 of the Articles of Association and in accordance with CMB Communiqués, over the said consolidated profit for the year 2022 amounting to TRY 3,562,117 calculated in accordance with the CMB Legislation. Distributable Profit for the Period is distributed as follows,

First Dividend	6,754 TRY
Second Dividend	393,246 TRY
Total Gross Dividend	400,000 TRY
General Legal Reserve (2nd Order)	39,235 TRY
Extraordinary Reserve	2,992,249 TRY

As a result of the profit distribution according to the above principles, from the Net Distributable Profit for the Period included in the legal records prepared in accordance with the provisions of the Tax Procedure Law; After the necessary legal funds have been set aside pursuant to Article 5/1-e of the Legal Obligations and Corporate Tax Law, 207,317 TL of the 400,000 TL gross profit share that will be distributed, will be met from the net profit of the period and the remaining 192,683 TL will be met from extraordinary reserves.

Thus, it was decided at the 2022 General Assembly held on March 29, 2023, to distribute TRY 400,000 (Gross) Dividends from the 2022 Profit to the shareholders representing a capital of TRY 135,084 in cash as of April 3, 2023, 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.

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

Profit Distribution (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 investments accounted by equity method, sold its Sabancı Holding shares to institutional investors with the block sale method. The increase/decrease in the value of stocks has also been deducted from the value increase/(decrease) funds account of financial investments under equity.

EXSA - Available for sales financial assets revaluation reserve movement table	31 March 2023	31 March 2022
Opening balance	1,064,276	628,873
Profit/loss effect	22,534	55,693
Currency translation difference	(3,206)	1,116
Hedge fund	1,830	(1,692)
Net fair value change of financial investments	-	26,958
	1,085,434	710,948

SBS- Available for sales financial assets revaluation reserve movement table	31 March 2023	31 March 2022
Opening balance	1,361,441	393,347
Profit/loss effect	1,885	16,227
Currency translation difference	56,728	43,776
Hedge fund	1,619	-
Non-controlling interests	486	449
	1,422,159	453,799

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22. REVENUE

Revenue	1 January- 31 March 2023	1 January- 31 March 2022
Domestic sales	1,258,658	599,057
Export sales	1,304,260	965,058
Sales discounts (-)	(10,554)	(11,222)
Other deductions (-)	(189,492)	(198,037)
	2,362,872	1,354,856
<u>Cost of sales (-) (Note 23)</u>	(1,938,969)	(1,178,313)
Gross profit	423,903	176,543

23. OPERATING EXPENSES BY NATURE

The detail of costs of sales for the periods between 1 January - 31 March 2023 and 2022 is as follows:

<u>Cost of sales (-)</u>	1 January- 31 March 2023	1 January- 31 March 2022
Direct material and supplies expenses	(430,391)	(255,476)
Labor expenses	(80,816)	(41,389)
Energy costs	(874,146)	(623,033)
Depreciation and amortization expenses	(31,420)	(27,361)
Other production expenses	(294,455)	(187,795)
Total production cost	(1,711,228)	(1,135,054)
Change in provision for inventory impairment (Note:10)	(913)	53
Change in work-in process	178,318	113,895
Change in finished goods	(38,540)	37,323
Cost of trade goods sold and other	(366,606)	(194,530)
	(1,938,969)	(1,178,313)

The detail of general administration expenses for the periods between 1 January - 31 March 2023 and 2022 is as follows:

General adm. expenses	1 January- 31 March 2023	1 January- 31 March 2022
Personnel expenses	(65,896)	(31,244)
Consultancy expense	(20,528)	(11,216)
Rent expenses	(12,118)	(1,161)
IT Expenses	(6,449)	(3,498)
Depreciation and amortization expenses	(6,196)	(5,008)
Tax, duty and charges	(2,641)	(2,152)
Insurance expenses	(2,451)	(958)
Communication and publicity expenses	(1,577)	(469)
Travel expenses	(1,542)	(3,363)
Representation expenses	(1,068)	(715)
Maintenance expenses	(62)	(217)
Other miscellaneous expenses	(16,413)	(6,815)
	(136,941)	(66,816)

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23. OPERATING EXPENSES BY NATURE (Continued)

The detail of marketing, selling and distribution expense for the periods between 1 January - 31 March 2023 and 2022 is as follows:

Marketing, selling and distribution	1 January- 31 March 2023	1 January- 31 March 2022
Personnel expenses	(4,269)	(1,764)
Depreciation and amortization expenses	(1,413)	(48)
Travel expenses	(1,099)	(452)
Rent expenses	(226)	(217)
Insurance expenses	(85)	(35)
Representation expenses	(42)	(34)
Consultancy expenses	(6)	(60)
Communication and advertising expenses	(1)	(3)
Other miscellaneous expenses	(806)	(370)
	(7,947)	(2,983)

