ANNUAL REPORT 2023

çimentaş
CEMENTIR HOLDING

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SUMMARY

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1 INTRODUCTION

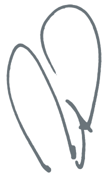
GENERAL ASSEMBLY AGENDA

1. Opening and roll-call,
2. Formation of the presiding committee and authorization of the committee to sign the minutes and other meeting-related documents pursuant to article 16 of the company's articles of association,
3. Reading and deliberation of the annual report of the Board of Directors and the independent auditing firm
4. Reading, deliberation, and decision concerning approval of the 2023 balance sheet, income statement, and other financial statements,
5. Individual acquittal of the members of the Board of Directors of their fiduciary responsibilities for the accounts and transactions of the company in 2023
6. Deliberation and decision about the 2023 profit/loss,
7. Deliberation and resolution about approval of the Independent External Audit Firm assigned by the Board for the year 2024 and the acceptance of the independent external audit agreement,
8. Determination of the number and the period of the BoD members. Election of BoD members and independent Board members,
9. Deliberation and decision concerning the remuneration of the directors,
10. Information and deliberation concerning permission to the Chairman and Board members in accordance with articles 395 and 396 of the Turkish Commercial Code,
11. Information and deliberation concerning the donations and charities made within the year 2023,
12. Information and deliberation concerning the donations and charities will be made in the year 2024,
13. Information about guarantees given on behalf of 3rd parties
14. Wishes and, closing.

CHAIRMAN'S SPEECH

Dear Shareholders,

As we entered the year 2023 with extraordinarily high energy prices and regional uncertainties caused by the Ukraine-Russia war, we were shaken by two earthquakes in the second month, centered in the districts of Pazarcık and Elbistan in Kahramanmaraş, measuring 7.8 Mw and 7.5 Mw respectively. Spanning approximately 350,000 km2, this disaster caused extensive damage, directly impacting 14 million people. Many of our fellow citizens lost their lives, and numerous pieces of our historical and cultural heritage were destroyed.
Setting aside all other priorities, Çimentaş swiftly mobilized to aid in the region's recovery. To this end, we deployed all our resources, both material and spiritual. We are faced with the necessity of reconsidering the fact that most of our country is in an active earthquake zone and that our cities and structures should be reconsidered with this scientific reality.
We made swift decisions and implemented measures to supply high-quality cement, concrete, and aggregates essential for the reconstruction of the affected region. This included acquiring additional mobile plants to serve the construction sector and optimizing the operability of quality aggregate sources in the region, thereby strengthening our supply chain.
Despite the challenges posed by post-pandemic supply-demand imbalances and geopolitical tensions in our region, high inflation left its mark in 2023. Nevertheless, we operated all our factories at full capacity, particularly those in earthquake zones, while maximizing the use of alternative fuels and raw materials. This approach enabled us to achieve both flexible cost management and supply continuity. In 2023, our Edirne factory became one of the top five in Turkey to use the highest proportion of alternative fuels, while our İzmir factory attained a leading position in terms of cement/clinker ratio efficiency.
These efforts culminated in breaking our sales volume record of the past decade and achieving a 19% real revenue growth based on inflation-adjusted financial results. Our inflation-adjusted EBITDA surged by 169%, approaching the 2 billion TL.
To sustain our success, we aim to strengthen Çimentaş's unique market position through product segmentation and business diversification. With our agile organization dedicated to sustainable growth, environmental stewardship, and community integration, we strive to continually create value. We remain committed to sincere and steadfast efforts to ensure our facilities become integral components of the environments in which they operate.
In pursuit of reducing our carbon footprint, we actively participate in research and development initiatives coordinated by Cementir Holding and support efforts aimed at creating a more livable environment. We develop and implement projects designed to reduce energy and water consumption, preserve biodiversity in our surroundings, and promote the recycling of household and industrial waste.
We present these activities and detailed outcomes in our 2023 Activity Report for your information.
On behalf of the Board of Directors, I extend my gratitude to our employees and all stakeholders who tirelessly strive each day to make tomorrow better than today.
Best regards



Taha Aksoy
Chairman of the Board of Directors

ÇİMENTAŞ GROUP

Founded in İzmir as the very first private cement plant of the Aegean Region, Çimentaş was acquired in 2001 by the Cementir Holding.

