

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

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

**1 JANUARY - 30 SEPTEMBER 2023 CONDENSED
INTERIM CONSOLIDATED FINANCIAL
STATEMENTS**

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

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

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(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 SEPTEMBER 2023

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

	Note	(Not Audited) Current Period 30 September 2023	(Audited) Prior Period 31 December 2022
ASSETS			
Cash and cash equivalents	5	1,602,597	1,602,764
Financial investments	6	900,558	1,057,006
Trade receivables	7	3,007,853	1,868,882
<i>Trade receivables from related parties</i>	30	1,575,257	831,166
<i>Trade receivables from third parties</i>		1,432,596	1,037,716
Other receivables		1,359	1,127
<i>Other receivables from related parties</i>	30	-	8
<i>Other receivables from third parties</i>	9	1,359	1,119
Derivative financial instruments	22	63,043	-
Inventories	10	1,476,745	1,126,366
Prepaid expenses	11	82,895	66,314
Assets related to the current period taxes	28	18,396	102,475
Other current assets	20	95,919	113,097
Non-current assets held for sale	13	2	2
Current assets		7,249,367	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	3,554,764	2,425,717
Property, plant and equipment	12	2,655,376	1,759,934
Right of use assets	15	48,318	31,856
Intangible assets		244,264	172,175
<i>Goodwill</i>	16	148,119	148,119
<i>Other intangible assets</i>	14	96,145	24,056
Prepaid expenses	11	22,251	342,552
Deferred tax assets	28	1,158,578	920,605
Other non-current assets	20	31,777	2,527
Non-current assets		7,720,227	5,660,548
TOTAL ASSETS		14,969,594	11,598,581

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

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INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2023

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

	Note	(Not Audited) Current Period 30 September 2023	(Audited) Prior Period 31 December 2022
LIABILITIES			
Short-term borrowings	8	2,050,004	2,152,175
Current portion of long-term borrowings	8	215,535	617,161
Short-term lease liabilities	8	24,964	26,524
Trade payables	7	1,274,271	1,829,256
<i>Trade payables to related parties</i>	30	5,692	532,665
<i>Trade payables to third parties</i>		1,268,579	1,296,591
Employee benefit obligations	19	47,623	17,839
Other payables		81,396	54,000
<i>Other payables to related parties</i>	30	11,136	9,891
<i>Other payables to third parties</i>	9	70,260	44,109
Deferred income	11	53,780	31,607
Current income tax liability	28	140,164	2,072
Short-term provisions	17	186,914	90,492
<i>Short-term provisions for employee benefits</i>		42,863	42,134
<i>Other short-term provisions</i>		144,051	48,358
Other current liabilities	20	368,028	169,287
Current liabilities		4,442,679	4,990,413
Long-term borrowings	8	1,125,175	-
Long-term lease liabilities	8	86,399	51,909
Trade Payables		54,809	-
<i>Long-term Trade payables to related parties</i>	30	54,809	-
Long-term provisions	17	158,396	168,133
<i>Long-term provisions for employee benefits</i>	19	138,652	153,089
<i>Other long-term provisions</i>		19,744	15,044
Deferred tax liability	28	231,987	279,567
Non-current liabilities		1,656,766	499,609
SHAREHOLDERS' EQUITY			
Share capital	21	945,591	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		734,649	7,852
<i>Foreign currency translation reserve</i>		242	(39,784)
<i>Cash flow hedge fund</i>		(282,998)	(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>		1,017,405	368,359
Other comprehensive income/expense not to be reclassified to profit or loss		(26,262)	(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>		(72,874)	(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		4,172,615	1,990,874
Net profit for the year		2,209,243	3,431,573
Equity attributable to equity holders of the parent		8,310,583	5,715,010
Non-controlling interests		559,566	393,549
Total shareholders' equity		8,870,149	6,108,559
TOTAL LIABILITIES AND EQUITY		14,969,594	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 PROFIT OR LOSS
FOR THE PERIOD ENDED 30 SEPTEMBER 2023

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

		(Not Audited) Current Period 1 January- 30 September 2023	(Not Audited) Prior Period 1 January- 30 September 2022	(Not Audited) Current Period 1 July- 30 September 2023	(Not Audited) Prior Period 1 July- 30 September 2022
OPERATING INCOME	Note				
Revenue	23	9,220,159	6,026,410	3,808,104	2,431,219
Cost of sales (-)	24	(6,910,179)	(4,899,931)	(2,739,647)	(1,988,195)
GROSS PROFIT		2,309,980	1,126,479	1,068,457	443,024
General and administrative expense (-)	24	(414,717)	(230,880)	(158,921)	(99,887)
Marketing, selling and distribution expense (-)	24	(23,316)	(9,477)	(9,093)	(3,339)
Research and development expense (-)	24	(9,120)	(7,210)	(5,528)	(2,720)
Other operating income	25	752,954	588,383	113,322	227,792
Other operating expenses (-)	25	(410,581)	(361,255)	(115,795)	(146,517)
OPERATING PROFIT		2,205,200	1,106,040	892,442	418,353
Income from investment activities	26	303,549	1,697,090	75,412	1,683,805
Profit/(loss) from investments accounted by equity method	3	362,991	255,474	170,945	76,055
OPERATING PROFIT BEFORE FINANCIAL INCOME/(EXPENSE)		2,871,740	3,058,604	1,138,799	2,178,213
Financial income	27	277,497	33,287	102,671	20,447
Financial expenses (-)	27	(760,579)	(243,810)	(254,625)	(75,576)
PROFIT BEFORE TAXATION		2,388,658	2,848,081	986,845	2,123,084
Tax income/(expense) from continuing operations		24,274	207,467	38,012	(99,277)
- Current period tax expense (-)	28	(272,343)	(119,617)	(119,226)	(60,820)
- Deferred tax income/(expense)	28	296,617	327,084	157,238	(38,457)
PERIOD (LOSS)/PROFIT OF CONTINUING OPERATIONS		2,412,932	3,055,548	1,024,857	2,023,807
NET PROFIT		2,412,932	3,055,548	1,024,857	2,023,807
Profit for the period attributable to					
- Non-controlling interests		203,689	80,842	74,170	31,803
- Equity holders of the parent		2,209,243	2,974,706	950,687	1,992,004
Earnings Per Share					
Earnings per share from continuing operations (Nominal amount of 1 Kr)	29	2.34	22.02	1.01	14.75

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 SEPTEMBER 2023

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

	(Not Audited) Current Period 1 January- 30 September 2023	(Not Audited) Prior Period 1 January- 30 September 2022	(Not Audited) Current Period 1 July- 30 September 2023	(Not Audited) Prior Period 1 July- 30 September 2022
PERIOD (LOSS)/PROFIT OF CONTINUING OPERATIONS	2,412,932	3,055,548	1,024,857	2,023,807
Other comprehensive income/expense to be reclassified to profit or loss	728,325	(23,400)	99,991	(4,321)
<i>Cash flow hedge fund</i>	47,156	(121,550)	(6,891)	(23,409)
<i>Share of other comprehensive income of investments in associates accounted for using equity method that will be reclassified to profit/(loss)</i>	649,044	99,008	64,969	17,755
<i>Foreign currency translation reserve</i>	41,556	(28,815)	40,535	(4,051)
<i>Tax income/(expense)</i>	(9,431)	27,957	1,378	5,384
Other comprehensive income/expense not to be reclassified to profit or loss	59,533	107,539	(74)	80,659
<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	137,508	-	91,812
<i>Actuarial gains/(losses) on defined benefit plans</i>	(20,535)	2,153	(93)	12,940
<i>Tax (expense)/income</i>	(14,883)	(32,122)	19	(24,093)
OTHER COMPREHENSIVE INCOME/(EXPENSE) (AFTER TAX)	787,858	84,139	99,917	76,338
TOTAL COMPREHENSIVE INCOME /(EXPENSE)	3,200,790	3,139,687	1,124,774	2,100,145
Total comprehensive income attributable to				
- Non-controlling interests	205,217	80,386	73,460	31,011
- Equity holders of the parent	2,995,573	3,059,301	1,051,314	2,069,134