The detail of research and development expense for the periods between 1 January - 31 March 2023 and 2022 is as follows:

Research and development expenses	1 January- 31 March 2023	1 January- 31 March 2022
Personnel expenses	(3,614)	(1,396)
Travel expenses	(134)	(7)
Raw material expenses	(80)	(325)
Rent expenses	(45)	(2)
Depreciation and amortization	(36)	(28)
Outsourced benefits and services	(35)	(99)
Maintenance expenses	(1)	(39)
Other miscellaneous expenses	(187)	(119)
	(4,132)	(2,015)

24. OTHER OPERATING INCOME AND EXPENSES

Other operating income	1 January- 31 March 2023	1 January- 31 March 2022
Foreign exchange gain from operating activities	31,871	93,251
Interest gain from operating activities	16,309	27,138
Insurance damage compensation income	5,871	-
Sales of scrap and miscellaneous material	2,900	1,444
Incentives received	130	3,418
Other income	12,456	13,462
	69,537	138,713

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24. OTHER OPERATING INCOME AND EXPENSES (Continued)

Other operating expense	1 January- 31 March 2023	1 January- 31 March 2022
Foreign exchange loss from operating activities	(21,231)	(81,359)
Provision expenses (Note 7/17)	(10,092)	(2,987)
Interest expense of retirement pay provision (Note 19)	(1,231)	(2,794)
Compensation and penalty expenses	(426)	(170)
Donations and grants	(422)	(49)
Litigation, levy, and court paid expenses	(12)	(367)
Other expenses	(4,638)	(1,593)
	(38,052)	(89,319)

25. INCOME AND EXPENSE FROM INVESTMENT ACTIVITIES

Income from investment activities	1 January- 31 March 2023	1 January- 31 March 2022
Income from other investment activities	9,665	-
Fixed assets sales income (*)	5	7,079
	9,670	7,079

(*) Consist of realized foreign exchange protected TL time deposits).

26. FINANCIAL INCOME/EXPENSE

Financial income	1 January- 31 March 2023	1 January- 31 March 2022
Interest income	61,263	4,403
Total financial income	61,263	4,403
Financial expenses	1 January- 31 March 2023	1 January- 31 March 2022
Interest expenses of bank borrowings	(137,814)	(33,132)
Foreign exchange loss on bank borrowings	(10,650)	(63,654)
Other financial expenses	(15,521)	(1,666)
Total financial expense	(163,985)	(98,452)

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27. 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 recognized in the income statement, except to the extent that it relates to items recognized directly in equity. In such case, the tax is also recognized 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.

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.

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. According to Article 32 of the Corporate Tax Law No. 5520, the corporate tax rate is 20%. However, with the Law No. 7316, the corporate tax rate was determined as 25% for the earnings obtained in the 2021 taxation period and 23% for the earnings to be obtained in the 2022 taxation period. The regulation has become valid on 22 April 2021, starting from the declarations that must be submitted as of 1 July 2021, and to be valid for the corporate earnings for the taxation period starting from 1 January 2021. As of the taxation period of 2023, the corporate tax rate has started to be applied as 20% again. 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.

As of 31 March 2023, and 31 December 2022, income tax provisions have been accrued in accordance with the prevailing tax legislation.

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.

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27. 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 provisional tax at the rate of 20% (20% for the taxation period of 2021 and 23% for the taxation period of 2022) on their quarterly financial profits and declares them until the 17th day of the second month following the relevant period and pays them until the evening of the seventeenth day. However, since the corporate tax rate increase made with the Law No. 7316 came into effect starting from the declarations that must be submitted as of July 1, 2021, the provisional tax rate for the earnings obtained in the first temporary taxation period of 2021 has been taken as 20%. The temporary tax paid during the year belongs to that year and is deducted from the corporate tax to be calculated on the corporate tax return to be submitted in the fourth month of the following year.

If the amount of temporary tax paid remains despite the deduction, this amount can be refunded in cash or deducted from other tax liabilities of the institution.

Tax deductions are made on dividend payments made to resident companies in Turkey, those not responsible for and exempt from corporate and income tax, as well as to real persons and non-resident legal entities in Turkey. The deduction rate, which was previously determined as 15% by the Council of Ministers Decision, was reduced to 10% by the Presidential Decision dated 21 December 2021 and numbered 4936.

