

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

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

**1 JANUARY - 31 MARCH 2024 CONDENSED
INTERIM CONSOLIDATED FINANCIAL
STATEMENTS**

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

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

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ÇİMSA ÇİMENTO SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES
INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2024

(Unless otherwise stated, amounts are expressed in thousand Turkish Lira (“TRY”) in terms of purchasing power of the TRY on March 31, 2024. Currencies other than TRY are stated as thousand unless otherwise stated.)

		(Not Audited) Current Period 31 March 2024	(Audited) Prior Period 31 December 2023
	Notes		
ASSETS			
Cash and cash equivalents	5	5,060,573	7,256,721
Trade receivables	7	3,203,018	2,697,756
<i>Trade receivables from third parties</i>		3,203,018	2,697,756
Other receivables		47,618	25,062
<i>Other receivables from related parties</i>	29	3	-
<i>Other receivables from third parties</i>	9	47,615	25,062
Derivative financial assets	21	45,416	30,260
Inventories	10	2,792,454	3,292,194
Prepaid expenses	11	385,295	329,807
Assets related to the current period taxes	27	29,826	108,325
Other current assets	19	131,875	166,642
Non-current assets held for sale		2	2
Current Assets		11,696,077	13,906,769
Other receivables	9	14,593	18,746
<i>Other receivables from third parties</i>		14,593	18,746
Financial investments	6	2,308,082	95,339
Investments accounted under equity method	3	-	2,790,921
Property, plant and equipment	12	17,728,935	17,868,747
Right of use assets	14	339,037	410,146
Intangible assets		5,711,899	6,172,085
<i>Goodwill</i>	15	2,753,601	2,753,601
<i>Other intangible assets</i>	13	2,958,298	3,418,484
Prepaid expenses	11	1,155,385	1,350,985
Deferred tax assets	27	1,614,865	1,500,221
Other non-current assets	19	61,345	54,648
Non-current assets		28,934,141	30,261,838
TOTAL ASSETS		40,630,218	44,168,607

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

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AS AT 31 MARCH 2024

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	Notes	(Not Audited) Current Period 31 March 2024	(Audited) Prior Period 31 December 2023
LIABILITIES			
Short-term borrowings	8	2,488,394	2,819,160
Current portion of long-term borrowings	8	1,355,105	1,268,184
Short-term lease liabilities	8	57,821	64,197
Trade payables	7	2,669,214	3,680,870
<i>Trade payables to related parties</i>	29	75,542	243,762
<i>Trade payables to third parties</i>		2,593,672	3,437,108
Employee benefit obligations	18	97,608	61,266
Other payables		218,688	183,026
<i>Other payables to related parties</i>	29	52,512	24,340
<i>Other payables to third parties</i>	9	166,176	158,686
Derivative financial liabilities	21	8,149	19,295
Deferred income	11	217,129	220,850
Current income tax liability	27	4,356	54,371
Short-term provisions	16	992,701	1,247,846
<i>Short-term provisions for employee benefits</i>		53,659	44,433
<i>Other short-term provisions</i>		939,042	1,203,413
Other current liabilities	19	136,496	594,961
Current liabilities		8,245,661	10,214,026
Long-term borrowings	8	4,622,953	5,392,772
Long-term lease liabilities	8	326,895	404,878
Long-term provisions	16	200,102	205,312
<i>Long-term provisions for employee benefits</i>	18	178,866	181,189
<i>Other long-term provisions</i>		21,236	24,123
Deferred tax liability	27	1,205,176	987,230
Non-current liabilities		6,355,126	6,990,192
SHAREHOLDERS' EQUITY			
Share capital	20	945,591	945,591
Adjustments to share capital	20	1,672,896	1,672,896
Share premiums		5,039	5,039
Effect of mergers involving Undertakings or Businesses under Common Control		(302,480)	(302,480)
Other comprehensive income/expense to be reclassified to profit or loss		(402,281)	503,992
<i>Foreign currency translation reserve</i>		(87,840)	836,043
<i>Cash flow hedge fund</i>		(314,441)	(339,887)
<i>Share of other comprehensive income of investments in associates accounted for using equity method that will be reclassified to profit/(loss)</i>		-	7,836
Other comprehensive income/expense not to be reclassified to profit or loss		(62,337)	112,784
<i>Value increase/(decrease) funds of financial assets available for sale</i>		-	185,534
<i>Actuarial losses/gains on defined benefit plans</i>		(62,337)	(72,750)
Restricted reserves		2,579,956	2,579,956
Retained earnings		15,843,444	12,977,328
Net profit for the year		362,608	2,866,116
Equity attributable to equity holders of the parent		20,642,436	21,361,222
Non-controlling interests		5,386,995	5,603,167
Total shareholders' equity		26,029,431	26,964,389
TOTAL LIABILITIES AND EQUITY		40,630,218	44,168,607

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

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ÇİMSA ÇİMENTO SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES
INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE PERIOD ENDED 31 MARCH 2024

(Unless otherwise stated, amounts are expressed in thousand Turkish Lira (“TRY”) in terms of purchasing power of the TRY on March 31, 2024. Currencies other than TRY are stated as thousand unless otherwise stated.)

		(Not Audited)	(Restated)
		Current Period	Prior Period
		1 January-	1 January-
	Notes	31 March 2024	31 March 2023
OPERATING INCOME			
Revenue	22	5,323,692	4,798,491
Cost of sales (-)	23	(4,614,996)	(3,983,233)
GROSS PROFIT		708,696	815,258
General and administrative expense (-)	23	(480,662)	(406,193)
Marketing, selling and distribution expense (-)	23	(27,010)	(23,404)
Research and development expense (-)	23	(8,295)	(7,299)
Other operating income	24	336,924	158,112
Other operating expenses (-)	24	(169,228)	(73,633)
OPERATING PROFIT		360,425	462,841
Income from investment activities	25	251,655	16,677
Profit/(loss) from investments accounted by equity method	3	-	(133,838)
OPERATING PROFIT BEFORE FINANCIAL INCOME/(EXPENSE)		612,080	345,680
Financial income	26	234,215	112,658
Financial expenses (-)	26	(431,182)	(409,705)
Net monetary position gains/(losses)		90,151	4,073
PROFIT BEFORE TAXATION		505,264	52,706
Tax income/(expense) from continuing operations		(108,933)	288,892
- Current tax expense (-)	27	(4,356)	-
- Deferred tax income/(expense)	27	(104,577)	288,892
PERIOD (LOSS)/PROFIT OF CONTINUING OPERATIONS		396,331	341,598
NET PROFIT		396,331	341,598
Profit for the period attributable to			
- Non-controlling interests		33,723	22,548
- Equity holders of the parent		362,608	319,050
Earnings Per Share			
Earnings per share from continuing operations (Nominal amount of 1 Kr)	28	0,38	2,36

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

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ÇİMSA ÇİMENTO SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES
INTERIM CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31 MARCH 2024

(Unless otherwise stated, amounts are expressed in thousand Turkish Lira (“TRY”) in terms of purchasing power of the TRY on March 31, 2024. Currencies other than TRY are stated as thousand unless otherwise stated.)

	(Not Audited) Current Period 1 January- 31 March 2024	(Restated) (Not Audited) Prior Period 1 January- 31 March 2023
PERIOD (LOSS)/PROFIT OF CONTINUING OPERATIONS	396,331	341,598
Other comprehensive income/expense to be reclassified to profit or loss	(1,156,168)	(949,908)
<i>Cash flow hedge fund</i>	33,927	154,751
<i>Share of other comprehensive income of investments in associates accounted for using equity method that will be reclassified to profit/(loss)</i>	(7,836)	(10,647)
<i>Foreign currency translation reserve</i>	(1,173,777)	(1,062,092)
<i>Tax income/(expense)</i>	(8,482)	(31,920)
Other comprehensive income/expense not to be reclassified to profit or loss	(175,121)	(4,808)
<i>Share of other comprehensive income of investments in associates accounted for using equity method that will not be reclassified to profit/(loss)</i>	(247,379)	7,911
<i>Actuarial gains/(losses) on defined benefit plans</i>	13,884	(8,029)
<i>Tax (expense)/income</i>	58,374	(4,690)
OTHER COMPREHENSIVE INCOME/(EXPENSE) (AFTER TAX)	(1,331,289)	(954,716)
TOTAL COMPREHENSIVE INCOME/(EXPENSE)	(934,958)	(613,118)
Total comprehensive income attributable to		
- Non-controlling interests	(216,171)	(1,467,927)
- Equity holders of the parent	(718,787)	854,809

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

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ÇİMSA ÇİMENTO SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES
INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 MARCH 2024