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

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 SEPTEMBER 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					
	Share capital	Adjustments to share capital	Share premiums	Foreign currency translation reserve	Cash flow hedge reserve	Share of other comprehensive income of investments in associates accounted for using equity method	Effects of combinations of entities or businesses under common control on investments in associates accounted for using equity	Share of other comprehensive income of investments in associates accounted for using equity method	Actuarial gains/(losses) on defined benefit plans	Restricted reserves	Retained earnings	Net profit for the period	Equity attributable to equity holders of the paren	Non-controlling interests	Total equity
1 January 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	-	-	-	-	-	-	-	-	-	-	-	2,974,706	2,974,706	80,842	3,055,548
Other comprehensive income/(expense)	-	-	-	(28,358)	(93,593)	99,008	-	105,881	1,657	-	-	-	84,595	(456)	84,139
Total comprehensive income/(expense)	-	-	-	(28,358)	(93,593)	99,008	-	105,881	1,657	-	-	2,974,706	3,059,301	80,386	3,139,687
Dividends	-	-	-	-	-	-	-	-	-	-	(200,000)	-	(200,000)	(8,820)	(208,820)
30 September 2022	135,084	41,742	575	(49,926)	(261,759)	270,354	(63,314)	141,698	(19,035)	193,105	1,990,873	2,974,706	5,354,103	349,618	5,703,721
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	-	-	-	-	-	-	-	-	-	-	-	2,209,243	2,209,243	203,689	2,412,932
Other comprehensive income/(expense)	-	-	-	40,027	37,725	649,044	-	75,962	(16,428)	-	-	-	786,330	1,528	787,858
Total comprehensive income/(expense)	-	-	-	40,027	37,725	649,044	-	75,962	(16,428)	-	-	2,209,243	2,995,573	205,217	3,200,790
Dividends (*)	-	-	-	-	-	-	-	-	-	-	(400,000)	-	(400,000)	(39,200)	(439,200)
Capital Increase(**)	810,507	-	-	-	-	-	-	-	-	-	(810,507)	-	-	-	-
Transfers to legal reserves	-	-	-	-	-	-	-	-	-	39,325	(39,325)	-	-	-	-
30 September 2023	945,591	41,742	575	242	(282,998)	1,017,405	(63,314)	109,926	(72,874)	232,430	4,172,615	2,209,243	8,310,583	559,566	8,870,149

(*) 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.

(**) In accordance with the Board of Directors decision dated July 28, 2023, it was decided to increase the capital free of charge at a nominal value of 810,507 TL by 600%, fully covered by internal resources.

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

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

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

		(Not Audited)	(Not Audited)
		Current Period	Prior Period
		1 January-	1 January-
		30 September	30 September
		2023	2022
	Note	951,749	876,566
A. CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(loss) from continuing operations before tax		2,388,658	2,848,081
Adjustments to reconcile net profit/loss for the period		338,848	(1,610,405)
Adjustment related to depreciation and amortization expense		139,598	116,038
Adjustments for gains from the disposal of PPE classified for sale		-	(1,677,969)
Adjustment related to gain on sale of fixed assets	26	(7)	(13,364)
Adjustments related to retained profits of subsidiaries	3	(362,991)	(255,474)
Adjustment related to allowance for doubtful receivable		(512)	(1,031)
Adjustment related to provision for inventory impairment		(554)	(1,277)
Adjustment related to provision for litigations (net)	17	10,438	5,595
Adjustment related to recultivation provision	17	4,700	3,197
Provision for expected credit losses	7	5,785	1,612
Adjustment related to retirement pay provision		13,631	20,615
Adjustment related to seniority provision	19	3,959	1,894
Adjustment related unpaid vacation liability		16,951	5,201
Adjustment related to interest expense		510,327	147,290
Adjustment related to interest income		(277,497)	(33,287)
Unrealized foreign exchange (gains)/losses on financial borrowings		221,612	97,663
Adjustment related to fair value decrease/(increase) of derivative financial instruments		63,043	(27,108)
Adjustments for fair value losses/(gains) of financial investments		(9,635)	-
Changes in working capital		(1,552,857)	(297,838)
Short-term trade receivables		(1,144,244)	(765,513)
Inventories		(349,825)	(555,951)
Other receivables/current assets/prepaid expenses		84,444	(37,009)
Other long-term trade receivables/non-current/prepaid expenses		(26,973)	10,844
Short and long term trade payables		(500,176)	1,111,296
Other short-term payables/liabilities/provisions		383,917	(61,505)
Cash flow from operations		1,174,649	939,838
Premiums and bonuses paid		(19,839)	(11,461)
Retirement pay provision paid	19	(62,374)	(3,412)
Seniority provision paid	19	(1,582)	(1,034)
Vacation provision paid	19	(6,926)	(821)
Tax payments		(132,179)	(46,544)
B. CASH FLOWS FROM INVESTING ACTIVITIES		(753,338)	1,333,451
Cash out flow related to purchases of tangible assets	12	(678,351)	(165,715)
Income from sales of fixed assets classified as held for sale		-	1,853,218
Proceeds related to sales of fixed assets		1,013	14,131
Cash out flow related to purchases of intangible assets	14	(76,000)	(1,420)
Advances given for the purchase of tangible assets		-	(366,763)
C. CASH FLOWS FROM FINANCING ACTIVITIES		(170,052)	(498,739)
Proceeds from borrowings		2,804,416	1,757,527
Repayment of borrowings		(2,663,298)	(1,352,180)
(Paid)/other financial expenses incurred		166,084	(639,622)
Interest paid		(315,551)	(88,931)
Interest income		277,497	33,287
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)		28,359	1,711,278
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	5	1,597,507	257,727
Currency translation differences (net)		(40,028)	28,353
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	5	1,585,838	1,997,358

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NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 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 September 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 September 2023	31 December 2022
Çimsa Cement Free-Zone Limited (Çimsa Cement) (*)	12.10.2005	NCTR	Cement sales and marketing	99.99 %	99.99 %
CIMSAROM Marketing Distributie S.R.L. (Cimsarom) (*) (**)	08.02.2006	Romania	Cement sales and marketing	100 %	100 %
Çimsa Mersin Serbest Bölge Şubesi (Çimsa Mersin) (*)	12.12.2007	Mersin	Cement export	100 %	100 %
OOO Çimsa Rus CTK (OOO Rusya) (*) (**)	16.07.2008	Russia	Cement packaging, sales and marketing	100 %	100 %
Afyon Çimento Sanayi Türk Anonim Şirketi (*)	31.05.2012	Turkey	Cement production and sales	51 %	51 %

(*) Full consolidation method has been applied.

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

General (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 6 November 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 September 2023 is 551 (2022: 627) and white collar employees (not a union member) is 410 (2022: 482) and the number of employees working in subsidiaries located abroad is 4 (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 September 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.

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

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.1 Basis of Presentation (Continued)

Preparation principles of financial statements (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 September 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.

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.5 Summary of Significant Accounting Policies (Continued)

Subsidiaries (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.

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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 September 2023 Buying	30 September 2023 Sales	31 December 2022 Buying	31 December 2022 Sales
US Dollar ('USD')/TRY	27.3767	27.4260	18.6983	18.7320
Euro ('EUR')/TRY	29.0305	29.0828	19.9349	19.9708
Rub ('RUB')/TRY	0.2796	0.2832	0.2595	0.2628
Ron ('RON')/TRY	5.8046	5.8806	4.0062	4.0586
Sterlin ('GBP')/TRY	33.4816	33.6562	22.4892	22.6065

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.5 Summary of Significant Accounting Policies (Continued)

Foreign currency transactions (Continued)

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

Date	30 September 2023	30 September 2022
USD/TRY	22.1948	15.7642
EUR/TRY	23.9702	16.6906
RUB/TRY	0.2667	0.2373
RON/TRY	4.8221	3.3615
GBP/TRY	27.5363	19.5986

2.6 Comparative Information

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

2.7 The New Standards, Amendments and Interpretations

The accounting policies adopted in preparation of the interim consolidated financial statements as at 30 September 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 September 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.

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.7 The New Standards, Amendments and Interpretations (Continued)

- b. Standards, amendments, and interpretations that are issued but not effective as of 30 September 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).