Çimentaş is the most important affiliate of Cementir Holding with its cement plants located at İzmir, Edirne, Elazığ and Kars, 16 concrete plants throughout the country and with the industrial waste management facility located in Manisa.

Çimentaş forms its responsible and sustainable operation approach under the highest occupational health and safety and environmental policies of the industry together with the group to which it is affiliated and wants all its employees to display behaviours complying with such policy. Çimentaş carries out its operations adopting internationally accepted standards as well as any relevant laws and regulations and aims at being recognised as a good neighbour through its contributions to the region besides being a responsible producer in its areas of activity.

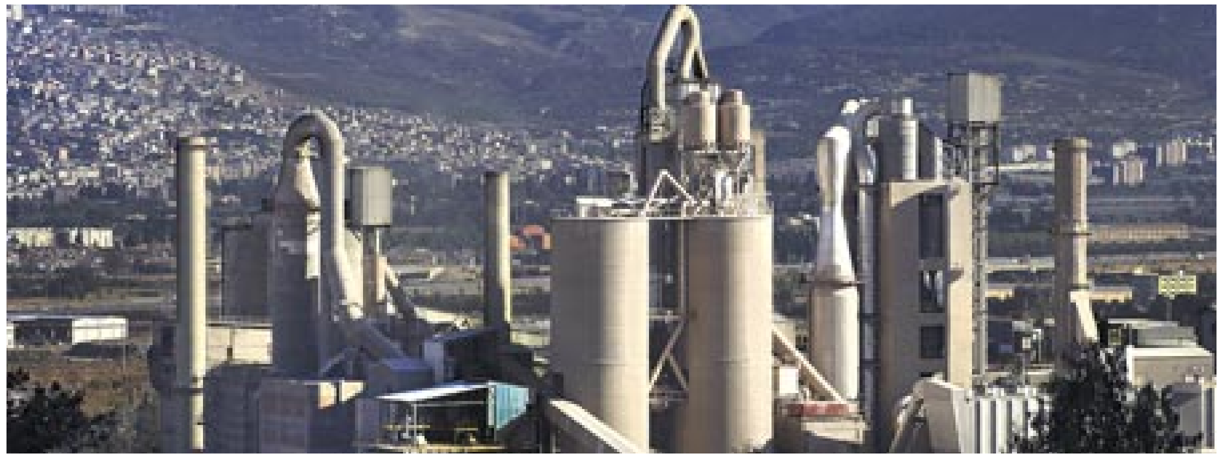
In terms of production capacity, Çimentaş occupies top places amongst largest cement producers of the country, and with its partnerships and the companies it owns, Çimentaş Group is a very strong organisation which opens up from İzmir to the world. Çimentaş is now a Corporation which carries out and merchandises high-quality products with its production capacity, its own quarries and world-class modern integrated plants at home and abroad.

CEMENTIR HOLDING GROUP

Cementir Holding is a multinational company with registered office in the Netherlands, listed on the Euronext Star Milan segment, operating in the building materials sector and focused on four main business lines: grey cement, white cement, ready-mixed concrete and aggregates. With over 3,000 employees, Cementir is the global leader in the white cement niche segment, the leading producer of cement in Denmark and of ready-mixed concrete in the Scandinavian area, the third largest producer in Belgium and among the main international operators in Türkiye, with two listed companies on the Istanbul Stock Exchange. In Belgium, the Group operates one of the largest aggregate quarries in Europe, while in Türkiye and the United Kingdom the Group is active in the processing of urban and industrial waste, used to produce waste-derived fuel for cement plants.

Cementir pursues a strategy of sustainable growth, focusing on product leadership, the pursuit of excellence and the efficiency of operating processes. In the last two years the Group has achieved important ESG recognitions, including the validation of its 2030 decarbonisation objectives by the Science Based Target initiative (SBTi) and an "A-" rating by CDP. The Group also holds an investment grade financial rating of "BBB-" with stable outlook from Standard & Poor's.

Since 1992 Cementir has been part of the Caltagirone Group, one of the leading business groups in Italy with activities ranging from real estate to construction, from publishing to finance.