(Unless otherwise stated, amounts are expressed in thousand Turkish Lira (“TRY”) in terms of purchasing power of the TRY on March 31, 2024. Currencies other than TRY 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			Equity attributable to equity holders of the parent	Non-controlling interests	Total equity
	Share capital	Adjustments to share capital	Share premiums	Foreign currency translation reserve	Cash flow hedge reserve	Share of other comprehensive income of investments in associates accounted for using equity method	Effects of combinations of entities or businesses under common control in investments in associates accounted	Share of other comprehensive income of investments in associates accounted for using equity method	Actuarial gains/(losses) on defined benefit plan	Restricted reserves	Retained earnings	Net profit for the period			
1 January 2023	135,084	1,550,802	5,039	(15,323)	(701,061)	10,738	-	180,017	(73,058)	2,515,240	9,941,227	4,691,694	18,240,399	6,184,776	24,425,175
Transfer from retained earnings	-	-	-	-	-	-	-	-	-	-	4,691,694	(4,691,694)	-	-	-
Net profit for the period	-	-	-	-	-	-	-	-	-	-	-	319,049	319,049	22,549	341,598
Other comprehensive income/(expense)	-	-	-	428,383	122,831	(10,647)	-	1,615	(6,422)	-	-	-	535,760	(1,490,476)	(954,716)
Total comprehensive income/(expense)	-	-	-	428,383	122,831	(10,647)	-	1,615	(6,422)	-	-	319,049	854,809	(1,467,927)	(613,118)
Dividends	-	-	-	-	-	-	-	-	-	-	(400,000)	-	(400,000)	(39,199)	(439,199)
31 March 2023	135,084	1,550,802	5,039	413,060	(578,230)	91	-	181,632	(79,480)	2,515,240	14,232,921	319,049	18,695,208	4,677,650	23,372,858
1 January 2024	945,591	1,672,896	5,039	836,043	(339,886)	7,836	(302,480)	185,534	(72,750)	2,579,956	12,977,323	2,866,121	21,361,223	5,603,166	26,964,389
Transfer from retained earnings	-	-	-	-	-	-	-	-	-	-	2,866,121	(2,866,121)	-	-	-
Net profit for the period	-	-	-	-	-	-	-	-	-	-	-	362,608	362,608	33,723	396,331
Other comprehensive income/(expense)	-	-	-	(923,883)	25,445	(7,836)	-	(185,534)	10,413	-	-	-	(1,081,395)	(249,894)	(1,331,289)
Total comprehensive income/(expense)	-	-	-	(923,883)	25,445	(7,836)	-	(185,534)	10,413	-	-	362,608	(718,787)	(216,171)	(934,958)
31 March 2024	945,591	1,672,896	5,039	(87,840)	(314,441)	-	(302,480)	-	(62,337)	2,579,956	15,843,444	362,608	20,642,436	5,386,995	26,029,431

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ÇİMSA ÇİMENTO SANAYİ VE TİCARET A.Ş. AND ITS SUBSIDIARIES
INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 MARCH 2024

(Unless otherwise stated, amounts are expressed in thousand Turkish Lira (“TRY”) in terms of purchasing power of the TRY on March 31, 2024. Currencies other than TRY are stated as thousand unless otherwise stated.)

		(Not Audited) Current Period 1 January- 31 March 2024	(Restated) (Not Audited) Prior Period 1 January- 31 March 2023
	Notes	(234,680)	(949,750)
A. CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(loss) from continuing operations before tax		505,264	52,706
Adjustments to reconcile net profit/loss for the period		2,105,085	1,447,964
Adjustment related to depreciation and amortization expense		385,542	383,607
Adjustments for gains from the disposal of PPE classified for sale	25	(752)	(8)
Adjustments related to the profits of investments valued by the equity method	3	-	133,838
Adjustment related to allowance for doubtful receivable		4,876	(1,376)
Adjustment related to provision for inventory impairment		(5,888)	8,947
Adjustment related to provision for litigations	16	(643)	16,359
Adjustment related to recultivation provision	16	281	1,252
Provision for expected credit losses	7	(2,353)	2,581
Adjustment related to retirement pay provision	18	13,601	13,181
Adjustment related to seniority provision	18	5,208	8,056
Adjustment related unpaid vacation liability	18	27,708	15,508
Adjustment related to interest expense		322,977	271,233
Adjustment related to interest income		(234,215)	(112,658)
Unrealized foreign exchange (gains)/losses on financial borrowings		76,488	88,084
Adjustment related to fair value decrease/(increase) of derivative financial instruments		15,156	6,251
Adjustments for fair value losses/(gains) of financial investments		-	(16,669)
Monetary (gains)/losses		1,497,099	629,778
Changes in working capital		(2,774,016)	(2,362,750)
Short-term trade receivables		(867,041)	(203,899)
Inventories		505,628	83,454
Other receivables/current assets/prepaid expenses/assets related to the current period taxes		(20,175)	(473,682)
Short-term and long term trade payables		(1,493,539)	(889,860)
Other short-term payables/liabilities/provisions		(898,889)	(878,763)
Cash flow from operations		(163,667)	(862,080)
Premiums and bonuses paid		(56,769)	(33,427)
Retirement pay provision paid	18	(10,044)	(45,868)
Seniority provision paid	18	(1,034)	(3,184)
Vacation provision paid	18	(3,166)	(5,191)
B. CASH FLOWS FROM INVESTING ACTIVITIES		(241,289)	(351,561)
Cash out flow related to purchases of tangible assets	12	(430,773)	(204,589)
Other cash inflows (outflows)		-	16,669
Proceeds related to sales of tangible and intangible assets		175,182	17,954
Cash out flow related to purchases of intangible assets	13	(4,432)	(180,977)
Advances given for the purchase of tangible fixed assets		18,734	(618)
C. CASH FLOWS FROM FINANCING ACTIVITIES		(1,316,258)	1,404,920
Proceeds from borrowings		1,469,966	4,531,636
Repayment of borrowings		(2,562,794)	(2,968,141)
Interest paid		(457,645)	(271,233)
Interest income		234,215	112,658
NET CHANGE IN CASH AND CASH EQUIVALENTS (A+B+C)		(1,792,227)	103,609
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	5	7,256,315	7,952,718
Foreign currency translation reserve (net)		545,943	594,928
Monetary loss/gain impact on cash and cash equivalents		(950,013)	(884,989)
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	5	5,060,018	7,766,266

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1. ORGANIZATION AND NATURE OF OPERATIONS

General

Çimsa Çimento Sanayi ve Ticaret A.Ş. (‘Çimsa’ or the ‘Company’) was founded with a declaration of the trade registry on 16 December 1972 which was announced at Turkish Trade Registry Gazette numbered 4729 and dated 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 2023: TRY350,000).

As of 31 March 2024, and 31 December 2023 the information related to the Company’s subsidiaries and joint venture is as follows:

Company	Date of acquisition	Location of the operation	Principal Activities	Effective shareholding of the company	
				31 March 2024	31 December 2023
Çimsa Cement Free-Zone Limited (Çimsa Cement) (*)	12.10.2005	NCTR	Cement sales and marketing	99.99%	99.99%
Çimsa Mersin Serbest Bölge Şubesi (Çimsa Mersin) (*)	12.12.2007	Mersin	Cement export	100%	100%
Sabancı Building Solutions B.V.(*) (**)	16.11.2020	Holland	Cement production and sales	50.1%	50.1%
Afyon Çimento Sanayi Türk Anonim Şirketi (*)	31.05.2012	Turkey	Cement production and sales	51%	51%

(*) Full consolidation method has been applied.

(**)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 Capital Markets Board approved the issuance of shares by Sabancı Holding due to a capital increase, which were allocated to Exsa's shareholders other than Sabancı Holding. The approval document was received on February 2, 2024, and with the completion of share trading on February 5, 2024, the merger transactions were finalized. As a result of the capital increase by Sabancı Holding due to the merger, our company was allocated shares with a nominal value of 27,690,740.94 TRY, representing 1.32% of Sabancı Holding's post-merger capital, in exchange for the existing 76,927,500 Full TRY nominal value shares in Exsa's capital. The impact of this transaction has been recorded in the consolidated income statement under the account of Income from Investment Activities.

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2. ORGANIZATION AND NATURE OF OPERATIONS (Continued)

Our Company purchased 18,887,000 shares, representing 10.1% capital share of Sabancı 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 May 27, 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 March 31, 2024 is 531 (2023: 674) and white-collar employees (not a union member) is 532 (2023: 484).

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 (‘IFRS’).

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

The functional currency of Sabancı Building Solutions B.V. is Euro (“EUR. Based on TAS 21, the exchange rate used for translating the financial position items is the exchange rate at the balance sheet date; for income statement balances, the average exchange rate of the related period and the consolidated financial statements are presented in TRY. The resulting foreign currency gain/loss are recorded under the ‘Foreign Currency Translation Reserves’ account in equity. Non-monetary items denominated in foreign currencies and measured at cost are translated into the functional currency at exchange rates on the date of the initial transaction.

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.

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.1 Basis of Presentation (Continued)

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 March 2024 and 31 December 2023, 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 March 2024, the indices and adjustment coefficients used in the adjustment of the separated financial statements are as follows:

Date	Index	Adjustment coefficient	Three years compound inflation rate
31 March 2024	2,139.47	1.00000	211%
31 December 2023	1,859.38	1.15064	268%
31 March 2023	1,269.75	1.68496	152%
31 December 2022	1,128.45	1.89594	156%

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.

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.1 Basis of Presentation (Continued)

Financial reporting in high inflation economies (Continued)

- 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.

2.2 Going Concern

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

2.3 Offsetting

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

2.4 Changes in Accounting Policies, Estimates and Errors

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

2.5 Summary of Significant Accounting Policies

Subsidiaries

As at 31 March 2024, the consolidated financial statements include the financial statements of Çimsa and its subsidiaries. The consolidated financial statements of the Companies included in the scope of consolidation have been prepared as of the date of the consolidated financial statements with adjustments and reclassifications for the purpose of fair presentation in accordance with “TAS/IFRS” and the application of uniform accounting policies and presentation. Subsidiaries are all companies over which the Group has directly or indirectly control. The Group controls a company when the Group is exposed to, or has rights to, variable returns from its involvement with the company and has the ability to affect those returns through its power over the company. The results of operations of the subsidiaries are included or excluded from the effective dates of the said transactions in accordance with the acquisition or disposal transactions.

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

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

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.5 Summary of Significant Accounting Policies (Continued)

Subsidiaries (Continued)

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

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

If the Group loses control of a subsidiary, profit/loss after sale transaction is calculated as i) the sum of the sales price received and the fair value of the remaining interest and ii) the difference between the previous book values of the assets (including goodwill) and liabilities of the subsidiary and the non-controlling interests. The amounts previously accounted for in other comprehensive income related to the subsidiary and collected in equity are recorded according to the accounting method to be used on the assumption that the Company has sold the relevant assets (for example, in accordance with the relevant TFRS standards, transfer to profit/loss or directly transfer to retained earnings). If the subsidiary has an investment remaining after the sale, its fair value at the date of loss of control is accepted as fair value in the initial recognition under TFRS 9 Financial Instruments or, where applicable, as the cost in the initial recognition of an investment in an associate or jointly controlled entity.