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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 September 2023 and 31 December 2022 and revenue, expense and net profit for the periods ending 30 September 2023 and 30 September 2022 are as follows:

<u>Investments</u>	<u>Country</u>	<u>Main operating activity</u>	<u>Effective ownership (%)</u>	<u>30 September 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	1,442,031	32.9	1,064,276	
SBS	Netherland	Cement production and sale	40.0	<u>2,112,733</u>	40.0	<u>1,361,441</u>	
				<u>3,554,764</u>		<u>2,425,717</u>	
Exsa				30 September 2023		31 December 2022	
Assets				4,719,253		3,434,728	
Liabilities				(332,846)		(197,388)	
Net assets				<u>4,386,407</u>		<u>3,237,340</u>	
Group's share				<u>1,442,031</u>		<u>1,064,276</u>	
Exsa				1 January-30 September 2023	1 January-30 September 2022	1 July-30 September 2023	1 July-30 September 2022
Revenues				1,710,968	1,356,111	575,664	446,963
Expenses				(883,855)	(750,530)	(153,167)	(257,972)
Net profit for the period				<u>827,113</u>	<u>605,581</u>	<u>422,497</u>	<u>188,991</u>
Group's share in net profit				<u>271,914</u>	<u>199,085</u>	<u>138,896</u>	<u>62,131</u>
SBS				30 September 2023		31 December 2022	
Assets				12,152,931		7,879,725	
Liabilities				(6,871,099)		(4,476,121)	
Net assets				<u>5,281,832</u>		<u>3,403,604</u>	
Group's share				<u>2,112,733</u>		<u>1,361,441</u>	
SBS				1 January-30 September 2023	1 January-30 September 2022	1 July-30 September 2023	1 July-30 September 2022
Revenues				4,588,798	3,178,985	1,748,491	1,155,704
Expenses				(4,361,105)	(3,038,014)	(1,668,368)	(1,120,894)
Net profit for the period				<u>227,693</u>	<u>140,971</u>	<u>80,123</u>	<u>34,810</u>
Group's share in net profit				<u>91,077</u>	<u>56,389</u>	<u>32,049</u>	<u>13,924</u>

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3. SHARES IN AFFILIATED UNDERTAKINGS (Continued)

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

Subsidiary	30 September 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	203,752	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 September 2023	31 December 2022
Cash and cash equivalents	166,787	274,824
Other current assets	784,754	426,303
Non-current assets	632,769	568,241
Total assets	1,584,310	1,269,368
Short term borrowings	44,610	86,901
Other current liabilities	302,972	336,059
Other non-current liabilities	94,788	38,833
Total liabilities	442,370	461,793
Total equity	1,141,940	807,575

Condensed income statement information

	1 January-30 September 2023	1 January-30 September 2022	1 July-30 September 2023	1 July-30 September 2022
Revenue	1,494,819	882,248	597,229	417,189
Gross profit	541,133	251,596	220,959	119,994
Operating profit/(loss)	489,228	241,433	198,564	116,744
Net financial income/(expense)	11,200	(24,848)	12,507	(6,773)
Profit/(loss) before tax	500,434	224,131	211,073	109,971
Net profit for the period	415,821	185,958	163,104	85,390

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3. SHARES IN AFFILIATED UNDERTAKINGS (Continued)

Condensed cash flow information

	1 January- 30 September 2023	1 January- 30 September 2022
Cash flows from operating activities	130,790	166,417
Cash flows from investing activities	(93,300)	(22,712)
Cash flows from financing activities (excluding dividend)	(146,069)	71,874
Net increase/(decrease) in cash and cash equivalents	(108,579)	215,579

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 September 2023 and 30 September 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 September 2023 and 31 December 2022.

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4. SEGMENT REPORTING (Continued)

1 January – 30 September 2023	Cement	Ready-mix concrete	Total
Sales	7,823,564	1,396,595	9,220,159
Cost of sales (-)	(5,717,428)	(1,192,751)	(6,910,179)
Gross profit/(loss)	2,106,136	203,844	2,309,980
General administrative,marketing selling distribution expenses (-)	(345,525)	(92,508)	(438,033)
Other operating income/(expenses) (-), net	339,632	2,741	342,373
Research and development expenses (-)	(9,120)	-	(9,120)
Operating profit/(loss)	2,091,123	114,077	2,205,200
Income from investment activities, net	303,549	-	303,549
Profit/(loss) from investments accounted by equity method	362,991	-	362,991
OPERATING PROFIT BEFORE FINANCIAL INCOME/(EXPENSE)	2,757,663	114,077	2,871,740
Financial income/(expense), net	(483,082)	-	(483,082)
Profit/(loss) from continuing operations before tax	2,274,581	114,077	2,388,658
Continuing operations tax (expense)/income	24,274	-	24,274
Current period tax expense (-)	(272,343)	-	(272,343)
Deferred tax income/(expense)	296,617	-	296,617
Profit/(loss) for the period from continuing operations	2,298,855	114,077	2,412,932

1 January – 30 September 2022	Cement	Ready-mix concrete	Total
Sales	5,348,276	678,134	6,026,410
Cost of sales (-)	(4,297,102)	(602,829)	(4,899,931)
Gross profit/(loss)	1,051,174	75,305	1,126,479
General administrative,marketing selling distribution expenses (-)	(200,433)	(39,924)	(240,357)
Other operating income/(expenses) (-), net	226,326	802	227,128
Research and development expenses (-)	(7,210)	-	(7,210)
Operating profit/(loss)	1,069,857	36,183	1,106,040
Income from investment activities, net	1,697,090	-	1,697,090
Profit/(loss) from investments accounted by equity method	255,474	-	255,474
OPERATING PROFIT BEFORE FINANCIAL INCOME/(EXPENSE)	3,022,421	36,183	3,058,604
Financial income/(expense), net	(210,523)	-	(210,523)
Profit/(loss) from continuing operations before tax	2,811,898	36,183	2,848,081
Continuing operations tax (expense)/income	207,467	-	207,467
Current period tax expense (-)	(119,617)	-	(119,617)
Deferred tax income/(expense)	327,084	-	327,084
Profit/(loss) for the period from continuing operations	3,019,365	36,183	3,055,548

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4. SEGMENT REPORTING (Continued)

1 July – 30 September 2023	Cement	Ready-mix concrete	Total
Sales	3,205,029	603,075	3,808,104
Cost of sales (-)	(2,243,953)	(495,694)	(2,739,647)
Gross profit/(loss)	961,076	107,381	1,068,457
General administrative,marketing selling distribution expenses (-)	(129,648)	(38,366)	(168,014)
Other operating income/(expenses) (-), net	(3,927)	1,454	(2,473)
Research and development expenses (-)	(5,528)	-	(5,528)
Operating profit/(loss)	821,973	70,469	892,442
Income from investment activities, net	75,412	-	75,412
Profit/(loss) from investments accounted by equity method	170,945	-	170,945
OPERATING PROFIT BEFORE FINANCIAL INCOME/(EXPENSE)	1,068,330	70,469	1,138,799
Financial income/(expense), net	(151,954)	-	(151,954)
Profit/(loss) from continuing operations before tax	916,376	70,469	986,845
Continuing operations tax (expense)/income	38,012	-	38,012
Current period tax expense (-)	(119,226)	-	(119,226)
Deferred tax income/(expense)	157,238	-	157,238
Profit/(loss) for the period from continuing operations	954,388	70,469	1,024,857
1 July – 30 September 2022	Cement	Ready-mix concrete	Total
Sales	2,142,175	289,044	2,431,219
Cost of sales (-)	(1,746,855)	(241,340)	(1,988,195)
Gross profit/(loss)	395,320	47,704	443,024
General administrative,marketing selling distribution expenses (-)	(86,819)	(16,407)	(103,226)
Other operating income/(expenses) (-), net	81,261	14	81,275
Research and development expenses (-)	(2,720)	-	(2,720)
Operating profit/(loss)	387,042	31,311	418,353
Income from investment activities, net	1,683,805	-	1,683,805
Profit/(loss) from investments accounted by equity method	76,055	-	76,055
OPERATING PROFIT BEFORE FINANCIAL INCOME/(EXPENSE)	2,146,902	31,311	2,178,213
Financial income/(expense), net	(55,129)	-	(55,129)
Profit/(loss) from continuing operations before tax	2,091,773	31,311	2,123,084
Continuing operations tax (expense)/income	(99,277)	-	(99,277)
Current period tax expense (-)	(60,820)	-	(60,820)
Deferred tax income/(expense)	(38,457)	-	(38,457)
Profit/(loss) for the period from continuing operations	1,992,496	31,311	2,023,807

