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

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

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD OF 1 JANUARY- 31 DECEMBER 2023
TOGETHER WITH THE INDEPENDENT AUDITOR'S REPORT

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

INDEPENDENT AUDITOR'S REPORT

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

A. Audit of the consolidated financial statements

1. Our opinion

We have audited the accompanying consolidated financial statements of Çimsa Çimento Sanayi ve Ticaret A.Ş. (the "Company") and its subsidiaries (collectively referred to as the "Group") which comprise the consolidated statement of financial position as at 31 December 2023, the consolidated statement of profit or loss, the consolidated statement of other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended and notes to the consolidated financial statements comprising a summary of significant accounting policies.

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 2023, and its financial performance and its cash flows for the year then ended in accordance with Turkish Financial Reporting Standards ("TFRS").

2. Basis for opinion

Our audit was conducted in accordance with the Standards on Independent Auditing (the "SIA") that are part of Turkish Standards on Auditing adopted within the framework of the regulations of the Capital Markets Board and issued by the Public Oversight Accounting and Auditing Standards Authority (the "POA"). Our responsibilities under these standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We hereby declare that we are independent of the Group in accordance with the Ethical Rules for Independent Auditors (including Independence Standards) (the "Ethical Rules") the ethical requirements regarding independent audit in regulations issued by the POA; the regulations of the Capital Markets Board; and other relevant legislation are relevant to our audit of the financial statements. We have also fulfilled our other ethical responsibilities in accordance with the Ethical Rules and regulations. We believe that the audit evidence we have obtained during the independent audit provides a sufficient and appropriate basis for our opinion.

3. Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. Key audit matters were addressed in the context of our independent audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters	**How the key audit matter was addressed in the audit**
Application of TAS 29-Financial Reporting in Hyperinflationary Economies	
Application of TAS 29, "Financial Reporting in Hyperinflationary Economies" The Group has applied TAS 29 "Financial reporting in hyperinflationary economies" ("TAS 29") in its consolidated financial statements as at and for the year ending 31 December 2023. TAS 29 requires financial statements to be restated at the current purchasing power at the end of the reporting period. Therefore, transactions in 2023 and non-monetary balances at the end of the period were restated to reflect the changes in the price index as of the balance sheet date, 31 December 2023. The application of TAS 29 has a pervasive and material impact on the consolidated financial statements. Considering the risk of inaccurate or incomplete data used in the application of TAS 29 and the additional associated audit effort, the application of TAS 29 has been identified as a key audit matter for our audit. Disclosures regarding the application of TAS 29 are provided in Note 2.2.	We performed the following auditing procedures in relation to the application of TAS 29: • Understanding and evaluating the process and controls related to the implementation of TAS 29 designed and implemented by management, • Verifying whether the determination of monetary and non-monetary items made by the management is in compliance with TAS 29, • Obtaining detailed lists of non-monetary items and testing the original entry dates and amounts on a sample basis, • Evaluating the calculation methods used by management and verifying whether they are consistently used consistently in all periods, • Verifying the general price index rates used in calculations with the coefficients obtained from the Consumer Price Index in Turkey published by the Turkish Statistical Institute, • Testing the mathematical accuracy of non-monetary items, income statement, and cash flow statement adjusted for inflation effects, • Evaluating the adequacy of disclosures related to the application of TAS 29 in the notes to the consolidated financial statements in accordance with TFRS, We had no material findings related to the application of TAS 29 as a result of these procedures

Key Audit Matters	How the key audit matter was addressed in the audit
Recoverability of trade receivables (Notes 2 and 7)	
Trade receivables amounting to TRY 2,334,570 thousand TL as of 31 December 2023 are material to the consolidated financial statements. The Group management considers the guarantees received from its customers, past collection performance, maturity analysis and disputes or claims related to receivables when evaluating recoverability. The determination of doubtful receivables together with the respective provisions includes the Group management's estimations and assumptions. On the other hand, those estimates are very sensitive to market conditions. Therefore, the recoverability of trade receivables has been determined as a key audit matter.	The following audit procedures were addressed in our audit work on the recoverability of trade receivables: • The Group's credit risk management policy, including credit limit and collection management, were understood and assessed. • Trade receivables were tested on a sample basis by sending confirmation letters. • The agings of trade receivable balances tested on a sample basis and turnover rates were compared to the prior periods. • The subsequent collections were tested on a sample basis. • The guarantee letters received from customers were tested on a sample basis. • It was assessed if there is a dispute or litigations regarding collectability of trade receivables, and obtained written assessments of legal counsels on outstanding litigations and disputes. • The compliance of the disclosures regarding recoverability of trade receivables in the consolidated financial statements with the relevant accounting standards was evaluated.

4. Responsibilities of management and those charged with governance for the consolidated financial statements

The Group management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with TFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

5. Auditor's responsibilities for the audit of the consolidated financial statements

Responsibilities of independent auditors in an independent audit are as follows:

Our aim is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an independent auditor's report that includes our opinion. Reasonable assurance expressed as a result of an independent audit conducted in accordance with SIA is a high level of assurance but does not guarantee that a material misstatement will always be detected. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an independent audit conducted in accordance with SIA, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement in the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Assess the internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our independent auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence. We also communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

B. Other responsibilities arising from regulatory requirements

1. No matter has come to our attention that is significant according to subparagraph 4 of Article 402 of Turkish Commercial Code ("TCC") No. 6102 and that causes us to believe that the Company's bookkeeping activities concerning the period from 1 January to 31 December 2023 period are not in compliance with the TCC and provisions of the Company's articles of association related to financial reporting.

2. In accordance with subparagraph 4 of Article 402 of the TCC, the Board of Directors submitted the necessary explanations to us and provided the documents required within the context of our audit.

3. In accordance with subparagraph 4 of Article 398 of the TCC, the auditor's report on the early risk identification system and committee was submitted to the Company's Board of Directors on 28 March 2024.

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

ORIGINAL COPY ISSUED AND SIGNED IN TURKISH

Gökhan Yüksel, SMMM
Independent Auditor

Istanbul, 28 March 2024

(CONVENIENCE TRANSLATION INTO ENGLISH OF CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH)

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

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AS AT 31 DECEMBER 2023

(Unless otherwise stated, amounts are expressed in thousand Turkish Lira ("TL") in terms of purchasing power of the TL on December 31, 2023. Currencies other than TL are stated as thousand unless otherwise stated.)

	Note	(Audited) Current Period 31 December 2023	(Restated) (Audited) Prior Period 31 December 2022	(Restated) (Audited) Prior Period 1 January 2022
ASSETS				
Cash and cash equivalents	5	6,306,682	6,911,575	1,627,341
Financial investments	6	-	1,741,661	-
Trade receivables	7	2,344,570	2,772,475	3,061,195
Trade receivables from related parties	*30*	-	*36*	*571*
Trade receivables from third parties		*2,344,570*	*2,772,439*	*3,060,624*
Other receivables		21,781	10,983	45,506
Other receivables from related parties	*30*	-	*13*	*137*
Other receivables from third parties	9	*21,781*	*10,970*	*45,369*
Derivative financial assets	22	26,298	9,844	73,375
Inventories	10	2,861,185	2,855,498	2,847,620
Prepaid expenses	11	286,629	178,679	171,913
Assets related to the current period taxes	28	94,143	207,707	76,299
Other current assets	20	144,849	257,052	364,948
Non-current assets held for sale	13	2	3	1,391,037
Current assets		**12,086,139**	**14,945,477**	**9,659,234**
Other receivables	9	16,292	34,342	35,841
Other receivables from third parties		*16,292*	*34,342*	*35,841*
Financial investments		82,857	26,851	810
Investments accounted under equity method	3	2,425,538	2,349,754	2,188,838
Property, plant and equipment	12	15,529,398	13,440,630	14,400,072
Right of use assets	15	356,427	340,977	230,142
Intangible assets		5,364,045	5,123,984	5,361,810
Goodwill	*16*	*2,393,104*	*2,393,104*	*2,393,104*
Other intangible assets	*14*	*2,970,941*	*2,730,880*	*2,968,706*
Prepaid expenses	11	1,174,117	650,488	32,710
Deferred tax assets	28	1,303,814	903,503	614,629
Other non-current assets	20	47,495	4,211	45,521
Non-current assets		**26,299,983**	**22,874,740**	**22,910,373**
TOTAL ASSETS		**38,386,122**	**37,820,217**	**32,569,607**

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

(Unless otherwise stated, amounts are expressed in thousand Turkish Lira ("TL") in terms of purchasing power of the TL on December 31, 2023. Currencies other than TL are stated as thousand unless otherwise stated.)

	Note	(Audited) Current Period 31 December 2023	(Restated) (Audited) Prior Period 31 December 2022	(Restated) (Audited) Prior Period 1 January 2022
LIABILITIES				
Short-term borrowings	8	2,450,080	3,710,814	4,028,482
Current portion of long-term borrowings	8	1,102,156	1,567,690	636,664
Short-term lease liabilities	8	55,793	68,295	89,172
Trade payables	7	3,198,977	3,558,529	2,684,993
Trade payables to related parties	*30*	*211,849*	*796,192*	*252,382*
Trade payables to third parties		*2,987,128*	*2,762,337*	*2,432,611*
Employee benefit obligations	19	53,245	35,699	56,227
Other payables		159,064	99,343	94,192
Other payables to related parties	*30*	*21,153*	*16,298*	*24,615*
Other payables to third parties	9	*137,911*	*83,045*	*69,577*
Derivative financial liabilities		16,769	31,428	91,336
Deferred income	11	191,936	54,656	69,286
Current income tax liability	28	47,253	25,665	89,029
Short-term provisions	17	1,084,480	1,201,408	1,195,708
Short-term provisions for employee benefits		*38,616*	*69,425*	*43,565*
Other short-term provisions		*1,045,864*	*1,131,983*	*1,152,143*
Other current liabilities	20	517,069	283,058	413,126
Current liabilities		**8,876,822**	**10,636,585**	**9,448,215**
Long-term borrowings	8	4,686,758	4,231,864	4,891,198
Long-term lease liabilities	8	351,872	323,231	216,086
Long-term provisions	17	178,433	285,768	217,842
Long-term provisions for employee benefits	*19*	*157,468*	*260,980*	*198,921*
Other long-term provisions		*20,965*	*24,788*	*18,921*
Deferred tax liability	28	857,983	1,115,299	1,742,389
Non-current liabilities		**6,075,046**	**5,956,162**	**7,067,515**
SHAREHOLDERS' EQUITY				
Share capital	21	945,591	135,084	135,084
Adjustments to share capital	21	1,330,088	1,330,088	1,330,088
Share premiums		4,380	4,380	4,380
Effect of mergers involving Undertakings or Businesses under Common Control		(262,880)	-	-
Other comprehensive income/expense to be reclassified to profit or loss		438,010	(613,263)	32,882
Foreign currency translation reserve		726,589	*(13,317)*	*589,938*
Cash flow hedge fund		*(295,389)*	*(609,279)*	*(567,385)*
Share of other comprehensive income of investments in associates accounted for using equity method that will be reclassified to profit/(loss)		*6,810*	*9,333*	*10,329*
Other comprehensive income/expense not to be reclassified to profit or loss		*98,019*	92,956	240,327
Value increase/(decrease) funds of financial assets available for sale		161,244	*156,449*	*240,327*
Actuarial losses/gains on defined benefit plans		*(63,225)*	*(63,493)*	-
Restricted reserves		2,242,192	2,185,948	2,185,948
Retained earnings		11,278,352	8,639,737	9,050,745
Net profit for the year		2,490,891	4,077,465	-
Equity attributable to equity holders of the parent		**18,564,643**	**15,852,395**	**12,979,454**
Non-controlling interests		4,869,611	5,375,075	3,074,424
Total shareholders' equity		**23,434,254**	**21,227,470**	**16,053,878**
TOTAL LIABILITIES AND EQUITY		**38,386,122**	**37,820,217**	**32,569,607**

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

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

(Unless otherwise stated, amounts are expressed in thousand Turkish Lira ("TL") in terms of purchasing power of the TL on December 31, 2023. Currencies other than TL are stated as thousand unless otherwise stated.

OPERATING INCOME	**Note**	**(Audited) Current Period 1 January- 31 December 2023**	**(Restated) (Audited) Prior Period 1 January- 31 December 2022**
Revenue	23	20,504,515	20,820,386
Cost of sales (-)	24	(16,475,179)	(18,439,737)
GROSS PROFIT		**4,029,336**	**2,380,649**
General and administrative expense (-)	24	(1,414,393)	(1,236,825)
Marketing, selling and distribution expense (-)	24	(74,919)	(32,366)
Research and development expense (-)	24	(18,680)	(20,198)
Other operating income	25	1,774,183	1,288,149
Other operating expenses (-)	25	(930,457)	(795,546)
OPERATING PROFIT		**3,365,070**	**1,583,863**
Income from investment activities	26	415,866	2,134,911
Profit/(loss) from investments accounted by equity method	3	43,114	277,913
OPERATING PROFIT BEFORE FINANCIAL INCOME/(EXPENSE)		**3,824,050**	**3,996,687**
Financial income	27	630,907	147,928
Financial expenses (-)	27	(1,909,498)	(983,763)
Net monetary position gains/(losses)		391,940	334,610
PROFIT BEFORE TAXATION		**2,937,399**	**3,495,462**
Tax income/(expense) from continuing operations		**141,145**	**736,162**
- Current tax expense (-)	28	(337,693)	(45,577)
- Deferred tax income/(expense)	28	478,838	781,739
PERIOD (LOSS)/PROFIT OF CONTINUING OPERATIONS		**3,078,544**	**4,231,624**
NET PROFIT		**3,078,544**	**4,231,624**
Profit for the period attributable to			
- Non-controlling interests		587,653	154,159
- Equity holders of the parent		2,490,891	4,077,465
Earnings Per Share			
Earnings per share from continuing operations (Nominal amount of 1 Kr)	29	2.63	4.31

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

(Unless otherwise stated, amounts are expressed in thousand Turkish Lira ("TL") in terms of purchasing power of the TL on December 31, 2023. Currencies other than TL are stated as thousand unless otherwise stated.

	(Audited) Current Period 1 January- 31 December 2023	**(Restated) (Audited) Prior Period 1 January- 31 December 2022**
PERIOD (LOSS)/PROFIT OF CONTINUING OPERATIONS	**3,078,544**	**4,231,624**
Other comprehensive income/expense to be reclassified to profit or loss	**14,221**	**(404,416)**
Cash flow hedge fund	*418,521*	*(52,367)*
Share of other comprehensive income of investments in associates accounted for using equity method that will be reclassified to profit/(loss)	*(2,523)*	*(996)*
Foreign currency translation reserve	*(297,147)*	*(361,526)*
Tax income/(expense)	*(104,630)*	*10,473*
Other comprehensive income/expense not to be reclassified to profit or loss	**5,064**	**(147,371)**
Share of other comprehensive income of investments in associates accounted for using equity method that will not be reclassified to profit/(loss)	*6,393*	*(104,848)*
Actuarial gains/(losses) on defined benefit plans	*357*	*(79,366)*
Tax (expense)/income	*(1,686)*	*36,843*
OTHER COMPREHENSIVE INCOME/(EXPENSE) (AFTER TAX)	**19,285**	**(551,787)**
TOTAL COMPREHENSIVE INCOME/(EXPENSE)	**3,097,829**	**3,679,837**
Total comprehensive income attributable to		
- Non-controlling interests	(449,400)	395,888
- Equity holders of the parent	3,547,229	3,283,949

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

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

(Unless otherwise stated, amounts are expressed in thousand Turkish Lira ("TL") in terms of purchasing power of the TL on December 31, 2023. Currencies other than TL are stated as thousand 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**	**Share of other comprehensive income of investments in associates accounted for using equity method**	**Actuarial gains/(losses) on defined benefit plans**	**Retained earnings**	**Net profit for the period**	**Equity attributable to equity holders of the parent**	**Non-controlling interests**	**Total equity**
1 January 2022	**135,084**	**1,330,088**	**4,380**	**589,938**	**(567,385)**	**10,329**	**-**	**240,327**	**-**	**9,050,745**	**-**	**12,979,454**	**3,074,424**	**16,053,878**
Net profit for the period	-	-	-	-	-	-	-	-	-	-	4,077,465	4,077,465	154,159	**4,231,624**
Other comprehensive income/(expense)	-	-	-	(603,255)	(41,894)	(996)	-	(83,878)	(63,493)	-	-	(793,516)	241,729	**(551,787)**
Total comprehensive income/(expense)	**-**	**-**	**-**	**(603,255)**	**(41,894)**	**(996)**	**-**	**(83,878)**	**(63,493)**	**-**	**4,077,465**	**3,283,949**	**395,888**	**3,679,837**
Participation Capital Increase	-	-	-	-	-	-	-	-	-	-	-	-	1,922,889	1,922,889
Dividends	-	-	-	-	-	-	-	-	-	(411,008)		(411,008)	(18,126)	(429,134)
31 December 2022	**135,084**	**1,330,088**	**4,380**	**(13,317)**	**(609,279)**	**9,333**	**-**	**156,449**	**(63,493)**	**8,639,737**	**4,077,465**	**15,852,395**	**5,375,075**	**21,227,470**
1 January 2023	**135,084**	**1,330,088**	**4,380**	**(13,317)**	**(609,279)**	**9,333**	**-**	**156,449**	**(63,493)**	**8,639,737**	**4,077,465**	**15,852,395**	**5,375,075**	**21,227,470**
Transfer from retained earnings	-	-	-	-	-	-	-	-	-	4,077,465	(4,077,465)	-	-	-
Net profit for the period	-	-	-	-	-	-	-	-	-	-	2,490,891	2,490,891	587,653	3,078,544
Other comprehensive income/(expense)	-	-	-	739,906	313,890	(2,523)	-	4,795	268	-	-	1,056,336	(1,037,051)	19,285
Total comprehensive income/(expense)	**-**	**-**	**-**	**739,906**	**313,890**	**(2,523)**	**-**	**4,795**	**268**	**-**	**2,490,891**	**3,547,227**	**(449,398)**	**3,097,829**
Dividends	-	-	-	-	-	-	-	-	-	(572,099)	-	(572,099)	(56,066)	(628,165)
Capital increase	810,507	-	-	-	-	-	-	-	-	(810,507)	-	-	-	-
Transfer	-	-	-	-	-	-	-	-	-	(56,244)	-	-	-	-
Transactions with non-controlling shareholders	-	-	-	-	-	-	(262,880)	-	-	-	-	(262,880)	-	(262,880)
31 December 2023	**945,591**	**1,330,088**	**4,380**	**726,589**	**(295,389)**	**6,810**	**(262,880)**	**161,244**	**(63,225)**	**11,278,352**	**2,490,891**	**18,564,643**	**4,869,611**	**23,434,254**

ÇİMSA ÇİMENTO SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 DECEMBER 2023

(Unless otherwise stated, amounts are expressed in thousand Turkish Lira ("TL") in terms of purchasing power of the TL on December 31, 2023. Currencies other than TL are stated as thousand unless otherwise stated.