Associates

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

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.

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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 March 31, 2023 and 2022 are valued with the buying rate of the Central Bank of the Republic of Turkey on the balance sheet date, and the resulting foreign exchange differences are reflected in the relevant income and expense accounts.

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

Date	31 March 2024 buying	31 March 2024 selling	31 March 2023 buying	31 March 2023 selling
USD /TRY	32.2854	32.3436	19.1532	19.1878
EUR/TRY	34.8023	34.8650	20.8450	20.8825
RUB/TRY	0.3475	0.3520	0.2465	0.2497
RON/TRY	6.9628	7.0540	4.1875	4.2423
GBP/TRY	40.6665	40.8786	23.6602	23.7836

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

Date	31 March 2024	31 December 2023
USD/TRY	30.7873	23.7269
EUR/TRY	33.4612	25.6765
RUB/TRY	0.3369	0.2782
RON/TRY	6.6912	5.1573
GBP/TRY	38.9444	29.4998

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

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

The Group has prepared the consolidated statement of profit or loss, consolidated statement of other comprehensive income, consolidated statement of cash flows, and consolidated statement of changes in equity for the year ended 31 March 2023, as of 31 March 2024.

Accounting for Business Combinations Subject to Common Control:

Sabancı 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 Sabancı 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.

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.6 Comparative Information and Restated Consolidated Financial Statements (Continued)

Accounting 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 TRY302,480, 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	916,306
Total assets of SBS B.V.	13,983,649
Total liabilities SBS B.V.	7,906,161
Net assets of SBS B.V.	6,077,487
10.1% net assets of SBS B.V.	613,826
Effect of Mergers Involving Undertakings or Businesses Under Common Control	302,480

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.7 New and Amended Turkish Financial Reporting Standards

a) Amendments that are mandatorily effective from 2024

Amendments to TAS 1	<i>Classification of Liabilities as Current or Non-Current</i>
Amendments to TFRS 16	<i>Lease Liability in a Sale and Leaseback</i>
Amendments to TAS 1	<i>Non-current Liabilities with Covenants</i>
Amendments to TAS 7 and TFRS 7	<i>Supplier Finance Arrangements</i>
TSRS 1	<i>General Requirements for Disclosure of Sustainability-related Financial Information</i>
TSRS 2	<i>Climate-related Disclosures</i>

Amendments to TAS 1 *Classification of Liabilities as Current or Non-Current*

The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current.

Amendments to TAS 1 are effective for annual reporting periods beginning on or after 1 January 2024 and earlier application is permitted.

Amendments to TFRS 16 *Lease Liability in a Sale and Leaseback*

Amendments to TFRS 16 clarify how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements in TFRS 15 to be accounted for as a sale.

Amendments are effective from annual reporting periods beginning on or after 1 January 2024.

Amendments to TAS 1 *Non-current Liabilities with Covenants*

Amendments to TAS 1 clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability.

Amendments are effective from annual reporting periods beginning on or after 1 January 2024.

The Group evaluates the effects of these standards, amendments and improvements on the consolidated financial statements.

Amendments to TAS 7 and TFRS 7 *Supplier Finance Arrangements*

The amendments add disclosure requirements, and ‘signposts’ within existing disclosure requirements, that ask entities to provide qualitative and quantitative information about supplier finance arrangements. Amendments are effective from annual reporting periods beginning on or after 1 January 2024.

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2. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS (Continued)

2.7 New and Amended Turkish Financial Reporting Standards

b) Amendments that are mandatorily effective from 2024 (Continued)

TSRS 1 General Requirements for Disclosure of Sustainability-related Financial Information

TSRS 1 sets out overall requirements for sustainability-related financial disclosures with the objective to require an entity to disclose information about its sustainability-related risks and opportunities that is useful to primary users of general purpose financial reports in making decisions relating to providing resources to the entity. The application of this standard is mandatory for annual reporting periods beginning on or after 1 January 2024 for the entities that meet the criteria specified in POA's announcement dated 5 January 2024 and numbered 2024-5 and for banks regardless of the criteria. Other entities may voluntarily report in accordance with TSRS.

TSRS 2 Climate-related Disclosures

TSRS 2 sets out the requirements for identifying, measuring and disclosing information about climate-related risks and opportunities that is useful to primary users of general purpose financial reports in making decisions relating to providing resources to the entity. The application of this standard is mandatory for annual reporting periods beginning on or after 1 January 2024 for the entities that meet the criteria specified in POA's announcement dated 5 January 2024 and numbered 2024-5 and for banks regardless of the criteria. Other entities may voluntarily report in accordance with TSRS.

b) New and revised TFRSs in issue but not yet effective

The Group has not yet adopted the following standards and amendments and interpretations to the existing standards:

TFRS 17	<i>Insurance Contracts</i>
Amendments to TFRS 17	<i>Initial Application of TFRS 17 and TFRS 9 — Comparative Information (Amendment to TFRS 17)</i>

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 15).

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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 March 2024 and, 31 December 2023 revenue, expense and net profit for the periods ending 31 March 2024 and 2023 are as follows:

<u>Investments</u>	<u>Country</u>	<u>Main operating activity</u>	<u>Effective ownership (%)</u>	<u>31 March 2024</u>	<u>31 December 2023</u>
				<u>Carrying net book value</u>	<u>Carrying net book value</u>
Exsa	Turkey	Investment property and financial instrument	-	32.9	2,790,921
			-		2,790,921

<u>Exsa</u>	<u>31 March 2024</u>	<u>31 December 2023</u>
Assets	-	9,056,057
Liabilities	-	(566,564)
Net assets	-	8,489,493
Group's share	-	2,790,921

<u>Exsa</u>	<u>1 January- 31 March 2024</u>	<u>1 January- 31 March 2023</u>
Revenues	-	531,072
Expenses	-	(938,183)
Net profit for the period	-	(407,111)
Group's share in net profit	-	(133,838)

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3. SHARES IN AFFILIATED UNDERTAKINGS (Continued)

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

31 March 2024				
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	3,186	1,017,353	-
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	559,569	457,784	56,066

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

Condensed balance sheet information

	31 March 2024	31 December 2023
Cash and cash equivalents	371,942	389,812
Other current assets	829,180	1,056,975
Non-current assets	3,870,006	3,912,116
Total assets	5,071,128	5,358,903
Short term borrowings	4,575	51,290
Short-term trade payables	374,796	597,958
Other current liabilities	70,090	90,417
Long term borrowings	20,776	24,886
Other non-current liabilities	24,310	24,909
Total liabilities	494,547	789,460
Total equity	4,576,581	4,569,443

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3. SHARES IN AFFILIATED UNDERTAKINGS (Continued)

Condensed income statement information :

	1 January - 31 March 2024	1 January - 31 March 2023
Revenue	547,767	682,872
Gross profit	62,747	122,159
Operating profit/(loss)	36,877	104,948
Net financial income/(expense)	37,607	4,413
Net monetary position	(69,250)	(153,461)
Profit/(loss) before tax	5,247	(44,100)
Net profit for the period	6,503	(13,197)

Condensed cash flow information

	1 January - 31 March 2024	1 January - 31 March 2023
Cash flows from operating activities	55,969	(323,115)
Cash flows from investing activities	(19,412)	(22,391)
Cash flows from financing activities (excluding dividend)	(3,395)	(65,781)
Net increase/(decrease) in cash and cash equivalents	33,162	(411,287)

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

Condensed balance sheet information (before consolidation adjustments)

	31 March 2024	31 March 2023
Cash and cash equivalents	2,744,479	3,661,021
Other current assets	2,492,711	2,708,486
Non-current assets	8,995,448	9,659,757
Total assets	14,232,639	16,029,264
Short term borrowings	1,419,774	1,134,399
Short-term trade payables	1,545,668	2,409,996
Other current liabilities	1,127,084	1,390,551
Other non-current liabilities	3,806,844	4,413,743
Total liabilities	7,899,370	9,348,690
Total equity	6,333,269	6,680,575
Total liabilities and equity	14,232,639	16,029,264

Condensed income statement information

	1 January - 31 March 2024	1 January - 31 March 2023
Revenue	2,243,775	2,302,842
Gross profit	287,901	277,101
Operating profit/(loss)	115,697	124,496
Net financial income/(expense)	(48,685)	(106,941)
Profit/(loss) before tax	80,676	18,614
Net profit for the period	62,732	9,608

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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 March 2024 and 31 December 2023, the information about the Group’s segments consists of sales and profits obtained from cement (including clinker and aggregate) and ready mix concrete; segment assets and liabilities as of 31 March 2024, 31 December 2023

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4. SEGMENT REPORTING (Continued)

