

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

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

**CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD OF 1 JANUARY - 30 JUNE 2023
TOGETHER WITH THE INDEPENDENT AUDITOR'S
REPORT**



**CONVENIENCE TRANSLATION INTO ENGLISH OF INDEPENDENT
AUDITOR'S REVIEW REPORT ORIGINALLY ISSUED IN TURKISH**

**REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED
FINANCIAL INFORMATION**

To the General Assembly of Çimsa Çimento Sanayi ve Ticaret A.Ş.

Introduction

We have reviewed the accompanying condensed consolidated statement of financial position of Çimsa Çimento Sanayi ve Ticaret A.Ş. (the “Company”) and its subsidiaries (collectively referred as the “Group”) as at 30 June 2023 and the related condensed consolidated statements of profit or loss, other comprehensive income, changes in equity and cash flows for the six-month period then ended. The management of the Group is responsible for the preparation and fair presentation of this interim condensed consolidated financial information in accordance with Turkish Accounting Standard 34 (“TAS 34”) “Interim Financial Reporting”. Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

Scope of review

We conducted our review in accordance with the Standard on Review Engagements (“SRE”) 2410, “Review of interim financial information performed by the independent auditor of the entity”. A review of interim condensed consolidated financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and the objective of which is to express an opinion on the consolidated financial statements. Consequently, a review on the interim condensed consolidated financial information does not provide assurance that the audit firm will be aware of all significant matters which would have been identified in an audit. Accordingly, we do not express an audit opinion.



Conclusion

Based on our review, nothing has come to our attention that causes us to conclude that the accompanying interim condensed consolidated financial information is not prepared, in all material respects, in accordance with TAS 34.

PwC Bağımsız Denetim ve
Serbest Muhasebeci Mali Müşavirlik A.Ş.

Gökhan Yüksel
Partner

Istanbul, 7 August 2023

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

TABLE OF CONTENTS

	Page
Interim consolidated statement of financial position	1 - 2
Interim consolidated statement of profit or loss	3
Interim consolidated statement of other comprehensive income	4
Interim consolidated statement of changes in equity	5
Interim consolidated statement of cash flows	6
Notes to the interim consolidated financial statements	7 – 57

(Convenience translation of the report and consolidated financial statements originally issued in Turkish)
ÇİMSA ÇİMENTO SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES
INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2023

(Amounts expressed in thousands of Turkish Lira ("TRY"), unless otherwise indicated. Currencies other than TRY are expressed in thousands unless otherwise stated.)

	Note	(Reviewed) Current Period 30 June 2023	(Audited) Prior Period 31 December 2022
ASSETS			
Cash and cash equivalents	5	1,910,011	1,602,764
Financial investments	6	721,949	1,057,006
Trade receivables	7	2,546,444	1,868,882
<i>Trade receivables from related parties</i>	30	1,247,040	831,166
<i>Trade receivables from third parties</i>		1,299,404	1,037,716
Other receivables		1,257	1,127
<i>Other receivables from related parties</i>	30	-	8
<i>Other receivables from third parties</i>	9	1,257	1,119
Derivative financial instruments	22	88,988	-
Inventories	10	1,284,811	1,126,366
Prepaid expenses	11	107,636	66,314
Assets related to the current period taxes	28	18,743	102,475
Other current assets	20	72,604	113,097
Non-current assets held for sale	13	2	2
Current assets		6,752,445	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	3,325,148	2,425,717
Property, plant and equipment	12	2,329,456	1,759,934
Right of use assets	15	32,562	31,856
Intangible assets		244,070	172,175
<i>Goodwill</i>	16	148,119	148,119
<i>Other intangible assets</i>	14	95,951	24,056
Prepaid expenses	11	116,651	342,552
Deferred tax assets	28	1,087,052	920,605
Other non-current assets	20	19,398	2,527
Non-current assets		7,159,236	5,660,548
TOTAL ASSETS		13,911,681	11,598,581

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

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ÇİMSA ÇİMENTO SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES
INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2023

(Amounts expressed in thousands of Turkish Lira ("TRY"), unless otherwise indicated. Currencies other than TRY are expressed in thousands unless otherwise stated.)

	Note	(Reviewed) Current Period 30 June 2023	(Audited) Prior Period 31 December 2022
LIABILITIES			
Short-term borrowings	8	2,499,632	2,152,175
Current portion of long-term borrowings	8	154,858	617,161
Short-term lease liabilities	8	36,731	26,524
Trade payables	7	1,185,219	1,829,256
<i>Trade payables to related parties</i>	30	38,059	532,665
<i>Trade payables to third parties</i>		1,147,160	1,296,591
Employee benefit obligations	19	30,467	17,839
Other payables		92,611	54,000
<i>Other payables to related parties</i>	30	10,642	9,891
<i>Other payables to third parties</i>	9	81,969	44,109
Deferred income	11	64,692	31,607
Current income tax liability	28	36,818	2,072
Short-term provisions	17	149,179	90,492
<i>Short-term provisions for employee benefits</i>		48,532	42,134
<i>Other short-term provisions</i>		100,647	48,358
Other current liabilities	20	255,577	169,287
Current liabilities		4,505,784	4,990,413
Long-term borrowings	8	1,127,065	-
Long-term lease liabilities	8	56,660	51,909
Long-term provisions	17	158,329	168,133
<i>Long-term provisions for employee benefits</i>	19	140,979	153,089
<i>Other long-term provisions</i>		17,350	15,044
Deferred tax liability	28	318,469	279,567
Non-current liabilities		1,660,523	499,609
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		633,949	7,852
<i>Foreign currency translation reserve</i>		(41,002)	(39,784)
<i>Cash flow hedge fund</i>		(277,485)	(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>		952,436	368,359
Other comprehensive income/expense not to be reclassified to profit or loss		(26,187)	(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>		109,926	33,965
<i>Actuarial losses/gains on defined benefit plans</i>		(72,799)	(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		232,430	193,105
Retained earnings		4,983,122	1,990,874
Net profit for the year		1,258,554	3,431,573
Equity attributable to equity holders of the parent		7,259,269	5,715,010
Non-controlling interests		486,105	393,549
Total shareholders' equity		7,745,374	6,108,559
TOTAL LIABILITIES AND EQUITY		13,911,681	11,598,581

The accompanying notes form an integral part of these 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
INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE PERIOD ENDED 30 JUNE 2023

(Amounts expressed in thousands of Turkish Lira ('TRY'), unless otherwise indicated. Currencies other than TRY are expressed in thousands unless otherwise stated.)

		(Reviewed) Current Period	(Reviewed) Prior Period	(Not Reviewed) Current Period	(Not Reviewed) Prior Period
	Note	1 January- 30 June 2023	1 January- 30 June 2022	1 April- 30 June 2023	1 April- 30 June 2022
OPERATING INCOME					
Revenue	23	5,412,054	3,595,190	3,049,182	2,240,335
Cost of sales (-)	24	(4,170,531)	(2,911,736)	(2,231,562)	(1,733,423)
GROSS PROFIT		1,241,523	683,454	817,620	506,912
General and administrative expense (-)	24	(255,797)	(130,992)	(118,855)	(64,176)
Marketing, selling and distribution expense (-)	24	(14,223)	(6,139)	(6,276)	(3,155)
Research and development expense (-)	24	(3,592)	(4,490)	540	(2,476)
Other operating income	25	639,632	360,591	570,095	221,878
Other operating expenses (-)	25	(294,787)	(214,738)	(256,735)	(125,419)
OPERATING PROFIT		1,312,756	687,686	1,006,389	533,564
Income from investment activities	26	228,138	13,286	218,468	6,207
Profit/(loss) from investments accounted by equity method	3	192,046	179,419	167,627	107,499
OPERATING PROFIT BEFORE FINANCIAL INCOME/(EXPENSE)		1,732,940	880,391	1,392,484	647,270
Financial income	27	174,826	12,840	113,563	8,437
Financial expenses (-)	27	(505,955)	(168,235)	(341,970)	(69,783)
PROFIT BEFORE TAXATION		1,401,811	724,996	1,164,077	585,924
Tax income/(expense) from continuing operations		(13,738)	306,744	(81,124)	314,724
- Current period tax expense (-)	28	(153,117)	(58,797)	(153,117)	(58,797)
- Deferred tax income/(expense)	28	139,379	365,541	71,993	373,521
PERIOD (LOSS)/PROFIT OF CONTINUING OPERATIONS		1,388,073	1,031,740	1,082,953	900,648
NET PROFIT		1,388,073	1,031,740	1,082,953	900,648
Profit for the period attributable to					
- Non-controlling interests		129,519	49,038	76,107	42,250
- Equity holders of the parent		1,258,554	982,702	1,006,846	858,398
Earnings Per Share					
Earnings per share from continuing operations (Nominal amount of 1 Kr)	29	9.32	7.27	7.45	6.35

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

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ÇİMSA ÇİMENTO SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES
INTERIM CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 30 JUNE 2023

(Amounts expressed in thousands of Turkish Lira ("TRY"), unless otherwise indicated. Currencies other than TRY are expressed in thousands unless otherwise stated.)

	(Reviewed) Current Period 1 January- 30 June 2023	(Reviewed) Prior Period 1 January- 30 June 2022	(Not Reviewed) Current Period 1 April- 30 June 2023	(Not Reviewed) Prior Period 1 April- 30 June 2022
PERIOD (LOSS)/PROFIT OF CONTINUING OPERATIONS	1,388,073	1,031,740	1,082,953	900,648
Other comprehensive income/expense to be reclassified to profit or loss	628,334	(19,079)	567,434	(40,944)
<i>Cash flow hedge fund</i>	54,047	(98,141)	53,647	(65,933)
<i>Share of other comprehensive income of investments in associates accounted for using equity method that will be reclassified to profit/(loss)</i>	584,075	81,253	526,106	36,361
<i>Foreign currency translation reserve</i>	1,021	(24,763)	(1,590)	(26,537)
<i>Tax income/(expense)</i>	(10,809)	22,572	(10,729)	15,165
Other comprehensive income/expense not to be reclassified to profit or loss	59,608	26,880	97,681	3,343
<i>Share of other comprehensive income of investments in associates accounted for using equity method that will not be reclassified to profit/(loss)</i>	94,951	45,695	137,407	10,684
<i>Actuarial gains/(losses) on defined benefit plans</i>	(20,441)	(10,787)	(15,306)	(6,343)
<i>Tax (expense)/income</i>	(14,902)	(8,028)	(24,420)	(998)
OTHER COMPREHENSIVE INCOME/(EXPENSE) (AFTER TAX)	687,942	7,801	665,115	(37,601)
TOTAL COMPREHENSIVE INCOME /(EXPENSE)	2,076,015	1,039,541	1,748,068	863,047
Total comprehensive income attributable to				
- Non-controlling interests	131,756	49,374	75,372	41,901
- Equity holders of the parent	1,944,259	990,167	1,672,696	821,146

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

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 JUNE 2023

(Amounts expressed in thousands of Turkish Lira ('TRY'), unless otherwise indicated. Currencies other than TRY are expressed in thousands unless otherwise stated.)