GLOBAL PRESENCE

TÜRKİYE

Grey cement production capacity: **5,4 million ton**
Grey cement plants: **4**
Ready-mixed concrete plants: **21**
Waste management facilities: **1**
Aggregate plant: **2**

Ready mixed concrete plants | Waste | Grey cement plants | Aggregate plant | Terminals

IDENTITY

We are an international Group aspiring to be product leader, who believes that the constant search for quality in every business process is key to success. We are a dynamic Group, constantly looking for new opportunities, who gives importance to the development of our employees, of the community in which we operate and to the value creation for our shareholders.
We believe in sustainable development and in diversity as a fundamental value of our activity.

VISION

We want to keep our uniqueness on the market by focusing on innovation, sustainable solutions and business diversification.
We are concrete. At the same time, we want to create value thanks to an agile organisation, capable of taking advantage of growth opportunities, respecting the environment and promoting dialogue and interaction with local communities.
We are dynamic.
We are Concretely Dynamic.

MISSION

Our mission is to generate value for our stakeholders through a path of sustainable growth by focusing on product leadership, the pursuit of excellence and the efficiency of operating processes.

VALUES

SUSTAINABILITY

We believe that there can be no success without respect for the environment: we are responsible to the communities in which we live and work, safeguarding the environment and natural resources.

DYNAMISM

We look beyond to anticipate and seize the best market opportunities. Being dynamic and flexible is what makes us unique and allows us to respond quickly to the needs of our customers.

QUALITY

We are committed every day and invest to improve the quality of our products, constantly innovating our offer. We focus on the needs of our customers while maintaining the highest quality standards. We pursue the efficiency and effectiveness of our processes.

VALUE OF PEOPLE

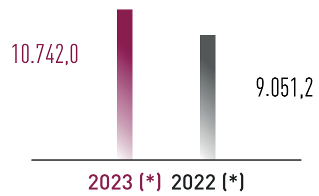
We build long-term relationships with our employees and stakeholders. We have a responsibility to ensuring a healthy and safe working environment and to recognise the merits and skills of each individual.

DIVERSITY AND INCLUSION

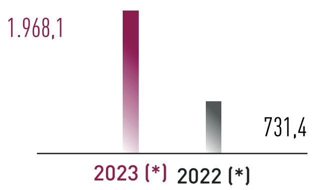
We consider diversity and inclusion a great resource. We work every day in a multicultural workplace and we value diversity at all levels of the organisation.

PERFORMANCE, FINANCIAL AND EQUITY HIGHLIGHTS

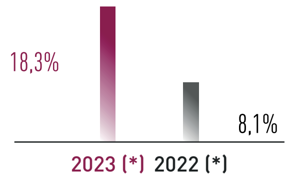
Revenue [TL Million] 18,7%



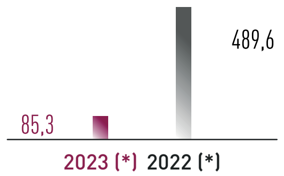
EBITDA [TL Million] 169,1%



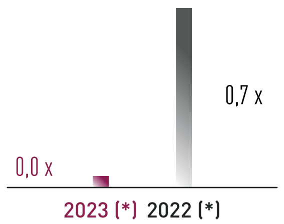
EBITDA Margin [%] 126,7%



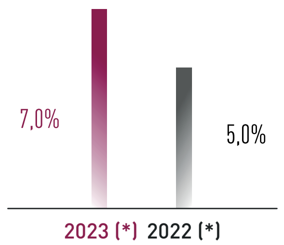
Net financial debt [TL Million] -404,3 millionL



Net financial debt / EBITDA



Return on equity [%]