	Note	(Audited) Current Period 1 January- 31 December 2023	(Restated) (Audited) Prior Period 1 January- 31 December 2022
A. CASH FLOWS FROM OPERATING ACTIVITIES		**2,836,809**	**3,947,734**
Profit/(loss) from continuing operations before tax		2,937,399	3,495,462
Adjustments to reconcile net profit/loss for the period		**540,326**	**(614,242)**
Adjustment related to depreciation and amortization expense		1,138,327	1,041,789
Adjustments for gains from the disposal of PPE classified for sale		-	(1,992,781)
Adjustment related to gain on sale of fixed assets	26	(10)	(64,634)
Adjustments related to retained profits of subsidiaries	3	(43,114)	(277,913)
Adjustment related to allowance for doubtful receivable		(9,445)	5,664
Adjustment related to provision for inventory impairment		(1,571)	(1,749)
Adjustment related to provision for litigations (net)	17	11,324	11,906
Adjustment related to recultivation provision	17	4,327	15,474
Provision for expected credit losses	7	4,799	(3,815)
Adjustment related to retirement pay provision		31,373	78,443
Adjustment related to seniority provision	19	4,616	4,907
Adjustment related unpaid vacation liability		20,716	14,939
Adjustment related to interest expense		1,152,955	595,566
Adjustment related to interest income		(630,907)	(147,928)
Other provisions		23,356	50,033
Unrealized foreign exchange (gains)/losses on financial borrowings		711,879	297,175
Adjustment related to fair value decrease/(increase) of derivative financial instruments		(31,113)	3,623
Adjustments for fair value losses/(gains) of financial investments		(415,856)	(77,496)
Monetary (gains)/losses		(1,431,330)	(167,445)
Changes in working capital		**(199,904)**	**1,356,499**
Short-term trade receivables		(1,044,945)	(865,945)
Inventories		(4,116)	(6,129)
Other receivables/current assets/prepaid expenses		(210,564)	152,421
Short-term and long term trade payables		499,303	1,896,547
Other short-term payables/liabilities/provisions		560,418	179,605
Cash flow from operations		**3,277,821**	**4,237,719**
Premiums and bonuses paid		(19,839)	(18,885)
Retirement pay provision paid	19	(64,172)	(19,593)
Seniority provision paid	19	(1,825)	(2,875)
Vacation provision paid	19	(6,926)	(3,263)
Tax payments		(348,250)	(245,369)
B. CASH FLOWS FROM INVESTING ACTIVITIES		**(1,693,456)**	**(1,275,099)**
Cash out flow related to purchases of tangible assets	12	(3,180,930)	(780,182)
Participation in affiliate capital increase		-	(1,231,428)
Other cash inflows (outflows)		2,157,517	(1,664,165)
Cash from sales of non-current assets classified as held for sale		-	3,287,704
Proceeds related to sales of tangible and intangible assets		15,990	85,203
Cash out flow related to purchases of intangible assets	14	(162,404)	(354,454)
Advances given for the purchase of tangible fixed assets		(523,629)	(617,777)
C. CASH FLOWS FROM FINANCING ACTIVITIES		**(637,673)**	**3,170,498**
Proceeds from borrowings		4,468,783	5,057,239
Repayment of borrowings		(3,601,383)	(3,222,345)
Participation of non-controlled interests in subsidiary investments		-	1,922,889
Merger Cash Inflow/(Outflow) Arising from the Effect of Businesses Subject to Joint Control		(796,345)	-
Interest paid		(711,470)	(306,080)
Interest income		630,907	147,928
Dividends paid		(572,099)	(411,008)
Dividends paid to non-controlling interests		(56,066)	(18,125)
NET CHANGE IN CASH AND CASH EQUIVALENTS (A+B+C)		**505,680**	**5,843,133**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	5	**6,902,913**	**1,626,840**
Foreign currency translation reserve (net)		74,271	13,448
Monetary loss/gain impact on cash and cash equivalents		(1,176,535)	(580,508)
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	5	**6,306,329**	**6,902,913**

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

(Unless otherwise stated, amounts are expressed in thousand Turkish Lira ("TL") in terms of purchasing power of the TL on December 31, 2023. Currencies other than TL are stated as thousand 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 December 21,1972. Operations of the Group consist of production and sales of cement, clinker and ready-mix concrete. The ultimate shareholder of the Group is Hacı Ömer Sabancı Holding A.Ş. ('Sabancı Holding').

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

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

The upper limit of registered share capital of the Company is TRY350,000 (31 December 2022: TRY350,000).

As of 31 December 2023, 31 December 2022 and 1 January 2022 the information related to the Company's subsidiaries and joint venture is as follows:

				Effective shareholding of the company		
Company	**Date of acquisition**	**Location of the operation**	**Principal Activities**	**31 December 2023**	**31 December 2022**	**1 January 2022**
Çimsa Cement Free-Zone Limited (Çimsa Cement) (*)	12.10.2005	NCTR	Cement sales and marketing	99.99%	99.99%	99.99%
CIMSAROM Marketing Distributie S.R.L. (Cimsarom) (*) (**)	08.02.2006	Romania	Cement sales and marketing	-	-	100%
Çimsa Mersin Serbest Bölge Şubesi (Çimsa Mersin) (*)	12.12.2007	Mersin	Cement export	100%	100%	100%
OOO Çimsa Rus CTK (OOO Rusya) (*)(**)	16.07.2008	Russia	Cement packaging, sales and marketing	-	100%	100%
Sabanci Building Solutions B.V.(*) (***)	16.11.2020	Holland	Cement production and sales	50.1%	40%	40%
Afyon Çimento Sanayi Türk Anonim Şirketi (*)	31.05.2012	Turkey	Cement sales and marketing	51%	51%	51%

(*) Full consolidation method has been applied.
(**) With the decision taken by the Group Board of Directors, the liquidation process of Cimsa Rus, which was inactive, was completed on August 3,2023 and Cimsarom Marketing Distributie SRL was completed on October 21,2022.
(***) Note 2.6

The Company's associate, Exsa Export Sanayi Mamülleri Satış ve Araştırma A.Ş. ('Exsa') (effective ownership: 32,875% is consolidated by the equity method. Our main partner Hacı Ömer Sabancı Holding A.Ş. (Sabancı Holding), its subsidiary Exsa Export Sanayi Mamulleri Sales and Research Inc. The Board of Directors has taken a decision to carry out the merger transaction by taking over (Exsa), and in this context, Sabancı Holding applied to the Capital Markets Board on June 21,2023 to obtain the necessary permissions and approvals for the merger transaction. In line with the Sabancı Holding PDP (Public Disclosure Platform) statement dated October 30, 2023, the application made to the Capital Markets Board to ensure that the necessary permissions and approvals for the merger are obtained has been updated in line with the revised documents. As a result of the merger, the payment process to Exsa partners was given to Exsa shareholders other than Sabancı Holding, with Sabancı Holding shares in exchange for the Exsa shares they held, and the process was completed with the registration process dated January 15, 2024. In this context, the issue document approved by the Capital Markets Board for the shares to be issued by our Company due to the capital increase and allocated to other partners of Exsa other than our Company was received on February 2, 2024, and the merger transactions were completed with the share exchange transactions carried out on February 5, 2024.

1. ORGANIZATION AND NATURE OF OPERATIONS (Continued)

Our Company purchased 18,887,000 shares, representing 10.1% capital share of Sabanci Building Solutions BV (SBS), as stated in our Company's material event disclosure dated October 23, 2023, for the full price of 25,280,098 EUR from our main partner Hacı Ömer Sabancı Holding A.Ş. (Sabancı Holding) closing procedures for the acquisition were completed as of December 8, 2023. The transfer of the shares took place as of the said date and the transfer fee was paid.

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

The consolidated financial statements were authorized for issue by the Board of Directors of Çimsa on March 28,2024. 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 December 31,2023 is 674 (2022: 674) and white-collar employees (not a union member) is 484 (2022: 425).

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

2.1 Basis of Presentation

Preparation principles of financial statements

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

Consolidated financial statements are presented in accordance with the formats determined in the "Announcement on TFRS Taxonomy" published by POA Financial Statement Examples and User Guide published by CMB.

The functional currency of Sabanci Building Solutions B.V. is Euro ("EUR"), 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. (Note 2.5.) The resulting foreign currency gain/loss are recorded under the 'Foreign Currency Translation Reserves' account in equity.

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.1 Basis of Presentation (Continued)

The Company and the group companies established in Turkey maintain their books of account and prepare their statutory financial statements ('Statutory Financial Statements') in accordance with rules and principles published by POA, the Turkish Commercial Code ('TCC'), tax legislation and the Uniform Chart of Accounts issued by the Ministry of Finance. Subsidiaries that are registered in foreign countries maintain their books of account and prepare their statutory statements in accordance with the prevailing accounting principles in their registered countries. These consolidated financial statements have been prepared in Turkish Lira under the historical cost convention except for available for sale financial assets, assets acquired through business combination, carbon emission rights and obligations 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.

Financial reporting in high inflation economies

With the announcements made by the Public Oversight Accounting and Auditing Standards Authority (POA) on November 23,2023, entities applying TFRSs have started to apply inflation accounting in accordance with TAS 29 Financial Reporting in Hyperinflation Economies as of financial statements for the annual reporting period ending on or after December 31,2023. TAS 29 is applied to the financial statements, including the separated financial statements, of any entity whose functional currency is the currency of a hyperinflationary economy. According to the standard, financial statements prepared in the currency of a hyperinflationary economy are presented in terms of the purchasing power of that currency at the balance sheet date. Prior period financial statements are also presented in the current measurement unit at the end of the reporting period for comparative purposes. The Company has therefore presented its separated financial statements as of 31 December 2022 and 31 December 2021, on the purchasing power basis as of 31 December 2023.

Pursuant to the decision of the Capital Markets Board ("CMB") dated December 28,2023 and numbered 81/1820, it has been decided that issuers and capital market institutions subject to financial reporting regulations that apply Turkish Accounting/Financial Reporting Standards will apply inflation accounting by applying the provisions of TAS 29 starting from their annual financial reports for the periods ending on 31 December 2023.

The adjustments made in accordance with TAS 29 were made using the adjustment coefficient obtained from the Consumer Price Index ("CPI") of Turkey published by the Turkish Statistical Institute ("TURKSTAT"). As of 31 December 2023, the indices and adjustment coefficients used in the adjustment of the separated financial statements are as follows:

Date	Index	Adjustement coefficient	Three years compound inflation rate
31 December 2023	1,859.38	1,00000	268%
31 December 2022	1,128.45	1,64773	156%
31 December 2021	686.95	2,70672	74%

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.1 Basis of Presentation (Continued)

The main elements of the Company's adjustment process for financial reporting in hyperinflationary economies are as follows:

- Current period separated financial statements prepared in TRY are expressed in terms of the purchasing power at the balance sheet date, and amounts from previous reporting periods are also adjusted and expressed in terms of the purchasing power at the end of the reporting period.
- Monetary assets and liabilities are not adjusted as they are already expressed in terms of the current purchasing power at the balance sheet date. In cases where the inflation-adjusted values of non-monetary items exceed their recoverable amount or net realizable value, the provisions of TAS 36 "Impairment of Assets" and TAS 2 "Inventories" are applied, respectively.
- Non-monetary assets and liabilities and equity items that are not expressed in terms of the current purchasing power at the balance sheet date have been adjusted using the relevant adjustment coefficients.
- All items in the comprehensive income statement, except for those that have an impact on the comprehensive income statement of non-monetary items on the balance sheet, have been indexed using the coefficients calculated for the periods when the income and expense accounts were first reflected in the financial statements.
- The effect of inflation on the Company's net monetary asset position in the current period is recorded in the monetary gain/loss account in the separated income statement
- As of January 1, 2022, it is appropriate to transfer the amounts included in the "defined benefit plans remeasurement gain/(loss) fund" and "net period profit" items, which should be reported under Equity in the opening consolidated statement of financial position, to zero by transferring them to the "Retained earnings" account within the scope of inflation accounting decided.

In accordance with the CMB's bulletin dated March 7, 2024, status reserves and special reserves classified in "Other Reserves" and "Legal Reserves" including "Capital Adjustment Differences", "Premiums (Discounts) on Shares" (Emission Premium) in the financial statements prepared in accordance with the CMB legislation spares etc. spare items; It was decided to show it over the CPI, starting from the TFRS financial position table for the reporting period ending in 2023. In this regard, the inflation-adjusted amounts in the financial statements prepared in accordance with the tax legislation must be converted into CPI-adjusted amounts valid in TFRS reporting and the resulting differences must be reflected in the "Retained Earnings/Loss" item. The details of the inflation-adjusted amounts in the financial statements prepared in accordance with the tax legislation for the items in question followed under equity in the Group's TFRS consolidated financial position statement and the relevant differences monitored in "Retained Earnings" are explained in the appendix:

	PPI Indexed Legal Records	**CPI Indexed Records**	**Difference in Retained Earnings**
Capital Adjustment Differences	5,597,161	1,330,088	4,267,073
Premiums on Shares	79,336	4,380	74,957
Restricted Reserves	4,292,225	2,242,192	2,050,033

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.1 Basis of Presentation (Continued)

The Group has switched to inflation accounting by applying the provisions of TMS 29 as of January 1, 2022, and the amounts of "Prior Year Earnings" in the consolidated financial position prepared in accordance with TAS/TFRS as of January 1, 2022 and December 31, 2022, before and after inflation accounting are as follows:

	January 1, 2022 Amount before inflation accounting (excluding 2021 net profit/loss)	Effect of transactions accounted for under common control	January 1, 2022 Amount after inflation accounting
Retained Earnings	1,174,273	7,465,465	8,639,737

	December 31, 2022 Amount before inflation accounting (excluding 2022 net profit/loss)	Effect of transactions accounted for under common control	31 December 2022 Amount after inflation accounting
Retained Earnings	1,990,873	7,059,872	9,050,745

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 settlee 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. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.5 Summary of Significant Accounting Policies

Subsidiaries

As at 31 December 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/TFRS" and the application of uniform accounting policies and presentation. Subsidiaries are all companies over which the Group has diretly or indirectly control The Group controls a company when the Group is exposed to, or has rights to, variable returns from its involvement with the company and has the ability to affect those returns through its power over the company. The results of operations of the subsidiaries are included or excluded from the effective dates of the said transactions in accordance with the acquisition or disposal transactions.

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

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

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

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

If the Group loses control of a subsidiary, profit/loss after sale transaction is calculated as i) the sum of the sales price received and the fair value of the remaining interest and ii) the difference between the previous book values of the assets (including goodwill) and liabilities of the subsidiary and the non-controlling interests. The amounts previously accounted for in other comprehensive income related to the subsidiary and collected in equity are recorded according to the accounting method to be used on the assumption that the Company has sold the relevant assets (for example, in accordance with the relevant 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.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.5 Summary of Significant Accounting Policies (Continued)

Associates

Investments in associates are accounted by equity method. These are entities in which the Group has significant influence, but not control, over company activities. Unrealized gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associate, and unrealized losses are also eliminated if the transaction does not indicate that the transferred asset is impaired. The Group has not taken any obligation or made any commitment regarding its Subsidiaries.The associate of the Group is Exsa. (Note 35)

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

Cash and cash equivalents

For the purposes of the presentation of consolidated cash flow statement, cash and cash equivalents comprise cash on hand, cash in banks, checks readily convertible to known amounts of cash and short-term deposits with an original maturity of three months or less.

Trade receivables

Trade receivables that are created by the way of providing goods or services directly to a debtor are measured at amortized cost, using the effective interest rate method.

The provision for doubtful receivables is reflected in the records as an expense. If there is a concrete indication that the outstanding receivables cannot be collected, provision for doubtful receivables is set for the company. The Company has preferred to apply 'simplified approach' defined in IFRS 9 for the expected credit losses. This method requires the recognition of expected lifetime losses for all trade receivables.

Inventories

Inventories are valued at the lower cost or net realizable value. Costs incurred in bringing each product to its present location and conditions are accounted for as follows:

Raw materials - purchase cost on a monthly average basis.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.5 Summary of Significant Accounting Policies (Continued)

Finished goods and work-in-process - cost includes direct material and labor cost, the applicable allocation of fixed and variable overhead costs (considering normal operating capacity) on the basis of monthly average basis.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

Property, plant and equipment

Property, plant, and equipment are stated at cost less accumulated depreciation and any impairment in value. The initial cost of property, plant and equipment comprises its purchase price and non-refundable purchase taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenses for the repair of property, plant and equipment are normally charged against income. They are, however, capitalized in exceptional cases if they result in an enlargement or substantial improvement of the respective assets. Gains or losses on disposals of property, plant and equipment are determined by comparing proceeds with their carrying amounts and are included in the related income and expense accounts, as appropriate.

Land is not subject to depreciation. Depreciation is calculated on all property, plant and equipment on a straight-line basis over the estimated useful life of the asset as below. The economic useful lives of property, plant and equipments are as follows:

	Useful Lives
Land and land improvements	8-50 years
Buildings	4-50 years
Machinery and equipment	2-50 years
Furniture and fixtures	2-50 years
Motor vehicles	4-14 years
Leasehold improvements	Lease period

Intangible assets

Intangible assets which mainly comprise of software and mining rights are measured at cost. Intangible assets may be capitalized in case when they generate economic benefit and costs can ne measured accurately.
Subsequent to initial recognition, internally - generated intangible assets are reported at cost less accumulated amortization and accumulated impairment losses.

Where no internally generated intangible asset can be recognized, development expenditure is charged to the consolidated statement of profit or loss in the period in which it is incurred. The estimated useful lives of the intangible assets are determined as either a specific time or perpetual. Amortization is calculated using the straight-line method over the estimated useful life. The estimated useful life and amortization method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.5 Summary of Significant Accounting Policies (Continued)

The amortization expenses of the intangible assets with certain estimated useful lives are reflected in the consolidated statement of profit or loss in accordance with the function of the intangible asset.

Intangible assets which mainly comprise of software and mining rights are capitalized at cost. Except for mining rights, intangible assets are amortized with respect to straight-line method over the estimated useful lives of the related intangible asset.

The Group does not have any intangible assets with indefinite useful life.

The carrying values of intangible assets are reviewed for impairment when there is any event or changes in circumstances indicate that the carrying value may not be recoverable.

Carbon Accounting (Green House Gas Emissions)

Emission permits are included in the consolidated financial statements in accordance with "TAS 38 Intangible Assets Standard". Emission permits issued by the government are recorded at nominal value. If the emission permit is granted free of charge, it is recorded as zero. Purchased emission permits are accounted for as intangible assets.If actual emissions exceed the issued emission permits and are already retained, they are included in the consolidated financial statements as a liability. Since the Group produces emissions, it allocates provisions in accordance with "TAS 37 Provisions, Contingent Liabilities and Contingent Assets" and the provision in question will be the market value of the permits required to cover the emissions until the date of the statement of financial position.

Customer Relations

Customer relationships acquired as part of business combinations are reflected in the consolidated financial statements at their fair value at the date of acquisition. Customer relationships have limited useful lives and are measured at cost less accumulated amortization. Amortization of customer relationships is calculated using the straight-line method over their estimated useful lives (between 5 and 50 years).

Derecognition of tangible and intangible assets

Tangible and intangible assets are derecognised on disposal, or when no future economic benefits are expected from use or disposal.

Gains or losses arising from derecognition of tangible and intangible assets, measured as the differences between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.5 Summary of Significant Accounting Policies (Continued)

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognized directly in profit or loss in the consolidated statement of profit or loss. An impairment loss recognized for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Impairment on non-financial assets

At each balance sheet date, the Group assesses whether there is any indication that book value of tangible and intangible assets, calculated by acquisition cost less accumulative amortization, is impaired. When an indication of impairment exists, the Group estimates the recoverable amount of such assets. When individual recoverable value of assets cannot be measured, recoverable value of cash generating unit of that asset is measured.

Recoverable amount is the higher of value in use or fair value less costs to sell. Value in use is the present value of the future cash flows expected to be derived from an asset or cash-generating unit by using discount rates before taxes that reflect risks related to that asset. The main estimates that are used during these analyses comprise expected inflation rates, expected increase in sales and cost of sales, expected changes in export-domestic market composition and expected growth rate of the country.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in the consolidated statement of profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (cash-generating unit) in previous years. Impairment loss on goodwill cannot be reversed in the consolidated statement of profit or loss in future periods.

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.5 Summary of Significant Accounting Policies (Continued)

Foreign currency transactions

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

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

Transactions in foreign currencies are translated into TRY at the exchange rates on the date of the transaction. Assets and liabilities denominated in foreign currencies as of December 31, 2023, 2022 and 2021 are valued with the buying rate of the Central Bank of the Republic of Turkey on the balance sheet date, and the resulting foreign exchange differences are reflected in the relevant income and expense accounts.

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

Date	31 December 2023 Buying	31 December 2023 Selling	31 December 2022 Buying	31 December 2022 Selling	1 January 2022 Buying	1 January 2022 Selling
US Dollar ('USD')/TRY	29.4382	29.4913	18.6983	18.7320	13.3290	13.3530
Euro ('EUR')/TRY	32.5739	32.6326	19.9349	19.9708	15.0867	15.1139
Rub ('RUB')/TRY	0.32611	0.33038	0.25948	0.26288	0.17697	0.17929
Ron ('RON')/TRY	6.5113	6.5965	4.0062	4.0586	3.0316	3.0713
Sterlin ('GBP')/TRY	37.4417	37.6369	22.4892	22.6065	17.9667	18.0604

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

Date	31 December 2023	31 December 2022
USD/TRY	23.7269	16.4264
EUR/TRY	25.6765	17.2951
RUB/TRY	0.2782	0.2490
RON/TRY	5.1573	3.4868
GBP/TRY	29.4998	20.1762

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.5 Summary of Significant Accounting Policies (Continued)

Borrowing costs

The borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period in which they occur. Borrowing costs include interests and other costs related to the borrowing activity.