	Other Comprehensive Income/Expense to be Reclassified to Profit or Loss					Other Comprehensive Income/Expense not to be Reclassified to Profit or Loss			Retained Earnings				Total equity		
	Share capital	Adjustments to share capital	Share premiums	Foreign currency translation reserve	Cash flow hedge reserve	Share of other comprehensive income of investments in associates accounted for using equity method	Effects of combinations of entities or businesses under common control on investments in associates accounted for using equity method	Share of other comprehensive income of investments in associates accounted for using equity method	Actuarial gains/ (losses) on defined benefit plans	Restricted reserves	Retained earnings	Net profit for the period		Equity attributable to equity holders of the paren	Non- controlling interests
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	-	-	-	-	-	-	-	-	-	-	-	982,702	982,702	49,038	1,031,740
Other comprehensive income/(expense)	-	-	-	(25,098)	(75,569)	81,253	-	35,185	(8,306)	-	-	-	7,465	336	7,801
Total comprehensive income/(expense)	-	-	-	(25,098)	(75,569)	81,253	-	35,185	(8,306)	-	-	982,702	990,167	49,374	1,039,541
Dividends	-	-	-	-	-	-	-	-	-	(200,000)	-	(200,000)	(8,820)	(208,820)	
30 June 2022	135,084	41,742	575	(46,666)	(243,735)	252,599	(63,314)	71,002	(28,998)	193,105	1,990,873	982,702	3,284,969	318,606	3,603,575
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	-	-	-	-	-	-	-	-	-	-	-	1,258,554	1,258,554	129,519	1,388,073
Other comprehensive income/(expense)	-	-	-	(1,217)	43,238	584,075	-	75,962	(16,353)	-	-	-	685,705	2,237	687,942
Total comprehensive income/(expense)	-	-	-	(1,217)	43,238	584,075	-	75,962	(16,353)	-	-	1,258,554	1,944,259	131,756	2,076,015
Dividends (*)	-	-	-	-	-	-	-	-	-	(400,000)	-	(400,000)	(39,200)	(439,200)	
Transfers to legal reserves	-	-	-	-	-	-	-	-	-	39,325	(39,325)	-	-	-	-
30 June 2023	135,084	41,742	575	(41,002)	(277,485)	952,436	(63,314)	109,926	(72,799)	232,430	4,983,122	1,258,554	7,259,269	486,105	7,745,374

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

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

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

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 JUNE 2023

(Amounts expressed in thousands of Turkish Lira ('TRY'), unless otherwise indicated. Currencies other than TRY are expressed in thousands unless otherwise stated.)

		(Reviewed) Current Period 1 January- 30 June 2023	(Reviewed) Prior Period 1 January- 30 June 2022
	<u>Note</u>		
A. CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(loss) from continuing operations before tax		1,401,811	724,996
Adjustments to reconcile net profit/loss for the period		315,771	23,131
Adjustment related to depreciation and amortization expense		87,048	66,329
Adjustment related to gain on sale of fixed assets	26	(6)	(13,286)
Adjustments related to retained profits of subsidiaries	3	(192,046)	(179,419)
Adjustment related to allowance for doubtful receivable		(536)	(1,031)
Adjustment related to provision for inventory impairment		(575)	87
Adjustment related to provision for litigations (net)	17	10,607	3,790
Adjustment related to recultivation provision	17	2,306	1,800
Provision for expected credit losses	7	4,194	336
Adjustment related to retirement pay provision		6,462	10,190
Adjustment related to seniority provision	19	2,427	1,469
Adjustment related unpaid vacation liability		13,005	4,284
Adjustment related to interest expense		312,582	86,609
Adjustment related to interest income		(174,826)	(12,840)
Unrealized foreign exchange (gains)/losses on financial borrowings		165,776	81,921
Adjustment related to fair value decrease/(increase) of derivative financial instruments		88,988	(27,108)
Adjustments for fair value losses/(gains) of financial investments		(9,635)	-
Changes in working capital		(1,177,086)	(581,696)
Short-term trade receivables		(681,220)	(584,916)
Inventories		(157,870)	(668,841)
Other receivables/current assets/prepaid expenses		82,773	(135,222)
Other long-term trade receivables/non-current/prepaid expenses		(15,264)	8,216
Short-term trade payables		(644,037)	714,539
Other short-term payables/liabilities/provisions		238,532	84,528
Cash flow from operations		540,496	166,431
Premiums and bonuses paid		(19,839)	(11,461)
Retirement pay provision paid	19	(46,942)	(1,342)
Seniority provision paid	19	(1,029)	(726)
Vacation provision paid	19	(6,474)	(423)
Tax payments		(116,299)	-
B. CASH FLOWS FROM INVESTING ACTIVITIES		(484,868)	(250,577)
Cash out flow related to purchases of tangible assets	12	(409,891)	(109,052)
Advance received on sales of fixed assets classified as held for sale		-	180,074
Proceeds related to sales of tangible and intangible assets		224	13,714
Cash out flow related to purchases of intangible assets	14	(75,201)	(709)
Advances given for the purchase of tangible fixed assets		-	(334,604)
C. CASH FLOWS FROM FINANCING ACTIVITIES		520,608	459,753
Proceeds from borrowings		2,451,723	1,783,133
Repayment of borrowings		(1,751,580)	(1,059,206)
(Paid)/other financial expenses incurred		344,693	-
Interest paid		(259,854)	(68,194)
Interest income		174,826	12,840
Dividends paid		(400,000)	(200,000)
Dividends paid to non-controlling interests		(39,200)	(8,820)
NET CHANGE IN CASH AND CASH EQUIVALENTS (A+B+C)		385,653	361,655
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	5	1,597,507	257,727
Currency translation differences (net)		(73,153)	25,100
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	5	1,910,007	644,482

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

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2023

(Amounts expressed in thousands of Turkish Lira ("TRY"), unless otherwise indicated Currencies other than TRY are expressed in thousands unless otherwise stated.)

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 30 June 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	
				30 June 2023	31December 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 Company's associate, Exsa Export Sanayi Mamülleri Satış ve Araştırma A.Ş. ('Exsa') (effective ownership: 32,875%) is consolidated by the equity method.

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.

(**)With the decision of Board of Directors, the liquidation process of Cimsa Rus, which was inactive, was completed on August 3,2023 and Cimsarom Marketing Distributie S.R.L was completed on October,21 2022.

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

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2023

(Amounts expressed in thousands of Turkish Lira ('TRY'), unless otherwise indicated Currencies other than TRY are expressed in thousands unless otherwise stated.)

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').

Interim summary consolidated financial statements were authorized for issue by the Board of Directors of Çimsa on 7 August 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 year ended 30 June 2023 is 546 (2022: 627) and white collar employees (not a union member) is 399 (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

Interim summary 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 30 June 2023.

The Company's functional and presentation currency is accepted as Turkish Lira ("TRY").

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

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

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

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

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2023

(Amounts expressed in thousands of Turkish Lira ("TRY"), unless otherwise indicated Currencies other than TRY are expressed in thousands unless otherwise stated.)

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.1 Basis of Presentation (Continued)

Interim summary consolidated financial statements are presented in accordance with the formats determined in the "Announcement on TAS Taxonomy" published by POA on October 4, 2022 and Financial Statement Examples and User Guide published by CMB.

In compliance with the TAS 34, entities have preference in presenting their interim financial statements whether full set or condensed. In this framework, the Company preferred to present its condensed financial statements.

2.2 Going Concern

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

2.3 Offsetting

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

2.4 Changes in Accounting Policies, Estimates and Errors

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

2.5 Summary of Significant Accounting Policies

Subsidiaries

As at 30 June 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.

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

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

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2023

(Amounts expressed in thousands of Turkish Lira ("TRY"), unless otherwise indicated Currencies other than TRY are expressed in thousands unless otherwise stated.)

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.5 Summary of Significant Accounting Policies (Continued)

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 TFRS standards, transfer to profit / loss or directly transfer to retained earnings). If the subsidiary has an investment remaining after the sale, its fair value at the date of loss of control is accepted as fair value in the initial recognition under TFRS 9 Financial Instruments or, where applicable, as the cost in the initial recognition of an investment in an associate or jointly controlled entity.

Associates

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

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

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

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2023

(Amounts expressed in thousands of Turkish Lira ('TRY'), unless otherwise indicated Currencies other than TRY are expressed in thousands unless otherwise stated.)

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.5 Summary of Significant Accounting Policies (Continued)

Associates (Continued)

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, 40% of the Group and the main partner H.Ö. Sabancı Building Solutions B.V., located in the Netherlands, with a capital of 187,000 EUR, in which Sabancı Holding A.Ş. (SBS BV) 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".

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.

The exchange rates used at the end of the period are as follows:

Date	30 June	30 June	31 December	31 December
	2023	2023	2022	2022
	Buying	Sales	Buying	Sales
US Dollar ('USD')/TRY	25.823	25.869	18.6983	18.7320
Euro ('EUR')/TRY	28.154	28.204	19.9349	19.9708
Rub ('RUB')/TRY	0.3033	0.3073	0.2595	0.2628
Ron ('RON')/TRY	5.6505	5.7244	4.0062	4.0586
Sterlin ('GBP')/TRY	32.807	32.978	22.4892	22.6065

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

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

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2023

(Amounts expressed in thousands of Turkish Lira ("TRY"), unless otherwise indicated Currencies other than TRY are expressed in thousands unless otherwise stated.)

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.5 Summary of Significant Accounting Policies (Continued)

Foreign currency transactions (Continued)

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

Date	30 June 2023	30 June 2022
USD/TRY	20,1508	14,7257
EUR/TRY	21,7672	16,0846
RUB/TRY	0,2595	0,2098
RON/TRY	4,3818	3,2332
GBP/TRY	24,8521	19,0057

2.6 Comparative Information

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

2.7 The New Standards, Amendments and Interpretations

The accounting policies adopted in preparation of the interim consolidated financial statements as at 30 June 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 30 June 2023 and amendments and interpretations on existing previous standards:

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

- **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;** effective 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.
- **Amendment to IAS 12 - International tax reform - pillar two model rules;** The deferred tax exemption and disclosure of the fact that the exception has been applied, is effective immediately. The other disclosure requirements are effective annual periods beginning on or after 1 January 2023. These amendments give companies temporary relief from accounting for deferred taxes arising from the Organisation for Economic Co-operation and Development's (OECD) international tax reform. The amendments also introduce targeted disclosure requirements for affected companies.

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

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

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2023

(Amounts expressed in thousands of Turkish Lira ("TRY"), unless otherwise indicated Currencies other than TRY are expressed in thousands unless otherwise stated.)

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 of 30 June 2023:

- **Amendment to IAS 1 – Non current liabilities with covenants;** effective from annual periods beginning on or after 1 January 2024. These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability.
- **Amendment to IFRS 16 – Leases on sale and leaseback;** effective from annual periods beginning on or after 1 January 2024. These amendments include requirements for sale and leaseback transactions in IFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted.
- **Amendments to IAS 7 and IFRS 7 on Supplier finance arrangements;** effective from annual periods beginning on or after 1 January 2024. These amendments require disclosures to enhance the transparency of supplier finance arrangements and their effects on a company's liabilities, cash flows and exposure to liquidity risk. The disclosure requirements are the IASB's response to investors' concerns that some companies' supplier finance arrangements are not sufficiently visible, hindering investors' analysis.
- **IFRS S1, 'General requirements for disclosure of sustainability-related financial information;** effective from annual periods beginning on or after 1 January 2024. This is subject to endorsement of the standards by local jurisdictions. This standard includes the core framework for the disclosure of material information about sustainability-related risks and opportunities across an entity's value chain.
- **IFRS S2, 'Climate-related disclosures';** effective from annual periods beginning on or after 1 January 2024. This is subject to endorsement of the standards by local jurisdictions. This is the first thematic standard issued that sets out requirements for entities to disclose information about climate-related risks and opportunities.