Dividend payments made from joint stock companies residing in Turkey to fully taxpayer institutions (joint stock and limited liability companies) residing in Turkey are not subject to income tax withholding. Furthermore, in the event the profit is not distributed or included in capital, no withholding tax shall be applicable.

Turkish tax legislation does not permit a parent company and its subsidiaries to file a consolidated tax return. Therefore, tax liabilities, as reflected in these consolidated financial statements, have been calculated on a separate-entity basis. As of 31 March 2023, and 31 December 2022 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.

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27. INCOME TAXES (Continued)

As of 31 March 2023, and 31 December 2022, corporate tax payables are summarized as follows:

Distribution of tax expenses are as follows:

Assets related to the current period taxes	31 March 2023	31 December 2022
Assets related to the current period taxes	127,138	102,475
	127,138	102,475
Tax (expense)/income	1 January – 31 March 2023	1 January – 31 March 2022
Deferred tax (expense)/income	67,386	(7,981)
	67,386	(7,981)

The details of the deferred tax assets and liabilities of the Group as of 31 March 2023 and 31 December 2022 are as follows:

Deferred tax assets (*)	31 March 2023	31 December 2022
Cash capital increase tax incentive assets	8,487	8,487
Provision for litigations	9,412	7,537
Inventory impairment provision	2,595	2,412
Rediscount of receivables	8,400	8,407
Provision for employee benefits	8,020	6,688
Provision for other doubtful receivables	944	944
Recultivation provision	3,260	3,110
Property, plant and equipment and intangible assets	834,457	736,079
Other	-	4,754
	875,575	778,418
Deferred tax liabilities (*)	31 March 2023	31 December 2022
Goodwill	(24,738)	(24,738)
Property, plant and equipment and intangible assets (**)	(150,133)	(110,345)
Internal rate of return adjustment of borrowings	(1,546)	(2,297)
Other	(14,980)	-
	(191,397)	(137,380)
Net deferred tax asset/(liability)	684,178	641,038

(*) The total net amount of these two balances is shown as deferred tax assets amounting to TRY 963,774 (31 December 2022: TRY 920,605) and deferred tax liability of TRY 279,596 (31 December 2022: TRY 279,567) in the balance sheet.

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27. INCOME TAXES (Continued)

	31 March 2023	31 December 2022
<u>Deferred tax assets/(liabilities) presentation at balance sheet</u>		
Deferred tax assets	963,774	920,605
Deferred tax liabilities	(279,596)	(279,567)
	684,178	641,038

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

<u>Deferred tax assets/(liabilities) movement</u>	31 March 2023	31 March 2022
Opening balance	(641,038)	(254,846)
Deferred tax (income)/expense	(67,386)	7,981
Accounted under other comprehensive income	(9,438)	(14,438)
Currency translation difference and other	33,684	(19,861)
Closing balance	(684,178)	(281,164)

<u>Tax reconciliation:</u>	31 March 2023	31 March 2022
Profit before taxation	237,735	139,073
Effective statutory income tax rate	20%	23%
Tax expense at the effective statutory income tax rate	(47,547)	(31,987)
Reconciliation of tax provision calculated with deductible:		
- Effect of the profit from investments accounted by equity	4,884	16,542
- Effect of tax incentive assets (**)	21,206	4,335
- Revaluation effects (*)	70,063	-
- Tax exemption from other income	8,809	-
- Non-deductible expenses	(170)	(3,871)
- Tax exemption from sale of land	-	814
- Other	10,141	6,186
Tax expense in the income statement	67,386	(7,981)

(*) The Group has revalued its immovables and their depreciation as of June 30, 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 31 March 2023, 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. It has calculated the deferred tax asset/liability, which is currently calculated over the temporary difference between the TFRS financial statements, over the current TPL values that will occur with the effect of revaluation, and the deferred tax income that will arise due to this application, to the extent that the recoverability of the said tax advantage is considered possible, in one go. accounted for in the table. As of 31 March 2023, the total tax effect is TRY 808,797 (December 2022: TRY 738,733 tax asset has been defined from revaluation.) With the implementation of inflation accounting in TFRS financial statements, immovables in TFRS financial statements will also need to be subject to inflation indexing. In this case, as the temporary difference between the TFRS and TFRS financial statements will disappear, the amount of deferred tax assets may decrease and thus be recorded as expense.

(**) Includes cash capital increase and investment tax incentives.