1 January – 31 March 2024	Cement	Ready-Mix Concrete	Total
Sales	4,360,165	963,527	5,323,692
Cost of sales (-)	(3,801,119)	(813,877)	(4,614,996)
Gross profit/(loss)	559,046	149,650	708,696
General administrative,marketing selling distribution expenses (-)	(446,375)	(61,297)	(507,672)
Other operating income/(expenses) (-), net	166,952	744	167,696
Research and development expenses (-)	(8,295)	-	(8,295)
Operating profit/(loss)	271,328	89,097	360,425
Income from investment activities, net	251,655	-	251,655
Operating Profit Before Financial Income/(Expense)	522,983	89,097	612,080
Financial income/(expense), net	(196,967)	-	(196,967)
Net monetary position gains/(losses)	90,151	-	90,151
Profit/(loss) from continuing operations before tax	416,167	89,097	505,264
Continuing operations tax (expense)/income	(108,933)	-	(108,933)
Current period tax expense (-)	(4,356)	-	(4,356)
Deferred tax income/(expense)	(104,577)	-	(104,577)
Profit/(loss) for the period from continuing operations	307,234	89,097	396,331
1 January – 31 March 2023	Cement	Ready-Mix Concrete	Total
Sales	4,209,349	589,142	4,798,491
Cost of sales (-)	(3,468,161)	(515,072)	(3,983,233)
Gross profit/(loss)	741,188	74,070	815,258
General administrative,marketing selling distribution expenses (-)	(387,431)	(42,166)	(429,597)
Other operating income/(expenses) (-), net	84,745	(266)	84,479
Research and development expenses (-)	(7,299)	-	(7,299)
Operating profit/(loss)	431,203	31,638	462,841
Income from investment activities, net	16,677	-	16,677
Profit/(loss) from investments accounted by equity method	(133,838)	-	(133,838)
Operating Profit Before Financial Income/(Expense)	314,042	31,638	345,680
Financial income/(expense), net	(297,047)	-	(297,047)
Net monetary position gains/(losses)	4,073	-	4,073
Profit/(loss) from continuing operations before tax	21,068	31,638	52,706
Continuing operations tax (expense)/income	288,892	-	288,892
Deferred tax income/(expense)	288,892	-	288,892
Profit/(loss) for the period from continuing operations	309,960	31,638	341,598

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4. SEGMENT REPORTING (Continued)

31 March 2024	Cement	Ready - mix concrete	Undistributed	Total
Segment assets	34,116,653	1,313,879	-	35,430,532
Financial assets available for sale	-	-	2,308,082	2,308,082
Undistributed assets	-	-	2,891,604	2,891,604
Total assets	34,116,653	1,313,879	5,199,686	40,630,218
Segment liabilities	14,151,928	448,859	-	14,600,787
Undistributed liabilities	-	-	26,029,431	26,029,431
Total liabilities	14,151,928	448,859	26,029,431	40,630,218

31 December 2023	Cement	Ready - mix concrete	Undistributed	Total
Segment assets	37,052,108	1,275,379	-	38,327,487
Financial assets available for sale	-	-	2,954,860	2,954,860
Investments accounted under equity method	-	-	95,339	95,339
Undistributed assets	-	-	2,790,921	2,790,921
Total assets	37,052,108	1,275,379	5,841,120	44,168,607
Segment liabilities	16,785,911	418,307	-	17,204,218
Undistributed liabilities	-	-	26,964,389	26,964,389
Total liabilities	16,785,911	418,307	26,964,389	44,168,607

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5. CASH AND CASH EQUIVALENTS

The detail of cash and cash equivalents as of 31 March 2024 and 31 December 2023 is as follows:

	31 March 2024	31 December 2023
Cash	91	67
Cash at banks	5,060,482	7,256,654
<i>Demand deposits</i>	677,323	1,075,418
<i>Time deposits with maturity of less than 3 months</i>	4,383,159	6,181,236
	5,060,573	7,256,721
Blocked deposits (-)	(555)	(406)
Cash and cash equivalents in consolidated cash flow statement	5,060,018	7,256,315

The detail of bank deposits is stated below:

	31 March 2024	31 December 2023
Turkish Lira	1,377,069	5,078,207
US Dollar	2,015,882	150,191
Euro	1,640,658	1,982,102
British Pound	11	802
Other	26,862	45,352
	5,060,482	7,256,654

Time deposits as of 31 March 2024 and 31 December 2023 are denominated in TRY, EUR, USD and GBP with the maturity of less than three months. As of 31 March 2024, effective weighted average interest rate on time deposits is 47.82% for TRY, 4.80% for USD, 3.76% for EUR (31 December 2023 TRY: 41.15%, USD: 1.27%, EUR: 0.84%). The blocked deposit amount is TRY555 as of 31 March 2024 (The blocked deposit amount is TRY406 as of 31 December 2023).

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

	31 March 2024	31 December 2023
Financial assets		
Hacı Ömer Sabancı Holding A.Ş.	2,211,659	-
Other Financial Assets	96,423	95,339
	2,308,082	95,339

The shares of Hacı Ömer Sabancı Holding Anonim Şirketi, which are among the Group’s assets measured at fair value through other comprehensive income and are traded on the stock exchange, have been valued at fair value as of the balance sheet date using the best bid price on BIST. The fair value difference of TRY250,903 for the accounting period ended March 31, 2024, has been recognized under Income and expense from investment activities account.

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7. TRADE RECEIVABLES AND PAYABLES

a. Trade Receivables

	31 March	31 December
	2024	2023
Short-term trade receivables		
Trade receivables	2,881,509	2,356,999
Notes receivable	338,303	361,104
Allowance for doubtful receivables (-)	(11,378)	(12,578)
Less: Provision for expected credit losses	(5,416)	(7,769)
	3,203,018	2,697,756

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 40 days (31 December 2023 - 42 days). Effective interest rates used when determining the amortized cost are 32.14% for TRY, 5.56% for USD and 6.5% for EUR (31 December 2023 - TRY: 35.56%, USD: 5.60%, EUR: 6.90%).

The movement of the provision for doubtful receivables for the periods ended 31 March 2024 and 2023 is as follows:

	1 January-	1 January-
	31 March 2024	31 March 2023
Movements of allowance for doubtful receivables		
Opening balance	12,578	55,251
Provisions during the period	5,904	-
Reversal of the provision (-) (Note 24)	(1,028)	(595)
Monetary gain/(loss)	(6,076)	(4,663)
Closing balance	11,378	49,993

b. Trade Payables

	31 March	31 December
	2024	2023
Short-term trade payables		
Trade payables	2,593,672	3,437,108
Trade payables to related parties (Note 29)	75,542	243,762
	2,669,214	3,680,870

The average payment period of trade payables is 48 days (31 December 2023: 49 days). Effective interest rates used when determining the amortized cost are 32.14% for TRY, 5.56% for USD and 6.50% for EUR. (31 December 2023 - TRY: 35.56%, USD:5.60%, EUR6.90%).

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8. FINANCIAL BORROWINGS

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

Financial Debts	31 March 2024	31 December 2023
Short-term borrowings	2,407,463	2,689,013
Current portion of long-term borrowings	1,355,105	1,268,184
Short-term financial lease liabilities	57,821	64,197
Short-term issued bonds	80,931	130,147
	3,901,320	4,151,541
Long-term borrowings	4,186,871	4,929,381
Long-term financial lease liabilities	326,895	404,878
Long term issued bonds	436,082	463,391
	4,949,848	5,797,650
Financial borrowings except IFRS 16	8,466,452	9,480,116
Total borrowings	8,851,168	9,949,191

The details of the borrowings as of 31 March 2024 are as follows:

Secured/ Unsecured	Interest Type	Currency Type	Weighted Average Interest Rate (%)	Original Balance	Short-Term	Long-Term	31 March 2024
Unsecured	Fixed	TRY	39.72	1,561,663	1,116,041	445,622	1,561,663
Unsecured	Fixed	EUR	6.50	20,930	-	728,397	728,397
Unsecured	Fixed	EUR	6.50	19,528	111,510	568,096	679,606
Unsecured	Variable	EUR	Euribor+3.45	58,583	334,529	1,704,289	2,038,818
Unsecured	Fixed	EUR	6.00	5,003	174,121	-	174,121
Unsecured	Variable	EUR	Euribor+2.40	1,710	59,528	-	59,528
Secured	Fixed	TRY	26.93	1,710,000	1,710,000	-	1,710,000
Unsecured	Fixed	Other	6.47	2,550	29,559	59,196	88,755
Unsecured	Variable	USD	Sofr + 3.30	22,078	154,105	558,677	712,782
Unsecured	Fixed	USD	5.99	22,078	154,105	558,677	712,782
					3,843,498	4,622,954	8,466,452

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8. FINANCIAL BORROWINGS (Continued)

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

Secured/ Unsecured	Interest Type	Currency Type	Weighted	Original Balance	Short-Term	Long-Term	31 December 2023
			Average Interest Rate (%)				
Unsecured	Fixed	TRY	36.07	1,765,000	1,501,164	433,132	1,934,296
Unsecured	Variable	TRY	TRY Ref + 7.25	250,000	195,245	138,410	333,655
Unsecured	Variable	TRY	TRY Ref + 4.00	140,000	180,790	-	180,790
Secured	Fixed	TRY	25.40	640,000	736,410	-	736,410
Unsecured	Fixed	EUR	6.90	30,000	374,808	755,194	1,130,002
Unsecured	Fixed	EUR	2.40	1,702	63,896	-	63,896
Unsecured	Variable	EUR	Euribor + 3.45	86,075	520,986	2,710,993	3,231,979
Unsecured	Variable	USD	SOFR +3.30	23,648	150,364	652,094	802,458
Unsecured	Fixed	USD	5.99	23,648	150,364	652,094	802,458
Unsecured	Fixed	EUR	2.45	5,004	187,902	-	187,902
Unsecured	Fixed	Other	5.88	8,099	25,415	50,855	76,270
					4,087,344	5,392,772	9,480,116

The details of the payback plan of credits as of 31 March 2024 and, 31 December 2023 are as follows:

	31 March 2024	31 December 2023
Will be paid in 1 year	3,843,499	4,087,343
Will be paid in 1 - 2 years	1,958,314	2,116,468
Will be paid in 2 - 3 years	1,333,219	917,536
Will be paid in 3 - 4 years	517,870	1,232,537
Will be paid in 4 - 5 years	555,754	555,716
Will be paid in more than 5 years	257,796	570,516
	8,466,452	9,480,116

The Group has issued bonds with a nominal value of TRY500,000, a maturity of 385 days, a fixed interest rate, and a term of 1 year, with a value date of December 2, 2022, and a maturity date of December 22, 2023. These bonds have been redeemed.

The Group has issued bonds with a nominal value of TRY500,000, a maturity of 730 days, a fixed interest rate, and a term of 2 years, with a value date of March 7, 2023, and a maturity date of March 6, 2025.