Performance highlights

('000 TL)	2023 (*)	2022 (*)	2021	2020	2019	2018
Revenue	10.741.973	9.051.225	1.820.999	1.141.875	813.275	970.249
EBITDA	1.968.119	731.381	366.207	37.421	(46.143)	60.041
EBITDA Margin %	*18,3%*	*8,1%*	*20,1%*	*3,3%*	*-5,7%*	*6,2%*
EBIT	1.207.019	198.801	284.848	-37.015	-109.898	3.481
EBIT Margin %	*11,2%*	*2,2%*	*15,6%*	*-3,2%*	*-13,5%*	*0,4%*
Financial income / (expense)	53.083	(229.352)	(72.232)	(24.418)	(2.186)	(21.392)
Profit before taxes	1.169.204	429.138	212.616	(61.433)	(112.084)	(17.911))
Income taxes	(454.853)	(1.406)	(15.272)	5.023	8.240	(29)
Profit / (loss) for the year	714.351	427.732	197.344	(56.410)	(103.844)	(17.940)
Profit / (loss) for the period margin %	*6,7%*	*4,7%*	*10,8%*	*-4,9%*	*-12,8%*	*-1,8%*
Group net profit/ (loss)	881.540	539.163	162.885	(35.250)	-82.756	-5.522
Group net profit/ (loss) margin %	*8,2%*	*6,0%*	*8,9%*	*-3,1%*	*-10,2%*	*-0,6%*

(*) Amounts are restated in accordance with TAS29

Financial and equity highlights

('000 TL)	2023 (*)	2022 (*)	2021	2020	2019	2018
Net capital employed (a)	7.657.423	7.472.500	991.865	837.007	870.109	930.709
Total assets	13.550.256	12.243.046	2.536.626	1.790.158	1.700.594	1.740.935
Total equity	10.151.888	8.544.334	1.422.915	1.144.460	1.202.613	1.234.200
Group shareholders' equity	7.594.850	6.969.679	1.152.970	904.228	940.828	1.018.495
Net financial debt	85.307	489.631	106.267	28.102	9.904	7733

(a) Intangible assets + tangible assets + working capital
(*) Amounts are restated in accordance with TAS29

Profit and equity ratios

	2023 (*)	2022 (*)	2021	2020	2019	2018
Return on equity (a)	7,0%	5,0%	13,9%	-4,9%	-8,6%	-1,5%
Return on capital employed (ROCE) (b)	15,8%	2,7%	28,7%	-4,4%	-12,6%	0,4%
Equity ratio (c)	74,9%	69,8%	56,1%	63,9%	70,7%	70,9%
Net gearing ratio (d)	0,8%	5,7%	7,5%	2,5%	0,8%	0,1%
Net financial debt / EBITDA	0,0x	0,7x	0,3x	0,3x	0,2x	0,0x

(a) Net profit / Total equity
(b) EBIT / Net capital employed
(*) Amounts are restated in accordance with TAS29
(c) Total equity / Total assets
(d) Net financial debt / Total equity

Cash flows

('000 TL)	2023 (*)	2022 (*)	2021	2020	2019	2018
Cash flows from operating activities (CFFO)	1.005.097	303.839	120.576	35.242	(45.046)	(78.062)
Cash flows from investing activities (CFFI)	(1.118)	(239.905)	(126.608)	(13.753)	(24.518)	3.567
Cash flows from financing activities (CFFF)	291.857	201.911	37.793	(28.154)	77.034	112.192
Free cash flow (FCF)	1.295.836	265.845	31.761	(6.665)	7.470	37.697

Employees

	2023 (*)	2022 (*)	2021	2020	2019	2018
Number of employees (at 31 Dec.)	763	774	773	748	769	819
Acquisitions (000 TL)	0	0	55.047	0,0	0,0	0,0
Investments (000 TL)	420.856	355.283	93.832	32.955	30.247	46.235