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4. SEGMENT REPORTING (Continued)

30 September 2023	Cement	Ready-mix concrete	Undistributed	Total
Segment assets	9,564,830	569,452	-	10,134,282
Financial assets at fair value through other comprehensive income	-	-	64	64
Investments accounted under equity method	-	-	3,554,764	3,554,764
Undistributed assets	-	-	1,280,484	1,280,484
Total assets	9,564,830	569,452	4,835,312	14,969,594
Segment liabilities	5,863,907	235,538	-	6,099,445
Undistributed liabilities	-	-	8,870,149	8,870,149
Total liabilities	5,863,907	235,538	8,870,149	14,969,594

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

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5. CASH AND CASH EQUIVALENTS

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

	30 September 2023	31 December 2022
Cash at banks	1,602,597	1,602,764
<i>Demand deposits</i>	53,251	390,479
<i>Time deposits with maturity of less than 3 months</i>	1,549,346	1,212,285
	1,602,597	1,602,764
Blocked deposits (-)	(16,759)	(5,257)
Cash and cash equivalents in consolidated cash flow statement	1,585,838	1,597,507

The detail of bank deposits is stated below:

	30 September 2023	31 December 2022
Turkish Lira	1,071,672	1,502,053
Euro	367,556	63,543
US Dollar	162,858	33,299
British Pound	511	359
Other	-	3,510
	1,602,597	1,602,764

Time deposits as of 30 September 2023 and 31 December 2022 are denominated in TRY, EUR, USD and GBP with the maturity of less than three months. As of 30 September 2023, effective weighted average interest rate on time deposits is 35.75% for TRY, 0.05% for USD, 0.13% for EUR. (31 December 2022 TRY: 16.82%, USD 0.48%, EUR 0.45% and GBP: 0.01%). The blocked deposit amount is TRY16,759 as of 30 September 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

	30 September 2023	31 December 2022
Financial assets at Fair Value through profit or loss		
Eurobond	296,851	369,914
Other Financial Assets (*)	603,707	687,092
	900,558	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 September 2023 following The Group's financial assets at fair value through profit or loss, foreign currency protected deposits amounting to TRY 603,707 are recognized under other financial assets.

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7. TRADE RECEIVABLES AND PAYABLES

a. Trade Receivables

	30 September 2023	31 December 2022
Short-term trade receivables		
Trade receivables	1,270,076	801,054
Notes receivable	179,066	247,935
Due from related parties (Note 30)	1,575,257	831,166
Allowance for doubtful receivables (-)	(9,576)	(10,088)
Less: Provision for expected credit losses	(6,970)	(1,185)
	3,007,853	1,868,882

Collection terms of trade receivables', notes receivables' and checks' vary based on the type of the product and agreements made with the customers and the average term is 54 days (31 December 2022 - 54 days). Effective interest rates used when determining the amortized cost are 29.93% for TRY, 5.66% 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 September 2023 and 30 September 2022 is as follows:

	1 January- 30 September 2023	1 January- 30 September 2022
Movements of allowance for doubtful receivables		
Opening balance	10,088	14,799
Reversal of the provision (-) (Note 25)	(512)	(1,031)
Closing balance	9,576	13,768

b. Trade Payables

	30 September 2023	31 December 2022
Short-term trade payables		
Trade payables	1,268,579	1,296,591
Trade payables to related parties (Note 30)	5,692	532,665
	1,274,271	1,829,256

	30 September 2023	31 December 2022
Long-term trade payables		
Trade payables to related parties (Not 30)	54,809	-
	54,809	-

The average payment period of trade payables is 49 days (31 December 2022: 62 days). Effective interest rates used when determining the amortized cost are 29.93% for TRY, 5.66% for USD and 6.9% for EUR (31 December 2022 - TRY: 23.94%, USD: 4.77%, EUR 3.11%).

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8. FINANCIAL BORROWINGS

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

Financial Debts	30 September 2023	31 December 2022
Short-term borrowings	1,277,760	1,647,885
Current portion of long-term borrowings	215,535	617,161
Short-term financial liabilities	24,964	26,524
Short-term issued bonds	772,244	504,290
	2,290,503	2,795,860
Long-term borrowings	753,581	-
Long-term financial liabilities	86,399	51,909
Long-term issued bonds	371,594	-
	1,211,574	51,909
Financial borrowings except IFRS 16	3,390,714	2,769,336
Total borrowings	3,502,077	2,847,769

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

Secured/ Unsecured	Interest Type	Currency Type	Weighted Average Interest Rate (%)	Original Balance	Short-Term	Long- Term	30 September 2023
Unsecured	Fixed	EUR	6.90	30,000	300,440	574,793	875,233
Unsecured	Fixed	TRY	27.7	2,445,481	1,895,098	550,383	2,445,481
Secured	Fixed	TRY	10	70,000	70,000	-	70,000
					2,265,538	1,125,176	3,390,714

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

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8. FINANCIAL BORROWINGS (Continued)

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

	30 September 2023	31 December 2022
Will be paid in 1 year	2,265,539	2,769,336
Will be paid in 1 - 2 years	1,049,992	-
Will be paid in 2 - 3 years	75,183	-
	3,390,714	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 September 2023	31 December 2022
Short-term other receivables from third parties		
Other miscellaneous receivables	2,061	1,615
Due from personnel	63	269
Provision for doubtful other receivables (-)	(765)	(765)
	1,359	1,119

	30 September 2023	31 December 2022
Short-term other receivables		
Short-term other receivables from related parties (Note 30)	-	8
	-	8

	30 September 2023	31 December 2022
Long-term other receivables		
Deposits and guarantees given	4,835	5,118
	4,835	5,118

b. Other Payables

	30 September 2023	31 December 2022
Short-term other payables		
Taxes and funds payable	52,335	29,779
Deposits and guarantees received	17,925	14,330
Other payables to related parties (Note 30)	11,136	9,891
	81,396	54,000

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10. INVENTORIES

Inventories	30 September 2023	31 December 2022
Raw Materials	685,669	506,456
Work in progress	497,816	334,462
Finished goods	160,975	107,597
Goods in transit	139,607	185,727
Inventory impairment provision (-)	(7,322)	(7,876)
	1,476,745	1,126,366

Inventory impairment provision movement

Inventory impairment provision movement	30 September 2023	30 September 2022
Opening balance	7,876	10,265
Provisions during the period (Note 24)	87	-
Reversal of the provision (-)(Note24)	(641)	(1,277)
Closing balance	7,322	8,988

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

11. PREPAID EXPENSES AND DEFERRED INCOME

a. Prepaid Expenses

Short-term prepaid expenses	30 September 2023	31 December 2022
Advances given to suppliers	30,898	32,922
Prepaid expenses	51,997	33,392
	82,895	66,314

Long-term prepaid expenses	30 September 2023	31 December 2022
Advances given for the purchase of fixed assets(*)	21,623	339,930
Prepaid expenses	628	2,622
	22,251	342,552

b. Deferred Income

Short-term deferred income	30 September 2023	31 December 2022
Advanced received	53,780	31,607
	53,780	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.

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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 (**)	22,747	2,030	446	115,971	5,872	9,697	-	839,895	996,658
Disposals	-	-	-	(5,786)	(1,777)	(4,458)	-	-	(12,021)
Transfers from construction in progress	-	10,019	-	28,324	1,418	3,461	-	(44,136)	(914)
Closing balance as of 30 September 2023	80,584	143,286	501,953	2,122,748	77,605	78,766	8,963	949,081	3,962,986
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	-	(5,598)	(9,025)	(72,841)	(2,720)	(8,092)	(1,020)	-	(99,296)
Disposals	-	-	-	5,743	1,768	3,504	-	-	11,015
Closing balance as of 30 September 2023	-	(73,737)	(152,307)	(983,825)	(65,079)	(24,837)	(7,825)	-	(1,307,610)
Net book value as of 30 September 2023	80,584	69,549	349,646	1,138,923	12,526	53,929	1,138	949,081	2,655,376

As of 30 September 2023, there is TRY 35,445 capitalized financial expenses on the construction in progress.