2.8 Significant accounting judgments and estimates

- a) Provision for doubtful receivables is an estimated amount that management believes to reflect possible future losses on existing receivables that have collection risk due to current economic conditions. During the impairment test for the receivables, the debtors, other than the key accounts and related parties, are assessed with their prior year performances, their credit risk in the current market, their performance after the balance sheet date up to the issuing date of the financial statements; and also the renegotiation conditions with these debtors are considered. The Group also uses the simplified approach in IFRS 9 to calculate expected credit losses of trade receivables. This method requires the recognition of expected credit losses for all trade receivables (Note 7).
- b) In determining of provision for litigations, the Group considers the probability of legal cases to be resulted against the Group and in case it is resulted against the Group considers its consequences based on the assessments of legal advisor (Note 16).

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

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

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2023

(Amounts expressed in thousands of Turkish Lira ("TRY"), unless otherwise indicated Currencies other than TRY are expressed in thousands unless otherwise stated.)

3. SHARES IN AFFILIATED UNDERTAKINGS

The assets and liabilities of Exsa and SBS B.V., which is consolidated by the equity method, calculated by using the effective percentage of ownership as of 30 June 2023 and 31 December 2022 and revenue, expense and net profit for the periods ending 30 June 2023 and 30 June 2022 are as follows:

<u>Investments</u>	<u>Country</u>	<u>Main operating activity</u>	<u>Effective ownership (%)</u>	<u>30 June 2023</u>	<u>Effective ownership (%)</u>	<u>31 December 2022</u>
				<u>Carrying net book value</u>		<u>Carrying net book value</u>
Exsa	Turkey	Investment property and financial instruments	32.9	1,307,555	32.9	1,064,276
SBS	Netherland	Cement production and sale	40.0	2,017,593	40.0	1,361,441
				3,325,148		2,425,717

<u>Exsa</u>	<u>30 June 2023</u>	<u>31 December 2022</u>
Assets	4,249,855	3,434,728
Liabilities	(272,502)	(197,388)
Net assets	3,977,353	3,237,340
Group's share	1,307,555	1,064,276

<u>Exsa</u>	<u>1 January-30 June 2023</u>	<u>1 January-30 June 2022</u>	<u>1 April-30 June 2023</u>	<u>1 April-30 June 2022</u>
Revenues	1,135,304	909,148	837,246	498,233
Expenses	(730,688)	(492,557)	(501,174)	(251,051)
Net profit for the period	404,616	416,591	336,072	247,182
Group's share in net profit	133,018	136,954	110,484	81,262

<u>SBS</u>	<u>30 June 2023</u>	<u>31 December 2022</u>
Assets	11,883,540	7,879,725
Liabilities	(6,839,557)	(4,476,121)
Net assets	5,043,983	3,403,604
Group's share	2,017,593	1,361,441

<u>SBS</u>	<u>1 January-30 June 2023</u>	<u>1 January-30 June 2022</u>	<u>1 April-30 June 2023</u>	<u>1 April-30 June 2022</u>
Revenues	2,840,308	2,023,281	1,543,752	1,089,242
Expenses	(2,692,737)	(1,917,120)	(1,400,894)	(1,023,649)
Net profit for the period	147,571	106,161	142,858	65,593
Group's share in net profit	59,028	42,465	57,143	26,237

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

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

**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2023**

(Amounts expressed in thousands of Turkish Lira ("TRY"), unless otherwise indicated Currencies other than TRY are expressed in thousands unless otherwise stated.)

3. SHARES IN AFFILIATED UNDERTAKINGS (Continued)

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

Subsidiary	30 June 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	123,832	141,551	39,200
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)

	30 June 2023	31 December 2022
Cash and cash equivalents	130,471	274,824
Other current assets	650,734	426,303
Non-current assets	576,862	568,241
Total assets	1,358,067	1,269,368
Short term borrowings	44,129	86,901
Other current liabilities	289,863	336,059
Other non-current liabilities	45,316	38,833
Total liabilities	379,308	461,793
Total equity	978,759	807,575

Condensed income statement information

	1 January-30 June 2023	1 January-30 June 2022	1 April-30 June 2023	1 April-30 June 2022
Revenue	897,590	465,060	500,066	360,957
Gross profit	320,173	131,602	206,522	116,980
Operating profit/(loss)	290,664	124,690	184,808	112,156
Net financial income/(expense)	(1,308)	(18,075)	(3,790)	(9,883)
Profit/(loss) before tax	289,361	114,160	181,018	102,273
Net profit for the period	252,718	100,568	143,619	86,259

Condensed cash flow information

	1 January-30 June 2023	1 January-30 June 2022
Cash flows from operating activities	37,537	(1,856)
Cash flows from investing activities	(24,941)	(7,520)
Cash flows from financing activities (excluding dividend)	(156,949)	93,692
Net increase/(decrease) in cash and cash equivalents	(144,353)	84,316

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

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

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2023

(Amounts expressed in thousands of Turkish Lira ("TRY"), unless otherwise indicated Currencies other than TRY are expressed in thousands unless otherwise stated.)

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 years ended 30 June 2023 and 30 June 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 30 June 2023 and 31 December 2022.

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

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

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2023

(Amounts expressed in thousands of Turkish Lira ("TRY"), unless otherwise indicated Currencies other than TRY are expressed in thousands unless otherwise stated.)

4. SEGMENT REPORTING (Continued)

1 January – 30 June 2023	Cement	Ready-mix concrete	Total
Sales	4,618,535	793,519	5,412,054
Cost of sales (-)	(3,473,475)	(697,056)	(4,170,531)
Gross profit/(loss)	1,145,060	96,463	1,241,523
General administrative,marketing selling distribution expenses (-)	(215,877)	(54,143)	(270,020)
Other operating income/(expenses) (-), net	343,559	1,286	344,845
Research and development expenses (-)	(3,592)	-	(3,592)
Operating profit/(loss)	1,269,150	43,606	1,312,756
Income from investment activities, net	228,138	-	228,138
Profit/(loss) from investments accounted by equity method	192,046	-	192,046
OPERATING PROFIT BEFORE FINANCIAL INCOME/(EXPENSE)	1,689,334	43,606	1,732,940
Financial income/(expense), net	(331,129)	-	(331,129)
Profit/(loss) from continuing operations before tax	1,358,205	43,606	1,401,811
Continuing operations tax (expense)/income	(13,738)	-	(13,738)
Current period tax expense (-)	(153,117)	-	(153,117)
Deferred tax income/(expense)	139,379	-	139,379
Profit/(loss) for the period from continuing operations	1,344,467	43,606	1,388,073

1 January – 30 June 2022	Cement	Ready-mix concrete	Total
Sales	3,206,099	389,091	3,595,190
Cost of sales (-)	(2,550,248)	(361,488)	(2,911,736)
Gross profit/(loss)	655,851	27,603	683,454
General administrative,marketing selling distribution expenses (-)	(113,613)	(23,518)	(137,131)
Other operating income/(expenses) (-), net	145,065	788	145,853
Research and development expenses (-)	(4,490)	-	(4,490)
Operating profit/(loss)	682,813	4,873	687,686
Income from investment activities, net	13,286	-	13,286
Profit/(loss) from investments accounted by equity method	179,419	-	179,419
OPERATING PROFIT BEFORE FINANCIAL INCOME/(EXPENSE)	875,518	4,873	880,391
Financial income/(expense), net	(155,395)	-	(155,395)
Profit/(loss) from continuing operations before tax	720,123	4,873	724,996
Continuing operations tax (expense)/income	306,744	-	306,744
Current period tax expense (-)	(58,797)	-	(58,797)
Deferred tax income/(expense)	365,541	-	365,541
Profit/(loss) for the period from continuing operations	1,026,867	4,873	1,031,740

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

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

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2023

(Amounts expressed in thousands of Turkish Lira ("TRY"), unless otherwise indicated Currencies other than TRY are expressed in thousands unless otherwise stated.)

4. SEGMENT REPORTING (Continued)

1 April – 30 June 2023	Cement	Ready-mix concrete	Total
Sales	2,605,313	443,869	3,049,182
Cost of sales (-)	(1,840,195)	(391,367)	(2,231,562)
Gross profit/(loss)	765,118	52,502	817,620
General administrative,marketing selling distribution expenses (-)	(96,014)	(29,117)	(125,131)
Other operating income/(expenses) (-), net	311,916	1,444	313,360
Research and development expenses (-)	540	-	540
Operating profit/(loss)	981,560	24,829	1,006,389
Income from investment activities, net	218,468	-	218,468
Profit/(loss) from investments accounted by equity method	167,627	-	167,627
OPERATING PROFIT BEFORE FINANCIAL INCOME/(EXPENSE)	1,367,655	24,829	1,392,484
Financial income/(expense), net	(228,407)	-	(228,407)
Profit/(loss) from continuing operations before tax	1,139,248	24,829	1,164,077
Continuing operations tax (expense)/income	(81,124)	-	(81,124)
Current period tax expense (-)	(153,117)	-	(153,117)
Deferred tax income/(expense)	71,993	-	71,993
Profit/(loss) for the period from continuing operations	1,058,124	24,829	1,082,953
1 April – 30 June 2022	Cement	Ready-mix concrete	Total
Sales	1,987,084	253,251	2,240,335
Cost of sales (-)	(1,496,918)	(236,505)	(1,733,423)
Gross profit/(loss)	490,166	16,746	506,912
General administrative,marketing selling distribution expenses (-)	(52,550)	(14,781)	(67,331)
Other operating income/(expenses) (-), net	96,068	391	96,459
Research and development expenses (-)	(2,476)	-	(2,476)
Operating profit/(loss)	531,208	2,356	533,564
Income from investment activities, net	6,207	-	6,207
Profit/(loss) from investments accounted by equity method	107,499	-	107,499
OPERATING PROFIT BEFORE FINANCIAL INCOME/(EXPENSE)	644,914	2,356	647,270
Financial income/(expense), net	(61,346)	-	(61,346)
Profit/(loss) from continuing operations before tax	583,568	2,356	585,924
Continuing operations tax (expense)/income	314,724	-	314,724
Current period tax expense (-)	(58,797)	-	(58,797)
Deferred tax income/(expense)	373,521	-	373,521
Profit/(loss) for the period from continuing operations	898,292	2,356	900,648

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

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

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2023

(Amounts expressed in thousands of Turkish Lira ("TRY"), unless otherwise indicated Currencies other than TRY are expressed in thousands unless otherwise stated.)