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9. OTHER RECEIVABLES AND OTHER PAYABLES

a. Other Receivables

	31 March	31 December
	2024	2023
Short-Term Other Receivables From Third Parties		
Other miscellaneous receivables	46,189	23,485
Due from personnel	1,426	1,577
	47,615	25,062
	31 March	31 December
	2024	2023
Other Receivables Due From Related Parties		
Other receivables	3	-
	3	-
	31 March	31 December
	2024	2023
Long-Term Other Receivables		
Deposits and guarantees given	14,593	18,746
	14,593	18,746

b. Other Payables

	31 March	31 December
	2024	2023
Short-term other payables		
Taxes and funds payable	19,763	28,023
Deposits and guarantees received	146,413	130,663
Other payables due to related parties (Note 29)	52,512	24,340
	218,688	183,026

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10. INVENTORIES

	31 March 2024	31 December 2023
Inventories		
Raw Materials	1,166,480	1,217,528
Work-in progress	792,223	855,883
Finished goods	430,869	569,890
Goods in transit	425,258	677,157
Inventory impairment provision (-)	(22,376)	(28,264)
	2,792,454	3,292,194

Inventory impairment provision movement

	1 January- 31 March 2024	1 January- 31 March 2023
Inventory impairment provision movement		
Opening balance	28,264	30,072
Reversal of the provision (-) (Note23)	(5,888)	-
Provisions during the period (Note 23)	-	8,947
Closing balance	22,376	39,019

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

11. PREPAID EXPENSES AND DEFERRED INCOME

a. Prepaid Expenses

	31 March 2024	31 December 2023
Short-term prepaid expenses		
Prepaid expenses	312,705	278,008
Advances given to suppliers	72,590	51,799
	385,295	329,807

	31 March 2024	31 December 2023
Long-term prepaid expenses		
Advances given for the purchase of fixed assets(*)	1,155,385	1,350,985
	1,155,385	1,350,985

b. Deferred Income

	31 March 2024	31 December 2023
Short-Term Deferred Income		
Deferred income	172,846	139,454
Advances received	44,283	81,396
	217,129	220,850

(*)Mainly consists of the advance payment for the investment in the grey cement grinding plant at our factory in America.

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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 2024	740,528	1,887,537	7,414,991	23,162,988	797,693	453,456	66,368	169,414	34,692,975
Foreign currency translation reserve	-	(4,361)	(28,265)	(278,586)	(16,070)	(4,788)	(1,467)	(4,286)	(337,823)
Additions	-	1,921	36,295	75,806	845	6,057	-	309,849	430,773
Disposals	-	-	(211)	(349)	-	(1,532)	-	-	(2,092)
Transfers from construction in progress	-	3,912	-	104,791	-	-	-	(108,703)	-
Closing balance as of 31 March 2024	740,528	1,889,009	7,422,810	23,064,650	782,468	453,193	64,901	366,274	34,783,833
Accumulated depreciation (-)									
Opening balance as of 1 January 2024	-	(916,148)	(2,677,137)	(12,405,209)	(556,473)	(208,039)	(61,224)	-	(16,824,230)
Foreign currency translation reserve	-	9,240	5,084	84,282	5,828	1,664	722	-	106,820
Charge for the period	-	(13,393)	(40,028)	(201,970)	(8,199)	(73,535)	(1,825)	-	(338,950)
Disposals	-	-	1	3	-	1,458	-	-	1,462
Closing balance as of 31 March 2024	-	(920,301)	(2,712,080)	(12,522,894)	(558,844)	(278,452)	(62,327)	-	(17,054,898)
Net book value as of 31 March 2024	740,528	968,708	4,710,730	10,541,756	223,624	174,741	2,574	366,274	17,728,935

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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 2023	707,536	1,824,976	6,968,340	20,344,588	595,919	415,447	66,368	397,359	31,320,533
Foreign currency translation reserve	-	(16,171)	(84,539)	(344,320)	(11,112)	(3,524)	(1,311)	(4,795)	(465,772)
Additions	-	821	173	19,410	-	4,788	-	179,397	204,589
Disposals	-	-	-	(17,811)	-	(298)	-	-	(18,109)
Transfers from construction in progress	-	23,996	491	81,051	1,508	3,822	-	(110,868)	-
Closing balance as of 31 March 2023	707,536	1,833,622	6,884,465	20,082,918	586,315	420,235	65,057	461,093	31,041,241
Accumulated depreciation (-)									
Opening balance as of 1 January 2023	-	(857,841)	(2,523,946)	(11,680,780)	(546,235)	(192,480)	(53,925)	-	(15,855,207)
Foreign currency translation reserve	-	6,871	16,685	89,260	5,328	617	-	-	118,761
Charge for the period	-	(13,120)	(35,776)	(265,297)	(7,613)	(9,221)	(1,825)	-	(332,852)
Disposals	-	-	-	-	-	163	-	-	163
Closing balance as of 31 March 2023	-	(864,090)	(2,543,037)	(11,856,817)	(548,520)	(200,921)	(55,750)	-	(16,069,135)
Net book value as of 31 March 2023	707,536	969,532	4,341,428	8,226,101	37,795	219,314	9,307	461,093	14,972,106

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12. PROPERTY, PLANT AND EQUIPMENT (Continued)

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

	1 January- 31 March 2024	1 January- 31 March 2023
Cost of sales	(275,170)	(270,219)
General administrative expenses	(57,424)	(56,391)
Marketing, sales, and distribution expenses	(6,090)	(5,980)
Research and development expenses	(266)	(262)
	(338,950)	(332,852)

13. INTANGIBLE ASSETS

	Mining Rights	Other Intangible Assets	Customer and Contract Relations	Rights	Total
<u>Cost value</u>					
Opening balance as of 1 January 2024	666,368	289,613	963,599	2,285,159	4,204,739
Foreign currency translation reserve	(9,812)	(3,934)	(204,229)	(64,225)	(282,200)
Additions	-	4,432	-	-	4,432
Disposals	-	-	-	(173,799)	(173,799)
Closing balance as of 31 March 2024	656,556	290,111	759,370	2,047,135	3,753,172
<u>Accumulated depreciation (-)</u>					
Opening balance as of 1 January 2024	(403,335)	(185,722)	(197,200)	-	(786,257)
Foreign currency translation reserve	1,327	1,038	13,515	-	15,880
Charge for the period	(2,321)	(4,557)	(17,619)	-	(24,497)
Closing balance as of 31 March 2024	(404,329)	(189,241)	(201,304)	-	(794,874)
Net book value as of 31 March 2024	252,227	100,870	558,066	2,047,135	2,958,298

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13. INTANGIBLE ASSETS (Continued)

	Mining Rights	Other Intangible Assets	Customer and Contract Relations	Rights	Total
Cost value					
Opening balance as of 1 January 2023	550,525	227,826	1,185,916	1,804,078	3,768,345
Foreign currency translation reserve	(62,780)	(24,989)	(140,312)	(29,120)	(257,201)
Additions	148,319	18,688	-	13,970	180,977
Closing balance as of 31 March 2023	636,064	221,525	1,045,604	1,788,928	3,692,121
Accumulated depreciation (-)					
Opening balance as of 1 January 2023	(392,223)	(146,465)	(87,396)	-	(626,084)
Foreign currency translation reserve	9,242	3,248	(3,207)	-	9,283
Charge for the period	(1,863)	(6,593)	(17,911)	-	(26,367)
Closing balance as of 31 March 2023	(384,844)	(149,810)	(108,514)	-	(643,168)
Net book value as of 31 March 2023	251,220	71,715	937,090	1,788,928	3,048,953

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

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

	1 January- 31 March 2024	1 January- 31 March 2023
Cost of sales	(21,385)	(22,506)
General administrative expenses	(2,087)	(3,288)
Marketing, sales and distribution expenses	(995)	(559)
Research and development expenses	(30)	(14)
	(24,497)	(26,367)

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14. 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 2024	Additions	Depreciation for the period	Foreign currency translation reserve	31 March 2024
Buildings	218,579	3,477	(10,559)	(26,127)	185,370
Vehicles	191,567	-	(11,536)	(26,364)	153,667
	410,146	3,477	(22,095)	(52,491)	339,037

The depreciation expense of TRY5,946 for the period ending on 31 March 2024 of the right of use assets has been included in the cost of the goods sold and the part of TRY16,149 has been included in the general administrative expense.

Right of use assets	1 January 2023	Additions	Depreciation for the period	Foreign currency translation reserve	31 March 2023
Buildings	222,072	-	(9,712)	(3,837)	208,523
Vehicles	158,574	-	(11,029)	(2,740)	144,805
Other	11,698	-	(3,647)	(202)	7,849
	392,344	-	(24,388)	(6,779)	361,177

The depreciation expense of TRY6,563 for the period ending on 31 March 2023 of the right of use assets has been included in the cost of the goods sold and the part of TRY17,825 has been included in the general administrative expense.

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15. GOODWILL

The goodwill amount presented in the Group’s financial statements as of 31 March 2024 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 March 2024 and, 31 December 2023 is stated below:

	<u>31 March 2024</u>	<u>31 December 2023</u>
Eskişehir	2,305,034	2,305,034
Afyon Çimento Sanayi T.A.Ş.	117,618	117,618
Bilecik Hazır Beton	59,117	59,117
Çimsa Cement Free Zone Ltd.	5,792	5,792
Bunol	266,040	266,040
	<u>2,753,601</u>	<u>2,753,601</u>

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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16. PROVISION, CONTINGENT ASSETS AND LIABILITIES

a. Short-Term Provisions

	31 March	31 December
	2024	2023
Short-term provisions		
Provision for litigations	45,027	52,525
Short-term employee benefits	53,659	44,433
Other provisions (*)	894,015	1,150,888
	992,701	1,247,846

(*) Mainly consists of the carbon obligations of SBS B.V.