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27. 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, inflation adjustment will be applied to the financial statements dated 31 December 2023, and the profit/loss difference arising from the inflation adjustment will be shown in the previous years' profit/loss account and will not be taxed. On 20 January 2022, the Public Oversight Authority made a statement on the Implementation of Financial Reporting in High Inflation Economies within the Scope of Turkish Financial Reporting Standards, Financial Reporting Standard for Large and Medium Sized Enterprises. Accordingly, it has been stated that businesses applying TFRS do not need to make any adjustments in their financial statements for 2021 within the scope of TAS 29 Financial Reporting in High Inflation Economies.

‘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 the effect of 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, It is stipulated that it will be applied for 5 accounting periods, including the 2022 accounting period, for companies that increased their capital before 05 July 2022 or were established for the first time.

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28. EARNINGS PER SHARE

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

Earnings/loss per share from continuing operations:

	1 January- 31 March 2023	1 January- 31 March 2022
Number of shares	135,084	135,084
Profit attributable to equity holders of the parent–TRY	251,709	124,304
Dividend per share with nominal value of 1 Kr - TRY	1.86	0.92

29. 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 Sabancı Holding A.Ş. For the consolidated financial statements, shareholder companies and financial assets of Sabancı Holding A.Ş. and their associates and subsidiaries and also other companies of Sabancı Group are presented separately, and these companies and top management of the Group are referred to as related parties. The Group has various transactions with related parties. The related party balances as of 31 March 2023 and 31 December 2022 and the related party transactions for the periods ended 31 March 2023 and 31 March 2022 are mainly as follows:

Short-term trade receivables from related parties

	31 March 2023	31 December 2022
Sabancı Building Solutions B.V. ⁽¹⁾	769,726	831,144
Akçansa Çimento Sanayi ve Ticaret A.Ş. ⁽²⁾	22	22
	769,748	831,166

Short-term other receivables from related parties

	31 March 2023	31 December 2022
Aksigorta A.Ş. ⁽²⁾	-	8
	-	8

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

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

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29. RELATED PARTY DISCLOSURES (Continued)

Short-term trade payables to related parties

	31 March 2023	31 December 2022
Akbank T.A.Ş. (*) ⁽¹⁾	9,908	21,571
Enerjisa Elektrik Enerjisi Toptan Satış A.Ş. ⁽¹⁾	257	445,401
Sabancı Building Solutions B.V. ⁽¹⁾	20	49,460
Akçansa Çimento Sanayi ve Ticaret A.Ş. ⁽²⁾	-	15,993
Other	-	240
	10,185	532,665

Short-term other payables to related parties

	31 March 2023	31 December 2022
Teknosa A.Ş. ⁽¹⁾	363	53
Sabancı Dx ⁽¹⁾	212	8,004
Aksigorta A.Ş. ⁽²⁾	-	142
Other	1,347	1,692
	1,922	9,891

Dividends payable to related parties

	31 March 2023	31 December 2022
Dividends	439,200	-
	439,200	-

Bank balances deposited in related parties

	31 March 2023	31 December 2022
Akbank T.A.Ş. ⁽¹⁾	1,722,060	1,288,730
	1,722,060	1,288,730

Borrowings from related parties

	31 March 2023	31 December 2022
Akbank T.A.Ş. ⁽¹⁾	1,216,780	604,290
	1,216,780	604,290

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

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

(*) The trade payable is related with supplier financing

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29. RELATED PARTY DISCLOSURES (Continued)

Sales to related parties

	1 January- 31 March 2023	1 January- 31 March 2022
Sabancı Building Solutions B.V. ⁽¹⁾	450,277	338,304
Sabancı Dx ⁽¹⁾	93	94
Akçansa Çimento Sanayi ve Ticaret A.Ş. ⁽²⁾	-	227
Other	5,068	1,057
	455,438	339,683

Purchases and services received from related parties

	1 January- 31 March 2023	1 January- 31 March 2022
Enerjisa Elektrik Enerjisi Toptan Satış A.Ş. ⁽¹⁾	290,135	201,374
Akçansa Çimento Sanayi ve Ticaret A.Ş. ⁽²⁾	52,835	34,909
Aksigorta A.Ş. ⁽²⁾	4,609	17,481
Sabancı Dx ⁽¹⁾	2,842	2,766
AgeSa Hayat ve Emeklilik A.Ş. ⁽¹⁾	675	416
Teknosa İç ve Dış Ticaret ⁽¹⁾	372	135
Kordsa Teknik Tekstil A.Ş. ⁽¹⁾	183	-
Ak Yatırım Menkul Değerler A.Ş. ⁽¹⁾	87	51
Sabancı Üniversitesi ⁽¹⁾	36	-
Other	1,388	669
	353,162	257,801