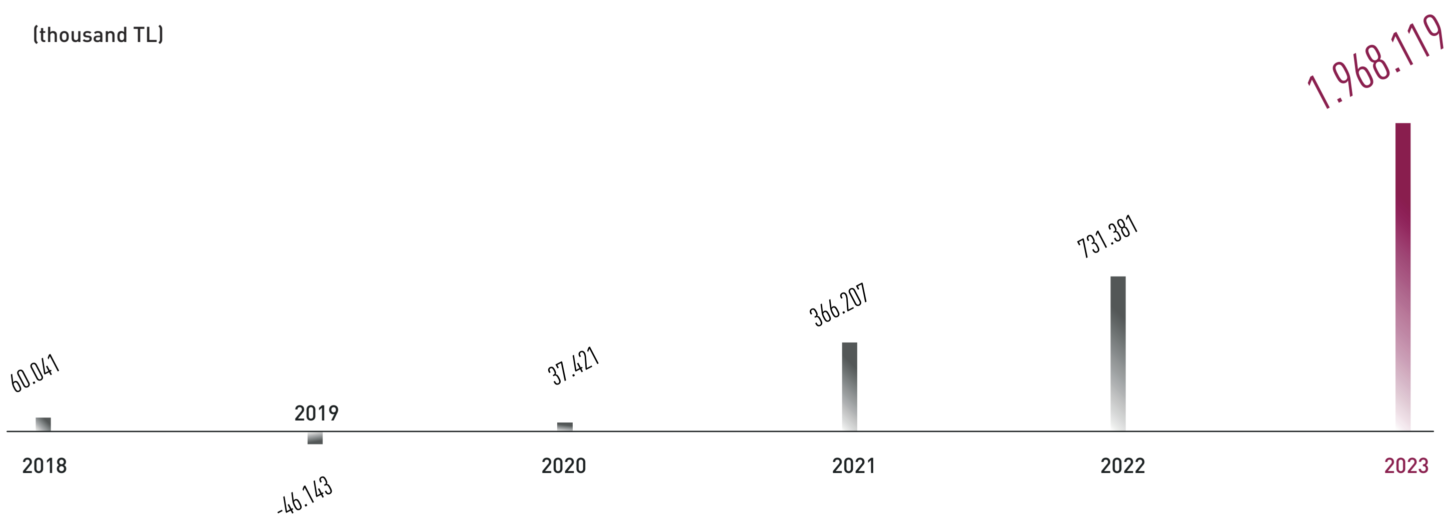
(*) Amounts are restated in accordance with TAS29

Sales volumes

	2023 (*)	2022 (*)	2021	2020	2019	2018
Grey cement (tonnes)	4.362.928	3.746.961	4.219.590	3.867.233	2.852.162	3.567.132
Ready-mixed concrete (m3)	1.833.655	1.717.568	1.892.832	1.469.596	1.003.233	1.703.759

EBITDA performance

(thousand TL)



2 ANNUAL REPORT

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www.bdo.com.tr

BDO Denet Bağımsız Denetim ve Danışmanlık A.Ş.
Tic.Sicil Numarası : 254683
Mersis Numarası : 0291001084600012
Eski Büyükdere Cad. No:14 Park Plaza Kat:4
Maslak 34398 Sarıyer/İstanbul

CONVENIENCE TRANSLATION INTO ENGLISH OF INDEPENDENT AUDITOR'S REPORT ON ANNUAL REPORT OF THE BOARD OF DIRECTORS

To the General Assembly of
Çimentaş İzmir Çimento Fabrikası Türk Anonim Şirketi

1. Opinion

We have audited the annual report of Çimentaş İzmir Çimento Fabrikası Türk Anonim Şirketi ("Company") and its subsidiaries ("Group") for the accounting period 1 January 2023 – 31 December 2023..

According to our opinion, consolidated financial information provided in the annual report of the Board of Directors and matters addressed by the Board of Directors about the position of the Group are presented fairly and consistent with the audited full set of consolidated financial statements and with the findings we obtained during our audit in all material respects.

2. Basis for the Opinion

Our independent audit has been conducted in line with the independent audit standards as endorsed by Capital Markets Board and with the Independent Auditing Standards (IAS) which are part of Turkish Auditing Standards promulgated by the Public Oversight, Accounting and Auditing Standards Authority of Turkey (POA). Our responsibilities under these standards have been explained in detail in the section of our report titled Responsibilities of the Independent Auditor about Independent Audit of Annual Report. Pursuant to the Ethical Rules published by POA for the Independent Auditors ("Ethical Rules") and ethical provisions stipulated in the applicable legislation about independent audits, we declare that we are and we work independent of the Group. Ethical Rules and other responsibilities determined in the applicable legislation about ethical conduct have been complied with and duly fulfilled by us. We believe that independent audit evidence we have obtained during independent audit is sufficient and appropriate to provide a basis for our opinion.

3. Our Auditor's Opinion on Full Set of Consolidated Financial Statements

We have expressed an unqualified opinion about the full set of consolidated financial statements concerning the accounting period 1 January 2023 – 31 December 2023 in our audit report dated 18 April 2024.