4. SEGMENT REPORTING (Continued)

30 June 2023	Cement	Ready-mix concrete	Undistributed	Total
Segment assets	8,833,846	435,700	-	9,269,546
Financial assets at fair value through other comprehensive income	-	-	64	64
Investments accounted under equity method	-	-	3,325,148	3,325,148
Undistributed assets	-	-	1,316,923	1,316,923
Total assets	8,833,846	435,700	4,642,135	13,911,681
Segment liabilities	6,019,962	146,345	-	6,166,307
Undistributed liabilities	-	-	7,745,374	7,745,374
Total liabilities	6,019,962	146,345	7,745,374	13,911,681

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

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

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

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2023

(Amounts expressed in thousands of Turkish Lira ("TRY"), unless otherwise indicated Currencies other than TRY are expressed in thousands unless otherwise stated.)

5. CASH AND CASH EQUIVALENTS

The detail of cash and cash equivalents as of 30 June 2023 and 31 December 2022 is as follows:

	30 June 2023	31 December 2022
Cash at banks	1,910,011	1,602,764
<i>Demand deposits</i>	72,694	390,479
<i>Time deposits with maturity of less than 3 months</i>	1,837,317	1,212,285
	1,910,011	1,602,764
Blocked deposits (-)	(4)	(5,257)
Cash and cash equivalents in consolidated cash flow statement	1,910,007	1,597,507

The detail of bank deposits is stated below:

	30 June 2023	31 December 2022
Turkish Lira	1,386,179	1,502,053
Euro	224,979	63,543
US Dollar	295,913	33,299
British Pound	2,940	359
Other	-	3,510
	1,910,011	1,602,764

Time deposits as of 30 June 2023 and 31 December 2022 are denominated in TRY, EUR, USD and GBP with the maturity of less than three months. As of 30 June 2023, effective weighted average interest rate on time deposits is 37.50% for TRY, 0.15% for USD, 0.10% for EUR. (31 December 2022 TRY: 16.82%, USD 0.48%, EUR 0.45% and GBP: 0.01%). The blocked deposit amount is TRY4 as of 30 June 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	30 June 2023	31 December 2022
Eurobond	279,611	369,914
Other Financial Assets (*)	442,338	687,092
	721,949	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 US\$ 19,710. The portion of the transaction, corresponding to US\$ 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 dates of these securities are March 23, 2023 for USD 9,000, and December 23, 2023 for the remainder.

(*)As of 30 June 2023 following The Group's financial assets at fair value through profit or loss, foreign currency protected deposits amounting to TRY 442,337 are recognized under other financial assets.

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

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

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2023

(Amounts expressed in thousands of Turkish Lira ("TRY"), unless otherwise indicated Currencies other than TRY are expressed in thousands unless otherwise stated.)

7. TRADE RECEIVABLES AND PAYABLES

a. Trade Receivables

	30 June 2023	31 December 2022
Short-term trade receivables		
Trade receivables	1,049,907	801,054
Notes receivable	264,428	247,935
Due from related parties (Note 30)	1,247,040	831,166
Allowance for doubtful receivables (-)	(9,552)	(10,088)
Less: Provision for expected credit losses	(5,379)	(1,185)
	2,546,444	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 55 days (31 December 2022 - 54 days). Effective interest rates used when determining the amortized cost are 25.64% for TRY, 5.54% 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 30 June 2023 and 30 June 2022 is as follows:

	1 January- 30 June 2023	1 January- 30 June 2022
Movements of allowance for doubtful receivables		
Opening balance	10,088	14,799
Reversal of the provision (-) (Note 25)	(536)	(1,031)
Closing balance	9,552	13,768

b. Trade Payables

	30 June 2023	31 December 2022
Short-term trade payables		
Trade payables	1,147,160	1,296,591
Trade payables to related parties (Note 30)	38,059	532,665
	1,185,219	1,829,256

The average payment period of trade payables is 55 days (31 December 2022: 62 days). Effective interest rates used when determining the amortized cost are 25.64% for TRY, 5.54% for USD and 6.9% for EUR (31 December 2022 - TRY: 23.94%, USD: 4.77%, EUR 3.11%).

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

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

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2023

(Amounts expressed in thousands of Turkish Lira ("TRY"), unless otherwise indicated Currencies other than TRY are expressed in thousands unless otherwise stated.)

8. FINANCIAL BORROWINGS

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

Financial Debts	30 June 2023	31 December 2022
Short-term borrowings	1,799,714	1,647,885
Current portion of long-term borrowings	154,858	617,161
Short-term financial liabilities	36,731	26,524
Short-term issued bonds	699,918	504,290
	2,691,221	2,795,860
Long-term borrowings	725,053	-
Long-term financial liabilities	56,660	51,909
Long-term issued bonds	402,012	-
	1,183,725	51,909
Financial borrowings except IFRS 16	3,781,555	2,769,336
Total borrowings	3,874,946	2,847,769

The details of the borrowings as of 30 June 2023 are as follows:

Secured/ Unsecured	Interest Type	Currency Type	Weighted Average Interest Rate (%)	Original Balance	Short-Term	Long-Term	30 June 2023
Unsecured	Fixed	EUR	8.9	30,094	301,029	547,779	848,808
Unsecured	Fixed	TRY	25.04	2,862,747	2,283,461	579,286	2,862,747
Secured	Fixed	TRY	10.00	70,000	70,000	-	70,000
					2,654,490	1,127,065	3,781,555

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

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

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

**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2023**

(Amounts expressed in thousands of Turkish Lira ("TRY"), unless otherwise indicated Currencies other than TRY are expressed in thousands unless otherwise stated.)

8. FINANCIAL BORROWINGS (Continued)

The details of the payback plan of credits as of 30 June 2023 and 31 December 2022 are as follows:

	30 June 2023	31 December 2022
Will be paid in 1 year	2,654,490	2,769,336
Will be paid in 1 - 2 years	1,051,669	-
Will be paid in 2 - 3 years	75,396	-
	3,781,555	2,769,336

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 Company 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 Company 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

	30 June 2023	31 December 2022
Short-term other receivables from third parties		
Other miscellaneous receivables	1,903	1,615
Due from personnel	119	269
Provision for doubtful other receivables (-)	(765)	(765)
	1,257	1,119
Short-term other receivables		
Short-term other receivables from related parties (Note 30)	-	8
	-	8
Long-term other receivables		
Deposits and guarantees given	4,835	5,118
	4,835	5,118

b. Other Payables

	30 June 2023	31 December 2022
Short-term other payables		
Taxes and funds payable	66,621	29,779
Deposits and guarantees received	15,348	14,330
Other payables to related parties (Note 30)	10,642	9,891
	92,611	54,000

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

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

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2023

(Amounts expressed in thousands of Turkish Lira ("TRY"), unless otherwise indicated Currencies other than TRY are expressed in thousands unless otherwise stated.)

10. INVENTORIES

Inventories	30 June 2023	31 December 2022
Raw Materials	608,189	506,456
Work in progress	463,896	334,462
Finished goods	122,289	107,597
Goods in transit	97,738	185,727
Inventory impairment provision (-)	(7,301)	(7,876)
	1,284,811	1,126,366

Inventory impairment provision movement

Inventory impairment provision movement	30 June 2023	30 June 2022
Opening balance	7,876	10,265
Provisions during the period (Note 24)	66	138
Reversal of the provision (-)(Note24)	(641)	(51)
Closing balance	7,301	10,352

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

11. PREPAID EXPENSES AND DEFERRED INCOME

a. Prepaid Expenses

Short-term prepaid expenses	30 June 2023	31 December 2022
Advances given to suppliers	30,077	32,922
Prepaid expenses	77,559	33,392
	107,636	66,314

Long-term prepaid expenses	30 June 2023	31 December 2022
Advances given for the purchase of fixed assets(*)	115,353	339,930
Prepaid expenses	1,298	2,622
	116,651	342,552

b. Deferred Income

Short-term deferred income	30 June 2023	31 December 2022
Advanced received	64,692	31,607
	64,692	31,607

(*)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.

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

ÇİMSA ÇİMENTO SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2023

(Amounts expressed in thousands of Turkish Lira ("TRY"), unless otherwise indicated Currencies other than TRY are expressed in thousands unless otherwise stated.)

12. PROPERTY, PLANT AND EQUIPMENT

	Land	Land Improvements	Buildings	Machinery and Equipment	Vehicles	Furniture and Fixture	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	70,066	8,963	153,322	2,979,263
Additions	22,577	966	205	23,478	-	6,722	-	580,520	634,468
Disposals	-	-	-	(5,298)	(1,654)	(3,496)	-	-	(10,448)
Transfers from construction in progress	-	10,019	-	20,228	-	70	-	(30,317)	-
Closing balance as of 30 June 2023	80,414	142,222	501,712	2,022,647	70,438	73,362	8,963	703,525	3,603,283
Accumulated depreciation									
Opening balance as of 1 January 2023	-	(68,139)	(143,282)	(916,727)	(64,127)	(20,249)	(6,805)	-	(1,219,329)
Charge for the period	-	(3,720)	(6,015)	(47,129)	(1,711)	(5,473)	(680)	-	(64,728)
Disposals	-	-	-	5,256	1,654	3,320	-	-	10,230
Closing balance as of 30 June 2023	-	(71,859)	(149,297)	(958,600)	(64,184)	(22,402)	(7,485)	-	(1,273,827)
Net book value as of 30 June 2023	80,414	70,363	352,415	1,064,047	6,254	50,960	1,478	703,525	2,329,456

As of 30 June 2023, there is TRY 14.919 capitalized financial expenses on the construction in progress.

(*) The construction in progress is mainly due to the capacity increase investment of the CAC facility.

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

ÇİMSA ÇİMENTO SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2023

(Amounts expressed in thousands of Turkish Lira ("TRY"), unless otherwise indicated Currencies other than TRY are expressed in thousands unless otherwise stated.)

12. PROPERTY, PLANT AND EQUIPMENT (Continued)

	Land	Land Improvements	Buildings	Machinery and Equipment	Vehicles	Furniture and Fixture	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	33,598	8,810	61,620	2,548,955
Classifications *	-	-	-	(3,469)	8,129	(3)	-	-	4,657
Additions	-	585	583	41,457	35	1,907	-	64,485	109,052
Disposals	(5)	-	-	(4,392)	(1,742)	(484)	-	-	(6,623)
Transfers from construction in progress	-	585	3,059	44,347	-	434	-	(48,425)	-
Closing balance as of 30 June 2022	56,556	117,768	496,329	1,798,340	65,106	35,452	8,810	77,680	2,656,041
Accumulated depreciation									
Opening balance as of 1 January 2022	-	(61,730)	(131,456)	(837,319)	(50,068)	(15,724)	(5,289)	-	(1,101,586)
Charge for the period	-	(3,280)	(6,428)	(41,751)	(2,063)	(2,566)	(406)	-	(56,493)
Disposals	-	-	-	4,391	1,711	433	-	-	6,535
Closing balance as of 30 June 2022	-	(65,010)	(137,884)	(874,679)	(50,420)	(17,857)	(5,695)	-	(1,151,544)
Net book value as of 30 June 2022	56,556	52,759	358,445	923,661	14,686	17,595	3,115	77,680	1,504,497

As of 30 June 2022, there is no capitalized financial expenses.