General borrowings of the Group are capitalized to the applicable qualifying assets based on a capitalization rate. The capitalization rate is the weighted average of the borrowing costs applicable to the borrowings of the entity that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization. Other all borrowing costs are booked in the consolidated statement of profit or loss, when incurred.

Provisions, contingent assets and liabilities

Provisions are recognized when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation.

Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Income tax

Tax expense/(income) is the aggregate amount included in the determination of net profit or loss for the period in respect of current and deferred tax.

Tax expense/(income) is the aggregate amount included in the determination of net profit or loss for the period in respect of current and deferred tax. Deferred income tax is provided, using the liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred income tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and unused tax losses can be utilized. The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.5 Summary of Significant Accounting Policies (Continued)

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Deferred tax can be directly related to equity accounts if it's related to the transactions in connection with the share capital in the same or different period. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Provisions for employee benefits/retirement pay provision

a. Defined benefit plan

In accordance with 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.

The Group has reflected a liability using the 'Projected Unit Credit Method' based on the actuarial valuation performed by independent actuaries. The employee termination benefits are discounted to the present value of the estimated future cash outflows using the interest rate estimate of qualified actuaries.

Under Turkish law and union agreements, lump sum payments are made to employees retiring or involuntarily leaving the Group. Such payments are considered as being part of defined retirement benefit plan as per TAS 19, 'Employee Benefits' ('TAS 19').

The retirement benefit obligation recognized in the consolidated statement of financial position represents the present value of the defined benefit obligation. All actuarial gains and losses are recognized in equity.

b. Seniority provision

The Group has a liability to pay seniority incentive premium to the blue-collar workers for five years period in accordance with the collective labor agreement. The Group discounts each first future payment and records the amounts to its consolidated statement of profit or loss.

c. Vacation rights

Liabilities arising from unused vacation rights are accrued in the periods when they are deserved.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.5 Summary of Significant Accounting Policies (Continued)

Leasing

Leasing acitivites - as lessee

The Group evaluates a contract whether the contract is a lease or whether it is a lease. In the case that the contract assigns the right to control the use of the identified asset for a period of time for a certain amount of time, this contract is a lease or includes a lease. The Group considers the following conditions when assessing whether a contract transfers the right to control the use of a defined asset for a specified period:

a) The contract contains the defined asset; an asset is generally defined by specifying it explicitly or implicitly in the contract.
b) A functional part of the entity is physically separate or represents almost all of the entity's capacity. An asset is not identified if the supplier has a principal right to replace the asset and provides economic benefit therefrom.
c) Having the right to obtain almost all of the economic benefits to be obtained from the use of the defined asset.
d) Have the right to manage the use of the identified asset. The Group considers that the asset has the right to use if the decisions about how and for what purpose the asset is used are determined in advance. The Group has the right to manage the use of the asset when:

    i. The Group has the right to operate the asset during its useful life (or to direct others to operate the asset in its designated manner) and the supplier does not have the right to change these operating instructions or
    ii. The Group has designed the asset (or certain characteristics of the asset) in advance to determine how and for what purpose the asset will be used during its useful life.

The Group recognizes a right of use and a lease obligation on the financial statements at the date of the lease.

Lease liabilities

<u>Extension and early termination options</u>

The lease obligation is determined by considering the extension and early termination options in the contracts. Most of the extension and early termination options included in the contracts consist of options that are jointly applicable by the Company and the lessor. The Company determines the rental period by including the extension and early termination options in the Company's initiative according to the relevant contract and if the options are reasonably accurate, it is included in the rental period. If the conditions change significantly, the assessment is reviewed by the Company. There is no extension or early termination option used by the Group as of 31 December 2023.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.5 Summary of Significant Accounting Policies (Continued)

Exemptions and simplifications

Short term lease payments and payments for leases of low-value assets are not included in the measurement of the lease liabilities in the scope of TFRS 16. Lease payments of these contracts are continued to be recognised in the profit or loss in the related period.

Related parties

A party is related to the Company if:

(a) Directly, or indirectly through one or more intermediaries, the party,
  (i) controls, is controlled by, or is under common control with, the entity (this includes parents, subsidiaries and fellow subsidiaries),
  (ii) has an interest in the entity that gives it significant influence over the entity or
  (iii) has joint control over the entity.
(b) The party is an associate of the entity,
(c) The party is a joint venture in which the entity is a venture,
(d) The party is a member of the key management personnel of the entity or its parent,
(e) The party is a close member of the family of any individual referred to in (a) or (d),
(f) The party is an entity that is controlled, jointly controlled or significantly influenced by or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (d) or (e) or
(g) The party is a post-employment benefit plan for the benefit of employees of the entity, or of any entity that is a related party of the entity.

A related party transaction is a transfer of resources, services, or obligations between related parties, regardless of whether a price is charged.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates, and other similar allowances.

Sale of goods

Group recognizes revenue based on the following five principles in accordance with the IFRS 15 - 'Revenue from Contracts with Customers' standard effective from 1 January 2018:

- Identification of customer contracts,
- Identification of performance obligations,
- Determination of the transaction price in the contracts,
- Allocation of transaction price to the performance obligations,
- Recognition of revenue when the performance obligations are satisfied.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.5 Summary of Significant Accounting Policies (Continued)

According to this model, the goods or services undertaken in each contract made primarily with the customers are evaluated and each commitment given to transfer the goods or services is determined as a separate act of obligation. Afterwards, it is determined that the fulfillment obligations will be fulfilled in time or in a certain way. Whether the control of a good or service is over time and the community fulfills its performance obligations in relation to the sale in time, the community measures the progress of the revenue and accounts in their consolidated financial statements. The Company has a performance obligation defined as delivering goods to its customers. According to the Customer's request, shipping and related costs are included exactly and he has no control over the service in question. The Group has a performance obligation defined as delivering goods to its customers. According to the customer's request, transportation and related costs are included directly in the price and he has no control over the service in question.

- It is probable that the economic benefits associated with the transaction will flow to the entity and
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

Earnings per share

Basic earnings per share in the consolidated statement of profit or loss are calculated by dividing the net profit for the period by the weighted average number of ordinary shares outstanding during the period.

In Turkey, companies can increase their share capital by making distribution of free shares to existing shareholders from various internal resources. For the purpose of the earnings per share calculation such share issues are regarded as issued stock. Accordingly, the weighted average number of shares used in earnings per share calculation is derived by giving retroactive effect to the issue of such shares.

Dividend

Dividend receivables are recorded as income in the period in which they are declared. Dividend payables are reflected in the consolidated financial statements as liabilities in the period in which they are declared as an element of profit distribution.

Events subsequent to the balance sheet date

Subsequent events occurring after the balance sheet date, and which may affect the Group's position at the balance sheet date are reflected in the consolidated financial statements. The issues that occur after the balance sheet date are disclosed in the notes according to their importance.

Trade and settlement date accounting

All financial asset purchases and sales are recognized at the transaction date, in other words, on the date when the Group commits to purchase or sell. Ordinary purchases and sales are purchases and sales where the delivery period of the asset is generally determined in accordance with legislation or regulations in the markets.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.5 Summary of Significant Accounting Policies (Continued)

Financial instruments

A financial instrument is any contract that gives rise to both a financial asset of one enterprise and a financial liability or equity instrument of another enterprise.

A financial asset is any asset that is:
- Cash,
- A contractual right to receive cash or another financial asset from another enterprise,
- A contractual right to exchange financial instruments from another enterprise under conditions that are potentially favorable or
- An equity instrument of another enterprise.

A financial liability that is a contractual obligation:
- To deliver cash or another financial asset to another enterprise or
- To exchange financial instruments with another enterprise under conditions that are potentially unfavorable.

When a financial asset or financial liability is recognized initially, it is measured at its cost, which is the fair value of the consideration given (in the case of an asset) or received (in case of a liability) for it. Transaction costs are included (deducted for financial liabilities) in the initial measurement of all financial assets and liabilities.

The fair value is the amount for which a financial instrument could be exchanged in a current transaction between ceiling parties, other than in a faced sale or liquidation, and this best evidenced by a quoted market price, if one exist.

Fair value of financial instruments

The methods and assumptions in fair value estimation of the financial instruments of the Group are explained in Note 34.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are measured at amortized cost using the effective interest method, less any impairment.

Trade receivables included in the category of loans and receivables are recorded in the accounts with their invoiced amounts and are carried at net values discounted by the effective interest rate method in the following periods and if there is provision for doubtful receivables, it should be deducted.

Financial assets

Classification and measurement

The Group classified its financial assets in three categories; financial assets carried at amortized cost, financial assets carried at fair value though profit of loss, financial assets carried at fair value though other comprehensive income. Classification is performed in accordance with the business model determined based on the purpose of benefits from financial assets and expected cash flows. Management performs the classification of financial assets at the acquisition date.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.5 Summary of Significant Accounting Policies (Continued)

(a) Financial assets recognized at amortized cost

Financial assets that are not quoted in an active market and are not derivative instruments that have fixed or determinable payments, in which management has adopted the contractual cash flow collection business model and the terms of the contract include only the principal and interest payments arising from the principal balance on certain dates, are classified as assets accounted for at amortized cost. If their maturities are shorter than 12 months from the balance sheet date, they are classified as current assets, and if they are longer than 12 months, they are classified as non-current assets. Assets accounted for at amortized cost include "trade receivables", "cash and cash equivalents", eurobonds classified under financial investments and "other receivables" items in the statement of financial position.

(b) Financial assets at fair value through other comprehensive income

Assets in which the management adopts the business model of collecting contractual cash flows and/or selling, are classified as assets accounted for at fair value. If management does not intend to dispose of the related assets within 12 months from the balance sheet date, the said assets are classified as non-current assets. For the investments made in equity-based financial assets, the company makes an unchangeable choice as an equity investment reflected in other comprehensive income or in the statement of profit or loss of the fair value difference of the investment during the initial recognition.

Financial assets, whose fair value is reflected in other comprehensive income, include 'financial investments' items in the consolidated statement of financial position. In the event that assets of which fair value difference is recorded in other comprehensive income are sold, valuation difference classified into other comprehensive income is classified into previous years profits.

The generally accepted valuation methods used in the calculation of fair value in cases where the assets of which the fair value difference is recorded in other comprehensive income do not have any market value, include some assumptions based on the best estimates of the management, and the values that may occur in the event of purchase/sale transactions may differ from these values.

(c) financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include currency protected deposit items classified under "financial investments" in the consolidated statement of financial position**.**

Impairment on financial assets

The Group chooses the simplified application for the impairment calculations and uses the provision matrix, since the trade receivables accounted from the amortized cost in the consolidated financial statements do not contain a significant financing component. With this application, the Group measures the expected credit loss allowance at an amount equal to lifetime expected credit losses when trade receivables are not impaired for certain reasons. In the calculation of expected credit losses, past experience of credit losses are taken into consideration, as well as the Group's forecast for the future.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.5 Summary of Significant Accounting Policies (Continued)

Financial liabilities

Financial liabilities are recognized initially at fair value and at directly attributable transaction costs and after initial recognition, financial liabilities are subsequently measured at amortized cost by using the effective interest rate method.

Effective interest rate method is the amortized cost method and allocation of the related interest expenses to the related periods. Effective interest rate is the rate reducing the future expected cash payments to present value of the financial liability within an expected life of the asset or in a shorter period.

Bank borrowings

All borrowings are initially recognized at cost, being the fair value of the consideration received net of issue costs associated with the borrowing.

After initial recognition, borrowings are subsequently measured at amortized cost using the effective interest rate method. Amortized cost is calculated by taking into account any issue costs, and any discount or premium on settlement.

Gains and losses are recognized in the consolidated statement of profit or loss when the liabilities are derecognized, as well as through the amortization process.

Trade payables

Trade and other payables are carried at amortized cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Group.

Derivative financial instruments and hedge accounting

The operations of the Group expose the entity to financial risks mainly due to the change in foreign currency exhange rates and interest rates. The Group mainly utilizes derivative instruments mainly foreign currency forward contracts to hedge its foreign currency risk associated with certain binding commitments and forecasted future transactions. Derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is directly recognized in equity. The gain or loss relating to the ineffective portion is recognized immediately in the consolidated statement of profit or loss. The Group's policy to hedge foreign currency risk associated with a binding commitment classifies the related risk as cash flow hedge. When the hedge transaction does not result in the recognition of an asset or a liability, the amounts in equity are recognized in the consolidated statement of profit or loss when the hedged item affects the statement of profit or loss. The changes in the fair value of derivatives that do not qualify as cash flow hedge are recognized in the statement of profit or loss.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.5 Summary of Significant Accounting Policies (Continued)

Hedge accounting is discontinued when the hedging instrument expires or is sold, or when it no longer qualifies for hedge accounting. The cumulative gain or loss related with hedge instrument accounted under equity as of such date is continued to be recognized under equity until the expected realization date of the transaction.

When the hedge transaction is no longer expected to occur, the net accumulated gain or loss in equity is recognized in profit or loss of the period.

Changes in the fair value of derivative financial instruments that are designated and effective as hedges of future cash flows are accounted directly in equity as 'Hedges funds'. Furthermore, the Group is protected from foreign net investment risk arising from changes in foreign currency financial liabilities and foreign exchange rates. The effective portion of changes in the foreign exchange rates of the foreign currency financial liabilities is accounted under equity as 'Hedge funds'.

Recognition and derecognition of financial instruments

The Group recognizes a financial asset or financial liability in its consolidated statement of financial position when it becomes a party to the contractual provisions of the instrument. The Group derecognizes a financial asset or a portion of financial asset when and only when it loses control of the contractual rights that comprise the financial asset or a portion of financial asset and when risk and benefit related to property. The Group derecognizes a financial liability when a liability is extinguished that is when the obligation specified in the contract is discharged, cancelled and expired.

Research expenses and development costs

When research expenses realized, they are recorded as an expense. Project costs which is related to research of the product or desing of the product are considered as an intangible asset if the project succesfully applied from commercial and technological aspects. Other development expenses are recorded as an expense when realized. Development costs recorded in the prior period can not be capitalized in the following period.

2.6 Comparative Information and Restated Consolidated Financial Statements

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.

The Group has made rearrangements in its previous period consolidated financial statements regarding the implementation of the principle decision titled "Accounting for Business Combinations Subject to Common Control" published by the POA. TAS 1 "Presentation of Financial Statements" standard states that if previous period financial statements are restated, the statement of financial position should be presented comparatively for three periods.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.6 Comparative Information and Restated Consolidated Financial Statements (Continued)

The Group prepares its consolidated financial position statement as of 31 December 2023, with its consolidated financial position statement prepared as of 31 December 2022 and 2021; It has prepared the consolidated profit or loss statement, consolidated other comprehensive income, consolidated cash flow and equity change statements for the year ending 31 December 2023 in comparison with the relevant consolidated financial statements for the years ending 31 December 2022.

Accounting for Business Combinations Subject to Common Control:

Sabanci Building Solutions BV ("SBS BV") (formerly "Cimsa Sabancı Cement BV"), located in the Netherlands on November 16,2020, with a capital of 87,000 Full Euros, with the participation of 40% of the Group and 60% of Sabancı Holding, the main partner of the Group. ") company was established. Transfer agreements regarding the sale of the shares of "Cimsa Cementos Espana SAU, Cimsa Americas Cement Manufacturing and Sales Corporation, Cimsa Cement Sales North Gmbh and Cimsa Adriatico SRL", which the Group consolidated as subsidiaries in the periods before June 30,2021, to SBS BV. June 22,2021 It was signed on and the transfer process was completed as of June 30, 2021, following the completion of other necessary legal procedures. According to the General Assembly Resolution dated October 31, 2022, following the completion of the transfer agreement as of June 30, 2021, SBS B.V., which was included in consolidation by the equity method with a 40% share, has decided to increase its current capital of 87,000 Full Euros to 100,000 Full Euros, bringing it to 187,000 Full Euros. The partners participated in the capital increase in proportion to their shares and the name of the Company was changed to Sabancı Building Solutions BV. The closing procedures for the acquisition of 18,887 shares representing 10.1% capital share of Sabanci Building Solutions BV, stated in our Company's material event disclosure dated October 23, 2023, from our main partner Sabancı Holding for 25,280 EUR in full, were completed as of December 8, 2023. The transfer of the shares in question took place as of the said date and the transfer fee was paid. The transfer in question has been evaluated within the scope of business combinations under common control according to the "Principle Decision on the implementation of TFRS No. 2018-1" ("Principle Decision") published by the POA regarding the accounting of business combinations under common control.

In accordance with the Policy Decision, November 16, 2020, which is the date of establishment of SBS BV by Çimsa, the subsidiary of Sabancı Holding, which is the ultimate parent company that holds the top level joint control of SBS BV together with Çimsa, is the date when joint control is established. has been determined and the financial statements of SBS BV prepared in accordance with TFRS have been consolidated in the Group's comparative consolidated financial statements as of December 31, 2020. The consolidated financial statements for the current and comparative periods are presented as if the transfer in question had occurred in the comparatively presented period.

(Unless otherwise stated, amounts are expressed in thousand Turkish Lira ("TL") in terms of purchasing power of the TL on December 31, 2023. Currencies other than TL are stated as thousand unless otherwise stated.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.6 Comparative Information and Restated Consolidated Financial Statements (Continued)

Accounting Principles for Business Combinations Subject to Common Control (Continued):

Pooling of interest method is used in accounting for business combinations subject to common control. According to this method, the acquiring company includes the assets and liabilities of the acquired business in its consolidated financial statements based on their book values determined in accordance with TFRS at the date of merger, and goodwill does not arise in business combinations subject to common control. If the merger in question takes place through share exchange;

- shares issued by the acquirer are recognized in the financial statements at their nominal values and any issue premium related to these shares is not reflected in the financial statements.,

- the difference found by subtracting the nominal value of the shares issued by the acquirer from the book value of the net assets of the acquired business at the date of merger is reflected in the "Effect of Mergers Involving Undertakings or Businesses Subject to Common Control" item.

In case the acquired business ceases to exist as a result of a business combination under common control and is incorporated into the acquiring company, or if such a situation arises later, or if the subsidiary is subsequently dissolved, the amounts included in the "Effect of Mergers Involving Undertakings or Businesses Subject to Common Control" item will be calculated as of the date of the event. It is closed by being transferred to the "Retained Years Profits/Losses" item in equal installments within 5 accounting periods, starting from the accounting period.