The movement of “Provision for the litigations” as of 31 March 2024 and 31 March 2023 is stated below:

	1 January- 31 March 2024	1 January- 31 March 2023
Provision for the litigation movement		
Opening balance	52,525	65,214
Additional provision (Note 24)	1,017	16,359
Provision no longer required (-) (Note 24)	(1,660)	-
Monetary gain/(loss)	(6,855)	(7,821)
Closing balance	45,027	73,752

As of 31 March 2024, the Group has provided a provision amounting to TRY45,027 for the risky cases against the Company with the opinion obtained from the Company’s legal counsels. (31 December 2023: TRY52,525).

b. Long-Term Provisions

	31 March	31 December
	2024	2023
Long-term provisions		
Long-term employee benefits	178,866	181,189
Other long-term provisions	21,236	24,123
	200,102	205,312
	31 March	31 December
	2024	2023
Other long-term provisions		
Recultivation provision	21,236	24,123
	21,236	24,123

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16. 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 and pollution in the land while vacating the mines. Accordingly, the management calculated the estimated cost of plans that are deemed to meet the requirements of legislation related to the mining areas in which the Group operates. The Group has accounted and disclosed the recultivation provision amounting to TRY21,236 under “Other Long-Term Provisions” as of 31 March 2024. (31 December 2023: TRY24,123).

Movement of recultivation provision as of 31 March 2024 and 31 March 2023 is as follows:

Recultivation provision movement	1 January- 31 March 2024	1 January- 31 March 2023
Opening balance	24,123	28,522
Additional provision (Note 24)	281	1,252
Monetary gain/(loss)	(3,168)	(3,217)
Closing balance	21,236	26,557

17. COMMITMENTS

The collaterals, pledges and mortgages (CPM) received by the Group as of 31 March 2024 and, 31 December 2023 are as follows:

	Currency	31 March 2024		31 December 2023	
		Original Amount	TRY Amount	Original Amount	TRY Amount
Guarantee letter received	TRY	2,321,270	2,321,270	2,298,887	2,645,191
Guarantee letter received	USD	15,362	495,968	18,883	594,816
Guarantee letter received	EUR	9,498	330,556	7,518	251,131
Guarantee letter received	Other	8,526	75,471	26	30
Mortgages received	TRY	75,325	75,325	74,925	86,212
Checks and notes received	TRY	54,134	54,134	54,134	62,288
Checks and notes received	USD	47	1,527	47	1,490
Pledge	TRY	425,224	425,224	220,879	254,152
Total CPMs received		3,779,475	3,779,475	3,895,310	3,895,310

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17. COMMITMENTS

As of 31 March 2024 and, 31 December 2023 the details of the collaterals, pledges and mortgages (CPM) given are as follows:

	Currency	31 March 2024		31 December 2023	
		Original Amount	TRY Amount	Original Amount	TRY Amount
A. Total CPM given for the Company’s own legal entity	TRY	942,586	942,586	796,786	916,814
	USD	2,200	71,028	900	28,351
	EUR	11,347	394,898	100	3,340
B. Total CPM given in favor of subsidiaries consolidated online-by-line basis (*)	EUR	36,000	1,252,883	36,000	1,202,532
	USD	20,000	645,708	20,000	630,015
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		-	-	-	-
			3,307,103		2,781,052

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

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18. EMPLOYEE BENEFITS

a. Employee Benefit Obligations

	31 March 2024	31 December 2023
Social security payables	68,199	49,511
Wage accrual and income tax withholding payable to personnel	29,409	11,755
	97,608	61,266

b. Long-Term Employee Benefits

	31 March 2024	31 December 2023
Retirement pay provision	126,790	142,315
Provision for unpaid vacation liability	41,669	32,103
Seniority provision	10,407	6,771
	178,866	181,189

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 TRY35,058.58 as of 31 March 2024 (31 December 2023: full TRY23,489.83). 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.

In the consolidated financial statements dated 31 March 2024 and 31 December 2023, the actuarial assumptions used in calculating the severance pay liability are as follows:

	31 March 2024	31 December 2023
Discount rate (%)	%3	%3

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

	1 January- 31 March 2024	1 January- 31 March 2023
Opening balance	142,315	267,677
Service cost	5,360	6,886
Interest cost	8,241	6,295
Actuarial loss/(gain)	(13,884)	8,027
Payments	(10,044)	(45,868)
Monetary gain/(loss)	(5,492)	(36,042)
Foreign currency translation reserve	294	(81)
Closing balance	126,790	206,894

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18. EMPLOYEE BENEFITS (Continued)

b. Long-Term Employee Benefits (Continued)

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

	1 January- 31 March 2024	1 January- 31 March 2023
Opening balance	32,103	26,753
Additional provision	27,708	15,508
Provision paid during the period	(3,166)	(5,191)
Monetary gain/(loss)	(14,976)	(7,709)
Closing balance	41,669	29,361

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

	1 January- 31 March 2024	1 January- 31 March 2023
Opening balance	6,771	5,863
Additional provision	5,208	8,056
Provision paid during the period	(1,034)	(3,184)
Monetary gain/(loss)	(538)	(2,236)
Closing balance	10,407	8,499

19. OTHER ASSETS AND LIABILITIES

a. Other Assets

	31 March 2024	31 December 2023
Other current assets	110,884	162,029
Deferred VAT ⁽¹⁾	20,991	4,613
Other current assets	131,875	166,642
	31 March 2024	31 December 2023
Other Current assets	58,001	52,377
Export VAT ⁽²⁾	3,344	2,271
Other non-current assets	61,345	54,648

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

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

b. Other Liabilities

	31 March 2024	31 December 2023
Other short-term liabilities (*)	136,496	594,961
	136,496	594,961

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

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20. EQUITY, RESERVES AND OTHER EQUITY ITEMS

As of 31 March 2024 and, 31 December 2023 the composition of shareholders is as follows:

	31 March 2024		31 December 2023	
	(%)	Amount	(%)	Amount
<u>Shareholders (*)</u>				
Hacı Ömer Sabancı Holding A.Ş.	54.54	515,719	54.54	515,719
Akçansa Çimento San. ve Tic. A.Ş.	8.98	84,914	8.98	84,914
Other shareholders	36.48	344,958	36.48	344,958
Nominal share capital	100	945,591	100	945,591
Inflation adjustment		1,672,896		1,672,896
Rearranged share capital		2,618,487		2,618,487

(*)Public quotation of the Group is 45.04% as of 31 March 2024 (31 December 2023: 45.05%).

As of 31 March 2024, the Company's capital is composed of 945,591 units (31 December 2023: 945,591). The nominal value of the shares is TRY1 per share (31 December 2023: 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 TRY will be increased to 945,591,094 Full TRY by increasing the nominal value of free of charge 810,506,652 full TRY by 600%, it is entirely covered by internal resources; Although the current registered capital ceiling of our Company is 350,000,000 Full TRY, 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 Communiqué 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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20. 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.

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

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

The subsidiary Exsa Export Sanayi Mamülleri Satış ve Araştırma A.Ş. ("Exsa") has been consolidated using the equity method with a share of 32.875%. Our main shareholder, Hacı Ömer Sabancı Holding A.Ş. (Sabancı Holding), has made a Board of Directors decision to merge by taking over its subsidiary Exsa. In this context, Sabancı Holding applied to the Capital Markets Board on June 21, 2023, to obtain the necessary permits and approvals for the merger. According to Sabancı Holding's announcement on the Public Disclosure Platform dated October 30, 2023, the application to the Capital Markets Board for the merger has been updated in line with revised documents to obtain the necessary permits and approvals. As a result of the merger, Exsa shareholders were compensated by giving them Sabancı Holding shares in exchange for their Exsa shares, and the process was completed with the registration on January 15, 2024. In this context, the issuance document approved by the Capital Markets Board for the shares issued by Sabancı Holding due to the capital increase and allocated to Exsa's other shareholders was received on February 2, 2024, and the share exchange transactions were completed on February 5, 2024, finalizing the merger. In exchange for 76,927,500 full TRY nominal value shares held in Exsa's capital, Sabancı Holding, as a result of the capital increase due to the merger, allocated 27,690,740.94 full TRY nominal value shares representing 1.32% of Sabancı Holding's post-merger capital to our Company. The impact of this transaction has been recognized under Income and expense from investment activities account.

The historical values and the effects of inflation adjustments of the following accounts under equity for Çimsa Çimento San. ve Tic. A.Ş. as of March 31, 2024, according to TFRS and TPL financial statements are as follows:

31 March 2024 (TFRS)	Historical Value	Inflation Adjustment Effect	Indexed Value
Adjustments to share capital	41,742	1,631,155	1,672,896
Share premiums	575	4,464	5,039
Restricted reserves	232,430	2,347,527	2,579,956

31 March 2024 (TPL)	Historical Value	Inflation Adjustment Effect	Indexed Value
Adjustments to share capital	54,800	5,245,313	5,300,113
Share premiums	4,271	84,257	88,529
Restricted reserves	275,989	4,513,577	4,789,565

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21. DERIVATIVE FINANCIAL INSTRUMENTS

	31 March 2024			31 December 2023		
	Fair Value			Fair Value		
	Contract Amount	Assets	Liabilities	Contract Amount	Assets	Liabilities
Short term derivative financial instruments						
Marketable securities						
Forward foreign exchange transactions	12,000	-	8,149	12,000	-	19,295
Total short-term derivative instruments	12,000	-	8,149	12,000	-	19,295
Long term derivative financial instruments						
Hedging against impaired risk						
Interest rate swap	21,750	45,416	-	22,800	30,260	-
Total long-term derivative instruments	21,750	45,416	-	22,800	30,260	-
Total derivative financial instruments		45,416	8,149		30,260	19,295

The Group entered into contracts totaling 48 units with a total value of 12,000 USD each for the years 2021, 2022, 2023, and 2024 to hedge against exchange rate risk. The contract maturities are less than 1 year, resulting in expenses of TRY3,640 recorded in 2024 and income of TRY25,487 recorded in 2023. The realized gains/losses and fair value adjustments of these contracts have been accounted for in the other comprehensive income statement.