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

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

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2023

(Amounts expressed in thousands of Turkish Lira ("TRY"), unless otherwise indicated Currencies other than TRY are expressed in thousands unless otherwise stated.)

12. PROPERTY, PLANT AND EQUIPMENT (Continued)

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

	<u>1 January– 30 June 2023</u>	<u>1 January– 30 June 2022</u>
Cost of sales	(55,954)	(51,693)
General administrative expenses	(6,015)	(4,658)
Marketing, sales and distribution expenses	(2,688)	(90)
Research and development expenses	(71)	(53)
	<u>(64,728)</u>	<u>(56,494)</u>

13. NON-CURRENT ASSETS HELD FOR SALE

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

	<u>30 June 2023</u>	<u>31 December 2022</u>
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 30 June 2023, the movement table of Non-current Assets Classified for Sale is as follows:

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

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

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

**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2023**

(Amounts expressed in thousands of Turkish Lira ("TRY"), unless otherwise indicated Currencies other than TRY are expressed in thousands unless otherwise stated.)

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	111	75,201
Closing balance as of 30 June 2023	107,574	36,866	144,440
<u>Accumulated amortization</u>			
Opening balance as of 1 January 2023	(25,465)	(19,718)	(45,183)
Charge for period	(634)	(2,672)	(3,306)
Closing balance as of 30 June 2023	(26,099)	(22,390)	(48,489)
Charge for period as of 30 June 2023	81,475	14,476	95,951

	Mining Rights	Other Intangible Assets	Total
<u>Cost value</u>			
Opening balance as of 1 January 2022	32,484	33,759	66,243
Additions	-	709	709
Closing balance as of 30 June 2022	32,484	34,468	66,952
<u>Accumulated amortization</u>			
Opening balance as of 1 January 2022	(24,345)	(13,935)	(38,280)
Charge for period	(551)	(2,572)	(3,123)
Closing balance as of 30 June 2022	(24,896)	(16,507)	(41,403)
Charge for period as of 30 June 2022	7,588	17,961	25,549

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

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

	1 January– 30 June 2023	1 January– 30 June 2022
Cost of sales	(2,858)	(2,857)
General administrative expenses	(307)	(257)
Marketing, sales and distribution expenses	(137)	(5)
Research and development expenses	(4)	(4)
	(3,306)	(3,123)

(*) Includes additions of mining rights.

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

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

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2023

(Amounts expressed in thousands of Turkish Lira ("TRY"), unless otherwise indicated Currencies other than TRY are expressed in thousands unless otherwise stated.)

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	30 June 2023
Buildings	2,476	7,888	(5,599)	4,765
Vehicles	29,290	11,832	(13,399)	27,723
Other	90	-	(16)	74
	31,856	19,720	(19,014)	32,562

The depreciation expense of TRY 5,865 for the period ending on 30 June 2023 of the right of use assets has been included in the cost of the goods sold and the part of TRY13,149 has been included in the general administrative expense.

Right of use assets

	1 January 2022	Additions	Depreciation for the period	30 June 2022
Buildings	11,576	-	(2,865)	8,711
Vehicles	4,490	6,935	(3,829)	7,596
Other	967	-	(18)	949
	17,033	6,935	(6,712)	17,256

The depreciation expense of TRY712 for the period ending on 30 June 2022 of the right of use assets has been included in the cost of the goods sold and the part of TRY6,000 has been included in the general administrative expense.

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

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

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2023

(Amounts expressed in thousands of Turkish Lira ("TRY"), unless otherwise indicated Currencies other than TRY are expressed in thousands unless otherwise stated.)

16. GOODWILL

The goodwill amount presented in the Group's financial statements as of 30 June 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 30 June 2023 and 31 December 2022 is stated below:

	30 June 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, 31.5% 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 30 June 2023, 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 31.5%.

While the EBITDA / Net Sales ratio is in line with the budgets prepared by the Group management on a cash-generating unit basis for 2023 and beyond, the Weighted Average Cost of Capital ratio depends on some macroeconomic and cement sector-specific variables.

When calculating the estimated recoverable amount, when the discount rate is increased by 1 point from the values used in the assumptions by keeping the other variables constant, or in the same way, when the growth rate is reduced by 1 point from the values used in the assumptions by keeping the other variables constant, the recoverable amount of the cash generating unit does not fall below the book value.

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

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

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2023

(Amounts expressed in thousands of Turkish Lira ("TRY"), unless otherwise indicated Currencies other than TRY are expressed in thousands unless otherwise stated.)

17. PROVISION, CONTINGENT ASSETS AND LIABILITIES

a. Short-Term Provisions

	30 June 2023	31 December 2022
Short-term provisions		
Provision for litigations	45,003	34,396
Other provisions	104,176	56,096
	149,179	90,492

The movement of "Provision for the litigations" as of 30 June 2023 and 30 June 2022 is stated below:

	30 June 2023	30 June 2022
Provision for the litigation movement		
Opening balance	34,396	28,200
Additional provision (Note 25)	10,607	4,429
Provision no longer required (-) (Note 25)	-	(639)
Closing balance	45,003	31,990

As of 30 June 2023, the Group has provided provision amounting to TRY45,003 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

	30 June 2023	31 December 2022
Long-term provisions		
Long-term employee benefits	140,979	153,089
Other long term provisions	17,350	15,044
	158,329	168,133

	30 June 2023	31 December 2022
Other long term provisions		
Recultivation provision	17,350	15,044
	17,350	15,044

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

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

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2023

(Amounts expressed in thousands of Turkish Lira ("TRY"), unless otherwise indicated Currencies other than TRY are expressed in thousands unless otherwise stated.)

17. PROVISION, CONTINGENT ASSETS AND LIABILITIES (Continued)

The operations of the Group such as mining, cement production are subject to the Environment Law, and to the Land Protection and Utilization Law. All liabilities such as taxes, duties and emission fees resulting from this legislation have been fulfilled by the Group. This legislation addresses the costs that could arise from recovering the damage, pollution in the land while vacating the mines. Accordingly, the management calculated the estimated cost of plans that is deemed to meet the requirements of legislation related with the mining areas in which the Group operates. The Group has accounted and disclosed the recultivation provision amounting to TRY17,350 under "Other Long Term Provisions" as of 30 June 2023 (31 December 2022: TRY15,044).

Movement of recultivation provision as of 30 June 2023 and 30 June 2022 is as follows:

	30 June 2023	30 June 2022
Recultivation provision movement		
Opening balance	15,044	6,990
Additional provision (Note 25)	2,306	1,800
Closing balance	17,350	8,790

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

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

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2023

(Amounts expressed in thousands of Turkish Lira ("TRY"), unless otherwise indicated Currencies other than TRY are expressed in thousands unless otherwise stated.)

18. COMMITMENTS

The collaterals, pledges and mortgages (CPM) received by the Group as of 30 June 2023 and 31 December 2022 are as follows:

	Currency	30 June 2023		31 December 2022	
		Original	TRY Amount	Original	TRY Amount
Guarantee letter received	TRY	1,633,470	1,633,470	1,313,445	1,313,445
Guarantee letter received	USD	28,240	729,252	37,536	701,860
Guarantee letter received	EUR	11,579	326,008	13,649	272,091
Guarantee letter received	Other	26	26	26	26
Mortgages received	TRY	54,692	54,692	48,698	48,698
Checks and notes received	TRY	63,634	63,634	33,634	33,634
Checks and notes received	USD	47	1,221	47	884
Pledge	TRY	169,334	169,334	87,775	87,775
Total CPMs received			<u>2,977,637</u>		<u>2,458,413</u>

As of 30 June 2023 and 31 December 2022, the details of the collaterals, pledges and mortgages (CPM) given are as follows:

	Currency	30 June 2023		31 December 2022	
		Original	TRY Amount	Original	TRY Amount
A. Total CPM given for the Company's own legal entity	TRY	792,379	792,379	93,223	93,223
	USD	1,950	50,355	665	12,430
	EUR	346	9,755	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	1,013,544	36,000	717,656
	USD	20,000	516,462	20,000	373,967
iii. Total CPM given in favour of other 3rd parties out of scope of clause C		-	-	-	-
			<u>2,382,495</u>		<u>1,231,065</u>

(*)Our subsidiary consists of the guarantee given by our Company for the loans used by SBS BV.

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

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

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2023

(Amounts expressed in thousands of Turkish Lira ("TRY"), unless otherwise indicated Currencies other than TRY are expressed in thousands unless otherwise stated.)

19. EMPLOYEE BENEFITS

a. Employee Benefit Obligations

	30 June 2023	31 December 2022
Social security payables	23,919	13,684
Wage accrual and income tax withholding payable to personnel	6,548	4,155
	30,467	17,839

b. Long-Term Employee Benefits

	30 June 2023	31 December 2022
Retirement pay provision	118,444	138,483
Provision for unpaid vacation liability	18,044	11,513
Seniority provision	4,491	3,093
	140,979	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 30 June 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 30 June 2023 and 31 December 2022, the actuarial assumptions used in calculating the severance pay liability are as follows:

	30 June 2023	31 December 2022
Discount rate, net (%)	5.00	5.00

As of 30 June 2023 and 30 June 2022, The movement of 'retirement pay provision' in the period is stated below:

	1 January- 30 June 2023	1 January- 30 June 2022
Opening balance	138,483	61,961
Service cost	5,047	3,767
Interest cost (Note 25)	1,415	6,423
Actuarial loss/(gain)	20,441	10,787
Payments	(46,942)	(1,342)
Closing balance	118,444	81,596

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

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

**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2023**

(Amounts expressed in thousands of Turkish Lira ("TRY"), unless otherwise indicated Currencies other than TRY are expressed in thousands unless otherwise stated.)

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- 30 June 2023	1 January- 30 June 2022
Opening balance	11,513	6,204
Additional provision	13,005	4,284
Provision paid during the period	(6,474)	(423)
Closing balance	18,044	10,065

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

	1 January- 30 June 2023	1 January- 30 June 2022
Opening balance	3,093	2,035
Additional provision	2,427	1,469
Provision paid during the period	(1,029)	(726)
Closing balance	4,491	2,778

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

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

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2023

(Amounts expressed in thousands of Turkish Lira ("TRY"), unless otherwise indicated Currencies other than TRY are expressed in thousands unless otherwise stated.)

20. OTHER ASSETS AND LIABILITIES

a. Other Assets

	30 June 2023	31 December 2022
Other current assets		
Deferred VAT ⁽¹⁾	49,153	107,100
Job and personnel advances	20,790	3,246
Other current assets	2,661	2,751
	72,604	113,097

	30 June 2023	31 December 2022
Other Current assets		
Export VAT ⁽²⁾	19,199	2,396
Other non-current assets	199	131
	19,398	2,527

(1) According to the estimates of the Group, the portion to be deducted or can be refunded 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

	30 June 2023	31 December 2022
Other short term liabilities (*)	255,577	169,287
	255,577	169,287

(*) Other short term liabilities mainly related with supplier financing.

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

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

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2023

(Amounts expressed in thousands of Turkish Lira ("TRY"), unless otherwise indicated Currencies other than TRY are expressed in thousands unless otherwise stated.)