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

(**) The Machinery and Equipment addition is mainly due to the Solar Power Plant of Afyon Factory.

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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
Additions	-	2,380	716	44,835	13,248	3,019	153	101,364	165,715
Disposals	(5)	-	-	(4,392)	(1,742)	(922)	-	-	(7,061)
Transfers from construction in progress	-	585	3,317	54,403	-	1,312	-	(59,617)	-
Closing balance as of 30 September 2022	56,556	119,563	496,720	1,815,243	70,190	37,007	8,963	103,367	2,707,609
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	-	(4,814)	(8,843)	(60,556)	(14,859)	(3,738)	(1,176)	-	(93,986)
Disposals	-	-	-	4,391	1,711	745	-	-	6,847
Closing balance as of 30 September 2022	-	(66,544)	(140,299)	(893,484)	(63,216)	(18,717)	(6,465)	-	(1,188,725)
Net book value as of 30 September 2022	56,556	53,019	356,421	921,759	6,974	18,290	2,498	103,367	1,518,884

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

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12. PROPERTY, PLANT AND EQUIPMENT (Continued)

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

	1 January– 30 September 2023	1 January– 30 September 2022
Cost of sales	(86,700)	(86,554)
General administrative expenses	(8,448)	(7,221)
Marketing, sales and distribution expenses	(4,041)	(131)
Research and development expenses	(107)	(80)
	(99,296)	(93,986)

13. NON-CURRENT ASSETS HELD FOR SALE

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

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

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

As of 30 September 2023, the movement table of Non-current Assets Classified for Sale is as follows:

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

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14. INTANGIBLE ASSETS

	Mining Rights	Other Intangible Assets	Total
<u>Cost value</u>			
Opening balance as of 1 January 2023	32,484	36,755	69,239
Additions(*)	75,090	910	76,000
Transfers from construction in progress	-	914	914
Closing balance as of 30 September 2023	107,574	38,579	146,153
<u>Accumulated amortization</u>			
Opening balance as of 1 January 2023	(25,465)	(19,718)	(45,183)
Charge for period	(839)	(3,986)	(4,825)
Closing balance as of 30 September 2023	(26,304)	(23,704)	(50,008)
Charge for period as of 30 September 2023	81,270	14,875	96,145

	Mining Rights	Other Intangible Assets	Total
<u>Cost value</u>			
Opening balance as of 1 January 2022	32,484	33,759	66,243
Additions	-	1,420	1,420
Closing balance as of 30 September 2022	32,484	35,179	67,663
<u>Accumulated amortization</u>			
Opening balance as of 1 January 2022	(24,345)	(13,935)	(38,280)
Charge for period	(953)	(4,484)	(5,437)
Closing balance as of 30 September 2022	(25,298)	(18,419)	(43,717)
Charge for period as of 30 September 2022	7,186	16,760	23,946

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

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

	1 January– 30 September 2023	1 January– 30 September 2022
Cost of sales	(4,212)	(5,007)
General administrative expenses	(411)	(418)
Marketing, sales and distribution expenses	(196)	(7)
Research and development expenses	(6)	(5)
	(4,825)	(5,437)

(*) Includes additions of mining rights.

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15. RIGHT OF USE ASSETS

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

Right of use assets	1 January 2023	Additions	Depreciation for the period	30 September 2023
Buildings	2,476	21,904	(10,199)	14,181
Vehicles	29,290	30,035	(25,246)	34,079
Other	90	-	(32)	58
	31,856	51,939	(35,477)	48,318

The depreciation expense of TRY8,169 for the period ending on 30 September 2023 of the right of use assets has been included in the cost of the goods sold and the part of TRY27,308 has been included in the general administrative expense.

Right of use assets	1 January 2022	Additions	Depreciation for the period	30 September 2022
Buildings	11,576	-	(10,134)	1,442
Vehicles	4,490	15,803	(6,474)	13,819
Other	967	-	(7)	960
	17,033	15,803	(16,615)	16,221

The depreciation expense of TRY4,743 for the period ending on 30 September 2022 of the right of use assets has been included in the cost of the goods sold and the part of TRY11,872 has been included in the general administrative expense.

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16. GOODWILL

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

	30 September 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 September 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.

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17. PROVISION, CONTINGENT ASSETS AND LIABILITIES

a. Short-Term Provisions

	30 September 2023	31 December 2022
Short-term provisions		
Provision for litigations	44,834	34,396
Other provisions	142,080	56,096
	186,914	90,492

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

	30 September 2023	30 September 2022
Provision for the litigation movement		
Opening balance	34,396	28,200
Additional provision (Note 25)	10,438	6,455
Provision no longer required (-) (Note 25)	-	(860)
Closing balance	44,834	33,795

As of 30 September 2023, the Group has provided provision amounting to TRY44,834 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 September 2023	31 December 2022
Long-term provisions		
Long-term employee benefits	138,652	153,089
Other long term provisions	19,744	15,044
	158,396	168,133

	30 September 2023	31 December 2022
Other long term provisions		
Recultivation provision	19,744	15,044
	19,744	15,044

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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 September 2023 (31 December 2022: TRY15,044).

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

	30 September 2023	30 September 2022
Recultivation provision movement		
Opening balance	15,044	6,990
Additional provision (Note 25)	4,700	3,197
Closing balance	19,744	10,187

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18. COMMITMENTS

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

	Currency	30 September 2023		31 December 2022	
		Original	TRY Amount	Original	TRY Amount
Guarantee letter received	TRY	1,919,529	1,919,529	1,313,445	1,313,445
Guarantee letter received	USD	23,220	635,686	37,536	701,860
Guarantee letter received	EUR	7,223	209,675	13,649	272,091
Guarantee letter received	Other	26	26	26	26
Mortgages received	TRY	56,829	56,829	48,698	48,698
Checks and notes received	TRY	63,634	63,634	33,634	33,634
Checks and notes received	USD	47	1,295	47	884
Pledge	TRY	199,240	199,240	87,775	87,775
Total CPMs received			3,085,914		2,458,413

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

	Currency	30 September 2023		31 December 2022	
		Original	TRY Amount	Original	TRY Amount
A. Total CPM given for the Company's own legal entity	TRY	749,044	749,044	93,223	93,223
	USD	1,350	36,959	665	12,430
	EUR	347	10,059	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	1,045,098	36,000	717,656
	USD	20,000	547,534	20,000	373,967
iii. Total CPM given in favour of other 3rd parties out of scope of clause C		-	-	-	-
			2,388,694		1,231,065

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

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19. EMPLOYEE BENEFITS

a. Employee Benefit Obligations

	30 September 2023	31 December 2022
Social security payables	32,558	13,684
Wage accrual and income tax withholding payable to personnel	15,065	4,155
	47,623	17,839

b. Long-Term Employee Benefits

	30 September 2023	31 December 2022
Retirement pay provision	111,644	138,483
Provision for unpaid vacation liability	21,538	11,513
Seniority provision	5,470	3,093
	138,652	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 TRY23,489.83 as of 30 September 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 September 2023 and 31 December 2022, the actuarial assumptions used in calculating the severance pay liability are as follows:

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

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

	1 January- 30 September 2023	1 January- 30 September 2022
Opening balance	138,483	61,961
Service cost	8,638	9,029
Interest cost (Note 25)	4,993	11,586
Actuarial loss/(gain)	21,904	(2,153)
Payments	(62,374)	(3,412)
Closing balance	111,644	77,011

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19. EMPLOYEE BENEFITS (Continued)

b. Long-Term Employee Benefits (Continued)

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

	1 January- 30 September 2023	1 January- 30 September 2022
Opening balance	11,513	6,204
Additional provision	16,951	5,201
Provision paid during the period	(6,926)	(821)
Closing balance	21,538	10,584

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

	1 January- 30 September 2023	1 January- 30 September 2022
Opening balance	3,093	2,035
Additional provision	3,959	1,894
Provision paid during the period	(1,582)	(1,034)
Closing balance	5,470	2,895