Accordingly, the reconciliation of the effect of business combinations under common control amounting to 262,880 TL, resulting from the consolidation of SBS BV and accounted for in the "Effect of Mergers Involving Undertakings or Businesses Under Common Control" account under equity, is given below:

	1 January 2022
Nominal value of issued shares	796,345
Total assets of SBS B.V.	12,152,931
Total liabilities SBS B.V.	6,871,099
Net assets of SBS B.V.	5,281,832
10.1% net assets of SBS B.V.	533,465
Effect of Mergers Involving Undertakings or Businesses Under Common Control	**262,880**

(Unless otherwise stated, amounts are expressed in thousand Turkish Lira ("TL") in terms of purchasing power of the TL on December 31, 2023. Currencies other than TL are stated as thousand unless otherwise stated.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.6 Comparative Information and Restated Consolidated Financial Statements (Continued)

As of January 1, 2022, the financial statement items of SBS BV included in the consolidation are as follows:

	1 January 2022	31 December 2023 Purchasing Power(After Hyperinflation)
ASSETS		
Cash and cash equivalents	332,618	900,303
Trade receivables	723,218	1,957,550
Other receivables	*20,100*	*54,405*
Inventories	293,465	794,326
Other current assets	51,620	139,721
Current assets	**1,421,021**	**3,846,305**
Other receivables	1,695	4,589
Property, plant and equipment	1,922,172	5,202,783
Intangible assets	1,116,544	3,022,169
Goodwill	*85,422*	*231,210*
Other intangible assets	*1,031,122*	*2,790,959*
Deferred tax assets	30,327	82,086
Other non-current assets	59,940	162,242
Non-current assets	**3,130,678**	**8,473,869**
TOTAL ASSETS	**4,551,699**	**12,320,174**
LIABILITIES		
Short-term borrowings	799,661	2,164,459
Trade payables	815,809	2,208,166
Trade payables to related parties	*446,994*	*1,209,886*
Trade payables to third parties	*368,815*	*998,280*
Other payables	18,873	51,084
Short-term provisions	269,444	729,309
Other current liabilities	113,509	307,238
Current liabilities	**2,017,296**	**5,460,256**
Long-term borrowings	1,484,246	4,017,439
Other payables	20,973	56,771
Other payables to related parties	20,664	55,933
Other payables to third parties	309	838
Long-term provisions for employee benefits	1,589	4,300
Deferred tax liability	32,290	87,400
Non-current liabilities	**1,539,098**	**4,165,910**
EQUITY		
Share capital	808,853	2,189,338
Foreign currency translation reserves	*545,499*	*1,476,514*
Retained earnings	(280,066)	(758,060)
Net profit for the year	(78,981)	(213,784)
Total equity	**995,305**	**2,694,008**
TOTAL LIABILITIES AND EQUITY	**4,551,699**	**12,320,174**

(Unless otherwise stated, amounts are expressed in thousand Turkish Lira ("TL") in terms of purchasing power of the TL on December 31, 2023. Currencies other than TL are stated as thousand unless otherwise stated.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.6 Comparative Information and Restated Consolidated Financial Statements (Continued)

	1 January 2022	31 December 2023 Purchasing Power (After hyperinflation)
OPERATING INCOME		
Revenue	1,320,332	3,573,768
Cost of sales (-)	(1,296,681)	(3,509,752)
GROSS PROFIT	**23,651**	**64,016**
General and administrative expense (-)	(185,392)	(501,803)
Marketing, selling and distribution expense (-)	(787)	(2,132)
Other operating income	92,092	249,267
Other operating expenses (-)	(308)	(834)
OPERATING PROFIT	**(70,128)**	**(189,818)**
Financial income	22,428	60,707
Financial expenses (-)	(32,463)	(87,868)
PROFIT BEFORE TAXATION	**(80,163)**	**(216,979)**
Tax income/(expense) from continuing operations	**1,180**	**3,193**
PERIOD (LOSS)/PROFIT OF CONTINUING OPERATIONS	**(78,983)**	**(213,786)**

	1 January 2022	31 December 2023 Purchasing Power (After hyperinflation)
Cash flow from operations	(45,184)	(122,301)
Cash flow from investing activities	(1,572,917)	(4,257,442)
Cash flow from financing activities (excluding dividend)	941,616	2,548,689
Net increase/(decrease) in cash and cash equivalents	**(676,485)**	**(1,831,054)**

As of January 1, 2022, the reconciliation of previously reported retained earnings and restated retained earnings is as follows:

	1 January 2022
Previously reported retained earnings	3,178,427
Inclusion of SBS BV in consolidation	-
TAS 29 Inflation accounting effect	5,622,491
Restated retained earnings	8,800,918

(Unless otherwise stated, amounts are expressed in thousand Turkish Lira ("TL") in terms of purchasing power of the TL on December 31, 2023. Currencies other than TL are stated as thousand unless otherwise stated.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.6 Comparative Information and Restated Consolidated Financial Statements (Continued)

As of December 31, 2022, the financial statement items of SBS BV included in the consolidation are as follows:

	31 December 2022	**31 December 2023 Purchasing Power (After hyperinflation)**
ASSETS		
Cash and cash equivalents	2,591,840	4,270,653
Trade receivables	619,946	1,021,504
Other receivables	*14,049*	*23,148*
Other receivables due from third parties	*14,049*	*23,148*
Inventories	584,249	962,684
Other current assets	118,640	195,487
Current assets	**3,928,724**	**6,473,476**
Other receivables	1,000	1,648
Financial investments	15,950	26,281
Property, plant and equipment	2,568,721	4,232,558
Intangible assets	1,671,584	2,754,321
Goodwill	*112,871*	*185,982*
Other intangible assets	*1,558,713*	*2,568,339*
Deferred tax assets	69,835	115,069
Other non-current assets	155,145	255,637
Non-current assets	**4,482,235**	**7,385,514**
TOTAL ASSETS	**8,410,959**	**13,858,990**
LIABILITIES		
Short-term borrowings	449,089	739,978
Trade payables	1,105,634	1,821,786
Trade payables to related parties	*744,768*	*1,227,176*
Trade payables to third parties	*360,866*	*594,610*
Other payables	10,504	17,308
Short-term provisions	653,533	1,076,845
Other current liabilities	4,960	8,173
Current liabilities	**2,223,720**	**3,664,090**
Long-term borrowings	2,712,558	4,469,563
Other payables	30,946	50,991
Other payables to related parties	30,537	50,317
Other payables to third parties	409	674
Long-term provisions for employee benefits	2,701	4,450
Deferred tax liability	38,958	64,192
Other non-current liabilities	19,073	31,428
Non-current liabilities	**2,804,236**	**4,620,624**
EQUITY		
Share capital	2,677,223	4,411,341
Foreign currency translation reserves	*1,006,462*	*1,658,378*
Cash flow hedgefund	(20,051)	(33,038)
Retained earnings	(359,049)	(591,616)
Net profit for the year	78,418	129,211
Total equity	**3,383,003**	**5,574,276**
TOTAL LIABILITIES AND EQUITY	**8,410,959**	**13,858,890**

(Unless otherwise stated, amounts are expressed in thousand Turkish Lira ("TL") in terms of purchasing power of the TL on December 31, 2023. Currencies other than TL are stated as thousand unless otherwise stated.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.6 Comparative Information and Restated Consolidated Financial Statements(Continued)

	31 December 2022	31 December 2023 Purchasing Power (After hyperinflation)
OPERATING INCOME		
Revenue	4,635,114	7,637,416
Cost of sales (-)	(4,101,845)	(6,758,732)
GROSS PROFIT	**533,269**	**878,684**
General and administrative expense (-)	(292,442)	(481,866)
Marketing, selling and distribution expense (-)	(2,047)	(3,374)
Other operating income	5,743	9,463
Other operating expenses (-)	(6,744)	(11,111)
OPERATING PROFIT	**237,779**	**391,796**
Financial income	14,986	24,692
Financial expenses (-)	(177,785)	(292,942)
PROFIT BEFORE TAXATION	**74,980**	**123,546**
Tax income/(expense) from continuing operations	**3,438**	**5,665**
PERIOD (LOSS)/PROFIT OF CONTINUING OPERATIONS	**78,418**	**129,211**

	31 December 2022	31 December 2023 Purchasing Power (After hyperinflation)
Cash flow from operations	381,844	629,175
Cash flow from investing activities	(81,275)	(133,919)
Cash flow from financing activities (excluding dividend)	1,554,494	2,561,385
Net increase/(decrease) in cash and cash equivalents	**1,855,063**	**3,056,641**

As of December 31, 2022, the reconciliation of previously reported retained earnings and restated retained earnings is as follows:

	31 December 2022
Previously reported retained earnings	3,280,422
Inclusion of SBS BV in consolidation	591,616
TAS 29 Inflation accounting effect	4,517,872
Restated retained earnings	8,389,910

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.7 The New Standards, Amendments and Interpretations

The accounting policies adopted in preparation of the interim consolidated financial statements as at 31 December 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 2023. The effects of these standards and interpretations on the Group's financial position and performance have been disclosed in the related paragraphs.

a. New standards effective as of 31 December 2023 and amendments and interpretations on existing previous standards:

Explanations regarding 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;** 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 amXounts of taxable and deductible temporary differences.

- **Amendment to IAS 12 - International tax reform ;** The temporary exception is effective for December 2023 year ends and the disclosure requirements are effective for accounting periods beginning on or after 1 January 2023, with early application permitted. These amendments give companies temporary relief from accounting for deferred taxes arising from the Minimum Tax Implementation Handbook international tax reform. The amendments also introduce targeted disclosure requirements for affected companies.

This change did not have a significant impact on the financial position or performance of the Group.

b) Standards, amendments, and interpretations that are issued but not effective as of 31 December 2023

- **TFRS 16, Sale and leaseback transactions;** Effective for annual reporting periods beginning on or after 1 January 2024. These changes include the sale and leaseback requirements in IFRS 16 that describe how an entity accounts for a sale and leaseback transaction after the transaction date. Sales and leaseback transactions where some or all of the lease payments consist of variable lease payments that are not tied to an index or rate are likely to be affected.

- **TAS 1, Amendment to the long-term obligations, which are the terms of the contract;** Effective for annual reporting periods beginning on or after 1 January 2024. These changes clarify how conditions that an entity must comply with within twelve months of the reporting period affect the classification of a liability. The amendments also aim to improve information an entity provides related to liabilities subject to these conditions.

2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.7 The New Standards, Amendments and Interpretations (Continued)

- **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.

- **Amendments to IAS 21 - Lack of Exchangeability;** effective from annual periods beginning on or after 1 January 2025. An entity is impacted by the amendments when it has a transaction or an operation in a foreign currency that is not exchangeable into another currency at a measurement date for a specified purpose. A currency is exchangeable when there is an ability to obtain the other currency (with a normal administrative delay), and the transaction would take place through a market or exchange mechanism that creates enforceable rights and obligations.

- **IFRS S1, 'General requirements for disclosure of sustainability-related financial information**; effective from annual periods beginning on or after 1 January 2024. 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 the first thematic standard issued that sets out requirements for entities to disclose information about climate-related risks and opportunities.

Additionally, KGK has published in the Official Gazette dated December 29, 2023, it was announced that certain businesses will be subject to mandatory sustainability reporting as of January 1, 2024. Businesses that fall within the scope of sustainability practice are counted for the purpose of Determining Businesses That Will Be Subject to Sustainability Reporting within the Scope of the "Board Decision Regarding the Scope of Application of Turkish Sustainability Reporting Standards (TSRS)" dated January 5, 2024.

This change did not have a significant impact on the financial position or performance of the Group.

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, which is consolidated by the equity method, calculated by using the effective percentage of ownership as of 31 December 2023, 31 December 2022 and 1 January 2022 and revenue, expense and net profit for the periods ending 31 December 2023 and 31 December 2022 are as follows:

			31 December 2023		31 December 2022		1 January 2022	
Investments	**Country**	**Main operating activity**	**Effective ownership (%)**	**Carrying net book value**	**Effective ownership (%)**	**Carrying net book value**	**Effective ownership (%)**	**Carrying net book value**
Exsa	Turkey	Investment property and financial instrument	32.9	2,425,538	32.9	2,349,754	32.9	2,188,838
				2,425,538		**2,249,754**		**2,188,838**

Exsa	**31 December 2023**	**31 December 2022**	**1 January 2022**
Assets	7,870,452	7,840,934	8,601,375
Liabilities	(492,390)	(693,393)	(1,943,309)
Net assets	7,378,062	7,147,541	6,658,066
Group's share	**2,425,538**	**2,349,754**	**2,188,838**

Exsa	**1 January-31 December 2023**	**1 January-31 December 2022**
Revenues	3,058,353	4,293,102
Expenses	(2,927,207)	(3,447,740)
Net profit for the period	131,146	845,362
Group's share in net profit	**43,114**	**277,913**

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

	31 December 2023			
Subsidiary	**Non-controlling interest %**	**Gain/losses attributable to non-controlling interests**	**Accumulated non-controlling interests**	**Dividend paid to non-controlling interests**
Afyon Çimento Sanayi T.A.Ş.	49	486,311	397,851	56,066

	31 December 2022			
Subsidiary	**Non-controlling interest %**	**Gain/losses attributable to non-controlling interests**	**Accumulated non-controlling interests**	**Dividend paid to non-controlling interests**
Afyon Çimento Sanayi T.A.Ş.	49	76,235	392,872	11,000

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3. SHARES IN AFFILIATED UNDERTAKINGS (Continued)

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

Condensed balance sheet information (before consolidation adjustments)

	31 December 2023	**31 December 2022**
Cash and cash equivalents	338,778	452,836
Other current assets	918,598	708,088
Non-current assets	3,399,948	3,104,616
Total assets	**4,657,324**	**4,265,540**
Short term borrowings	44,575	143,190
Short-term trade payables	519,674	524,141
Other current liabilities	78,580	29,594
Deferred tax liability	-	414,283
Other non-current liabilities	43,276	63,986
Total liabilities	**686,105**	**1,175,194**
Total equity	**3,971,219**	**3,090,346**

Condensed income statement information (before consolidation adjustments)

	1 January- 31 December 2023	**1 January - 31 December 2022**
Revenue	2,602,801	2,455,914
Gross profit	625,070	411,986
Operating profit/(loss)	517,030	374,344
Net financial income/(expense)	39,442	(53,319)
Net monetary position	(211,578)	35,437
Profit/(loss) before tax	344,897	380,409
Net profit for the period	**992,472**	**155,581**

Condensed cash flow information

	1 January- 31 December 2023	**1 January - 31 December 2022**
Cash flows from operating activities	331,943	814,773
Cash flows from investing activities	(211,261)	(217,758)
Cash flows from financing activities (excluding dividend)	(125,033)	(116,510)
Net increase/(decrease) in cash and cash equivalents	**(4,351)**	**480,505**

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3. SHARES IN AFFILIATED UNDERTAKINGS (Continued)

Condensed financial information of subsidiary Sabancı Building Solutions B.V.is as follows:

Condensed balance sheet information (before consolidation adjustments)

	31 December 2023	31 December 2022	31 December 2021
Cash and cash equivalents	3,181,726	4,270,653	900,303
Other current assets	2,353,895	2,202,823	2,946,002
Non-current assets	8,395,117	7,385,514	8,473,869
Total assets	**13,930,738**	**13,858,990**	**12,320,174**
Short term borrowings	985,886	739,978	2,164,459
Short-term trade payables	2,094,483	1,821,786	2,208,166
Other current liabilities	1,208,502	1,102,326	1,087,631
Other non-current liabilities	3,835,903	4,620,624	4,165,910
Total liabilities	**8,124,774**	**8,284,714**	**9,626,166**
Total equity	**5,805,964**	**5,574,276**	**2,694,008**
Total liabilities and equity	**13,930,738**	**13,858,990**	**12,320,174**

Condensed income statement information

	1 January - 31 December 2023	1 January - 31 December 2022
Revenue	7,011,995	7,637,412
Gross profit	1,045,095	866,044
Operating profit/(loss)	522,413	391,796
Net financial income/(expense)	(244,778)	(268,250)
Profit/(loss) before tax	277,635	123,546
Net profit for the period	**203,486**	**129,211**

Condensed cash flow information

	1 January - 31 December 2023	1 January - 31 December 2022
Cash flows from operating activities	836,656	629,175
Cash flows from investing activities	(990,405)	(133,919)
Cash flows from financing activities (excluding dividend)	(676,578)	2,561,385
Net increase/(decrease) in cash and cash equivalents	**(830,327)**	**3,056,641**

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4. SEGMENT REPORTING

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

The Group manages and organizes its operations depending on the content of the services and goods provided. The Group prepares its segment reporting in accordance with IFRS 8. The transfer prices between segments are prepared on the same basis with third parties. For the years ended 31 December 2023 and 31 December 2022, the information about the Group's segments consists of sales and profits obtained from cement (including clinker and aggregate) and ready mix concrete; segment assets and liabilities as of 31 December 2023, 31 December 2022 and 1 January 2022.

1 January – 31 December 2023	**Cement**	**Ready-mix concrete**	**Total**
Sales	17,726,101	2,778,414	20,504,515
Cost of sales (-)	(14,116,127)	(2,359,052)	(16,475,179)
Gross profit/(loss)	3,609,974	419,362	4,029,336
General administrative,marketing selling distribution expenses (-)	(1,312,525)	(176,787)	(1,489,312)
Other operating income/(expenses) (-), net	838,120	5,606	843,726
Research and development expenses (-)	(18,680)	-	(18,680)
Operating profit/(loss)	3,116,889	248,181	3,365,070
Income from investment activities, net	415,866	-	415,866
Profit/(loss) from investments accounted by equity method	43,114	-	43,114
Operating Profit Before Financial Income/(Expense)	3,575,869	248,181	3,824,050
Financial income/(expense), net	(1,278,591)	-	(1,278,591)
Net monetary position gains/(losses)	391,940	-	391,940
Profit/(loss) from continuing operations before tax	2,689,218	248,181	2,937,399
Continuing operations tax (expense)/income	141,145	-	141,145
Current period tax expense (-)	(337,693)	-	(337,693)
Deferred tax income/(expense)	478,838	-	478,838
Profit/(loss) for the period from continuing operations	2,830,363	248,181	3,078,544

1 January – 31 December 2022	**Cement**	**Ready-mix concrete**	**Total**
Sales	19,055,319	1,765,067	20,820,386
Cost of sales (-)	(16,862,977)	(1,576,760)	(18,439,737)
Gross profit/(loss)	2,192,342	188,307	2,380,649
General administrative,marketing selling distribution expenses (-)	(1,167,619)	(101,572)	(1,269,191)
Other operating income/(expenses) (-), net	491,338	1,265	492,603
Research and development expenses (-)	(20,198)	-	(20,198)
Operating profit/(loss)	1,495,863	88,000	1,583,863
Income from investment activities, net	2,134,911	-	2,134,911
Profit/(loss) from investments accounted by equity method	277,913	-	277,913
Operating Profit Before Financial Income/(Expense)	3,908,687	88,000	3,996,687
Financial income/(expense), net	(835,835)	-	(835,835)
Net monetary position gains/(losses)	334,610	-	334,610
Profit/(loss) from continuing operations before tax	3,407,462	88,000	3,495,462
Continuing operations tax (expense)/income	736,162	-	736,162
Current period tax expense (-)	(45,577)	-	(45,577)
Deferred tax income/(expense)	781,739	-	781,739
Profit/(loss) for the period from continuing operations	4,143,624	88,000	4,231,624

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4. SEGMENT REPORTING (Continued)

31 December 2023	Cement	Ready - mix concrete	Undistributed	Total
Segment assets	32,201,302	1,108,409	-	33,309,711
Financial assets available for sale	-	-	82,857	82,857
Investments accounted under equity method	-	-	2,425,538	2,425,538
Undistributed assets	-	-	2,568,016	2,568,016
Total assets	**32,201,302**	**1,108,409**	**5,076,411**	**38,386,122**
Segment liabilities	14,588,325	363,543	-	14,951,868
Undistributed liabilities	-	-	23,434,254	23,434,254
Total liabilities	**14,588,325**	**363,543**	**23,434,254**	**38,386,122**

31 December 2022	Cement	Ready - mix concrete	Undistributed	Total
Segment assets	33,073,234	767,992	-	33,841,226
Financial assets available for sale	-	-	26,850	26,850
Investments accounted under equity method	-	-	2,349,754	2,349,754
Undistributed assets	-	-	1,602,387	1,602,387
Total assets	**33,073,234**	**767,992**	**3,978,991**	**37,820,217**
Segment liabilities	16,157,185	435,561	-	16,592,746
Undistributed liabilities	-	-	21,227,471	21,227,471
Total liabilities	**16,157,185**	**435,561**	**21,227,471**	**37,820,217**

1 January 2022	Cement	Ready - mix concrete	Undistributed	Total
Segment assets	29,092,526	485,358	-	29,577,884
Financial assets available for sale	-	-	808	808
Investments accounted under equity method	-	-	2,188,838	2,188,838
Undistributed assets	-	-	802,077	802,077
Total assets	**29,092,526**	**485,358**	**2,991,723**	**32,569,607**
Segment liabilities	16,311,521	204,208	-	16,515,729
Undistributed liabilities	-	-	16,053,878	16,053,878
Total liabilities	**16,311,521**	**204,208**	**16,053,878**	**32,569,607**

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4. SEGMENT REPORTING (Continued)

1 January - 31 December 2023

Other section information	**Cement**	**Ready - mix concrete**	**Total**
Property, plant and equipment	2,974,327	206,603	3,180,930
Intangible assets	162,404	-	162,404
Total investment expenditures	**3,136,731**	**206,603**	**3,343,334**
Amortization expense	(1,043,912)	(3,269)	(1,047,181)
Depreciation	(91,145)	-	(91,145)

1 January - 31 December 2022

Other section information	**Cement**	**Ready - mix concrete**	**Total**
Property, plant and equipment	727,713	52,469	780,182
Intangible assets	354,454	-	354,454
Total investment expenditures	**1,082,167**	**52,469**	**1,134,636**
Amortization expense	(952,087)	(361)	(952,448)
Depreciation	(89,340)	-	(89,340)

5. CASH AND CASH EQUIVALENTS

The detail of cash and cash equivalents as of 31 December 2023, 31 December 2022 and 1 January 2022 is as follows:

	31 December 2023	**31 December 2022**	**1 January 2022**
Cash	58	87	199
Cash at banks	6,306,624	6,911,488	1,627,142
Demand deposits	*934,626*	*1,593,777*	*813,577*
Time deposits with maturity of less than 3 months	*5,371,998*	*5,317,711*	*813,565*
	6,306,682	**6,911,575**	**1,627,341**
Blocked deposits (-)	(353)	(8,662)	(501)
Cash and cash equivalents in consolidated cash flow statement	**6,306,329**	**6,902,913**	**1,626,840**

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5. CASH AND CASH EQUIVALENTS (Continued)

The detail of bank deposits is stated below:

	31 December 2023	31 December 2022	1 January 2022
Turkish Lira	4,413,376	4,185,767	865,092
US Dollar	1,722,608	2,538,063	538,980
Euro	130,528	104,702	171,736
British Pound	697	591	15,798
Other	39,415	82,365	35,536
	6,306,624	**6,911,488**	**1,627,142**

Time deposits as of 31 December 2023 and 31 December 2022 are denominated in TRY, EUR, USD and GBP with the maturity of less than three months. As of 31 December 2023, effective weighted average interest rate on time deposits is 41.15% for TRY, 1.27% for USD, 0.84% for EUR (31 December 2022 TRY: 16.82%, USD: 0.48%, EUR: 0.45%, GBP: 0.01%). The blocked deposit amount is TRY353 as of 31 December 2023 (The blocked deposit amount is TRY8,662 as of 31 December 2022).