21. EQUITY, RESERVES AND OTHER EQUITY ITEMS

As of 30 June 2023 and 31 December 2022, the composition of shareholders is as follows:

Shareholders (*)	30 June 2023		31 December 2022	
	(%)	Amount	(%)	Amount
Sabancı Holding A.Ş.	54.54	73,674	54.54	73,674
Akçansa Çimento San. ve Tic. A.Ş.	8.98	12,130	8.98	12,130
Sabancı Vakfı	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 45.05% as of 30 June 2023 (31 December 2022: 35,7%).

As of 30 June 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.

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

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

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2023

(Amounts expressed in thousands of Turkish Lira ("TRY"), unless otherwise indicated Currencies other than TRY are expressed in thousands unless otherwise stated.)

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 3,562,117, 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 3,431,573 calculated in accordance with the CMB Legislation. Distributable Profit for the Period is distributed as follows,

First Dividend	6,754 TL
Second Dividend	393,246 TL
Total Gross Dividend	400,000 TL

General Legal Reserve (2nd Order)	39,325 TL
Extraordinary Reserve	2,992,249 TL

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

Thus, it was decided at the 2022 Ordinary 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 on since 03 April 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.

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

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

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2023

(Amounts expressed in thousands of Turkish Lira ("TRY"), unless otherwise indicated Currencies other than TRY are expressed in thousands unless otherwise stated.)

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, one of the Group's investments valued using the equity method, sold its Sabancı Holding shares to institutional investors using the block sale method. The increase/decrease in the value of stocks has also been exited from the value increase/(decrease) funds account of financial investments under equity.

	30 June 2023	30 June 2022
EXSA - Available for sales financial assets revaluation reserve movement table		
Opening balance	1,064,276	628,873
Profit/loss effect	133,018	136,954
Currency translation difference	8,629	2,485
Hedge fund	25,672	(22,456)
Net fair value change of financial investments	75,960	35,185
	1,307,555	781,041
SBS- Available for sales financial assets revaluation reserve movement table		
Opening balance	1,361,441	393,347
Profit/loss effect	59,028	42,465
Currency translation difference	575,446	78,769
Hedge fund	20,696	(422)
Non-controlling interests	982	939
	2,017,593	515,098

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

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

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2023

(Amounts expressed in thousands of Turkish Lira ("TRY"), unless otherwise indicated Currencies other than TRY are expressed in thousands unless otherwise stated.)

22. DERIVATIVE FINANCIAL INSTRUMENTS

	30 June 2023			31 December 2022		
	Fair Value			Fair Value		
	Contract Amount	Assets	Liabilities	Contract Amount	Assets	Liabilities
Short term derivative financial instruments						
Marketable securities						
Forward foreign exchange transactions	19,000	88,988	-	-	-	-
Total derivative financial instruments		88,988	-		-	-

The Group carried out 11 forward purchase and sale transactions for 19,000 USD on 26-27-28 April. One transaction worth USD 2,500 was redeemed as of June 2, 2023. 1 transaction of \$2,500 on July 7, 2023. One \$2,500 transaction on August 4, 2023, One \$2,500 transaction on September 1, 2023, Three \$5,500 transactions on October 6, October 13, and October 27, 2023, \$1,500 one transaction will be redeemed on November 17, 2023, 3 transactions of \$4,500 will be redeemed on December 1, December 15, December 29, 2023.

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

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

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2023

(Amounts expressed in thousands of Turkish Lira ("TRY"), unless otherwise indicated Currencies other than TRY are expressed in thousands unless otherwise stated.)

23. REVENUE

Revenue	1 January- 30 June 2023	1 January- 30 June 2022	1 April- 30 June 2023	1 April- 30 June 2022
Domestic sales	3,005,376	1,872,258	1,746,718	1,273,201
Export sales	2,922,025	2,247,580	1,617,764	1,282,522
Sales discounts (-)	(26,348)	(24,467)	(15,794)	(13,244)
Other deductions (-)	(488,999)	(500,181)	(299,506)	(302,144)
	5,412,054	3,595,190	3,049,182	2,240,335
<u>Cost of sales (-) (Note 24)</u>	(4,170,531)	(2,911,736)	(2,231,562)	(1,733,423)
Gross profit	1,241,523	683,454	817,620	506,912

24. OPERATING EXPENSES BY NATURE

The detail of costs of sales for the periods between 1 January - 30 June 2023 and 2022 is as follows:

<u>Cost of sales (-)</u>	1 January- 30 June 2023	1 January- 30 June 2022	1 April- 30 June 2023	1 April- 30 June 2022
Direct material and supplies expenses	(643,661)	(432,225)	(213,270)	(278,749)
Labor expenses	(159,134)	(84,636)	(78,319)	(43,247)
Energy costs	(1,742,944)	(1,432,523)	(868,798)	(809,490)
Depreciation and amortization expenses	(64,677)	(55,261)	(33,257)	(27,901)
Other production expenses	(767,464)	(627,069)	(473,008)	(337,274)
Total production cost	(3,377,880)	(2,631,714)	(1,666,652)	(1,496,661)
Change in provision for inventory impairment (Note:9)	575	(87)	1,487	(140)
Change in work-in process	129,434	142,329	(48,884)	28,434
Change in finished goods	14,692	46,229	53,232	8,907
Cost of trade goods sold and other	(937,352)	(468,493)	(570,745)	(273,963)
	(4,170,531)	(2,911,736)	(2,231,562)	(1,733,423)

The detail of general administration expenses for the periods between 1 January - 30 June 2023 and 2022 is as follows:

General adm. expenses	1 January- 30 June 2023	1 January- 30 June 2022	1 April- 30 June 2023	1 April- 30 June 2022
Personnel expenses	(128,931)	(55,278)	(63,036)	(24,033)
Consultancy expense	(28,832)	(16,180)	(8,304)	(4,965)
Depreciation and amortization	(19,471)	(10,916)	(13,276)	(5,908)
Rent expenses	(18,281)	(4,595)	(6,162)	(3,435)
IT Expenses	(13,458)	(7,550)	(7,009)	(4,052)
Representation expenses	(10,149)	(9,266)	(9,082)	(8,551)
Tax, duty and charges	(5,626)	(4,687)	(2,985)	(2,536)
Travel expenses	(5,231)	(6,910)	(3,689)	(3,547)
Insurance expenses	(4,535)	(1,797)	(2,084)	(840)
Communication and publicity	(2,745)	(1,122)	(1,169)	(652)
Maintenance expenses	(158)	(460)	(96)	(243)
Other miscellaneous expenses	(18,380)	(12,231)	(1,963)	(5,414)
	(255,797)	(130,992)	(118,855)	(64,176)

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

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

**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2023**

(Amounts expressed in thousands of Turkish Lira ("TRY"), unless otherwise indicated Currencies other than TRY are expressed in thousands unless otherwise stated.)

24. OPERATING EXPENSES BY NATURE (Continued)

The detail of marketing, selling and distribution expense for the periods between 1 January - 30 June 2023 and 2022 is as follows:

Marketing, selling and distribution	1 January- 30 June 2023	1 January- 30 June 2022	1 April- 30 June 2023	1 April- 30 June 2022
Personnel expenses	(7,710)	(3,499)	(3,441)	(1,735)
Depreciation and amortization expenses	(2,825)	(94)	(1,412)	(47)
Travel expenses	(1,649)	(1,075)	(550)	(623)
Rent expenses	(543)	(400)	(317)	(182)
Insurance expenses	(177)	(71)	(92)	(36)
Representation expenses	(82)	(79)	(40)	(45)
Consultancy expenses	(51)	(171)	(45)	(111)
Communication and advertising expenses	(1)	(7)	(0,1)	(4)
Other miscellaneous expenses	(1,185)	(743)	(379)	(372)
	(14,223)	(6,139)	(6,276)	(3,155)

The detail of research and development expense for the periods between 1 January - 30 June 2023 and 2022 is as follows:

Research and development expenses	1 January- 30 June 2023	1 January- 30 June 2022	1 April- 30 June 2023	1 April- 30 June 2022
Personnel expenses	(2,203)	(2,773)	1,411	(1,377)
Travel expenses	(647)	(117)	(513)	(110)
Raw material expenses	(169)	(1,119)	(88)	(794)
Outsourced benefits and services	(87)	(173)	(53)	(74)
Maintenance expenses	(84)	(46)	(83)	(7)
Depreciation and amortization	(75)	(57)	(38)	(28)
Other miscellaneous expenses	(327)	(205)	(96)	(86)
	(3,592)	(4,490)	540	(2,476)

25. OTHER OPERATING INCOME AND EXPENSES

Other operating income	1 January- 30 June 2023	1 January- 30 June 2022	1 April- 30 June 2023	1 April- 30 June 2022
Foreign exchange gain from operating activities	592,918	268,883	561,047	175,633
Sales of scrap and miscellaneous material	8,079	5,281	5,180	3,837
Reversal of the provision (Note 7/17)	536	1,670	582	1,670
Incentives received	301	3,728	172	310
Other income	37,798	81,029	3,114	40,428
	639,632	360,591	570,095	221,878

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

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

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2023

(Amounts expressed in thousands of Turkish Lira ("TRY"), unless otherwise indicated Currencies other than TRY are expressed in thousands unless otherwise stated.)

25. OTHER OPERATING INCOME AND EXPENSES (Continued)

Other operating expense	1 January- 30 June 2023	1 January- 30 June 2022	1 April- 30 June 2023	1 April- 30 June 2022
Foreign exchange loss from operating activities	(246,425)	(197,733)	(225,194)	(116,374)
Provision expenses (Note 7/17)	(12,913)	(6,229)	(2,866)	(3,243)
Competition board penalty expenses (*)	(12,101)	-	(12,101)	-
Donations and grants	(2,309)	(910)	(1,887)	(862)
Litigation, levy, and court paid expenses	(1,679)	(346)	(1,667)	20
Interest expense of retirement pay provision	(1,415)	(6,423)	(184)	(3,630)
Compensation and penalty expenses	(1,307)	(933)	(881)	(762)
Other expenses	(16,638)	(2,164)	(11,955)	(568)
	(294,787)	(214,738)	(256,735)	(125,419)

(*)With the decision of the Competition Board dated January 26, 2023 and numbered 23-06/75-23, it was decided to impose an administrative fine of five per thousand of the gross revenues of 2021 in accordance with subparagraph (d) of the first paragraph of Article 16 of the Law on the Protection of Competition No. 4054. The reasoned decision was notified to our Company on April 18, 2023. Payment of penalty was completed and legal action was taken.

26. INCOME AND EXPENSE FROM INVESTMENT ACTIVITIES

Income from investment activities	1 January- 30 June 2023	1 January- 30 June 2022	1 April- 30 June 2023	1 April- 30 June 2022
Income from other investment activities (**)	228,132	-	218,468	-
Fixed assets sales income	6	13,286	-	6,207
	228,138	13,286	218,468	6,207

(**) Includes revenues recorded from overdue KKM's.