4. Responsibility of the Board of Directors about Annual Report

Group Management has the following responsibilities in connection with annual report pursuant to articles 514 and 516 of Turkish Commercial Code numbered 6102 ("TCC") and "Communiqué on Principles of Financial Reporting in Capital Markets" numbered II-14.1 ("Communiqué") as issued by the Capital Markets Board ("CMB") of Turkey:

a) Preparing and submitting the annual report to the general assembly within the first three months following the balance sheet date.

b) Preparing annual report to reflect operations of the Group in that year and its financial position accurately, completely, directly, fairly and honestly in all respects. In this report, financial position will be evaluated based on the consolidated financial statements. The report also points out development areas for the Group and potential risks affecting the Group. Evaluation made by the board of directors regarding these subjects is also presented in the report.

BDO Denet Bağımsız Denetim ve Danışmanlık A.Ş., a Turkish joint stock company, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.

Garantisi ile sınırlı bir Birleşik Krallık şirketi olan BDO International Limited'in üyesi ve bir Türk anonim şirketi olan BDO Denet Bağımsız Denetim ve Danışmanlık Anonim Şirketi, bağımsız üye kuruluşlardan oluşan BDO ağının bir parçasını teşkil etmektedir.

c) Report further includes following details:

- Events occurring in the Group after the accounting period and having special importance for the Group,
- Research and development activities carried out by the Group,
- Remuneration, fees, premiums, bonus and other financial benefits and allowance, repayment of costs of travel, accommodation and representation, in-kind and cash allowances, insurance and similar securities provided to the members of the board of directors and members of the top management.

In preparing the annual report, board of directors takes into account those arrangements made under secondary legislation issued by the Ministry of Trade and other relevant authorities.

5. Responsibility of the Independent Auditor about Independent Audit of Annual Report

Pursuant to the provisions of TCC and the Communiqué, our purpose is to express an opinion on whether consolidated financial information provided in the annual report of the board of directors and matters addressed by the Board of Directors in this report are fairly presented and consistent with the Group's audited consolidated financial statements and with the findings we obtained during our independent audit and to issue a report based on this opinion.

Our independent audit has been conducted in line with IAS and independent audit standards as endorsed by the Capital Markets Board. These standards require compliance with the ethical provisions and the independent audit to be planned and performed to obtain reasonable assurance on whether consolidated financial information provided in the annual report of the board of directors and matters addressed by the Board of Directors in this report are fairly presented and consistent with the Group's audited consolidated financial statements and with the findings we obtained during our audit.

Auditor who conducted and finalized this independent audit is Selçuk Şahin.

İstanbul,
18 April 2024

BDO Denet Bağımsız Denetim
ve Danışmanlık A.Ş.
Member, BDO International Network

Selçuk Şahin, SMMM
Partner in Charge

ÇİMENTAŞ İZMİR ÇİMENTO FABRİKASI TÜRK A.Ş. 2023 ANNUAL REPORT

A- GENERAL INFORMATION

1. Accounting period
01.01.2023-31.12.2023

2. Corporate information

Company name	: Izmir Çimento Fabrikası Türk A.Ş. Çimentaş
Central Registration System Number	: 0257003253100019
Registration number	: Commercial Register of Izmir – 20907
Contact details	www.cimentas.com
Head office	Işıklar Mah. Eski Kemalpaşa Cad. Çimentaş Blok No: 4B Bornova-İZMİR Tel: 0 232 472 1050 Fax: 0 232 472 1055
Trakya Branch	Sinanköy Mevkii Lalapaşa Edirne Tel: 0 284 1104 Fax: 0 284 323 1240
Soma Branch	İstasyon Mahallesi Yırca Yolu- Demiryolu Altı (Küme Evler) No: 1 Soma/Manisa
Menderes Aggregate Branch:	Karakuyu Mah. 7655 sk. No: 120/1 Menderes/İzmir
Malatya Aggregate Branch:	Kırlangıç Mah. Kırlangıç Yolu Küme Evleri Sürmeli İnşaat
Kırklareli Branch:	Pınar Mah. Şeytandere Mevkii Küme Evleri No:3 Merkez / Kırklareli

3. Shareholding structure and capital:

Shareholder	Shares (TL)	%
Aalborg Portland Espana SL	84,231,054.11	96,69
Other/BIST	2.881,409.09	3,31
TOTAL	**87,112,463.20**	**100**

As of 31.12.2023, the number of shares of Aalborg Portland Espana SL, the controlling shareholder of the Company, decreased from 84,439,389.11 to 84,231,054.11 and its shareholding rate decreased from 96.93% to 96.69% after the share sales made through BIST in 2023.