Additionally, to hedge against interest rate risk, the Group signed a contract valued at 24,400 USD on April 20, 2022. The contract matures on February 10, 2027, resulting in income of 318 USD in 2024 and expenses of 403 USD in 2023, accounted for in the other comprehensive income statement. The fair value adjustments of this contract have been accounted for under equity.

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22. REVENUE

	1 January- 31 March 2024	1 January- 31 March 2023
Revenue		
Domestic sales	3,698,247	2,926,135
Export sales	2,025,944	2,278,848
Sales discounts (-)	(28,631)	(78,522)
Other deductions (-)	(371,868)	(327,970)
	5,323,692	4,798,491
Cost of Sales (-) (Note:23)	(4,614,996)	(3,983,233)
Gross profit	708,696	815,258

23. OPERATING EXPENSES BY NATURE

The detail of costs of sales for the periods between 1 January - 31 March 2024 and 2023 is as follows

Cost of sales (-)	1 January- 31 March 2024	1 January- 31 March 2023
Direct material and supplies expenses	(781,803)	(734,193)
Labor expenses	(270,414)	(209,427)
Energy costs	(1,035,136)	(1,640,944)
Depreciation and amortization expenses	(302,501)	(299,288)
Other production expenses	(1,356,745)	(984,629)
Total production cost	(3,746,599)	(3,868,481)
Change in provision for inventory impairment (Note:10)	5,888	(1,577)
Change in work-in process	(63,660)	211,842
Change in finished goods	(139,021)	(62,785)
Cost of trade goods sold and other	(671,604)	(262,232)
	(4,614,996)	(3,983,233)

The detail of general administration expenses for the periods between 1 January - 31 March 2024 and 2023 is as follows:

	1 January- 31 March 2024	1 January- 31 March 2023
General administrative expenses		
Personnel expenses	(238,508)	(175,595)
Depreciation and amortization expenses	(75,660)	(77,504)
Consultancy expense	(37,558)	(80,248)
Rent expenses	(28,876)	(25,499)
Insurance expenses	(17,197)	(11,117)
IT Expenses	(11,349)	(1,859)
Representation expenses	(10,104)	(8,775)
Travel expenses	(9,728)	(4,493)
Tax, duty and charges	(7,615)	(15,795)
Communication and publicity expenses	(4,235)	(2,054)
Maintenance expenses	(1,276)	(838)
Other miscellaneous expenses	(38,556)	(2,416)
	(480,662)	(406,193)

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23. OPERATING EXPENSES BY NATURE (Continued)

The detail of marketing, selling and distribution expense for the periods between 1 January - 31 March 2024 and 2023 is as follows:

	1 January- 31 March 2024	1 January- 31 March 2023
Marketing, selling and distribution		
Personnel expenses	(16,725)	(10,219)
Depreciation and amortization expenses	(7,085)	(6,539)
Travel expenses	(969)	(1,969)
Rent expenses	(480)	(444)
Insurance expenses	(203)	(150)
Representation expenses	(96)	(73)
Consultancy expenses	(8)	(10)
Communication and advertising expenses	(4)	(4)
Other miscellaneous expenses	(1,440)	(3,996)
	(27,010)	(23,404)

The detail of research and development expense for the periods between 1 January - 31 March 2024 and 2023 is as follows:

	1 January- 31 March 2024	1 January- 31 March 2023
Research and development expenses		
Personnel expenses	(7,474)	(6,228)
Depreciation and amortization	(296)	(276)
Outsourced benefits and services	(148)	(59)
Travel expenses	(146)	(234)
Other miscellaneous expenses	(231)	(502)
	(8,295)	(7,299)

24. OTHER OPERATING INCOME AND EXPENSES

	1 January- 31 March 2024	1 January- 31 March 2023
Other operating income		
Foreign exchange gain from operating activities	249,973	88,761
Sales of scrap and miscellaneous material	9,057	5,368
Reversal of the provision (Note 7/16)	2,688	635
Other income and profits	75,206	63,348
	336,924	158,112

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24. OTHER OPERATING INCOME AND EXPENSES (Continued)

	1 January- 31 March 2024	1 January- 31 March 2023
Other operating expense		
Foreign exchange loss from operating activities	(154,726)	(37,819)
Provision expenses (Note 7/16)	(7,202)	(17,652)
Litigation, levy, and court paid expenses	(3,474)	(119)
Donations and and grants	(164)	(451)
Other expenses	(3,662)	(17,592)
	(169,228)	(73,633)

25. INCOME AND EXPENSE FROM INVESTMENT ACTIVITIES

	1 January- 31 March 2024	1 January- 31 March 2023
Income from investment activities		
Income from other investment activities	250,903	16,669
Fixed assets sales income	752	8
	251,655	16,677

26. FINANCIAL INCOME/EXPENSE

	1 January- 31 March 2024	1 January- 31 March 2023
Financial income		
Interest income	234,215	112,658
Total financial income	234,215	112,658
Financial expenses		
Interest expenses of bank borrowings	(322,977)	(271,233)
Foreign exchange loss on bank borrowings	(76,488)	(88,084)
Other financial expenses	(31,717)	(50,388)
Total financial expense	(431,182)	(409,705)

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27. 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.

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.

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

The law on amending the Tax Procedure Law and the Corporate Tax Law was published on January 20, 2022, Law No. It has become law with number 7352, and it has been decided that financial statements will not be subject to inflation correction, regardless of whether the conditions for inflation adjustment within the scope of Article 298 are met for the 2021 and 2022 accounting periods, including the provisional accounting periods, and the 2023 accounting period provisional tax periods. In line with Law No. 7352, inflation adjustment has been applied to the financial statements dated 31 December 2023, and the profit/loss difference resulting from the inflation adjustment has been shown in the previous years' profit/loss account and has not been subject to tax. Profit/loss differences arising from the inflation adjustment made as of the 2024 accounting period are 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%

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27. INCOME TAXES (Continued)

- 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.

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 March 2024, and 2023, 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 March 2024 and, 31 December 2023 corporate tax payables are summarized as follows:

Distribution of tax expenses are as follows:

	31 March	31 December
	2024	2023
Assets related to the current period taxes	29,826	108,325
	29,826	108,325

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27. INCOME TAXES (Continued)

	31 March	31 December
	2024	2023
Corporate tax payable		
Current period corporate tax provision	(4,356)	(388,563)
Prepaid taxes and funds	-	334,192
	(4,356)	(54,371)
	1 January-	1 January-
	31 March 2024	31 March 2023
Tax (expense)/income		
Current period corporate tax (expense)/income	(4,356)	-
Deferred tax (expense)/income	(104,577)	288,892
	(108,933)	288,892

The details of the deferred tax assets and liabilities 31 March 2024, 31 December 2023 are as follows:

	31 March	31 December
	2024	2023
Deferred tax assets (*)		
Property, plant and equipment and intangible assets	1,477,146	1,353,998
Rediscount of receivables	20,558	23,741
Tax losses carried forward	21,976	17,955
Provision for litigations	10,235	11,955
Cash capital increase tax incentive assets	8,487	9,765
Provision for unused vacation	8,421	5,978
Provision for employee benefits	6,414	5,578
Recultivation provision	4,600	5,291
Inventory impairment provision	1,508	1,736
Provision for other doubtful receivables	849	977
Other	54,671	63,247
	1,614,865	1,500,221
Deferred tax liabilities (*)		
Property, plant and equipment and intangible assets	(994,305)	(735,724)
Fair values of derivative products	(49,525)	(96,936)
Goodwill	(24,738)	(28,464)
Inventories	(22,692)	(26,111)
Internal rate of return adjustment of borrowings	(3,797)	(4,117)
Other	(110,119)	(95,878)
	(1,205,176)	(987,230)

(*)The total net amount of these two balances is shown as deferred tax assets amounting to TRY1,614,865 (31 December 2023: TRY1,500,221) and deferred tax liability of TRY1,205,176 (31 December 2023: TRY987,230) in the balance sheet.

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27. INCOME TAXES (Continued)

	31 March	31 December
	2024	2023
Deferred tax assets/(liabilities) presentation at balance sheet		
Deferred tax assets	1,614,865	1,500,221
Deferred tax liabilities	(1,205,176)	(987,230)
	409,689	512,991

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

	1 January-	1 January-
	31 March 2024	31 March 2023
Deferred tax assets/(liabilities) movement		
Opening balance	(512,991)	243,701
Deferred tax (income)/expense	104,577	(288,892)
Accounted under other comprehensive income	(49,892)	36,610
Other	48,617	(11,377)
Closing balance	(409,689)	(19,958)

	1 January-	1 January-
	31 March 2024	31 March 2023
Tax reconciliation:		
Profit before taxation	505,264	52,706
Effective statutory income tax rate	25%	20%
Tax expense at the effective statutory income tax rate	(126,316)	(10,541)
Reconciliation of tax provision calculated with deductible:		
- Effect of assets from tax incentives	11,800	35,731
- Non-deductible expenses	(5,694)	(287)
- Other income exempt from tax	955	14,843
- Inflation effect	10,322	287,999
- Effect of the profit from investments accounted by equity method	-	8,229
- Earthquake tax	-	(182,222)
- Revaluation effect	-	118,053
- Other	-	17,087
Tax expense in the income statement	(108,933)	288,892

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28. EARNINGS PER SHARE

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

Earnings/loss per share from continuing operations:

	1 January- 31 March 2024	1 January- 31 March 2023
Number of shares	945,591	135,084
Profit attributable to equity holders of the parent–TRY	362,608	319,050
Dividend per share with nominal value of 1 Kr - TRY	0.38	2.36