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20. OTHER ASSETS AND LIABILITIES

a. Other Assets

	30 September	31 December
	2023	2022
Other current assets		
Deferred VAT ⁽¹⁾	67,604	107,100
Job and personnel advances	27,273	3,246
Other current assets	1,042	2,751
	95,919	113,097

	30 September	31 December
	2023	2022
Other Current assets		
Export VAT ⁽²⁾	31,578	2,396
Other non-current assets	199	131
	31,777	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 September	31 December
	2023	2022
Other short term liabilities (*)	368,028	169,287
	368,028	169,287

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

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21. EQUITY, RESERVES AND OTHER EQUITY ITEMS

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

	30 September 2023		31 December 2022	
	(%)	Amount	(%)	Amount
Shareholders (*)				
Hacı Ömer Sabancı Holding A.Ş.	54.54	515,719	54.54	73,674
Akçansa Çimento San. ve Tic. A.Ş.	8.98	84,914	8.98	12,130
Other shareholders	36.48	344,958	36.48	49,280
Nominal share capital	100	945,591	100	135,084
Inflation adjustment		41,742		41,742
Rearranged share capital		987,333		176,826

(*) Public quotation of the Group is 45.05% as of 30 September 2023 (31 December 2022: 35,7%).

As of 30 September 2023, the Company's capital is composed of 945,591 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.

In accordance with the decision of the Board of Directors held on July 28, 2023, the issued capital of the Company with a nominal value of 135,084,442 Full TL will be increased to 945,591,094 Full TL by increasing the nominal value of free of charge 810,506,652 full TL by 600%, it is entirely covered by internal resources; Although the current registered capital ceiling of our Company is 350,000,000 Full TL, since the issued capital to be reached after the capital increase is higher than the registered capital ceiling, utilizing the provision of the sixth paragraph of Article 6 of the Capital Markets Board's Communique on the Registered Capital System numbered II-18.1, the registered capital ceiling is exceeded only once,

The entire amount of the capital increase, which is set at 810,506,652 TRY and will be covered from internal sources, will be financed from the real estate sales gain funds in the Other Capital Reserves account in accordance with the Tax Procedure Law. In return for this in the financial statements prepared in accordance with TAS / TFRS according to the Capital Markets Legislation, it will be financed from the Retained Earnings account,

It has been decided that 81,050,665,200 bearer shares, each with a nominal value of 1 (One) cent, to be issued as a result of the free capital increase in question, will be distributed free of charge to the existing shareholders of our Company in proportion to the shares they hold. All transactions regarding the capital increase have been completed and the increase has been concluded.

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.

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

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.

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.

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

Foreign currency translation differences

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

Non-controlling interests

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

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.

EXSA - Available for sales financial assets revaluation reserve movement table	30 September 2023	30 September 2022
Opening balance	1,064,276	628,873
Profit/loss effect	271,914	199,085
Currency translation difference	9,813	3,502
Hedge fund	20,068	(24,201)
Net fair value change of financial investments	75,960	105,881
	1,442,031	913,140

SBS- Available for sales financial assets revaluation reserve movement table	30 September 2023	30 September 2022
Opening balance	1,361,441	393,347
Profit/loss effect	91,077	56,389
Currency translation difference	639,231	95,506
Hedge fund	20,787	7,331
Non-controlling interests	197	1,420
	2,112,733	553,993

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22. DERIVATIVE FINANCIAL INSTRUMENTS

	30 September 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	11,500	63,043		-	-	-
Total derivative financial instruments		63,043			-	-

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.

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23. REVENUE

Revenue	1 January- 30 September 2023	1 January- 30 September 2022	1 July- 30 September 2023	1 July- 30 September 2022
Domestic sales	5,241,772	3,344,459	2,236,395	1,472,201
Export sales	4,828,755	3,569,431	1,906,730	1,321,851
Sales discounts (-)	(39,317)	(37,729)	(12,969)	(13,263)
Other deductions (-)	(811,051)	(849,751)	(322,052)	(349,570)
	9,220,159	6,026,410	3,808,104	2,431,219
Cost of sales (-) (Note 24)	(6,910,179)	(4,899,931)	(2,739,647)	(1,988,195)
Gross profit	2,309,980	1,126,479	1,068,457	443,024

24. OPERATING EXPENSES BY NATURE

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

<u>Cost of sales (-)</u>	1 January- 30 September	1 January- 30 September 2022	1 July- 30 September	1 July- 30 September
Direct material and supplies expenses	(1,353,264)	(639,060)	(709,603)	(206,835)
Labor expenses	(264,024)	(139,693)	(104,890)	(55,056)
Energy costs	(2,767,312)	(2,558,781)	(1,024,368)	(1,126,258)
Depreciation and amortization expenses	(99,081)	(96,304)	(34,404)	(41,042)
Other production expenses	(1,100,110)	(779,649)	(332,646)	(152,581)
Total production cost	(5,583,791)	(4,213,487)	(2,205,911)	(1,581,772)
Change in provision for inventory impairment (Note:9)	554	1,277	(21)	1,364
Change in work-in process	163,354	144,523	33,921	2,194
Change in finished goods	53,378	59,620	38,687	13,391
Cost of trade goods sold and other	(1,543,674)	(891,864)	(606,323)	(423,372)
	(6,910,179)	(4,899,931)	(2,739,647)	(1,988,195)

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

General adm. expenses	1 January- 30 September 2023	1 January- 30 September 2022	1 July- 30 September 2023	1 July- 30 September 2022
Personnel expenses	(214,873)	(89,960)	(85,942)	(34,683)
Consultancy expense	(48,492)	(36,909)	(19,660)	(20,728)
Depreciation and amortization	(36,167)	(19,511)	(16,696)	(8,595)
Rent expenses	(19,863)	(6,889)	(1,581)	(2,294)
IT Expenses	(23,854)	(13,445)	(10,396)	(5,896)
Representation expenses	(17,925)	(12,953)	(7,776)	(3,687)
Tax, duty and charges	(9,328)	(18,519)	(3,702)	(13,831)
Travel expenses	(13,082)	(10,136)	(7,851)	(3,226)
Insurance expenses	(6,457)	(4,859)	(1,922)	(3,062)
Communication and publicity	(3,517)	(2,149)	(771)	(1,027)
Maintenance expenses	(342)	(1,083)	(184)	(622)
Other miscellaneous expenses	(20,817)	(14,467)	(2,440)	(2,236)
	(414,717)	(230,880)	(158,921)	(99,887)

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24. OPERATING EXPENSES BY NATURE (Continued)

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

Marketing, selling and distribution	1 January- 30 September 2023	1 January- 30 September 2022	1 July- 30 September 2023	1 July- 30 September 2022
Personnel expenses	(13,795)	(5,769)	(6,085)	(2,270)
Depreciation and amortization expenses	(4,237)	(138)	(1,412)	(44)
Travel expenses	(2,413)	(1,436)	(764)	(361)
Rent expenses	(897)	(606)	(354)	(207)
Insurance expenses	(280)	(110)	(103)	(39)
Representation expenses	(174)	(130)	(92)	(51)
Consultancy expenses	(52)	(218)	(1)	(47)
Communication and advertising	(2)	(9)	-	(2)
Other miscellaneous expenses	(1,466)	(1,061)	(282)	(318)
	(23,316)	(9,477)	(9,093)	(3,339)

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

Research and development expenses	1 January- 30 September 2023	1 January- 30 September 2022	1 July- 30 September 2023	1 July- 30 September 2022
Personnel expenses	(6,548)	(4,602)	(4,345)	(1,829)
Travel expenses	(807)	(340)	(160)	(223)
Raw material expenses	(700)	(1,306)	(530)	(187)
Outsourced benefits and services	(398)	(239)	(310)	(66)
Maintenance expenses	(84)	(115)	-	(69)
Depreciation and amortization	(113)	(85)	(39)	(28)
Other miscellaneous expenses	(470)	(523)	(144)	(318)
	(9,120)	(7,210)	(5,528)	(2,720)