4. Members of the Board of Directors involved during the period

FIRST NAME-SURNAME	TITLE	TERM
Taha Aksoy	Chairman	14.04.2023-14.04.2025
Marco Maria Bianconi	Vice Chairman	14.04.2023-14.04.2025
Mevlüt Cenker Mirzaoğlu	Member and CEO	14.04.2023-14.04.2025
Pasquale Vetrano	Member	14.04.2023-14.04.2025
Michele Di Marino (*)	Member	14.04.2023-14.04.2025
İlhan F. Gürel	Member	14.04.2023-14.04.2025
Bahri Hüseyin Zühal	Independent Board Member	14.04.2023-14.04.2025
Mehmet Cemali Dinçer	Independent Board Member	14.04.2023-14.04.2025

AUTHORISATION LIMITS
Invested with the powers specified in Capital Market Law, Turkish Commercial Code, Articles of Association of the Company and other legislation.

5. The Executives in charge during the period

First Name-Surname	Title
Taha Aksoy	Chairman
Mevlüt Cenker Mirzaoğlu	CEO
Salih Tural (*)	CFO
Mevlüt Cenker Mirzaoğlu (**)	GM responsible for waste business
Fevzi Savrun	Supply Chain Director
Gürol Özer	Regional Industrial Centre Director
Abdullah Doğukan Demir	Commercial Director
Melek Özen	Human Resources Director

(*) Due to the resignation of Financial Affairs Director Ercan Karaismailoğlu, Salih Tural was appointed as Financial Affairs Director.

(**) After Enrico Friz resigned from his duty on 30.05.2023, his duties and authorities were transferred to Mevlüt Cenker Mirzaoğlu with the decision of the Board of Directors dated 31.05.2023.

6. Corporate Governance Committee

Bahri Hüseyin Zühal	President
Marco Maria Bianconi	Member
Onur Eraydın	Member

7. Audit Committee

Bahri Hüseyin Zühal	Üye
Mehmet Cemali Dinçer	Üye

8. Risk Committee

Mehmet Cemali Dinçer	President
Marco Maria Bianconi	Member
Salih Tural (*)	Member

(*) Due to the resignation of Ercan Karaismailoğlu, Member of the Risk Committee, Salih Tural has been appointed as a Member of the Corporate Governance Committee.

9. Personnel
763 employees, including executives, were working in Çimentas Group Companies as at 31.12.2023

10. Amendments to the Articles of Association during the period
There were no amendments to the Articles of Association during the period.

11. Issuance of securities during the period and related obligations
Since there were no securities issued during the period, there are no potential financial obligations for the company.

12. Subsidiaries and shareholding percentages in subsidiaries

Subsidiary	Nominal Shares (TL)	%
Kars Çimento A.Ş.	213,194,408.92	41.55
Recydia A.Ş.	180,160,293.00	23.72
Çimbeton A.Ş.	890,042.00	50,28
Destek A.Ş.	49,993.00	99.99
Yapıtek A.Ş.	286.498,52	2.00

B-BENEFITS PROVIDED TO THE TOP EXECUTIVES

A decision was made during the ordinary General Assembly meeting of the company for the year 2022 that each member of the Board of Directors was to be paid a 5.800 TL gross fee for each board meeting attended and no fee other than this has been paid to the members of the Board of Directors.
The total amount of benefits provided to the senior management of the Cimentas group is 46.143.663 TL (*).
Private health insurance is provided to executives in the senior management of the company, except for salaries. Apart from this, there is no fixed dividend, premium, bonus, etc. payment system.
On behalf of the company, the total amount of all benefits provided to the top executives during the year 2023 was 39.210.298 TL.

(*)In the financial report of the Group the amounts are expressed in Turkish Lira ("thousand TL") in terms of the purchasing power of the TL on 31 December 2023.