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

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

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29. RELATED PARTY DISCLOSURES (Continued)

Interest income from related parties

	1 January- 31 March 2023	1 January- 31 March 2022
Akbank T.A.Ş. ⁽¹⁾	39,991	2,961
	39,991	2,961

Interest expense from related parties

	1 January- 31 March 2023	1 January- 31 March 2022
Akbank T.A.Ş. ⁽¹⁾	(10,101)	(4,270)
	(10,101)	(4,270)

(1) Subsidiary of the parent company; 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 and deputy general managers, is TRY15,837 (31 March 2022 - TRY8,478). The contributions paid to Social Security Institution are TRY439 (31 March 2021 - TRY197).

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30. FOREIGN CURRENCY RISK

As of 31 March 2023, and 31 December 2022, the Group’s foreign currency position in terms of the original currency is as follows:

	31 March 2023				31 December 2022			
	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	866,915	28,344	15,545	-	926,379	32,689	15,005	713
Monetary financial assets	545,528	11,390	15,559	129	95,584	1,694	3,187	16
Other	239,491	12,360	132	-	374,371	19,984	32	3
Current Assets	1,651,934	52,094	31,236	129	1,396,334	54,367	18,224	732
TOTAL ASSET	1,651,934	52,094	31,236	129	1,396,334	54,367	18,224	732
Trade payables	(495,768)	(17,704)	(7,400)	(65)	(611,041)	(27,273)	(4,918)	(86)
Financial liabilities	(626,475)	-	(30,000)	-	(1,110,124)	-	(55,587)	-
Other	(33,842)	(312)	(1,331)	(2)	(7,915)	(323)	(91)	(3)
Short Term Liabilities	(1,156,085)	(18,016)	(38,731)	(67)	(1,729,080)	(27,596)	(60,596)	(89)
TOTAL LIABILITIES	(1,156,085)	(18,016)	(38,731)	(67)	(1,729,080)	(27,596)	(60,596)	(89)
Net foreign currency asset liability position	495,849	34,078	(7,495)	62	(332,746)	26,771	(42,372)	643
Off balance sheet derivative financial instruments asset/liability position	-	-	-	-	694,984	-	34,800	-
Net foreign currency asset / liability position for monetary	495,849	34,078	(7,495)	62	362,238	26,771	(7,572)	643
Export	1,304,260	40,247	26,854	9	4,757,239	175,406	104,534	3,372
Import	463,807	10,870	12,754	4	1,085,064	54,244	11,215	3

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

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30. 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 appreciation	Foreign depreciation	Foreign appreciation	Foreign currency depreciation
31 March 2023				
1- USD net assets/liabilities	65,208	(65,208)	65,208	(65,208)
2- Hedged portion of USD risk (-)	-	-	-	-
3- USD net effect (1+2)	65,208	(65,208)	65,208	(65,208)
4- Net EUR assets/liabilities	(15,769)	15,769	(15,769)	15,769
5- Hedged portion of EUR risk (-)	-	-	-	-
6- EUR net effect (4+6)	(15,769)	15,769	(15,769)	15,769
7- Net GBP assets/liabilities	146	(146)	146	(146)
8- Hedged portion of GBP risk (-)	-	-	-	-
9- GBP net effect (7+8)	146	(146)	146	(146)
TOTAL (3+6+9)	49,585	(49,585)	49,585	(49,585)

	Profit /Loss		Equity	
	Foreign appreciation	Foreign currency depreciation	Foreign appreciation	Foreign currency depreciation
31 December 2022				
1- USD net assets/liabilities	49,966	(49,966)	49,966	(49,966)
2- Hedged portion of USD risk (-)	-	-	-	-
3- USD net effect (1+2)	49,966	(49,966)	49,966	(49,966)
4- Net EUR assets/liabilities	(84,686)	84,686	(84,686)	84,686
5- Hedged portion of EUR risk (-)	69,498	(69,498)	69,498	(69,498)
6- EUR net effect (4+6)	(15,188)	15,188	(15,188)	15,188
7- Net GBP assets/liabilities	1,446	(1,446)	1,446	(1,446)
8- Hedged portion of GBP risk (-)	-	-	-	-
9- GBP net effect (7+8)	1,446	(1,446)	1,446	(1,446)
TOTAL (3+6+9)	36,224	(36,224)	36,224	(36,224)

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31. 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.

	31 March 2023	31 December 2022
Fair value difference reflects over income/loss financial	210,890	1,057,006
Total	210,890	1,057,006

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.

32. SUBSEQUENT EVENTS

None.