25. OTHER OPERATING INCOME AND EXPENSES

Other operating income	1 January- 30 September 2023	1 January- 30 September 2022	1 July- 30 September 2023	1 July- 30 September 2022
Foreign exchange gain from operating activities	696,673	423,422	103,755	154,539
Sales of scrap and miscellaneous	9,931	21,545	1,852	16,264
Reversal of the provision (Note 7/17)	512	1,891	(70)	221
Other income	45,838	141,525	7,785	56,768
	752,954	588,383	113,322	227,792

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25. OTHER OPERATING INCOME AND EXPENSES (Continued)

	1 January- 30 September 2023	1 January- 30 September 2022	1 July- 30 September 2023	1 July- 30 September 2022
Other operating expense				
Foreign exchange loss from operating activities	(308,628)	(289,710)	(62,203)	(91,977)
Provision expenses (Note 7/17)	(15,138)	(9,652)	(2,180)	(3,423)
Competition board penalty expenses (*)	(12,101)	-	-	-
Interest expense of retirement pay provision	(4,993)	(11,586)	(3,579)	(5,163)
Donations and grants	(2,558)	(1,196)	(249)	(286)
Litigation, levy, and court paid expenses	(2,033)	(690)	(354)	(343)
Compensation and penalty expenses	(1,307)	(1,507)	-	(575)
Other expenses	(63,823)	(46,914)	(47,230)	(44,750)
	(410,581)	(361,255)	(115,795)	(146,517)

(*)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

	1 January- 30 September 2023	1 January- 30 September 2022	1 July- 30 September 2023	1 July- 30 September 2022
Income from investment activities				
Income from other investment activities (**)	303,542	5,757	75,410	5,758
Fixed assets sales income	7	13,364	2	78
Income from fixed assets classified for sale	-	1,677,969	-	1,677,969
	303,549	1,697,090	75,412	1,683,805

(**) Includes revenues recorded from overdue KKMs.

27. FINANCIAL INCOME/EXPENSE

	1 January- 30 September 2023	1 January- 30 September 2022	1 July- 30 September 2023	1 July- 30 September 2022
Financial income				
Interest income	277,497	33,287	102,671	20,447
Total financial income	277,497	33,287	102,671	20,447
Financial expenses				
Interest expenses of bank borrowings	(505,334)	(135,704)	(194,167)	(55,518)
Foreign exchange loss on bank borrowings	(221,612)	(97,663)	(55,837)	(15,742)
Other financial expenses	(33,633)	(10,443)	(4,621)	(4,316)
Total financial expense	(760,579)	(243,810)	(254,625)	(75,576)

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28. INCOME TAXES

With the "Law on the Creation of Additional Motor Vehicle Tax and Amendments to Certain Laws and Decree Law No. 375 (Law No. 7456) 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 rate of corporate tax has been increased from 20% to 25% and the new rate has entered into force as of the 3rd provisional tax period of 2023 (applied as 23% in 2022 and 25% in 2021). Additionally; under the same Law, the corporate tax deduction, which was previously applied as 1 point for the earnings of exporting institutions exclusively from exports, was increased to 5 points. For institutions that have an industrial registry certificate and are actually engaged in production activities, the corporate tax rate is applied at a 1 point discount for the profits they obtain exclusively from 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.

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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.

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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 September 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.

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28. INCOME TAXES (Continued)

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

Distribution of tax expenses are as follows:

	30 September		31 December	
	2023		2022	
<u>Assets related to the current period taxes</u>				
Assets related to the current period taxes	18,396		102,475	
	18,396		102,475	
	30 September		31 December	
	2023		2022	
<u>Corporate tax payable</u>				
Current period corporate tax provision	(272,343)		(17,898)	
Prepaid taxes and funds (-)	132,179		15,826	
	(140,164)		(2,072)	
	1 January-	1 January-	1 July-	1 July-
<u>Tax (expense)/income</u>	30 September 2023	30 September 2022	30 September 2023	30 September 2022
Current period corporate tax (expense)/income	(272,343)	(119,617)	(119,226)	(60,820)
Deferred tax (expense)/income	296,617	327,084	157,238	(38,457)
	24,274	207,467	38,012	(99,277)

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

	30 September	31 December
	2023	2022
Deferred tax assets(*)		
Cash capital increase tax incentive assets	8,487	8,487
Provision for litigations	10,146	7,537
Inventory impairment provision	2,430	2,412
Rediscount of receivables	8,687	8,407
Provision for employee benefits	8,586	6,688
Provision for other doubtful receivables	849	944
Recultivation provision	4,898	3,110
Property, plant and equipment and intangible assets	1,002,330	736,079
Other	-	4,754
	1,046,413	778,418
Deferred tax liabilities(*)		
Goodwill	(24,738)	(24,738)
Property, plant and equipment and intangible assets	(88,309)	(110,345)
Internal rate of return adjustment of borrowings	(3,641)	(2,297)
Other	(3,134)	-
	(119,822)	(137,380)
Net deferred tax asset/(liability)	926,591	641,038

(*) The total net amount of these two balances is shown as deferred tax assets amounting to TRY 1,158,578 (31 December 2022: TRY920,605) and deferred tax liability of TRY231,987 (31 December 2022: TRY279,567) in the balance sheet.

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28. INCOME TAXES (Continued)

	30 September 2023	31 December 2022
Deferred tax assets/(liabilities) presentation at balance sheet		
Deferred tax assets	1,158,578	920,605
Deferred tax liabilities	(231,987)	(279,567)
	926,591	641,038

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

	30 September 2023	30 September 2022
Deferred tax assets/(liabilities) movement		
Opening balance	(641,038)	(254,846)
Deferred tax (income)/expense	(296,617)	(327,084)
Accounted under other comprehensive income	24,315	(60,078)
Other	(13,251)	23,282
Closing balance	(926,591)	(618,726)

	30 September 2023	30 September 2022
Tax reconciliation:		
Profit before taxation	2,388,658	2,848,081
Effective statutory income tax rate	25%	23%
Tax expense at the effective statutory income tax rate	(597,165)	(655,058)
Reconciliation of tax provision calculated with deductible		
- Effect of the profit from investments accounted by equity	90,748	58,759
- Effect of assets from tax incentives (**)	187,296	12,252
- Revaluation effects(*)	356,411	591,029
- Tax exemption from other income	134,786	-
- Non-deductible expenses	(24,898)	(8,821)
- Earthquake tax	(108,147)	-
- Tax exemption from sale of land	-	843
- Other	(14,757)	208,463
Tax expense in the income statement	24,274	207,467

(*)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 September 2023, the total tax effect is TRY1,079,725 (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.

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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.

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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 September 2023</u>	<u>1 January- 30 September 2022</u>	<u>1 July- 30 September 2023</u>	<u>1 July- 30 September 2022</u>
Number of shares	945,591	135,084	945,591	135,084
Profit attributable to equity holders of the parent-TRY	2,209,243	2,974,706	950,687	1,992,004
Dividend per share with nominal value of 1 Kr - TRY	2.34	22.02	1.01	14.75

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 September 2023 and 31 December 2022 and the related party transactions for the periods ended 30 September 2023 and 30 September 2022 are mainly as follows:

Short-term trade receivables from related parties

	<u>30 September 2023</u>	<u>31 December 2022</u>
Sabancı Building Solutions B.V. ⁽¹⁾	1,575,257	831,144
Akçansa Çimento Sanayi ve Ticaret A.Ş. ⁽²⁾	-	22
	<u>1,575,257</u>	<u>831,166</u>

Short-term other receivables from related parties

	<u>30 September 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.