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

6. FINANCIAL INVESTMENTS

Financial assets at Fair Value through profit or loss	31 December 2023	31 December 2022	1 January 2022
Eurobond	-	609,519	-
Other Financial Assets (*)	-	1,132,142	-
	-	**1,741,661**	**-**

Between August 23, 2022 and September 14,2022, the Group has purchased 5 pieces of nominal eurobonds for a total of USD19,718 and USD19,710. The portion of the transaction, corresponding to USD9,000 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 USD9,000 and December 23,2023 for the remainder.

(*) As of 31 December 2023, the Group does not have any financial assets at fair value through profit or loss. (31 December 2022 : TRY1,132,142 foreign currency protected deposits amounting).

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7. TRADE RECEIVABLES AND PAYABLES

a. Trade Receivables

Short-term trade receivables	31 December 2023	31 December 2022	1 January 2022
Trade receivables	2,048,423	2,325,345	2,822,968
Notes receivable	313,829	497,064	323,222
Due from related parties (Note 30)	-	36	571
Allowance for doubtful receivables (-)	(10,931)	(48,018)	(79,799)
Less: Provision for expected credit losses	(6,751)	(1,952)	(5,767)
	2,344,570	**2,772,475**	**3,061,195**

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 42 days (31 December 2022 - 54 days). Effective interest rates used when determining the amortized cost are 35.56% for TRY, 5.60% for USD and 6.9% for EUR (31 December 2022 - TRY: 23.94%, USD: 4.77%, EUR: 3.11%).

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

Movements of allowance for doubtful receivables	1 January- 31 December 2023	1 January- 31 December 2022
Opening balance	48,018	79,799
Provisions during the period	5,904	7,201
Reversal of the provision (-) (Note 25)	(1,258)	(9,050)
Monetary gain/(loss)	(41,733)	(29,932)
Closing balance	**10,931**	**48,018**

b. Trade Payables

Short-term trade payables	31 December 2023	31 December 2022	1 January 2022
Trade payables	2,987,128	2,762,337	2,432,611
Trade payables to related parties (Note 30)	211,849	796,192	252,382
	3,198,977	**3,558,529**	**2,684,993**

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 35.56% for TRY, 5.60% for USD and 6.9% for EUR.(31 December 2022 - TRY: 23.94%, USD:4.77%, EUR3.11%).

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8. FINANCIAL BORROWINGS

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

Financial Debts	**31 December 2023**	**31 December 2022**	**1 January 2022**
Short-term borrowings	2,336,972	2,879,880	3,756,530
Current portion of long-term borrowings	1,102,156	1,567,690	636,664
Short-term financial lease liabilities	55,793	68,295	89,172
Short-term issued bonds	113,108	830,934	271,952
	3,608,029	**5,346,799**	**4,754,318**
Long-term borrowings	4,284,034	4,231,864	4,891,198
Long-term financial liabilities	351,872	323,231	216,086
Long term issued bonds	402,724	-	-
	5,038,630	**4,555,095**	**5,107,284**
Financial borrowings except IFRS 16	**8,238,994**	**9,510,368**	**9,556,344**
Total borrowings	**8,646,659**	**9,901,894**	**9,861,602**

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

Secured/ Unsecured	**Interest Type**	**Currency Type**	**Weighted Average Interest Rate (%)**	**Original Balance**	**Short-Term**	**Long-Term**	**31 December 2023**
Unsecured	Fixed	TRY	36.07	1,765,000	1,304,634	376,427	1,681,061
Unsecured	Variable	TRY	TRY Ref + 7.25	250,000	169,684	120,290	289,974
Unsecured	Variable	TRY	TRY Ref + 4.00	140,000	157,121	-	157,121
Secured	Fixed	TRY	25.40	640,000	640,000	-	640,000
Unsecured	Fixed	EUR	6.90	30,000	325,739	656,325	982,064
Unsecured	Fixed	EUR	2.40	1,702	55,531	-	55,531
Unsecured	Variable	EUR	Euribor + 3.45	86,075	452,779	2,356,074	2,808,853
Unsecured	Variable	USD	SOFR +3.30	23,648	130,679	566,723	697,402
Unsecured	Fixed	USD	5.99	23,648	130,679	566,723	697,402
Unsecured	Fixed	EUR	2.45	5,004	163,302	-	163,302
Unsecured	Fixed	Other	5.88	8,099	22,087	44,197	66,284
					3,552,235	**4,686,759**	**8,238,994**

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8. FINANCIAL BORROWINGS (Continued)

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
Unsecured	Fixed	TRY	24.94	2,458,839	2,542,271	-	2,542,271
Secured	Fixed	TRY	10	214,205	214,205	-	214,205
Unsecured	Fixed	EUR	3.11	90,296	1,806,642	-	1,806,642
Unsecured	Fixed	EUR	2.40	8,305	111,005	54,844	165,849
Unsecured	Variable	EUR	Euribor + 3.45	149,962	263,626	2,699,457	2,963,083
Unsecured	Variable	USD	SOFR + 3.30	41,051	65,246	703,727	768,973
Unsecured	Fixed	USD	5.99	41,051	65,246	703,727	768,973
Unsecured	Fixed	EUR	2.45	8,243	164,611	-	164,611
Unsecured	Fixed	Other	5.40	21,764	45,652	70,109	115,761
					5,278,504	**4,231,864**	**9,510,368**

The details of the borrowings as of 1 January 2022 are as follows:

Secured/ Unsecured	Interest Type	Currency Type	Weighted Average Interest Rate (%)	Original Balance	Short-Term	Long-Term	1 January 2022
Unsecured	Fixed	TRY	15.69	1,193,138	988,059	198,981	1,187,040
Unsecured	Fixed	EUR	1.85	157,085	1,535,390	778,939	2,314,329
Unsecured	Variable	EUR	Euribor + 3.45	261,301	83,373	3,865,910	3,949,283
Unsecured	Fixed	USD	4.25	135,336	1,807,952	-	1,807,952
Unsecured	Fixed	EUR	2.45	13,540	207,650	-	207,650
Unsecured	Fixed	Other	2.96	20,929	42,722	47,368	90,090
					4,665,146	**4,891,198**	**9,556,344**

The details of the payback plan of credits as of 31 December 2023, 31 December 2022 and 1 January 2022 are as follows:

	31 December 2023	31 December 2022	1 January 2022
Will be paid in 1 year	3,552,236	5,278,504	4,665,146
Will be paid in 1 - 2 years	1,839,383	573,820	1,426,248
Will be paid in 2 - 3 years	797,414	697,700	557,368
Will be paid in 3 - 4 years	1,071,175	763,987	515,455
Will be paid in 4 - 5 years	482,962	1,214,619	589,091
Will be paid in more than 5 years	495,824	981,738	1,803,036
	8,238,994	**9,510,368**	**9,556,344**

The Company issued bonds with a nominal value of TRY100,000 and a 372 days 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.

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8. FINANCIAL BORROWINGS (Continued)

The Group issued bonds with a nominal value of TL TRY500,000 with a maturity of 385 days, a fixed interest rate and a 1 - year maturity, the value date of the issue is December 2,2022, and the redemption date is December 22, 2023.

The Group issued bonds with a nominal value of TL TRY500,000, 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.

The movement of the financial borrowings for the period is as follows:

	31 December 2023	31 December 2022
Borrowings for the beginning of the period	9,510,368	9,556,344
Proceeds from borrowings	4,525,125	5,057,155
Repayment of borrowings	(3,601,383)	(3,222,345)
Changes in interest accrual	441,485	289,486
Unrealized foreign exchange (gains)/losses on financial borrowings	517,579	329,152
Monetary gain/(loss)	(4,788,966)	(3,739,257)
Foreign currency translation reserve	1,634,786	1,239,833
Borrowings, total	**8,238,994**	**9,510,368**

9. OTHER RECEIVABLES AND OTHER PAYABLES

a. Other Receivables

Short-Term Other Receivables From Third Parties	31 December 2023	31 December 2022	1 January 2022
Other miscellaneous receivables	21,175	9,876	45,104
Due from personnel	1,370	2,354	2,334
Provision for doubtful other receivables (-)	(764)	(1,260)	(2,069)
	21,781	**10,970**	**45,369**

Other Receivables Due From Related Parties	31 December 2023	31 December 2022	1 January 2022
Other receivables	-	13	137
	-	**13**	**137**

Long-Term Other Receivables	31 December 2023	31 December 2022	1 January 2022
Deposits and guarantees given	16,292	34,342	35,841
	16,292	**34,342**	**35,841**

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9. OTHER RECEIVABLES AND OTHER PAYABLES (Continued)

b. Other Payables

Short-term other payables	31 December 2023	31 December 2022	1 January 2022
Taxes and funds payable	113,557	59,433	44,910
Deposits and guarantees received	24,354	23,612	24,667
Other payables due to related parties (Note 30)	21,153	16,298	24,615
	159,064	**99,343**	**94,192**

10. INVENTORIES

Inventories	31 December 2023	31 December 2022	1 January 2022
Raw Materials	1,058,131	1,283,729	1,801,623
Work-in progress	743,832	777,143	550,111
Finished goods	495,280	352,398	356,907
Goods in transit	588,506	468,363	166,863
Inventory impairment provision (-)	(24,564)	(26,135)	(27,884)
	2,861,185	**2,855,498**	**2,847,620**

Inventory impairment provision movement

Inventory impairment provision movement	31 December 2023	31 December 2022
Opening balance	26,135	27,884
Reversal of the provision (-) (Note24)	(1,571)	(4,676)
Provisions during the period (Note 24)	-	2,927
Closing balance	**24,564**	**26,135**

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.

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11. PREPAID EXPENSES AND DEFERRED INCOME

a. Prepaid Expenses

Short-term prepaid expenses	31 December 2023	31 December 2022	1 January 2022
Prepaid expenses	241,612	122,796	60,808
Advances given to suppliers	45,017	55,883	111,105
	286,629	**178,679**	**171,913**

Long-term prepaid expenses	31 December 2023	31 December 2022	1 January 2022
Advances given for the purchase of fixed assets(*)	1,174,104	646,168	7,513
Prepaid expenses	13	4,320	25,197
	1,174,117	**650,488**	**32,710**

b. Deferred Income

Short-term deferred income	31 December 2023	31 December 2022	1 January 2022
Deferred income	121,197	-	-
Advances received	70,739	54,656	69,286
	191,936	**54,656**	**69,286**

(*) Mainly consists of the advance amount given for capacity increase investment.

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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	**614,906**	**1,586,053**	**6,056,056**	**17,681,107**	**517,903**	**361,058**	**57,680**	**345,337**	**27,220,100**
Foreign currency translation reserve	-	(8,877)	(27,747)	(19,012)	(374)	(1,713)	-	(1,783)	(59,506)
Additions	28,673	6,689	395,729	870,182	102,102	63,407	-	1,714,148	3,180,930
Disposals	-	-	(29)	(85,972)	(33,726)	(25,622)	-	-	(145,349)
Transfers from construction in progress	-	56,558	20,224	1,684,221	107,355	(3,040)	-	(1,910,468)	(45,150)
Closing balance as of 31 December 2023	**643,579**	**1,640,423**	**6,444,233**	**20,130,526**	**693,260**	**394,090**	**57,680**	**147,234**	**30,151,025**
Accumulated depreciation (-)									
Opening balance as of 1 January 2023	**-**	**(745,534)**	**(2,193,515)**	**(10,151,551)**	**(474,724)**	**(167,279)**	**(46,867)**	**-**	**(13,779,470)**
Foreign currency translation reserve	-	(237)	(5,878)	(14,011)	(199)	(531)	-	-	(20,856)
Charge for the period	-	(50,435)	(127,286)	(701,123)	(41,085)	(36,154)	(6,345)	-	(962,428)
Disposals	-	-	29	85,546	32,388	23,164	-	-	141,127
Closing balance as of 31 December 2023	**-**	**(796,206)**	**(2,326,650)**	**(10,781,139)**	**(483,620)**	**(180,800)**	**(53,212)**	**-**	**(14,621,627)**
Net book value as of 31 December 2023	**643,579**	**844,217**	**4,117,583**	**9,349,387**	**209,640**	**213,290**	**4,468**	**147,234**	**15,529,398**

The new production facility, which was stated in our Company's material event statement dated April 28, 2022, the investment of which started in 2022 at the Mersin Factory, in addition to the existing CAC (Calcium Aluminate Cement) production capacity, was completed in 2023 and the trial production and testing processes were completed and put into operation. With the new CAC production facility commissioned, our Company's CAC clinker production capacity increased from 65 thousand tons to 131 thousand tons annually.

The Solar Power Plant (SPP) investment in our Company's Afyon Factory has been completed and electricity production has started.

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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	**612,787**	**1,641,524**	**6,393,706**	**17,827,230**	**513,418**	**310,633**	**57,427**	**343,020**	**27,699,745**
Foreign currency translation reserve	-	(106,691)	(385,683)	(484,663)	(4,231)	(23,247)	-	(28,020)	(1,032,535)
Additions	2,119	9,370	5,484	199,050	77	12,978	253	550,851	780,182
Classifications	-	-	-	-	21,772	-	-	-	21,772
Disposals	-	-	-	(227,475)	(17,267)	(3,595)	-	-	(248,337)
Transfers from construction in progress	-	41,850	42,549	366,965	4,134	64,289	-	(520,514)	(727)
Closing balance as of 31 December 2022	**614,906**	**1,586,053**	**6,056,056**	**17,681,107**	**517,903**	**361,058**	**57,680**	**345,337**	**27,220,100**
Accumulated depreciation (-)									
Opening balance as of 1 January 2022	**-**	**(703,389)**	**(2,117,680)**	**(9,849,633)**	**(437,337)**	**(151,138)**	**(40,498)**	**-**	**(13,299,675)**
Foreign currency translation reserve	-	1,979	55,157	127,480	2,111	5,326	-	-	192,053
Classifications	-	-	-	-	(19,819)	-	-	-	(19,819)
Charge for the period	-	(44,124)	(130,992)	(636,375)	(37,122)	(24,815)	(6,369)	-	(879,797)
Disposals	-	-	-	206,977	17,443	3,348	-	-	227,768
Closing balance as of 31 December 2022	**-**	**(745,534)**	**(2,193,515)**	**(10,151,551)**	**(474,724)**	**(167,279)**	**(46,867)**	**-**	**(13,779,470)**
Net book value as of 31 December 2022	**614,906**	**840,519**	**3,862,541**	**7,529,556**	**43,179**	**193,779**	**10,813**	**345,337**	**13,440,630**

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12. PROPERTY, PLANT AND EQUIPMENT (Continued)

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

	1 January – 31 December 2023	**1 January – 31 December 2022**
Cost of sales	(760,083)	(725,904)
General administrative expenses	(181,769)	(150,508)
Marketing, sales, and distribution expenses	(19,999)	(2,865)
Research and development expenses	(577)	(520)
	(962,428)	**(879,797)**

13. NON-CURRENT ASSETS HELD FOR SALE

Portion of TRY2 has been classified as non-current assets held for sale (31 December 2022: TRY3).

	31 December 2023	**31 December 2022**
Opening balance	3	928
Sales	(1)	(925)
Total	**2**	**3**

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. ve Sun. Ltd. Şti., the Asset Sale Agreement was signed on June 15,2022. Asset transfers within the scope of this contract were completed as of July28, 2022, within the framework of the contractual provisions, by performing the transfer transactions and collecting the transfer fee.

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

	31 December 2022
Opening Balance	1,391,037
Classified	21,772
Disposals	(1,412,809)
Total	**-**

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14. INTANGIBLE ASSETS

	Mining Rights	Other Intangible Assets	Customer and Contract Relations	Rights	Total
Cost value					
Opening balance as of 1 January 2023	478,452	197,999	1,030,658	1,567,891	3,275,000
Foreign currency translation reserve	(9,283)	(4,652)	(193,211)	390,612	183,466
Additions	109,959	13,200	-	39,245	162,404
Disposals	-	-	-	(11,758)	(11,758)
Transfers from investments	-	45,149	-	-	45,149
Closing balance as of 31 December 2023	**579,128**	**251,696**	**837,447**	**1,985,990**	**3,654,261**
Accumulated amortization (-)					
Opening balance as of 1 January 2023	(340,875)	(127,291)	(75,954)	-	(544,120)
Foreign currency translation reserve	(3,994)	(3,294)	(40,767)	-	(48,055)
Charge for period	(5,661)	(30,823)	(54,661)	-	(91,145)
Closing balance as of 31 December 2023	**(350,530)**	**(161,408)**	**(171,382)**	**-**	**(683,320)**
Net book value as of 31 December 2023	**228,598**	**90,288**	**666,065**	**1,985,990**	**2,970,941**

	Mining Rights	Other Intangible Assets	Customer and Contract Relations	Rights	Total
Cost value					
Opening balance as of 1 January 2022	491,614	193,693	1,305,592	1,464,815	3,455,714
Foreign currency translation reserve	(13,162)	(2,014)	(274,934)	(246,396)	(536,506)
Additions (*)	-	4,982	-	349,472	354,454
Disposals	-	-	-	-	-
Transfers from investments	-	1,338	-	-	1,338
Closing balance as of 31 December 2022	**478,452**	**197,999**	**1,030,658**	**1,567,891**	**3,275,000**
Accumulated amortization (-)					
Opening balance as of 1 January 2022	(337,256)	(108,020)	(41,731)	-	(487,007)
Foreign currency translation reserve	2,642	2,888	26,697	-	32,227
Charge for period	(6,261)	(22,159)	(60,920)	-	(89,340)
Closing balance as of 31 December 2022	**(340,875)**	**(127,291)**	**(75,954)**	**-**	**(544,120)**
Net book value as of 31 December 2022	**137,577**	**70,708**	**954,704**	**1,567,891**	**2,730,880**

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.

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14. INTANGIBLE ASSETS (Continued)

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

	1 January – 31 December 2023	1 January – 31 December 2022
Cost of sales	(79,564)	(73,712)
General administrative expenses	(7,764)	(15,283)
Marketing, sales and distribution expenses	(3,702)	(291)
Research and development expenses	(115)	(54)
	(91,145)	**(89,340)**

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	Foreign currency translation reserve	31 December 2023
Buildings	192,999	60,086	(36,092)	(27,030)	189,963
Vehicles	137,814	132,895	(39,746)	(64,499)	166,464
Other	10,164	-	(8,916)	(1,248)	-
	340,977	**192,981**	**(84,754)**	**(92,777)**	**356,427**

The depreciation expense of TRY78,808 for the period ending on 31 December 2023 of the right of use assets has been included in the cost of the goods sold and the part of TRY5,946 has been included in the general administrative expense.

Right of use assets	1 January 2022	Additions	Depreciation for the period	Foreign currency translation reserve	31 December 2022
Buildings	151,146	49,816	(33,416)	25,453	192,999
Vehicles	66,261	56,856	(23,157)	37,854	137,814
Other	12,735	-	(16,079)	13,508	10,164
	230,142	**106,672**	**(72,652)**	**76,815**	**340,977**

The depreciation expense of TRY52,925 for the period ending on 31 December 2022 of the right of use assets has been included in the cost of the goods sold and the part of TRY19,727 has been included in the general administrative expense.