29. RELATED PARTY DISCLOSURES

Entities are defined as related if one of the entities has control over the other entity or has a significant influence over the other entity’s financial and administrative decisions. The Group is controlled by 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 March 2024, 31 December 2023 and the related party transactions for the periods ended 31 March 2024 and 31 March 2023 are mainly as follows:

Short-term other receivables from related parties

	31 March 2024	31 December 2023
Hacı Ömer Sabancı Holding A.Ş.	3	-
	3	-

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29. RELATED PARTY DISCLOSURES (Continued)

Short-term trade payables to related parties

	31 March 2024	31 December 2023
Enerjisa Müşteri Çözümleri A.Ş. ^{(2)*}	62,793	69,426
Enerjisa Elektrik Enerjisi Toptan Satış A.Ş. ⁽²⁾	651	140,055
Akçansa Çimento Sanayi ve Ticaret A.Ş. ⁽²⁾	-	21,041
Other	12,098	13,240
	75,542	243,762

(*) 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 62,793 Full TRY. 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 March 2024	31 December 2023
Aksigorta A.Ş. ⁽²⁾	36,142	128
Sabancı Dx ⁽¹⁾	14,955	16,554
Teknosa A.Ş. ⁽¹⁾	44	5,191
Other	1,371	2,467
	52,512	24,340

Bank balances deposited in related parties

	31 March 2024	31 December 2023
Akbank T.A.Ş. ⁽¹⁾	1,867,773	1,273,060
	1,867,773	1,273,060

Borrowings from related parties

	31 March 2024	31 December 2023
Bank loans from Akbank T.A.Ş. ⁽¹⁾	517,012	1,472,616
	517,012	1,472,616

(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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29. RELATED PARTY DISCLOSURES (Continued)

Sales to related parties

	1 January- 31 March 2024	1 January- 31 March 2023
Enerjisa Elektrik Enerjisi Toptan Satış A.Ş. ⁽²⁾	11,105	-
Sabancı Dx. ⁽¹⁾	589	161
Other	223	8,757
	11,917	8,918

Purchases and services received from related parties

	1 January- 31 March 2024	1 January- 31 March 2023
Enerjisa Elektrik Enerjisi Toptan Satış A.Ş. ⁽²⁾	1,070,182	501,329
Akçansa Çimento Sanayi ve Ticaret A.Ş. ⁽²⁾	354,154	91,294
Aksigorta A.Ş. ⁽²⁾	57,859	7,964
Sabancı Dx ⁽¹⁾	37,848	4,911
Teknosa A.Ş. ⁽¹⁾	8,496	643
Other	15,460	4,092
	1,543,999	610,233

Interest income from related parties

	1 January- 31 March 2024	1 January- 31 March 2023
Akbank T.A.Ş. ⁽¹⁾	117,494	69,101
	117,494	69,101

Interest expenses from related parties

	1 January- 31 March 2024	1 January- 31 March 2023
Akbank T.A.Ş. ⁽¹⁾	(22,681)	(17,454)
	(22,681)	(17,454)

(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.

Compensation benefits to the top management

The total amount of salaries and similar benefits provided to the Chairman and members of the Board of Directors, the General Manager, Deputy General Managers, and other senior executives in the current period is TRY43,676 (March 31, 2023 – TRY26,685), and the bonuses paid amount to TRY1,068 (March 31, 2023 – TRY740).

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30. FOREIGN CURRENCY RISK

The Group's foreign currency positions in original currency as of 31 March 2024, 31 December 2023 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 March 2024					31 December 2023				
	Equivalent in TRY	USD	EUR	GBP	Other	Equivalent in TRY	USD	EUR	GBP	Other
	(Functional Currency)	(Original Currency)	(Original Currency)	(Original Currency)	(Original Currency)	(Functional Currency)	(Original Currency)	(Original Currency)	(Original Currency)	(Original Currency)
Trade receivables	1,452,023	32,365	11,689	7	-	1,051,049	3,384	19,486	-	38,764
Monetary financial assets	1,568,914	36,983	10,772	-	-	2,178,218	67,531	4,421	120	5,110
Non-monetary financial assets	-	-	-	-	-	94,853	-	2,912	-	-
Other	48,865	34	1,373	-	-	1,391,202	44,653	1,683	-	2,673
Current Assets	3,069,802	69,382	23,834	7	-	4,715,322	115,568	28,502	120	46,547
TOTAL ASSETS	3,069,802	69,382	23,834	7	-	4,715,322	115,568	28,502	120	46,547
Trade payables	(1,036,949)	(25,740)	(5,831)	(74)	-	(525,594)	(5,189)	(10,113)	(108)	(4,818)
Financial liabilities	(696,046)	-	(20,000)	-	-	(2,831,241)	(54,420)	(35,395)	-	(9,358)
Other non-monetary liabilities	(47,150)	(370)	(1,009)	(3)	-	(116,483)	(2,080)	(1,421)	(3)	(1,082)
Short Term Liabilities	(1,780,145)	(26,110)	(26,840)	(77)	-	(3,473,318)	(61,689)	(46,929)	(111)	(15,258)
TOTAL LIABILITIES	(1,780,145)	(26,110)	(26,840)	(77)	-	(3,473,318)	(61,689)	(46,929)	(111)	(15,258)
Net foreign currency asset liability position	1,289,657	43,272	(3,006)	(70)	-	1,242,004	53,879	(18,427)	9	31,289
Off balance sheet derivative financial instruments asset/liability position	387,425	12,000	-	-	-	406,473	13,808	-	-	-
Net foreign currency asset/liability position	1,677,082	55,272	(3,006)	(70)	-	1,648,477	67,687	(18,427)	9	31,289
Export	4,467,927	157,794	104,534	3,372	-	9,940,023	197,290	204,767	43	-
Import	1,085,064	54,244	11,215	3	-	2,032,535	65,744	18,402	5	-

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30. FOREIGN CURRENCY RISK (Continued)

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

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

	Profit/Loss		Equity	
	Foreign currency appreciation	Foreign currency depreciation	Foreign currency appreciation	Foreign currency depreciation
31 March 2024				
1- USD net assets/liabilities	308,450	(308,450)	308,450	(308,450)
2- Hedged portion of USD risk (-)	38,812	(38,812)	38,812	(38,812)
3- USD net effect (1+2)	347,262	(347,262)	347,262	(347,262)
4- Net EUR assets/liabilities	176,522	(176,522)	176,522	(176,522)
5- Hedged portion of EUR risk (-)	-	-	-	-
6- EUR net effect (4+6)	176,522	(176,522)	176,522	(176,522)
7- Net GBP assets/liabilities	344	(344)	344	(344)
8- Hedged portion of GBP risk (-)	-	-	-	-
9- GBP net effect (7+8)	344	(344)	344	(344)
TOTAL (3+6+9)	524,128	(524,128)	524,128	(524,128)
	Profit/Loss		Equity	
	Foreign currency appreciation	Foreign currency depreciation	Foreign currency appreciation	Foreign currency depreciation
31 December 2023				
1- USD net assets/liabilities	712,772	(712,772)	712,772	(712,772)
2- Hedged portion of USD risk (-)	40,721	(40,721)	40,721	(40,721)
3- USD net effect (1+2)	753,493	(753,493)	753,493	(753,493)
4- Net EUR assets/liabilities	245,984	(245,984)	245,984	(245,984)
5- Hedged portion of EUR risk (-)	-	-	-	-
6- EUR net effect (4+6)	245,984	(245,984)	245,984	(245,984)
7- Net GBP assets/liabilities	866	(866)	866	(866)
8- Hedged portion of GBP risk (-)	-	-	-	-
9- GBP net effect (7+8)	866	(866)	866	(866)
10-Net other foreign currency asset/liability	6,178	(6,178)	6,178	(6,178)
11- Hedged portion of other foreign currency risk(-)	-	-	-	-
12-Other Foreign currency net effect (10+11)	6,178	(6,178)	6,178	(6,178)
TOTAL (3+6+9+12)	1,006,521	(1,006,521)	1,006,521	(1,006,521)

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31. FINANCIAL INSTRUMENTS FAIR VALUE AND HEDGE ACCOUNTING DISCLOSURES

Fair value of financial instruments

	<u>31 March 2024</u>	<u>31 December 2023</u>
Fair value difference reflects other comprehensive income/loss derivative financial assets and liabilities	(8.149)	(19.295)
Total	<u>(8.149)</u>	<u>(19.295)</u>
Fair value difference reflects over income/loss financial	45.416	30.260
Total	<u>45.416</u>	<u>30.260</u>

Fair value measurement hierarchy table

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

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

32. SUBSEQUENT EVENTS

In accordance with CMB regulations, the distribution of the net distributable period profit of TRY2,490,892,519.00, calculated based on the consolidated net profit for the year 2023, after deducting statutory obligations and non-controlling interests as per Article 26 of the Articles of Association and CMB Communiqués, is as follows,

First Dividend	TRY47,280
Second Dividend	TRY952,720
Total Gross Dividend	TRY1,000,000
General Legal Reserve (2nd Order)	TRY95,272
Extraordinary Reserve	TRY1,395,620

As a result of distributing the profit according to the principles mentioned above, from the Net Distributable Period Profit recorded in our statutory books prepared in accordance with the provisions of the Tax Procedure Law, after deducting statutory obligations, it has been decided to cover the amount of the gross profit share of TRY1,000,000,000.00 to be distributed from the period net profit and to transfer the remaining amount to extraordinary reserves.

Thus, it was resolved at the Ordinary General Assembly meeting for the year 2023, held on April 25, 2024, to distribute in cash, starting from April 29, 2024, a gross profit share of TRY1,000,000,000.00 to the shareholders representing TRY945,591,094.00 of the capital from the profit of the year 2023, depending on their legal status.

Within the framework of the agreement signed with Kontrolmatik Teknolojileri Enerji ve Mühendislik A.Ş. as of April 15, 2024, it has been decided to establish a Solar Power Plant (SPP) at the Eskişehir factory.