27. FINANCIAL INCOME/EXPENSE

Financial income	1 January- 30 June 2023	1 January- 30 June 2022	1 April- 30 June 2023	1 April- 30 June 2022
Interest income	174,826	12,840	113,563	8,437
Total financial income	174,826	12,840	113,563	8,437
Financial expenses	1 January- 30 June 2023	1 January- 30 June 2022	1 April- 30 June 2023	1 April- 30 June 2022
Interest expenses of bank borrowings	(311,167)	(80,186)	(173,354)	(47,054)
Foreign exchange loss on bank borrowings	(165,776)	(81,921)	(155,126)	(18,267)
Other financial expenses	(29,012)	(6,128)	(13,490)	(4,462)
Total financial expense	(505,955)	(168,235)	(341,970)	(69,783)

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

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2023

(Amounts expressed in thousands of Turkish Lira ("TRY"), unless otherwise indicated Currencies other than TRY are expressed in thousands unless otherwise stated.)

28. INCOME TAXES

The Corporate Tax rate valid in Turkey as of 30 June 2023 is 20%, and with the Law No. 7456 published in the official gazette dated 15 July 2023, the corporate tax rate has been increased from 20% to 25% to be applied to the declarations that must be submitted as of 1 October 2023 (It was applied as 23% in 2022 and 25% in 2021). With this; In accordance with the clauses added to Article 32 of the Corporate Tax Law No. 5520 by Article 15 of Law No. 7351, to be implemented as of January 1, 2022; The corporate tax rate is applied at a 1 point discount to the earnings of institutions that export and derive exclusively from exports, and to the earnings of institutions that have an industrial registry certificate and are actually engaged in production activities, obtained exclusively from production activities. Again, with Law No. 7456, published in the official newspaper dated July 15, 2023, the corporate tax reduction rate to be applied to the earnings of exporting institutions exclusively from exports was increased to 5 points, to be applied to the declarations that must be submitted as of October 1, 2023. The corporate tax rate will continue to be applied with a 1 point discount on the profits earned exclusively from production activities of institutions that have an industrial registry certificate and are actually engaged in production activities.

Corporate Tax 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.

In addition, in accordance with the Law No. 7440 published in the Official Gazette on March 12, 2023; Period income over the tax bases subject to reduced corporate tax within the scope of Article 32/A of the same Law and the exemption and deduction amounts that are subject to deduction from corporate income pursuant to the Law No. An additional tax of 10% should be calculated without being associated with the law no. 5520, and an additional tax of 5% over the exempted income obtained from abroad with the exception regulated in subparagraph (a) of the first paragraph of Article 5 of the Law No. 5520 and proven to carry a tax burden of at least 15%.

According to the Corporate Tax Law, financial losses shown on the declaration can be deducted from the corporate tax base of the period, provided that it does not exceed 5 years.

75% of the profits arising from the sale of participation shares held in the Company's assets for more than two years and the founder's shares, usufruct shares and preference rights held for the same period of time, and 50% of the earnings arising from the sales of immovables that are in their assets for the same period before 15 July 2023 It is exempt from tax, provided that it is added to the capital or kept in a special fund account for 5 years as stipulated in the Corporate Tax Law. This exemption rate will be applied as 25% for the gains arising from the sale of immovables taken into the assets of companies before 15 July 2023 and disposed of after 15 July 2023, provided that they complete two years. There is no corporate tax exemption for the gains arising from the sale of immovables taken into the assets of the companies after 15 July 2023.

Companies calculate temporary tax with the effective corporate tax rate on their quarterly financial profits and declare and pay until the evening of the 17th day of the second month following the relevant period. 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 following year. If there is a temporary tax amount paid after the deduction, this amount can be refunded in cash or can be deducted from other tax liabilities.

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

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2023

(Amounts expressed in thousands of Turkish Lira ("TRY"), unless otherwise indicated Currencies other than TRY are expressed in thousands unless otherwise stated.)

28. INCOME TAXES (continued)

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 fully taxpayer institutions in Turkey to fully taxpayer institutions resident in Turkey are not subject to deduction.

The law on amending the Tax Procedure Law and the Corporate Tax Law was published on January 20, 2022, Law No. It has become law with number 7352, and it has been decided that the financial statements will not be subject to inflation correction, regardless of whether the conditions for inflation adjustment within the scope of Article 298 are met for the 2021 and 2022 accounting periods, including the provisional accounting periods, and the 2023 accounting period provisional tax periods. In line with Law No. 7352, inflation adjustment will be applied to the financial statements dated December 31, 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 subject to tax..

Within the scope of the Law No. 6637 on the Amendment of Certain Laws and Statutory Decrees published in the Official Gazette dated April 7, 2015, as of July 1, 2015, the cash capital increases in capital companies and the portion of the paid-in capital in newly established companies are announced by the CBRT. Taking into account the weighted annual average interest rate applied to commercial loans, 50% of the amount calculated until the end of the relevant accounting period can be deducted from the corporate tax base. With the decision numbered 2015/7910 published in the Official Gazette dated December 31, 2021, to 50%;

a) For public companies whose shares are traded on the stock exchange, whose paid or issued capital ratio is 50% or less, registered in the trade registry of the nominal amount of shares tracked as tradable shares in the Central Registry Agency, as of the last day of the year in which the discount is benefited. 25 points, 50 points for those above 50%,

b) In case the capital increased in cash is used for investments in production and industrial facilities with investment incentive certificates and machinery and equipment of these facilities and/or investments in land and land allocated for the construction of these facilities, an additional 25 points shall be limited to the fixed investment amount included in the investment incentive certificate. The discount in question is applied.

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

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

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

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2023

(Amounts expressed in thousands of Turkish Lira ("TRY"), unless otherwise indicated Currencies other than TRY are expressed in thousands unless otherwise stated.)

28. INCOME TAXES (continued)

In addition, Pursuant to the Decree on State Aids in Investments dated 15 June 2012 and numbered 2012/3305, the incomes obtained from the investments granted with the incentive certificate are subject to corporate tax at reduced rates, starting from the accounting period in which the investment started to be operated partially or completely, until the amount of contribution to a certain investment is reached. In addition, reduced corporate tax may be applied to the income of the investor from other activities during the investment period, as a deduction from the investment contribution amount, not to exceed the amount of investment expenditure realized and not to exceed 80% of the total amount of contribution to the investment. Within the scope of investment incentive certificates issued for the manufacturing industry (US-97 Code: 15-37), the investment contribution rates to be applied in tax relief support within the scope of regional and strategic incentive applications for investment expenditures to be made between January 1, 2017 and December 31, 2022, will be applied to the investment valid in each region. By adding 15 points to the contribution rate, corporate tax or income tax reduction is applied at 100% in all regions, and the rate of the investment contribution amount to be applied to the earnings of the investor from other activities during the investment period is 100%.

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

As of 30 June 2023 and 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.

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

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

**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2023**

(Amounts expressed in thousands of Turkish Lira ("TRY"), unless otherwise indicated Currencies other than TRY are expressed in thousands unless otherwise stated.)

28. INCOME TAXES (Continued)

As of 30 June 2023 and 31 December 2022, corporate tax payables are summarized as follows:

Distribution of tax expenses are as follows:

	30 June 2023	31 December 2022
Assets related to the current period taxes	18,743	102,475
	18,743	102,475
	30 June 2023	31 December 2022
Corporate tax payable	(153,117)	(17,898)
Current period corporate tax provision	116,299	15,826
Prepaid taxes and funds (-)	(36,818)	(2,072)
	1 January- 30 June 2023	1 January- 30 June 2022
Tax (expense)/income	(153,117)	(58,797)
Current period corporate tax (expense)/income	139,379	365,541
Deferred tax (expense)/income	(13,738)	306,744
	1 April- 30 June 2023	1 April- 30 June 2022
	(153,117)	(58,797)
	139,379	365,541
	(13,738)	306,744
	(153,117)	(58,797)
	71,993	373,521
	(81,124)	314,724

The details of the deferred tax assets and liabilities of the Group as of 30 June 2023 and 31 December 2022 are as follows:

	30 June 2023	31 December 2022
Deferred tax assets(*)		
Cash capital increase tax incentive assets	8,487	8,487
Provision for litigations	9,658	7,537
Inventory impairment provision	2,426	2,412
Rediscount of receivables	8,515	8,407
Provision for employee benefits	12,357	6,688
Provision for other doubtful receivables	868	944
Recultivation provision	3,578	3,110
Property, plant and equipment and intangible assets	970,616	736,079
Other	-	4,754
	1,016,505	778,418
Deferred tax liabilities(*)		
Goodwill	(24,738)	(24,738)
Property, plant and equipment and intangible assets	(170,686)	(110,345)
Internal rate of return adjustment of borrowings	50	(2,297)
Other	(52,548)	-
	(247,922)	(137,380)
Net deferred tax asset/(liability)	768,583	641,038

(*) The total net amount of these two balances is shown as deferred tax assets amounting to TRY 1,087,052 (31 December 2022: TRY920,605) and deferred tax liability of TRY318,469 (31 December 2022: TRY279,567) in the balance sheet.

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

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

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2023

(Amounts expressed in thousands of Turkish Lira ("TRY"), unless otherwise indicated Currencies other than TRY are expressed in thousands unless otherwise stated.)

28. INCOME TAXES (Continued)

	30 June 2023	31 December 2022
Deferred tax assets/(liabilities) presentation at balance sheet		
Deferred tax assets	1,087,052	920,605
Deferred tax liabilities	(318,469)	(279,567)
	768,583	641,038

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

	30 June 2023	30 June 2022
Deferred tax assets/(liabilities) movement		
Opening balance	(641,038)	(254,846)
Deferred tax (income)/expense	(139,379)	(365,541)
Accounted under other comprehensive income	25,711	(30,601)
Other	(13,877)	(4,778)
Closing balance	(768,583)	(655,766)
	30 June	30 June
Tax reconciliation:	2023	2022
Profit before taxation	1,401,811	724,996
Effective statutory income tax rate	20%	23%
Tax expense at the effective statutory income tax rate	(280,362)	(166,749)
Reconciliation of tax provision calculated with deductible		
- Effect of the profit from investments accounted by equity	38,409	41,266
- Effect of assets from tax incentives (**)	94,353	11,799
- Revaluation effects(*)	174,861	432,926
- Tax exemption from other income	78,124	-
- Non-deductible expenses	(11,341)	(5,715)
- Tax exemption from sale of land	-	843
- Earthquake tax	(108,152)	-
- Other	370	(7,626)
Tax expense in the income statement	(13,738)	306,744

(*)The Group has revalued its immovables and their depreciation as of 30 June 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 December 2022, immovable properties and their depreciation have been revalued within the framework of reiterated article 298/Ç of the Tax Procedure Law, within the scope of the Tax Procedure Law General Communiqué (Sequence No: 537) published by the Ministry of Treasury and Finance. 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 30 June 2023, the total tax effect is TRY898,175 (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.

(**) It consists of cash capital increase and investment tax incentives.

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

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2023

(Amounts expressed in thousands of Turkish Lira ("TRY"), unless otherwise indicated Currencies other than TRY are expressed in thousands unless otherwise stated.)

28. 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.

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

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

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2023

(Amounts expressed in thousands of Turkish Lira ("TRY"), unless otherwise indicated Currencies other than TRY are expressed in thousands unless otherwise stated.)