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16. GOODWILL

The goodwill amount presented in the Group's financial statements as of 31 December 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 and Bunol Factory ("Sabanci Building Solutions B.V.") acquired in 2022. The movement of goodwill for the periods ending 31 December 2023, 31 December 2022 and 1 January 2022 is stated below:

	31 December 2023	**31 December 2022**	**1 January 2022**
Eskişehir	2,003,262	2,003,262	2,003,262
Afyon Çimento Sanayi T.A.Ş.	102,220	102,220	102,220
Bilecik Hazır Beton	51,378	51,378	51,378
Çimsa Cement Free Zone Ltd.	5,034	5,034	5,034
Bunol	231,210	231,210	231,210
	2,393,104	**2,393,104**	**2,393,104**

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 2024 and 31 December 2033. For the cash flow estimation, 21.4% weighted average cost of capital and cost and sales price increases in line with macroeconomic and market assumptions were taken into account. As a result of these impairment tests, the recoverable value of the goodwill was determined on the registered value as a result of the examination as of 31 December 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 21.4%.

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.

The fair value calculations of the cash-generating unit in question include after-tax cash flow projections, and these projections determined in Turkish Lira are based on ten-year plans approved by Çimsa management. The Group foresees that an analysis for a period longer than five years is more appropriate in evaluating operational results and forward-looking forecasts in the sector it operates in, and therefore bases the impairment test on ten-year projections..

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17. PROVISION, CONTINGENT ASSETS AND LIABILITIES

a. Short-Term Provisions

Short-term provisions	31 December 2023	31 December 2022	1 January 2022
Provision for litigations	45,648	56,676	76,329
Short-term employee benefits	38,616	69,425	43,565
Other provisions (*)	1,000,216	1,075,307	1,075,814
	1,084,480	**1,201,408**	**1,195,708**

(*) It mainly consists of carbon liabilities.

The movement of "Provision for the litigations" as of 31 December 2023 and 31 December 2022 is stated below:

Provision for the litigation movement	31 December 2023	31 December 2022
Opening balance	**56,676**	**76,329**
Additional provision (Note 25)	11,324	14,732
Provision no longer required (-) (Note 25)	-	(2,826)
Monetary gain/(loss)	(22,352)	(31,559)
Closing balance	**45,648**	**56,676**

As of 31 December 2023, the Group has provided provision amounting to TRY45,648 for the risky cases against the Company with the opinion obtained from the Company's legal counsels (31 December 2022: TRY56,676).

b. Long-Term Provisions

Long-term provisions	31 December 2023	31 December 2022	1 January 2022
Long-term employee benefits	157,468	260,980	198,921
Other long-term provisions	20,965	24,788	18,921
	178,433	**285,768**	**217,842**

Other long-term provisions	31 December 2023	31 December 2022	1 January 2022
Recultivation provision	20,965	24,788	18,921
	20,965	**24,788**	**18,921**

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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 TRY20,965 under "Other Long-Term Provisions" as of 31 December 2023(31 December 2022: TRY24,788).

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

Recultivation provision movement	**31 December 2023**	**31 December 2022**
Opening balance	**24,788**	**18,921**
Additional provision (Note 25)	4,327	15,474
Monetary gain/(loss)	(8,150)	(9,607)
Closing balance	**20,965**	**24,788**

18. COMMITMENTS

The collaterals, pledges and mortgages (CPM) received by the Group as of 31 December 2023, 31 December 2022 and 1 January 2022 are as follows:

		31 December 2023		**31 December 2022**		**1 January 2022**	
	Currency	**Original**	**TRY Amount**	**Original**	**TRY Amount**	**Original**	**TRY Amount**
Guarantee letter received	TRY	2,298,887	2,298,887	1,313,445	2,164,202	670,924	1,816,004
Guarantee letter received	USD	18,883	516,943	37,536	1,156,476	25,448	893,892
Guarantee letter received	EUR	7,518	218,254	13,649	448,332	14,579	579,381
Guarantee letter received	Other	26	26	26	43	26	70
Mortgages received	TRY	74,925	74,925	48,698	80,241	26,939	72,916
Mortgages received	RUB	-	-	-	-	42,233	19,779
Checks and notes received	TRY	54,134	54,134	33,634	55,419	20,834	56,391
Checks and notes received	USD	47	1,295	47	1,457	47	1,661
Pledge	TRY	220,879	220,879	87,776	144,631	19,620	53,106
Total CPMs received			**3,385,343**		**4,050,801**		**3,493,200**

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18. COMMITMENTS (Continued)

As of 31 December 2023, 31 December 2022 and 1 January 2022 the details of the collaterals, pledges and mortgages (CPM) given are as follows:

		31 December 2023		31 December 2022		1 January 2022	
	Currency	**Original**	**TRY Amount**	**Original**	**TRY Amount**	**Original**	**TRY Amount**
A. Total CPM given for the Company's own legal entity	TRY	796,786	796,786	93,223	153,607	133,089	360,234
	USD	900	24,639	665	20,481	692	24,327
	EUR	100	2,903	1,695	55,676	2,333	92,729
B. Total CPM given in favor of subsidiaries consolidated on line-by-line basis (*)	EUR	36,000	1,045,098	36,000	1,182,504	-	-
	USD	20,000	547,534	20,000	616,195	-	-
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		-	-	-	-	-	-
iii. Total CPM given in favor of other 3rd parties out of scope of clause C		-	-	-	-	-	-
			2,416,960		**2,028,463**		**477,290**

(*) It consists of the guarantee given by our Company with its participation rate for the loans used by SBS BV.

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19. EMPLOYEE BENEFITS

a. Employee Benefit Obligations

	31 December 2023	31 December 2022	1 January 2022
Social security payables	43,029	25,321	24,502
Wage accrual and income tax withholding payable to personnel	10,216	10,378	31,725
	53,245	**35,699**	**56,227**

b. Long-Term Employee Benefits

	31 December 2023	31 December 2022	1 January 2022
Retirement pay provision	123,684	232,633	172,011
Provision for unpaid vacation liability	27,900	23,251	21,401
Seniority provision	5,884	5,096	5,509
	157,468	**260,980**	**198,921**

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 31 December 2023 (31 December 2022: full TRY15,371.40). The maximum severance pay is revised semi-annually, and the maximum amount of 35,058.58 Full TRY effective from 1 January 2024 has been taken into account in calculating the provision for employment termination benefits of the Group. (1 January 2023: full TRY19,982.83)

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

	31 December 2023	31 December 2022
Discount rate, net (%)	3%	5%

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19. EMPLOYEE BENEFITS (Continued)

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

	1 January- 31 December 2023	1 January- 31 December 2022
Opening balance	232,633	172,011
Service cost	18,139	39,420
Interest cost (Note 25)	13,234	39,023
Actuarial loss/(gain)	(357)	89,219
Payments	(64,172)	(19,593)
Monetary gain/(loss)	(77,400)	(88,241)
Foreign currency translation reserve	1,607	794
Closing balance	**123,684**	**232,633**

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

	1 January- 31 December 2023	1 January- 31 December 2022
Opening balance	23,251	21,401
Additional provision	20,716	14,939
Provision paid during the period	(6,926)	(3,263)
Monetary gain/(loss)	(9,141)	(9,826)
Closing balance	**27,900**	**23,251**

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

	1 January- 31 December 2023	1 January- 31 December 2022
Opening balance	5,096	5,509
Additional provision	4,616	4,907
Provision paid during the period	(1,825)	(2,875)
Monetary gain/(loss)	(2,003)	(2,445)
Closing balance	**5,884**	**5,096**

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20. OTHER ASSETS AND LIABILITIES

a. Other Assets

Other current assets	**31 December 2023**	**31 December 2022**	**1 January 2022**
Deferred VAT (1)	140,816	247,281	354,953
Other current assets	4,033	9,771	9,995
	144,849	**257,052**	**364,948**

Other Current assets	**31 December 2023**	**31 December 2022**	**1 January 2022**
Export VAT (2)	45,520	3,948	7,574
Other non-current assets	1,975	263	37,947
	47,495	**4,211**	**45,521**

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

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

b. Other Liabilities

	31 December 2023	**31 December 2022**	**1 January 2022**
Other short-term liabilities (*)	517,069	283,058	413,126
	517,069	**283,058**	**413,126**

(*) It is related to obligations arising from supplier financing.

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21. EQUITY, RESERVES AND OTHER EQUITY ITEMS

As of 31 December 2023, 31 December 2022, and 1 January 2022 the composition of shareholders is as follows:

	31 December 2023		31 December 2022		1 January 2022	
Shareholders (*)	**(%)**	**Amount**	**(%)**	**Amount**	**(%)**	**Amount**
Hacı Ömer Sabancı Holding A.Ş.	54.54	515,719	54.54	73,674	54.54	73,674
Akçansa Çimento San. ve Tic. A.Ş.	8.98	84,914	8.98	12,130	8.98	12,130
Other shareholders	36.48	344,958	36.48	49,280	36.48	49,280
Nominal share capital	100	945,591	100	135,084	100	135,084
Inflation adjustment		1,330,088		1,330,088		1,330,088
Rearranged share capital		**2,275,679**		**1,465,172**		**1,465,172**

(*) Public quotation of the Group is 45.05% as of 31 December 2023 (31 December 2022: 35.7%).

As of 31 December 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 April 21,2021 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.

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

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 cannot be used.

Profit Distribution(*)

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

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

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

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

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

Net amounting to TRY3,562,117, 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 TRY3,431,573 calculated in accordance with the CMB Legislation. Distributable Profit for the Period is distributed as follows,

First Dividend	TRY6,754
Second Dividend	TRY393,246
Total Gross Dividend	**TRY400,000**
General Legal Reserve (2nd Order)	TRY39,325
Extraordinary Reserve	TRY2,992,249

(*) The dividend amount is stated based on the date of payment and is not brought to purchasing power.

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

As a result of the profit distribution according to the above principles, from TRY400,000 which is the Net Distributable Profit for the Period included in our legal records prepared in accordance with the provisions of the Tax Procedure Law; first of all, TRY207,317 required legal funds will be set aside in accordance with the provision of Article 5/1-e of the Corporate Tax Law, TRY192,683 gross profit share will be distributed from the remaining part, and the remainder will be set aside as Extraordinary Reserves,

Thus, it was decided at the 2022 General Assembly held on March 29, 2023 to distribute TRY135,084 TRY (Gross) Dividends from the 2022 Profit to the shareholders representing a capital of TRY400,000 TRY in cash on March 29,2023 and April 3, 2023, depending on their legal status.

Foreign currency translation reserves

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 reserves 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

One of the subsidiaries, Exsa Export Sanayi Mamülleri Sales and Research Inc. ("Exsa") was included in the consolidation using the equity method with a share of 32,875%. Our main partner Hacı Ömer Sabancı Holding A.Ş. (Sabancı Holding), its subsidiary Exsa Export Sanayi Mamulleri Sales and Research Inc. The Board of Directors has taken a decision regarding the merger transaction by taking over (Exsa), and in this context, Sabancı Holding applied to the Capital Markets Board on 21 June 2023 to obtain the necessary permissions and approvals for the merger transaction. In line with the Sabancı Holding PDP statement dated October 30, 2023, the application made to the Capital Markets Board to obtain the necessary permissions and approvals for the merger has been updated in line with the revised documents.. As a result of the merger, the payment process to Exsa partners was given to Exsa shareholders other than Sabancı Holding, with Sabancı Holding shares in exchange for the Exsa shares they held, and the process was completed with the registration process dated January 15, 2024. In this context, the issue document approved by the Capital Markets Board for the shares to be issued by our Company due to the capital increase and allocated to other partners of Exsa other than our Company was received on February 2, 2024, and the merger transactions were completed with the share exchange transactions carried out on February 5, 2024.

EXSA - Available for sales financial assets revaluation reserve movement table	**31 December 2023**	**31 December 2022**
Opening balance	2,349,754	2,188,838
Profit/loss effect	43,114	277,913
Foreign currency translation reserve	6,810	9,332
Hedge fund	21,065	(42,452)
Net fair value change of financial investments	4,795	(83,877)
	2,425,538	**2,349,754**

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22. DERIVATIVE FINANCIAL INSTRUMENTS

	31 December 2023			31 December 2022			1 January 2022		
		Fair Value			Fair Value			Fair Value	
	Contract Amount	Assets	Liabilities	Contract Amount	Assets	Liabilities	Contract Amount	Assets	Liabilities
Short term derivative financial instruments									
Hedging against impaired risk									
Forward foreign exchange transactions	-	-	-	-	-	-	47,502	-	91,336
Marketable securities									
Forward foreign exchange transactions	12,000	-	16,769	12,000	9,844	-	47,502	73,375	-
Total short-term derivative instruments	**12,000**	**-**	**16,769**	**12,000**	**9,844**	**-**	**95,004**	**73,375**	**91,336**
Long term derivative financial instruments									
Hedging against impaired risk									
Interest rate swap	22,800	26,298	-	24,400	-	31,428	-	-	-
Total long-term derivative instruments	**22,800**	**26,298**	**-**	**24,400**	**-**	**31,428**	**-**	**-**	**-**
Total derivative financial instruments		**26,298**	**16,769**		**9,844**	**31,428**		**73,375**	**91,336**

The Group carried out 11 forward purchase and sale transactions for 21,500 USD on 26-27-28 April. One transaction for $2,500 was redeemed as of June 2, 2023, one transaction for $2,500 was redeemed as of July 7, 2023, one transaction for $2,500 was redeemed as of August 4, 2023, and one transaction for $2,500 was redeemed as of September 1, 2023. Three transactions of $5,500 on October 6, October 13, and October 27, 2023, one transaction of $1,500 on November 17, 2023, 3 transactions of $4,500 on December 1, December 15, December 29, 2023 has been redeemed.

In order to hedge against exchange rate risk, the Group has made a total of 48 contracts of USD 250 each for the years 2021, 2022 and 2023, with a total value of USD 12,000. Contract maturities are less than 1 year and are fully amortized by the end of the year. From these transactions, it recorded an income of 23,150 TL in 2023, an income of 7,825 TL in 2022, and an expense of 5,567 TL in 2021. Actual income/expenses and fair value increases/decreases of these contracts are accounted in the other comprehensive income statement.

The Group signed a contract worth 24,400 USD on 20 April 2022 in order to hedge interest rate risk. The contract maturity is dated February 10, 2027, and an income of USD 403 in 2023 and an expense of USD 130 in 2022 were recognized in the other comprehensive income/expense table. The fair value increase/decrease of the contract in question has been accounted under equity.

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23. REVENUE

Revenue	**1 January- 31 December 2023**	**1 January- 31 December 2022**
Domestic sales	13,477,633	12,729,735
Export sales	8,638,691	10,218,203
Sales discounts (-)	(34,947)	(69,488)
Other deductions (-)	(1,576,862)	(2,058,064)
	20,504,515	**20,820,386**
Cost of sales (-) (Note 24)	**(16,475,179)**	**(18,439,737)**
Gross profit	**4,029,336**	**2,380,649**

24. OPERATING EXPENSES BY NATURE

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

Cost of sales (-)	**1 January- 31 December 2023**	**1 January- 31 December 2022**
Direct material and supplies expenses	(3,612,179)	(4,096,966)
Labor expenses	(687,148)	(594,651)
Energy costs	(5,015,484)	(7,871,428)
Depreciation and amortization expenses	(918,454)	(852,541)
Other production expenses	(2,132,256)	(1,552,035)
Total production cost	**(12,365,521)**	**(14,967,621)**
Change in provision for inventory impairment (Note:9)	1,571	1,749
Change in work-in process	(33,311)	374,040
Change in finished goods	142,883	(161,519)
Cost of trade goods sold and other	(4,220,802)	(3,686,386)
	(16,475,179)	**(18,439,737)**

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

General administrative expenses	**1 January- 31 December 2023**	**1 January- 31 December 2022**
Personnel expenses	(620,658)	(495,029)
Consultancy expense	(165,807)	(157,100)
Depreciation and amortization expenses	(195,479)	(185,518)
Rent expenses	(79,283)	(59,916)
IT Expenses	(49,431)	(54,909)
Representation expenses	(44,502)	(54,427)
Tax, duty and charges	(43,798)	(80,247)
Travel expenses	(44,371)	(36,597)
Insurance expenses	(48,116)	(44,287)
Communication and publicity expenses	(52,230)	(16,701)
Maintenance expenses	(3,656)	(5,209)
Other miscellaneous expenses	(67,062)	(46,885)
	(1,414,393)	**(1,236,825)**

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24. OPERATING EXPENSES BY NATURE (Continued)

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

Marketing, selling and distribution	**1 January- 31 December 2023**	**1 January- 31 December 2022**
Personnel expenses	(39,060)	(18,844)
Depreciation and amortization expenses	(23,701)	(3,156)
Travel expenses	(5,256)	(3,477)
Rent expenses	(1,798)	(1,520)
Insurance expenses	(530)	(307)
Representation expenses	(413)	(347)
Consultancy expenses	(80)	(681)
Communication and advertising expenses	(11)	(23)
Other miscellaneous expenses	(4,070)	(4,011)
	(74,919)	**(32,366)**

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

Research and development expenses	**1 January- 31 December 2023**	**1 January- 31 December 2022**
Personnel expenses	(8,411)	(13,005)
Raw material expenses	(6,048)	(3,147)
Travel expenses	(1,564)	(1,435)
Depreciation and amortization	(692)	(574)
Outsourced benefits and services	(963)	(748)
Rent expenses	(67)	(107)
Transportation expenses	(185)	(48)
Maintenance expenses	(146)	(318)
Other miscellaneous expenses	(604)	(816)
	(18,680)	**(20,198)**

25. OTHER OPERATING INCOME AND EXPENSES

Other operating income	**1 January- 31 December 2023**	**1 January- 31 December 2022**
Foreign exchange gain from operating activities	1,649,724	1,114,710
Sales of scrap and miscellaneous material	19,211	41,494
Reversal of the provision (Note 7/17)	1,258	11,876
Other income	103,990	120,069
	1,774,183	**1,288,149**

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25. OTHER OPERATING INCOME AND EXPENSES (Continued)

Other operating expense	**1 January- 31 December 2023**	**1 January- 31 December 2022**
Foreign exchange loss from operating activities	(737,521)	(615,842)
Provision expenses (Note 7/17)	(21,556)	(37,406)
Interest expense of retirement pay provision (Note 19)	(13,234)	(39,023)
Competition Board penalty expense (*)	(12,101)	-
Litigation, levy, and court paid expenses	(6,184)	(1,430)
Compensation and Penalty expenses	(2,150)	(14,749)
Donationsand grants	(72,548)	(8,621)
Other expenses	(65,163)	(78,475)
	(930,457)	**(795,546)**

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

26. INCOME AND EXPENSE FROM INVESTMENT ACTIVITIES

Income from investment activities	**1 January- 31 December 2023**	**1 January- 31 December 2022**
Income from other investment activities (**)	415,856	77,496
Fixed assets sales income	10	64,634
Income from fixed assets classfied for sale	-	1,992,781
	415,866	**2,134,911**

(**)Includes revenues recorded from overdue KKMs.

27. FINANCIAL INCOME/EXPENSE

Financial income	**1 January- 31 December 2023**	**1 January- 31 December 2022**
Interest income	630,907	147,928
Total financial income	**630,907**	**147,928**

Financial expenses	**1 January- 31 December 2023**	**1 January- 31 December 2022**
Interest expenses of bank borrowings	(1,139,721)	(556,543)
Foreign exchange loss on bank borrowings	(694,260)	(382,858)
Other financial expenses	(75,517)	(44,362)
Total financial expense	**(1,909,498)**	**(983,763)**

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, corporate tax rate 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). With this; With the same Law, the corporate tax reduction, 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.

This rate is applicable to the tax base derived upon exemptions and deductions stated in the tax legislation and by addition of disallowable expenses to the commercial revenues of the companies with respect to the tax legislation.

In addition, in accordance with the Law No. 7440 published in the Official Gazette on March 12, 2023; By showing it in the corporate tax return for 2022 by corporate taxpayers, the exemption and discount amounts deducted from corporate income in accordance with the Law No. 5520 and the regulations in other laws, and the period earnings over their bases subject to reduced corporate tax within the scope of Article 32/A of the same Law. An additional tax of 10% must be calculated without being associated with the tax, and an additional tax of 5% must be calculated on the exempt earnings obtained from abroad with the exception set out in subparagraph (a) of the first paragraph of Article 5 of Law No. 5520 and which is 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 for a period not exceeding 5 years.