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30. RELATED PARTY DISCLOSURES (Continued)

Short-term trade payables to related parties

	30 September	31 December
	2023	2022
Enerjisa Elektrik Enerjisi Toptan Satış A.Ş. ⁽²⁾	4,733	445,401
Sabancı Building Solutions B.V. ⁽¹⁾	959	49,460
Akçansa Çimento Sanayi ve Ticaret A.Ş. ⁽²⁾	-	15,993
Akbank T.A.Ş. ⁽¹⁾	-	21,571
Other	-	240
	5,692	532,665

Long-term trade payables to related parties

	30 September	31 December
	2023	2022
Enerjisa Müşteri Çözümleri A.Ş. ^{(2) (*)}	54,809	-
	54,809	-

(*) Within the framework of the contract signed with Enerjisa Müşteri Çözümleri A.Ş. (Enerjisa), the Solar Power Plant (SPP) project built in the Afyon factory was commissioned and activated on September 13, 2023. The investment amount is 54,809,410 Full TL. The debt amount to Enerjisa Müşteri Çözümleri A.Ş. regarding the investment is classified as a long-term trade payables. Under the contract, maintenance and operation services of the facility will be provided by Enerjisa Müşteri Çözümleri A.Ş. for 9 years from the date of commissioning, and a monthly service fee will be paid to Enerjisa Müşteri Çözümleri A.Ş. for these services. In order to benefit from regional incentives related to investment, an Investment Incentive Certificate was obtained and the incentive elements began to benefit.

Short-term other payables to related parties

	30 September	31 December
	2023	2022
Sabancı Building Solutions B.V. ⁽¹⁾	6,974	-
Aksigorta A.Ş. ⁽²⁾	2,397	142
Teknosa A.Ş. ⁽¹⁾	1,017	53
Sabancı Dx ⁽¹⁾	716	8,004
Other	32	1,692
	11,136	9,891

Bank balances deposited in related parties

	30 September	31 December
	2023	2022
Akbank T.A.Ş. ⁽¹⁾	1,106,393	1,288,730
	1,106,393	1,288,730

(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.

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30. RELATED PARTY DISCLOSURES (Continued)

Borrowings from related parties

	30 September 2023	31 December 2022
Bank loan from Akbank TAŞ ⁽¹⁾	1,332,336	604,290
	1,332,336	604,290

Sales to related parties

	1 January- 30 September 2023	1 January- 30 September 2022	1 July- 30 September 2023	1 July- 30 September 2022
Sabancı Building Solutions B.V. ⁽¹⁾	1,766,346	1,205,480	830,585	434,303
Enerjisa Elektrik Enerjisi Toptan Sat. A.Ş. ⁽²⁾	10,723	-	10,723	-
Sabancı Dx. ⁽¹⁾	368	106	185	12
Akçansa Çimento Sanayi ve Ticaret A.Ş. ⁽²⁾	1	1,321	1	488
Other	19,142	20,819	10,361	9,354
	1,796,580	1,227,726	851,855	444,157

Purchases and services received from related parties

	1 January- 30 September 2023	1 January- 30 September 2022	1 July- 30 September 2023	1 July- 30 September 2022
Enerjisa Elektrik Enerjisi Toptan Sat. A.Ş. ⁽²⁾	970,343	945,447	386,862	437,121
Akçansa Çimento Sanayi ve Ticaret A.Ş. ⁽²⁾	195,985	138,885	46,660	66,986
Aksigorta A.Ş. ⁽²⁾	41,301	28,261	2,058	4,609
Sabancı Dx. ⁽¹⁾	19,317	11,562	10,928	4,852
Teknosa A.Ş. ⁽¹⁾	3,980	535	2,148	279
AgeSa Hayat ve Emeklilik A.Ş. ⁽²⁾	766	467	8	3
Hacı Ömer Sabancı Holding. A.Ş. ⁽¹⁾	-	117	-	61
Other	4,904	5,629	827	2,983
	1,236,596	1,130,903	449,491	516,894

(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.

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30. RELATED PARTY DISCLOSURES (Continued)

Interest income from related parties

	1 January- 30 September 2023	1 January- 30 September 2022	1 July- 30 September 2023	1 July- 30 September 2022
Akbank T.A.Ş. ⁽¹⁾	53,015	14,926	10,940	3,989
	53,015	14,926	10,940	3,989

Interest expense from related parties

	1 January- 30 September 2023	1 January- 30 September 2022	1 July- 30 September 2023	1 July- 30 September 2022
Akbank T.A.Ş. ⁽¹⁾	(48,889)	(15,502)	(16,296)	(3,800)
	(48,889)	(15,502)	(16,296)	(3,800)

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

Compensation benefits to the top management

Total amount of compensation benefits paid to the Chairman and the members of the Board of Directors, general manager and deputy general managers, is TRY33,616 (30 September 2022 – TRY19,436). The contributions paid to Social Security Institution are TRY1,513 (30 September 2022 – TRY721).

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31. EFFECTS OF EXCHANGE RATE CHANGES

Foreing Currency Risk

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

	30 September 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	1,842,320	48,682	17,525	24	926,379	32,689	15,005	713
Monetary financial assets	526,979	5,805	12,661	15	95,584	1,694	3,187	16
Other	367,457	12,442	923	1	374,371	19,984	32	3
Current Assets	2,736,756	66,929	31,109	40	1,396,334	54,367	18,224	732
TOTAL ASSET	2,736,756	66,929	31,109	40	1,396,334	54,367	18,224	732
Trade payables	(579,159)	(17,962)	(2,866)	(95)	(611,041)	(27,273)	(4,918)	(86)
Financial liabilities	(872,484)	-	(30,000)	-	(1,110,124)	-	(55,587)	-
Other	(53,007)	(300)	(1,537)	(3)	(7,915)	(323)	(91)	(3)
Short Term Liabilities	(1,504,650)	(18,262)	(34,403)	(98)	(1,729,080)	(27,596)	(60,596)	(89)
TOTAL LIABILITIES	(1,504,650)	(18,262)	(34,403)	(98)	(1,729,080)	(27,596)	(60,596)	(89)
Net foreign currency asset liability position	1,232,106	48,667	(3,294)	(58)	(332,746)	26,771	(42,372)	643
Off balance sheet derivative financial instruments asset/liability position	315,399	11,500	-	-	694,984	-	34,800	-
Net foreign currency asset / liability position for monetary	1,547,505	60,167	(3,294)	(58)	362,238	26,771	(7,572)	643
Export	4,828,755	120,253	90,062	35	4,757,239	175,406	104,534	3,372
Import	699,826	17,547	12,944	4	1,085,064	54,244	11,215	3

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

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31. EFFECTS OF EXCHANGE RATE CHANGES (Continued)

Exchange Rate Risk Sensitivity Analysis

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 September 2023				
1- USD net assets/liabilities	233,315	(233,315)	233,315	(233,315)
2- Hedged portion of USD risk (-)	(31,483)	31,483	(31,483)	31,483
3- USD net effect (1+2)	201,832	(201,832)	201,832	(201,832)
4- Net EUR assets/liabilities	190,363	(190,363)	190,363	(190,363)
5- Hedged portion of EUR risk (-)	-	-	-	-
6- EUR net effect (4+5)	190,363	(190,363)	190,363	(190,363)
7- Net GBP assets/liabilities	463	(463)	463	(463)
8- Hedged portion of GBP risk (-)	-	-	-	-
9- GBP net effect (7+8)	463	(463)	463	(463)
TOTAL(3+6+9)	392,658	(392,658)	392,658	(392,658)

	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)

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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 September</u> <u>2023</u>	<u>31 December</u> <u>2022</u>
Fair value difference reflects over income/loss financial	963,601	1,057,006
Total	<u><u>963,601</u></u>	<u><u>1,057,006</u></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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33. SUBSEQUENT EVENTS

At the Board of Directors meeting of our Company held on October 23, 2023; by taking into account the reduced need of Hacı Ömer Sabancı Holding A.Ş.'s (Sabancı Holding) financial support for the existing and ongoing investments of Sabancı Building Solutions BV (SBS) as well as the strengthened financial position of our Company, for the purposes of consolidating global building materials investments managed under the roof of SBS so to provide increased operational efficiency,

- Increasing our Company's partnership share to 50.1% by purchasing 18,887,000 shares representing 10.1% of the capital of Sabancı Building Solutions B.V., in which our Company is a 40% shareholder and our main partner Sabancı Holding is 60%, from Sabancı Holding,

- The transfer fee will be determined as 25,280,098 EUR based on the valuation report dated 23 October 2023 prepared by Ernst Young Kurumsal Finansman Danışmanlık A.Ş. within the framework of the capital markets regulations,

- It has been decided to our Company shall be entitled to right to offer/purchase the remaining 93,313,000 shares representing 49.9% of the share capital of SBS that will be held by Sabancı Holding, As of the date of this report, transfer transactions are ongoing.