29. EARNINGS PER SHARE

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

Earnings/loss per share from continuing operations:

	<u>1 January- 30 June 2023</u>	<u>1 January- 30 June 2022</u>	<u>1 April- 30 June 2023</u>	<u>1 April- 30 June 2022</u>
Number of shares	135,084	135,084	135,084	135,084
Profit attributable to equity holders of the parent-TRY	1,258,554	982,702	1,006,846	858,398
Dividend per share with nominal value of 1 Kr - TRY	9.32	7.27	7.45	6.35

30. RELATED PARTY DISCLOSURES

Entities are defined as related if one of the entities has control over the other entity or has a significant influence over the other entity's financial and administrative decisions. The Group is controlled by H.Ö. Sabancı Holding A.Ş. For the consolidated financial statements, shareholder companies and financial assets of H.Ö. Sabancı Holding A.Ş. and their associates and subsidiaries and also other companies of Sabancı Group are presented separately and these companies and top management of the Group are referred to as related parties. The Group has various transactions with related parties. The related party balances as of 30 June 2023 and 31 December 2022 and the related party transactions for the periods ended 30 June 2023 and 30 June 2022 are mainly as follows:

Short-term trade receivables from related parties

	<u>30 June 2023</u>	<u>31 December 2022</u>
Sabancı Building Solutions B.V. ⁽¹⁾	1,247,040	831,144
Akçansa Çimento Sanayi ve Ticaret A.Ş. ⁽²⁾	-	22
	<u>1,247,040</u>	<u>831,166</u>

Short-term other receivables from related parties

	<u>30 June 2023</u>	<u>31 December 2022</u>
Aksigorta A.Ş. ⁽²⁾	-	8
	<u>-</u>	<u>8</u>

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

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

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

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

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2023

(Amounts expressed in thousands of Turkish Lira ("TRY"), unless otherwise indicated Currencies other than TRY are expressed in thousands unless otherwise stated.)

30. RELATED PARTY DISCLOSURES (Continued)

Short-term trade payables to related parties

	30 June 2023	31 December 2022
Enerjisa Elektrik Enerjisi Toptan Satış A.Ş. ⁽²⁾	27,223	445,401
Akçansa Çimento Sanayi ve Ticaret A.Ş. ⁽²⁾	6,511	15,993
Sabancı Building Solutions B.V. ⁽¹⁾	2,428	49,460
Akbank T.A.Ş. ⁽¹⁾	-	21,571
Other	1,897	240
	38,059	532,665

Short-term other payables to related parties

	30 June 2023	31 December 2022
Sabancı Building Solutions B.V. ⁽¹⁾	8,509	-
Aksigorta A.Ş. ⁽²⁾	1,737	142
Sabancı Dx ⁽¹⁾	240	8,004
Teknosa A.Ş. ⁽¹⁾	123	53
Other	33	1,692
	10,642	9,891

Bank balances deposited in related parties

	30 June 2023	31 December 2022
Akbank T.A.Ş. ⁽¹⁾	1,661,931	1,288,730
	1,661,931	1,288,730

Borrowings from related parties

	30 June 2023	31 December 2022
Bank loan from Akbank TAŞ ⁽¹⁾	1,280,015	604,290
	1,280,015	604,290

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

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

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

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2023

(Amounts expressed in thousands of Turkish Lira ("TRY"), unless otherwise indicated Currencies other than TRY are expressed in thousands unless otherwise stated.)

30. RELATED PARTY DISCLOSURES (Continued)

Sales to related parties

	1 January- 30 June 2023	1 January- 30 June 2022	1 April- 30 June 2023	1 April- 30 June 2022
Sabancı Building Solutions B.V. ⁽¹⁾	935,761	771,177	485,484	432,873
Enerjisa Elektrik Enerjisi Toptan Sat. A.Ş. ⁽²⁾	10,723	-	9,712	-
Akçansa Çimento Sanayi ve Ticaret A.Ş. ⁽²⁾	-	833	-	606
Sabancı Dx ⁽¹⁾	183	106	90	12
Other	8,781	11,480	4,724	10,423
	955,448	783,596	500,010	443,914

Purchases and services received from related parties

	1 January- 30 June 2023	1 January- 30 June 2022	1 April- 30 June 2023	1 April- 30 June 2022
Enerjisa Elektrik Enerjisi Toptan Sat. A.Ş. ⁽²⁾	579,208	510,042	291,063	310,105
Akçansa Çimento Sanayi ve Ticaret A.Ş. ⁽²⁾	149,375	71,899	96,489	36,990
Aksigorta A.Ş. ⁽²⁾	39,244	23,651	34,635	6,171
Sabancı Dx ⁽¹⁾	8,389	6,710	5,546	3,944
Teknosa A.Ş. ⁽¹⁾	1,832	256	1,459	121
AgeSa Hayat ve Emeklilik A.Ş. ⁽²⁾	758	465	83	48
Other	9,361	2,704	7,720	1,983
	788,167	615,727	436,995	359,362

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

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

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

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2023

(Amounts expressed in thousands of Turkish Lira ("TRY"), unless otherwise indicated Currencies other than TRY are expressed in thousands unless otherwise stated.)

30. RELATED PARTY DISCLOSURES (continued)

Interest income from related parties

	<u>1 January- 30 June 2023</u>	<u>1 January- 30 June 2022</u>	<u>1 April- 30 June 2023</u>	<u>1 April- 30 June 2022</u>
Akbank T.A.Ş. ⁽¹⁾	42,075	10,937	2,084	6,988
	<u>42,075</u>	<u>10,937</u>	<u>2,084</u>	<u>6,988</u>

Interest expense from related parties

	<u>1 January- 30 June 2023</u>	<u>1 January- 30 June 2022</u>	<u>1 April- 30 June 2023</u>	<u>1 April- 30 June 2022</u>
Akbank T.A.Ş. ⁽¹⁾	(32,592)	(11,702)	(15,641)	(5,313)
	<u>(32,592)</u>	<u>(11,702)</u>	<u>(15,641)</u>	<u>(5,313)</u>

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 TRY23,079 (30 June 2022 – TRY12,125). The contributions paid to Social Security Institution are TRY977 (30 June 2022 – TRY387).

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

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

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

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2023

(Amounts expressed in thousands of Turkish Lira ("TRY"), unless otherwise indicated Currencies other than TRY are expressed in thousands unless otherwise stated.)

31. FOREIGN CURRENCY RISK

As of 30 June 2023 and 31 December 2022, the Group's foreign currency position in terms of the original currency is as follows:

	30 June 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	1,417,497	35,679	17,623	-	926,379	32,689	15,005	713
Monetary financial assets	517,473	11,213	7,991	90	95,584	1,694	3,187	16
Other	335,612	12,473	480	-	374,371	19,984	32	3
Current Assets	2,270,582	59,365	26,093	90	1,396,334	54,367	18,224	732
TOTAL ASSET	2,270,582	59,365	26,093	90	1,396,334	54,367	18,224	732
Trade payables	(425,573)	(13,040)	(3,069)	(51)	(611,041)	(27,273)	(4,918)	(86)
Financial liabilities	(846,144)	-	(30,000)	-	(1,110,124)	-	(55,587)	-
Other	(48,228)	(299)	(1,432)	(3)	(7,915)	(323)	(91)	(3)
Short Term Liabilities	(1,319,945)	(13,339)	(34,502)	(54)	(1,729,080)	(27,596)	(60,596)	(89)
TOTAL LIABILITIES	(1,319,945)	(13,339)	(34,502)	(54)	(1,729,080)	(27,596)	(60,596)	(89)
Net foreign currency asset liability position	950,637	46,026	(8,408)	36	(332,746)	26,771	(42,372)	643
Off balance sheet derivative financial instruments asset/liability position	491,522	19,000	-	-	694,984	-	34,800	-
Net foreign currency asset / liability position for monetary	1,442,160	65,026	(8,408)	36	362,238	26,771	(7,572)	643
Export	2,922,025	76,979	62,966	9	4,757,239	175,406	104,534	3,372
Import	401,583	11,980	7,355	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.

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

**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2023**

(Amounts expressed in thousands of Turkish Lira ('TRY'), unless otherwise indicated Currencies other than TRY are expressed in thousands unless otherwise stated.)

31. FOREIGN CURRENCY RISK (Continued)

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

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

	Profit /Loss		Equity	
	Foreign appreciation	Foreign currency depreciation	Foreign appreciation	Foreign currency depreciation
30 June 2023				
1- USD net assets/liabilities	118,792	(118,792)	118,792	(118,792)
2- Hedged portion of USD risk (-)	49,152	(49,152)	49,152	(49,152)
3- USD net effect (1+2)	167,944	(167,944)	167,944	(167,944)
4- Net EUR assets/liabilities	(23,847)	23,847	(23,847)	23,847
5- Hedged portion of EUR risk (-)	-	-	-	-
6- EUR net effect (4+5)	(23,847)	23,847	(23,847)	23,847
7- Net GBP assets/liabilities	119	(119)	119	(119)
8- Hedged portion of GBP risk (-)	-	-	-	-
9- GBP net effect (7+8)	119	(119)	119	(119)
TOTAL(3+6+9)	144,216	(144,216)	144,216	(144,216)

	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+5)	(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)

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

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

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2023

(Amounts expressed in thousands of Turkish Lira ('TRY'), unless otherwise indicated Currencies other than TRY are expressed in thousands unless otherwise stated.)

32. 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.

	<u>30 June 2023</u>	<u>31 December 2022</u>
Fair value difference reflects over income/loss financial	810,936	1,057,006
Total	<u>810,936</u>	<u>1,057,006</u>

Fair value measurement hierarchy table

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

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

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

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2023

(Amounts expressed in thousands of Turkish Lira ('TRY'), unless otherwise indicated Currencies other than TRY are expressed in thousands unless otherwise stated.)

33. SUBSEQUENT EVENTS

At the Board of Directors Meeting of our Company held on July 28, 2023, our Company's issued capital with a nominal value of 135,084 TL was increased to 945,591 TL with a nominal value of 810,507 TL and 600% free of charge, entirely covered by internal resources, and the current registered capital of our Company was increased to 945,591 TL. Although the ceiling is 350,000 TL, since the issued capital to be reached after the capital increase is higher than the registered capital ceiling, the registered capital ceiling can be exceeded only once by making use of the provision of the sixth paragraph of the 6th article of the Capital Markets Board's Registered Capital System Communiqué numbered II-18.1. , The entire capital increase of 810,507 TL to be made from internal sources; Each of the funds to be issued due to the free capital increase in question will be 1 (A) It has been decided to distribute 81,050,665 bearer shares with a nominal value of Kurus to the existing shareholders of our Company, free of charge, in proportion to the shares they hold. An application was made to the CMB regarding the issue on August 3, 2023, and the process continues.

With the "Law on the Creation of Additional Motor Vehicle Tax and Amendments to Certain Laws and Decree Law No. 375 for the Compensation of Economic Losses Caused by the Earthquakes that Occurred on 6 February 2023", published in the official newspaper dated 15 July 2023, the corporate tax rate has been increased to 25% from 20% and the new rate is effective as of July 2023 payment period. The Group continues to evaluate the possible effects of the relevant law on the consolidated financial statements as of the date of publication of these financial statements.

The liquidation process of inactive Cimsa Rus was completed on August 3, 2023 with the decision taken by the Group Board of Directors.