75% of the profits arising from the sale of participation shares held in the Company's assets for more than two years, as well as founding shares, usufruct shares and preemptive rights held for the same period, and 50% of the profits arising from the sales of immovable properties held in the Company's assets for the same period before July 15, 2023. It is exempt from tax, provided that it is added to the capital or kept in a special passive fund account for 5 years, as stipulated in the Corporate Tax Law. This exemption rate will be applied as 25% for the profits arising from the sale of immovable properties that were taken into assets of companies before July 15, 2023 and disposed of after July 15, 2023, provided that they complete two years. There is no corporate tax exemption for profits arising from the sale of real estate acquired by companies after July 15, 2023.

Companies calculate provisional tax based on their quarterly financial profits with the current corporate tax rate and declare and pay it until the evening of the 17th day of the second month following the relevant period. The provisional 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 any provisional tax amount left after the deduction, this amount can be refunded in cash or offset against other tax debts.

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

As of 31 December 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.

As of 31 December 2023, 31 December 2023 and 1 January 2022 corporate tax payables are summarized as follows:

Distribution of tax expenses are as follows:

Assets related to the current period taxes	**31 December 2023**	**31 December 2022**	**1 January 2022**
Assets related to the current period taxes	94,143	207,707	76,299
	94,143	**207,707**	**76,299**

Corporate tax payable	**31 December 2023**	**31 December 2022**	**1 January 2022**
Current period corporate tax provision	(337,693)	(45,577)	(320,367)
Prepaid taxes and funds	290,440	19,912	231,338
	(47,253)	**(25,665)**	**(89,029)**

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28. INCOME TAXES (Continued)

Tax (expense)/income	1 January- 31 December 2023	1 January- 31 December 2022
Current period corporate tax (expense)/income	(337,693)	(45,577)
Deferred tax (expense)/income	478,838	781,739
	141,145	**736,162**

The details of the deferred tax assets and liabilities 31 December 2023, 31 December 2022 and 1 January 2022 are as follows:

Deferred tax assets (*)	31 December 2023	31 December 2022	1 January 2022
Property, plant and equipment and intangible assets	1,176,734	590,219	305,741
Rediscount of receivables	20,633	13,853	6,260
Tax losses carried forward	24,092	87,237	90,475
Provision for litigations	10,390	12,418	17,047
Cash capital increase tax incentive assets	-	13,984	117,449
Provision for unused vacation	5,195	4,119	3,595
Provision for employee benefits	4,848	7,915	4,534
Recultivation provision	4,598	5,125	4,076
Inventory impairment provision	1,508	3,138	4,094
Provision for other doubtful receivables	849	1,555	5,204
Bonus and premium provision	216	-	-
Other	-	47	26,473
	1,249,063	**739,610**	**584,948**
Deferred tax liabilities (*)			
Property, plant and equipment and intangible assets	(639,404)	(869,468)	(1,602,016)
Fair values of derivative products	(84,245)	-	-
Goodwill	(24,738)	(40,761)	(66,958)
Inventories	(22,692)	(37,391)	(41,394)
Internal rate of return adjustment of borrowings	(3,578)	(3,786)	(2,340)
Other	(28,575)	-	-
	(803,232)	**(951,406)**	**(1,712,708)**
Deferred tax assets/(liabilities), net	**445,831**	**(211,796)**	**(1,127,760)**

(*) The total net amount of these two balances is shown as deferred tax assets amounting to TRY1,303,814 (31 December 2022: TRY903,503) and deferred tax liability of TRY857,983 (31 December 2022: TRY1,115,299) in the balance sheet.

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28. INCOME TAXES (Continued)

Deferred tax assets/(liabilities) presentation at balance sheet	**31 December 2023**	**31 December 2022**	**1 January 2022**
Deferred tax assets	1,303,814	903,503	614,629
Deferred tax liabilities	(857,983)	(1,115,299)	(1,742,389)
	445,831	**(211,796)**	**(1,127,760)**

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

Deferred tax assets/(liabilities) movement	**31 December 2023**	**31 December 2022**
Opening balance	211,796	1,132,190
Deferred tax (income)/expense	(478,838)	(784,436)
Accounted under other comprehensive income	106,317	(48,110)
Other	(285,106)	(87,848)
Closing balance	**(445,831)**	**211,796**

Tax reconciliation:	**31 December 2023**	**31 December 2022**
Profit before taxation	2,937,399	3,495,462
Effective statutory income tax rate	25%	23%
Tax expense at the effective statutory income tax rate	(734,350)	(803,956)
Reconciliation of tax provision calculated with deductible:		
- Effect of the profit from investments accounted by equity method	10,779	63,920
- Effect of assets from tax incentives	233,364	18,892
- Other income exempt from tax	141,699	-
- Non-deductible expenses	(39,875)	(17,073)
- Earthquake tax	(108,147)	-
- Tax exemption from sale of land	-	1,387
- Inflation effect(*)	681,787	862,896
- Other	(44,112)	610,096
Tax expense in the income statement	**141,145**	**736,162**

In 2022, the deferred tax asset in question decreased as shown in the balance sheet due to the disappearance of the effect of temporary differences in 2023. The deferred tax income arising from the cumulative effect of the revaluation made in the VUK book in 2022 (shown in 2023 purchasing power) does not give a high balance due to the indexation of both books in the current period.

(*) It also includes the effect of the adjustments made regarding inflation accounting within the scope of the Tax Procedure Law communiqué dated December 30,2023 and numbered 32415.

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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:

	1 January-31 December 2023	1 January-31 December 2022(*)
Number of shares	945,591	945,591
Profit attributable to equity holders of the parent–TRY	2,490,891	4,077,465
Dividend per share with nominal value of 1 Kr - TRY	2.63	4.31

(*) As of December 31, 2022, within the profit falling to the parent company share, Niğde Integrated Cement Factory, Kayseri Integrated Cement Factory, Ankara Cement Grinding Plant and Başakpınar, Ambar, Nevşehir, Cırgalan, Aksaray, Ereğli and Kahramanmaraş Ready-Mixed Concrete Facilities are included in these facilities. There is an income of 1,992,780 TL from the sale of fixed assets and other assets related to them. Profit per share of the parent company, excluding sales profit, is 2,582,880 TL and earnings per share is 2.73 TL.

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 31 December 2023, 31 December 2022 and 1 January 2022 and the related party transactions for the periods ended 31 December 2023 and 31 December 2022 are mainly as follows:

Short-term trade receivables from related parties

	31 December 2023	31 December 2022	1 January 2022
Akçansa Çimento Sanayi ve Ticaret A.Ş.[2]	-	36	571
	-	**36**	**571**

Short-term other receivables from related parties

	31 December 2023	31 December 2022	1 January 2022
Aksigorta A.Ş. [2]	-	13	-
Sabancı Dx[1]	-	-	137
	-	**13**	**137**

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

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30. RELATED PARTY DISCLOSURES (Continued)

Short-term trade payables to related parties

	31 December 2023	31 December 2022	1 January 2022
Enerjisa Elektrik Enerjisi Toptan Satış A.Ş. (2)	121,719	733,938	195,889
Enerjisa Müşteri Çözümleri A.Ş.(2)*	60,337	-	-
Akçansa Çimento Sanayi ve Ticaret A.Ş.(2)	18,286	26,352	9,462
Akbank T.A.Ş. (1)	-	35,543	45,812
Other	11,507	359	1,219
	211,849	**796,192**	**252,382**

(*) 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 60,337,362 Full TL. Within the framework of the contract, maintenance and operation services of the facility will be provided by Enerjisa Customer Solutions for 9 years from the date of commissioning, and a monthly service fee will be paid to Enerjisa Müşteri Çözümleri accordingly. 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

	31 December 2023	31 December 2022	1 January 2022
Sabancı Dx (1)	14,387	13,189	17,391
Teknosa A.Ş.(1)	4,511	87	5,332
Aksigorta Sigortacılık A.Ş. (2)	111	234	-
Other	2,144	2,788	1,892
	21,153	**16,298**	**24,615**

Bank balances deposited in related parties

	31 December 2023	31 December 2022	1 January 2022
Akbank T.A.Ş. (1)	1,106,393	2,123,479	681,247
	1,106,393	**2,123,479**	**681,247**

(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

	31 December 2023	31 December 2022	1 January 2022
Bank loans from Akbank T.A.Ş. (1)	1,279,823	995,707	354,720
	1,279,823	**995,707**	**354,720**

Sales to related parties

	1 January-31 December 2023	1 January-31 December 2022
Enerjisa Elektrik Enerjisi Toptan Satış A.Ş. (2)	13,710	26
Sabancı Dx.(1)	569	175
Akçansa Çimento Sanayi ve Ticaret A.Ş. (2)	1	2,177
Other	432	45
	14,712	**2,423**

Purchases and services received from related parties

	1 January-31 December 2023	1 January-31 December 2022
Enerjisa Elektrik Enerjisi Toptan Satış A.Ş. (2)	1,623,478	2,184,830
Ak Sigorta A.Ş. (2)	53,069	47,204
Akçansa Çimento Sanayi ve Ticaret A.Ş. (2)	437,219	348,042
Sabancı Dx(1)	46,861	35,085
Teknosa A.Ş. (1)	10,627	1,523
Other	19,228	26,990
	2,190,482	**2,643,674**

Interest income from related parties

	1 January-31 December 2023	1 January-31 December 2022
Akbank T.A.Ş. (1)	127,439	104,283
	127,439	**104,283**

(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 expenses from related parties

	1 January- 31 December 2023	1 January- 31 December 2022
Akbank T.A.Ş. [1]	(93,762)	(46,789)
	(93,762)	**(46,789)**

(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 TRY61,522 (31 December 2022 – TRY46,408). The contributions paid to Social Security Institution are TRY2,645 (31 December 2022 – TRY2,493).

31. FOREIGN CURRENCY RISK

Foreign Currency Risk

The Group's foreign currency positions in original currency as of 31 December 2023, 31 December 2022 and 1 January 2022 are as follows:

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

	31 December 2023				
	(Functional Currency)	USD (Original Currency)	EUR (Original Currency)	GBP (Original Currency)	Other (Original Currency)
Trade receivables	913,447	2,941	16,935	-	33,689
Monetary financial assets	1,893,049	58,690	3,842	104	4,441
Non-monetary financial assets	82,435	-	2,531	-	-
Other	1,209,068	38,807	1,463	-	2,323
Current Assets	**4,098,000**	**100,438**	**24,771**	**104**	**40,453**
TOTAL ASSETS	**4,098,000**	**100,438**	**24,771**	**104**	**40,453**
Trade payables	(456,784)	(4,510)	(8,789)	(94)	(4,187)
Financial liabilities	(2,460,579)	(47,295)	(30,761)	-	(8,133)
Other non-monetary liabilities	(101,233)	(1,808)	(1,235)	(3)	(940)
Short Term Liabilities	**(3,018,596)**	**(53,613)**	**(40,785)**	**(97)**	**(13,240)**
TOTAL LIABILITIES	**(3,018,596)**	**(53,613)**	**(40,785)**	**(97)**	**(13,240)**
Net foreign currency asset liability position	**1,079,403**	**46,826**	**(16,014)**	**7**	**27,213**
Off balance sheet derivative financial instruments asset/liability position	**353,258**	**12,000**	**-**	**-**	**-**
Net foreign currency asset/liability position for monetary items	**726,145**	**34,826**	**(16,014)**	**7**	**27,213**
Export	8,638,691	171,461	177,959	37	-
Import	1,766,439	57,137	15,993	4	-

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31. FOREIGN CURRENCY RISK (Continued)

Foreign Currency Risk (Continued)

	31 December 2022				
	TRY Equivalent (Functional Currency)	**USD (Original Currency)**	**EUR (Original Currency)**	**GBP (Original Currency)**	**Other (Original Currency)**
Trade receivables	1,639,261	40,431	24,724	111	73,056
Monetary financial assets	2,717,324	135,595	6,703	26	8,984
Non-monetary financial assets	22,176	1,186	-	-	-
Other	674,224	35,559	52	10	1,519
Current Assets	**5,052,985**	**212,771**	**31,479**	**147**	**83,560**
TOTAL ASSETS	**5,052,985**	**212,771**	**31,479**	**147**	**83,560**
Trade payables	(1,134,641)	(49,727)	(8,103)	-	(8,155)
Financial liabilities	-	-	-	-	-
Other non-monetary liabilities	(94,017)	(4,541)	(150)	-	(1,150)
Short Term Liabilities	**(1,228,659)**	**(54,268)**	**(8,253)**	**-**	**(9,306)**
TOTAL LIABILITIES	**(1,228,659)**	**(54,268)**	**(8,253)**	**-**	**(9,306)**
Net foreign currency asset liability position	**3,824,326**	**158,503**	**23,226**	**147**	**74,254**
Off balance sheet derivative financial instruments asset/liability position	**1,514,863**	**19,772**	**57,341**	**-**	-
Net foreign currency asset/liability position for monetary items	**5,339,189**	**178,275**	**80,567**	**147**	**74,254**
Export	10,218,203	297,368	301,902	5,556	-
Import	2,123,211	15,879	107,677	5	-

	1 January 2022				
	TRY Equivalent (Functional Currency)	**USD (Original Currency)**	**EUR (Original Currency)**	**GBP (Original Currency)**	**Other (Original Currency)**
Trade receivables	1,712,906	55,481	33,043	24	121,321
Monetary financial assets	779,684	43,939	11,676	905	5,317
Non-monetary financial assets	223,130	-	15,197	-	-
Other	122,438	7,816	769	-	2,323
Current Assets	**2,838,158**	**107,236**	**60,685**	**929**	**128,960**
TOTAL ASSETS	**2,838,158**	**107,236**	**60,685**	**929**	**128,960**
Trade payables	(2,500,428)	(149,800)	(10,038)	(1,239)	(92,641)
Financial liabilities	(4,214,787)	(139,314)	(157,792)	-	(21,544)
Other non-monetary liabilities	(151,234)	(6,571)	(4,019)	(7)	(1,632)
Short Term Liabilities	**(6,866,449)**	**(295,685)**	**(171,849)**	**(1,246)**	**(115,817)**
TOTAL LIABILITIES	**(6,866,449)**	**(295,685)**	**(171,849)**	**(1,246)**	**(115,817)**
Net foreign currency asset liability position	**(4,028,291)**	**(188,448)**	**(111,164)**	**(317)**	**13,143**
Off balance sheet derivative financial instruments asset/liability position	**1,933,073**	**32,481**	**102,951**	**-**	-
Net foreign currency asset/liability position for monetary items	**(2,095,218)**	**(155,967)**	**(8,213)**	**(317)**	**13,143**
Export	7,418,931	412,429	345,970	5,264	-
Import	2,444,528	89,347	155,193	254	-

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

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31. FOREIGN CURRENCY RISK (Continued)

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**	
31 December 2023	**Foreign currency appreciation**	**Foreign currency depreciation**	**Foreign appreciation**	**Foreign currency depreciation**
1- USD net assets/liabilities	619,457	(619,457)	619,457	(619,457)
2- Hedged portion of USD risk (-)	35,390	(35,390)	35,390	(35,390)
3- USD net effect (1+2)	654,847	(654,847)	654,847	(654,847)
4- Net EUR assets/liabilities	213,780	(213,780)	213,780	(213,780)
5- Hedged portion of EUR risk (-)	-	-	-	-
6- EUR net effect (4+6)	213,780	(213,780)	213,780	(213,780)
7- Net GBP assets/liabilities	753	(753)	753	(753)
8- Hedged portion of GBP risk (-)	-	-	-	-
9- GBP net effect (7+8)	753	(753)	753	(753)
10-Net other foreign currency asset/liability	5,369	(5,369)	5,369	(5,369)
11- Hedged portion of other foreign currency risk(-)	-	-	-	-
12-Other Foreign currency net effect (10+11)	5,369	(5,369)	5,369	(5,369)
TOTAL (3+6+9)	**874,749**	**(874,749)**	**874,749**	**(874,749)**

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31. FOREIGN CURRENCY RISK (Continued)

	Profit/Loss		**Equity**	
31 December 2022	**Foreign currency appreciation**	**Foreign currency depreciation**	**Foreign appreciation**	**Foreign currency depreciation**
1- USD net assets/liabilities	499,501	(499,501)	499,501	(499,501)
2- Hedged portion of USD risk (-)	37,038	(37,038)	-	-
3- USD net effect (1+2)	536,539	(536,539)	499,501	(499,501)
4- Net EUR assets/liabilities	79,235	(79,235)	79,235	(79,235)
5- Hedged portion of EUR risk (-)	(114,514)	114,514	(114,514)	114,514
6- EUR net effect (4+6)	(35,279)	35,279	(35,279)	35,279
7- Net GBP assets/liabilities	332	(332)	332	(332)
8- Hedged portion of GBP risk (-)	-	-	-	-
9- GBP net effect (7+8)	332	(332)	332	(332)
10-Net other foreign currency asset/liability	9,286	(9,286)	9,286	(9,286)
11-Hedged portion of other foreign currency risk (-)	-	-	-	-
12-Other foreign currency net effect (10+11)	9,286	(9,286)	9,286	(9,286)
TOTAL (3+6+9)	**510,879**	**(510,879)**	**510,879**	**(510,879)**

	Profit/Loss		**Equity**	
1 January 2022	**Foreign currency appreciation**	**Foreign currency depreciation**	**Foreign currency appreciation**	**Foreign currency depreciation**
1- USD net assets/liabilities	303,145	(303,145)	303,145	(303,145)
2- Hedged portion of USD risk (-)	42,152	(42,152)	-	-
3- USD net effect (1+2)	345,297	(345,297)	303,145	(303,145)
4- Net EUR assets/liabilities	48,088	(48,088)	48,088	(48,088)
5- Hedged portion of EUR risk (-)	151,155	(151,155)	151,155	(151,155)
6- EUR net effect (4+6)	199,243	(199,243)	199,243	(199,243)
7- Net GBP assets/liabilities	(2,652)	2,652	(2,652)	2,652
8- Hedged portion of GBP risk (-)	-	-	-	-
9- GBP net effect (7+8)	(2,652)	2,652	(2,652)	2,652
10-Net other foreign currency asset/liability	3,663	(3,663)	3,663	(3,663)
11-Hedged portion of other foreign currency risk(-)	-	-	-	-
12-Other Foreign currency net effect (10+11)	3,663	(3,663)	3,663	(3,663)
TOTAL (3+6+9)	**545,551**	**(545,551)**	**545,551**	**(545,551)**

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32. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

a. Interest rate risk management

The Group is exposed to interest rate risk due to the effect of changes in interest rates on the Group's assets and liabilities having interest returns. The risk is managed by the Group by maintaining an appropriate mix between fixed and floating rate borrowings, by the use of interest rate swap contracts and interest rate forward contracts. Hedging activities are evaluated regularly to align with interest rate views and defined risk appetite; ensuring optimal hedging strategies are applied, by either positioning the balance sheet or protecting interest expense through different interest rate cycles

The distribution of interest rate sensitive financial instruments of the Group is as follows:

Interest position table	**31 December 2023**	**31 December 2022**	**1 January 2022**
Fixed rate instruments			
Time Deposits	5,371,998	5,317,711	813,565
Loans	5,084,873	5,972,207	5,912,323

	31 December 2023	**31 December 2022**	**1 January 2022**
Floating rates instruments			
Loans	3,561,786	3,929,687	3,949,279

b. Capital management

The Group manages its capital by maintaining permanence of its operations and on the other hand by reviewing terms of the trade receivables, trade payables and financial liabilities and cash from operations by using the debt and equity ratio in the most efficient way. The Group's top management evaluates the cost of capital and the risks which are associated with every equity account and presents to Board of Directors those which depend on their decision. The Group's objective is to maintain the stability of capital structure by taking new debts or repayment of debts and also via dividend payments, depending on the decisions of Board of Directors.

The Group follows the debt-to-equity ratio in the capital management in parallel with other companies in the sector. Net debt is calculated by dividing net debt to total equity. Net debt/equity ratios at 31 December 2023, 31 December 2022 and 1 January 2022 are as follows:

	Note	**31 December 2023**	**31 December 2022**	**1 January 2022**
Total financial borrowings	8	8,646,659	9,901,894	9,861,602
Less: Cash and cash equivalents	5	(6,306,682)	(6,911,575)	(1,627,341)
Net debt		2,339,977	2,990,319	8,234,261
Equity		23,434,254	21,227,470	16,053,878
Total liabilities		**25,774,231**	**24,217,789**	**24,288,140**
Net debt/Equity ratio (%)		10%	14%	51%

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32. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

c. Financial risk factors

The Group's principal financial instruments are cash, short-term time deposits and bank borrowings. The main purpose of use of these financial instruments is to raise finance for the Group's operations and to hedge interest rate risk. The Group has various other financial instruments such as trade receivables and trade payables, which arise directly from its operations. The main risks arising from the Group's financial instruments are liquidity risk, foreign currency risk, interest rate risk and credit risk. As explained below, the Board of Directors is responsible from the procedures necessary to follow and manage these risks.

d. Credit risk management

The majority of the trade receivables are guaranteed by the bank letters and/or credit limits. The credit reviews are performed continuously over the accounts receivable balances of the customers. The Group does not have a significant credit risk arising from any customer.

The aging of the assets that are overdue but not subject to any impairment as of 31 December 2023, 31 December 2022 and 1 January 2022 is as follows:

	Receivables					
31 December 2023	**Trade Receivables**	**Other Receivables**	**Demand deposit**	**Derivative Financial Instruments**	**Other**	**Trade Receivables**
Overdue 1-30 days	177,084	-	-	-	-	177,084
Overdue 1-3 months	8,135	-	-	-	-	8,135
Overdue 3-12 months	7,694	-	-	-	-	7,694
Total overdue receivables	192,913	-	-	-	-	192,913
Secured part via collateral etc.	113,497	-	-	-	-	113,497

	Receivables					
31 December 2022	**Trade Receivables**	**Other Receivables**	**Demand deposit**	**Derivative Financial Instruments**	**Other**	**Trade Receivables**
Overdue 1-30 days	133,705	-	-	-	-	133,705
Overdue 1-3 months	608	-	-	-	-	608
Overdue 3-12 months	2,172	-	-	-	-	2,172
Total overdue receivables	136,485	-	-	-	-	136,485
Secured part via collateral etc.	74,786	-	-	-	-	74,786

	Receivables					
1 January 2022	**Trade Receivables**	**Other Receivables**	**Demand deposit**	**Derivative Financial Instruments**	**Other**	**Trade Receivables**
Overdue 1-30 days	46,996	-	-	-	-	46,996
Overdue 1-3 months	12,628	-	-	-	-	12,628
Overdue 3-12 months	16,848	-	-	-	-	16,848
Total overdue receivables	76,472	-	-	-	-	76,472
Secured part via collateral etc.	73,021	-	-	-	-	73,021

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32. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

The credit risk of the Group for each financial instrument type is as follows:	Receivables						
	Trade Receivables		Other Receivables		Bank Deposits		
31 December 2023	**Related Party**	**Third Party**	**Related Party**	**Third Party**	**Related Party**	**Third Party**	**Derivative Financial Instruments**
Maximum credit exposures as of report date (1) (A+B+C+D+E)	-	2,344,570	-	38,073	1,106,393	5,200,231	26,298
Secured Part of maximum credit risk exposure via collateral etc.	-	113,497	-	-	-	-	-
A. Net book value for the financial assets that are neither overdue nor impaired (2)	-	2,151,657	-	38,073	1,106,393	5,200,231	26,298
B. Carrying amount of financial assets that are renegotiated, otherwise classified as overdue or impaired (3)	-	-	-	-	-	-	-
		-					
C. Net book value of financial assets that are overdue but not impaired	-	192,913	-	-	-	-	-
- Secured part via collateral etc.	-	113,497	-	-	-	-	-
D. Net book value of impaired financial assets	-	-	-	-	-	-	-
- Overdue (gross carrying amount)	-	10,931	-	764	-	-	-
- Impairment (-)	-	(10,931)	-	(764)	-	-	-
- Secured part via collateral etc.	-	-	-	-	-	-	-
- Not Overdue (gross carrying amount)	-	-	-	-	-	-	-
- Impairment (-)	-	-	-	-	-	-	-
- Secured part via collateral etc.	-	-	-	-	-	-	-
E. Off-Balance sheet financial assets exposed to credit risk	-	-	-	-	-	-	-

(1) When determining the amount, the guarantees received and factors increasing the credibility are not considered.
(2) The guarantees consist of letters of guarantees, guarantee cheques and mortgages received from customers. The portion of the guarantee which covers the risk has not been taken into consideration.
(3) The Group did not have any collection problems with these customers in the past.

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32. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

The credit risk of the Group for each financial instrument type is as follows:	**Receivables**						
	Trade Receivables		**Other Receivables**		**Bank Deposits**		
31 December 2022	**Related Party**	**Third Party**	**Related Party**	**Third Party**	**Related Party**	**Third Party**	**Derivative Financial Instrument**
Maximum credit exposures as of report date (1) (A+B+C+D+E)	36	2,772,439	13	45,312	2,152,671	4,758,817	9,844
Secured Part of maximum credit risk exposure via collateral etc.	-	74,786	-	-	-	-	-
A. Net book value for the financial assets that are neither overdue nor impaired (2)	36	2,635,954	13	45,312	2,152,671	4,758,817	9,844
B. Carrying amount of financial assets that are renegotiated, otherwise classified as overdue or impaired (3)	-	-	-	-	-	-	-
C. Net book value of financial assets that are overdue but not impaired	-	136,485	-	-	-	-	-
- Secured part via collateral etc.	-	74,786	-	-	-	-	-
D. Net book value of impaired financial assets	-	-	-	-	-	-	-
- Overdue (gross carrying amount)	-	48,018	-	1,259	-	-	-
- Impairment (-)	-	(48,018)	-	(1,259)	-	-	-
- Secured part via collateral etc.	-	-	-	-	-	-	-
- Not Overdue (gross carrying amount)	-	-	-	-	-	-	-
- Impairment (-)	-	-	-	-	-	-	-
- Secured part via collateral etc.	-	-	-	-	-	-	-
E. Off-Balance sheet financial assets exposed to credit risk	-	-	-	-	-	-	-

(1) When determining the amount, the guarantees received and factors increasing the credibility are not considered.
(2) The guarantees consist of letters of guarantees, guarantee cheques and mortgages received from customers. The portion of the guarantee which covers the risk has not been taken into consideration.
(3) The Group did not have any collection problems with these customers in the past.

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32. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

The credit risk of the Group for each financial instrument type is as follows:

	Receivables						
	Trade Receivables		Other Receivables		Bank Deposits		
1 January 2022	**Related Party**	**Third Party**	**Related Party**	**Third Party**	**Related Party**	**Third Party**	**Derivative Financial Instrument**
Maximum credit exposures as of report date (1) (A+B+C+D+E)	571	3,060,624	137	81,209	758,479	868,663	73,375
Secured Part of maximum credit risk exposure via collateral etc.	-	307,204	-	-	-	-	-
A. Net book value for the financial assets that are neither overdue nor impaired (2)	571	2,984,152	137	81,209	758,479	868,663	73,375
B. Carrying amount of financial assets that are renegotiated, otherwise classified as overdue or impaired (3)	-	-	-	-	-	-	-
C. Net book value of financial assets that are overdue but not impaired	-	76,472	-	-	-	-	-
- Secured part via collateral etc.	-	307,204	-	-	-	-	-
D. Net book value of impaired financial assets	-	-	-	-	-	-	-
- Overdue (gross carrying amount)	-	79,799	-	2,069	-	-	-
- Impairment (-)	-	(79,799)	-	(2,069)	-	-	-
- Secured part via collateral etc.	-	-	-	-	-	-	-
- Not Overdue (gross carrying amount)	-	-	-	-	-	-	-
- Impairment (-)	-	-	-	-	-	-	-
- Secured part via collateral etc.	-	-	-	-	-	-	-
E. Off-Balance sheet financial assets exposed to credit risk	-	-	-	-	-	-	-

(1) When determining the amount, the guarantees received and factors increasing the credibility are not considered.
(2) The guarantees consist of letters of guarantees, guarantee cheques and mortgages received from customers. The portion of the guarantee which covers the risk has not been taken into consideration.
(3) The Group did not have any collection problems with these customers in the past.

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32. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

e. Foreign currency risk management

When necessary, the Group enters into derivative transactions to manage its exchange rate exposures. In this context, the Group's main preference is foreign currency forward transactions. The Group manages foreign currency purchase/sale forward contracts with maturities less than one year. The details of unrealized foreign currency purchase/sale forward contracts as of the date of the report are disclosed in Note 22.

f. Interest rate risk management

The Group is exposed to the interest rate risk through the impact of interest rate changes on interest bearing assets and liabilities. The interest rate is fixed by making an IRS (Interest Rate Swap) through the bank. The Group changed the interest rate of "3.45%+Euribor" to "3.05%" for its 20,750,000 EUR variable interest and long-term loan, and "3.30%+Sofr" interest to "3.30%+Sofr" for its 25,000,000 USD floating rate and long-term loan with a maturity of July 9, 2029, it is fixed at 2,69%" with a maturity date of February 10, 2027. Transactions were made to hedge cash flow risk and were accounted under equity by applying hedge accounting.

g. Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions.

The current and prospective risk of funding the debts is mitigated by matching the cash in and out flow volume supported by committed lending limits from qualified credit institutions.

The breakdown of derivative and non-derivative financial assets and liabilities according to their maturities is disclosed considering the period elapsed from balance sheet date to due date.

31 December 2023 Contractual maturities	**Net Book Value**	**Contractual Total Cash Outflow (I+II+III+IV)**	**Less Than 3 Months (I)**	**3-12 Months (II)**	**1-5 Years (III)**	**More Than 5 Years (IV)**
Bank Borrowings	8,238,994	9,499,829	988,334	3,026,184	4,927,708	557,603
Finance lease obligations	407,665	436,202	109,052	327,150	-	-
Trade Payables	3,198,977	3,198,977	3,198,977	-	-	-
Other Payables, Liabilities and Deferred Income	868,069	868,069	868,069	-	-	-
Total liabilities	**12,713,705**	**14,003,077**	**5,164,432**	**3,353,334**	**4,927,708**	**557,603**
Derivative financial liabilities						
Unrealized purchase/sale commitments (net)	16,769	16,769	-	-	16,769	-
	16,769	**16,769**	**-**	**-**	**16,769**	**-**

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32. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (Continued)

31 December 2022 Contractual maturities	**Net Book Value**	**Contractual Total Cash Outflow (I+II+III+IV)**	**Less Than 3 Months (I)**	**3-12 Months (II)**	**1-5 Years (III)**	**More Than 5 Years (IV)**
Bank Borrowings	9,510,368	10,220,609	1,726,916	3,697,779	3,737,747	1,058,167
Finance lease obligations	391,526	422,848	105,712	317,136	-	-
Trade Payables	3,558,529	3,558,529	3,558,529	-	-	-
Other Payables, Liabilities and Deferred Income	437,058	437,058	437,058	-	-	-
Total liabilities	**13,897,481**	**14,639,044**	**5,828,215**	**4,014,915**	**3,737,747**	**1,058,167**
Derivative financial liabilities						
Unrealized purchase/sale commitments (net)	31,428	31,428	-	-	31,428	-
	31,428	**31,428**	**-**	**-**	**31,428**	**-**

1 January 2022 Contractual maturities	**Net Book Value**	**Contractual Total Cash Outflow (I+II+III+IV)**	**Less Than 3 Months (I)**	**3-12 Months (II)**	**1-5 Years (III)**	**More Than 5 Years (IV)**
Bank Borrowings	9,556,344	10,349,697	401,080	4,468,479	3,547,652	1,932,486
Finance lease obligations	305,258	329,679	82,420	247,259	-	-
Trade Payables	2,684,993	2,684,993	2,684,993	-	-	-
Other Payables, Liabilities and Deferred Income	576,604	576,604	576,604	-	-	-
Total liabilities	**13,123,199**	**13,940,973**	**3,745,097**	**4,715,738**	**3,547,652**	**1,932,486**
Derivative financial liabilities						
Unrealized purchase/sale commitments (net)	91,336	91,336	-	91,336	-	-
Bank Borrowings	**91,336**	**91,336**	**-**	**91,336**	**-**	**-**

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33. FINANCIAL INSTRUMENTS FAIR VALUE AND HEDGE ACCOUNTING DISCLOSURES

31 December 2023	Cash and cash equivalents	Loans and receivables	Financial assets at fair value through other comprehensive income	Financial liabilities at financial cost	Derivative financial instruments accounted under equity	Derivative financial instruments through income statement	Financial assets through income statement	Carrying value	Note
Financial assets									
Cash and cash equivalents	6,306,329	-	-	-	-	-	-	6,306,329	5
Trade receivables	-	2,344,570	-	-	-	-	-	2,344,570	7
Financial investments	-	-	82,857	-	-	-	-	82,857	
Other financial assets	-	1,498,818	-	-	-	-	-	1,498,818	9/11
Derivative financial assets	-	-	-	-	-	26,298	-	26,298	22
Financial liabilities									
Financial liabilities	-	-	-	8,646,659	-	-	-	8,646,659	8
Trade payable	-	-	-	3,198,977	-	-	-	3,198,977	7
Other financial liabilities	-	-	-	868,070	-	-	-	868,070	9/11/20
Derivative financial liabilities	-	-	-	-	16,769	-	-	16,769	22

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

31 December 2022	Cash and cash equivalents	Loans and receivables	Financial assets at fair value through other comprehensive income	Financial liabilities at financial cost	Derivative financial instruments accounted under equity	Derivative financial instruments through income statement	Financial assets through income statement	Carrying value	Note
Financial assets									
Cash and cash equivalents	6,911,575	-	-	-	-	-	-	6,911,575	5
Trade receivables		2,772,475	-	-	-	-	-	2,772,475	7
Financial investments	-	-	26,851	-	-	-	-	26,851	
Other financial assets	-	874,492	-	-	-	-	-	874,492	9/11
Derivative financial assets	-	-	-	-	-	9,844	-	9,844	22
Financial liabilities									
Financial liabilities	-	-	-	9,901,894	-	-	-	9,901,894	8
Trade payable	-	-	-	3,558,529	-	-	-	3,558,529	7
Other financial liabilities	-	-	-	437,058	-	-	-	437,058	9/11/20
Derivative financial liabilities	-	-	-	-	31,428	-	-	31,428	22

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

1 January 2022	Cash and cash equivalents	Loans and receivables	Financial assets at fair value through other comprehensive income	Financial liabilities at financial cost	Derivative financial instruments accounted under equity	Derivative financial instruments through income statement	Financial assets through income statement	Carrying value	Note
Financial assets									
Cash and cash equivalents	1,627,341	-	-	-	-	-	-	1,627,341	5
Trade receivables	-	3,061,195	-	-	-	-	-	3,061,195	7
Financial investments	-	-	801	-	-	-	-	810	
Other financial assets	-	285,969	-	-	-	-	-	285,969	9/11
Derivative financial assets	-	-	-	-	-	73,375	-	73,375	22
Financial liabilities									
Financial liabilities	-	-	-	9,861,602	-	-	-	9,861,602	8
Trade payable	-	-	-	2,684,993	-	-	-	2,684,993	7
Other financial liabilities	-	-	-	576,604	-	-	-	576,604	9/11/20
Derivative financial liabilities	-	-	-	-	91,336	-	-	91,336	22

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

The classification and fair value of the financial instruments

The Company estimated the fair value of financial instruments using available market information and appropriate valuation methodologies. However, market data, and judgment is required to estimate the fair values. As a result, the estimates presented here, may not be an indicative of the amounts by which the Company could obtain in a current market transaction.

Financial assets - The fair values of certain financial assets carried at cost, including cash and cash equivalents plus the respective accrued interest and other financial assets are considered to approximate their respective carrying values due to their short-term nature and negligible credit losses. The carrying value of trade receivables along with the related allowance for doubtful receivables is estimated to be their fair values.

Financial liabilities - Trade payables and other monetary liabilities are considered to approximate their respective carrying values due to their short-term nature. The bank borrowings are stated at their amortized costs and transaction costs are included in the initial measurement of bank borrowings. The fair value of long-term bank borrowings with variable interest rates are considered to state their respective carrying values since the interest rate applied to bank borrowings are updated periodically by the lender to reflect active market price quotations. The fair values of long-term bank borrowings with fixed interest rates considered to approximate their respective carrying values due to the fact that fixed rate is the rate applicable as of balance sheet date. The fair values of short-term bank borrowings are considered to approximate their respective carrying values due to their short-term nature.

Fair value hierarchy table

The Company classifies the fair value measurement of each class of financial instruments according to the source, using the three-level hierarchy, as follows;

Level 1: Market price valuation techniques for the determined financial instruments traded in markets (unadjusted),

Level 2: Other valuation techniques including direct or indirect observable inputs,

Level 3: Valuation techniques does not contains observable market inputs.

(Unless otherwise stated, amounts are expressed in thousand Turkish Lira ("TL") in terms of purchasing power of the TL on December 31, 2023. Currencies other than TL are stated as thousand unless otherwise stated.

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

As of 31 December 2023, 31 December 2022 and 1 January 2022 the fair value hierarchy table of the Company's assets and liabilities at fair value are as follows:

		The level of fair value at the reporting date		
Financial assets and liabilities at fair value	**31 December 2023**	**Level 1**	**Level 2**	**Level 3**
Financial assets and liabilities at fair value through income/loss				
Financial investments	-	-	-	-
Derivative financial assets	26,298	-	26,298	-
Derivative financial liabilities	-	-	-	-
Financial assets and liabilities at fair value through other comprehensive income/loss				
Financial assets available for sale	82,857	-	-	82,857
Derivative financial liabilities	(16,769)	-	(16,769)	-
Total	**92,386**	**-**	**9,529**	**82,857**

		The level of fair value at the reporting date		
Financial assets and liabilities at fair value	**31 December 2022**	**Level 1**	**Level 2**	**Level 3**
Financial assets and liabilities at fair value through income/loss				
Financial investments	1,741,661	609,519	1,132,142	-
Derivative financial assets	9,844	-	9,844	-
Derivative financial liabilities	-	-	-	-
Financial assets and liabilities at fair value through other comprehensive income/loss				
Financial assets available for sale	26,850	-	-	26,850
Derivative financial liabilities	(31,428)	-	(31,428)	-
Total	**1,746,927**	**609,519**	**1,110,558**	**26,850**

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

The classification and fair value of the financial instruments (Continued)

		The level of fair value at the reporting date		
Financial assets and liabilities at fair value	**I January 2022**	**Level 1**	**Level 2**	**Level 3**
Financial assets and liabilities at fair value through income/loss				
Financial investments	-	-	-	-
Derivative financial assets	73,375	-	73,375	-
Derivative financial liabilities	(91,336)	-	(91,336)	-
Financial assets and liabilities at fair value through other comprehensive income/loss				
Financial assets available for sale	809	-	-	809
Derivative financial liabilities	-	-	-	-
Total	**(17,152)**	**-**	**(17,961)**	**809**

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.

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

	31 December 2023	31 December 2022	31 December 2022
Fair value difference reflects other comprehensive income/loss derivative financial assets and liabilities	(16,769)	(31,428)	(91,336)
Total	**(16,769)**	**(31,428)**	**(91,336)**
Fair value difference reflects over income/ loss financial	26,298	1,751,505	73,375
Total	**26,298**	**1,751,505**	**73,375**

Fair value measurement hierarchy table

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

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

34. FEES FOR SERVICES RECEIVED FROM INDEPENDENT AUDITOR

	1 January- 31 December 2023	1 January- 31 December 2022
Independent audit fee for the reporting period	10,477	11,775
Fee for tax consultancy services	3,511	3,383
Fee for other assurance services	1,318	4,009
Total	**15,306**	**19,167**

35. SUBSEQUENT EVENTS

As stated in the consolidation principles in Note 1, the subsidiary included in the consolidation by equity method as of the reporting period is Exsa Export Sanayi Mamülleri Sales and Research A.Ş. ("Exsa"), our main partner Hacı Ömer Sabancı Holding A.Ş. The transactions regarding the merger by acquisition by Sabancı Holding were completed after the reporting period following the completion of the necessary permits and approvals. As a result of the merger, the payment process to Exsa partners was given to Exsa shareholders other than Sabancı Holding, with Sabancı Holding shares in exchange for the Exsa shares they held, and the process was completed with the registration process dated January 15, 2024. In this context, the issue document approved by the Capital Markets Board for the shares to be issued by our Company due to the capital increase and allocated to other partners of Exsa other than our Company was received on February 2, 2024, and the merger transactions were completed with the share exchange transactions carried out on February 5, 2024.

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