C- R&D ACTIVITIES

R&D activities have been carried out at Cimentas Group with our İzmir, Elazığ, Kars and Trakya Cement Plants within the scope of quality improvement, customer satisfaction, environmental protection and cost reduction. These activities are listed below:

Scope	Plant	R&D activity
Environmental Protection, Sustainability, Cost Reduction	İzmir, Trakya	**Use of Synthetic Gypsum Instead of Natural Gypsum:** The effect of increasing synthetic gypsum usage rate on product quality and ready mixed concrete quality was analysed and optimum usage rate was determined. With the increase of synthetic gypsum usage amount, natural gypsum resources will be protected, and contribution will be made to sustainability.
Sustainability, Cost Reduction	İzmir, Trakya	**Use of Iron Slag Instead of Natural Iron Ore:** Instead of the natural iron ore used in the clinker production process, the use of iron slag waste generated in iron-steel and similar industrial plants was investigated. In this context, laboratory test studies have been carried out, and results were satisfying. Both cost reduction and environmental protection has been achieved.
Environmental Protection, Sustainability, Cost Reduction	Elazığ	**Use of Marble Waste:** The use of marble waste instead of limestone used in the clinker production process was investigated. In this context, laboratory test studies have been carried out, and results were satisfying. Both cost reduction and environmental protection has been achieved.
Environmental Protection, Sustainability, Cost Reduction	İzmir, Trakya	**Bottom Ash Usage:** Bottom ashes formed in thermal power plants and textile sector have the ability to substitute for raw materials used in clinker production process. It is aimed to reduce the use of clay with the use of bottom ash. In this way, the bottom ashes that are formed are not only brought into the economy but also prevented the bottom ash from being stored in nature, causing environmental pollution.
Product Development	İzmir	**Low Alkaline Clinker Production:** In order to develop its product portfolio and increase its export potential, low alkali content raw materials were found, and industrial trial production was carried out. Low Alkali Clinker satisfied all customer requirements, and it is being produced in batches throughout the year.
Product Development	İzmir	**Sulphate Resistant Cement (Geocim) Production:** 42,5 R class cement which is resistant to sulphate and chemical attacks was produced. It is preferred for projects which especially will be exposed to sea water and/or underground water.
Product Development	Trakya	**High Additive Cement Production for the Ready-Mixed Concrete Sector:** As an alternative to the CEM I 42.5 R product, CEM II / A-M (L-W) 42.5 R type cement with 12-20% mineral additive was produced. The carbon footprint has been reduced with less clinker use.
Product Development	Elazığ	**High Additive Cement Production for the Ready-Mixed Concrete Sector:** As an alternative to the CEM I 42.5 R product, CEM II / A-W 42.5 R type cement with 12-20% mineral additive was produced. The carbon footprint has been reduced with less clinker use.
Environmental Protection, Cost Reduction	Cimentas Group	**Increasing the Use of Alternative Fuels and Alternative Raw Materials:** It is aimed to increase the use of alternative fuels and alternative raw materials, as it will reduce production costs and have positive effects on the environment.
Product Development, Cost Reduction	Cimentas Group	**Optimizing Cr+6 Reduction:** It is aimed to produce low Cr+6 content clinker, to reduce iron sulphate consumption in bag cements. For this purpose, alternative raw material sources were investigated for their heavy metal contents. Raw mix designs were performed with alternative raw materials. Different clinker and cement production scenarios were studied separately for each plant, and optimum Cr+6 reduction plan was determined.
Product Development	Elazığ	**Sulphate Resistant Cement Production:** CEM I 42.5 R-SR5 type cement, which features Sulphate Resistant Cement Production that is resistant to sulphate and chemical attacks, has been produced. It is especially preferred in projects that will be exposed to chemical attacks.
Environmental Protection, Cost Reduction	Kars	**Use of Bypass Material:** Bypass material is a by-product of aggregate producers and is of basalt origin. The use of bypass instead of clay used in the clinker production process has been investigated. In this context, laboratory test studies and simulations were carried out. With the positive results of the studies, both cost reduction and natural resources protection were achieved.

D- INFORMATION REGARDING COMPANY ACTIVITIES

1. Production activity of the company

The Çimentaş Group conducts cement production through four clinkers/cement production plants located in İzmir, Edirne, Kars and Elazığ. These plants are active in different regions of Turkey. The Kars and Elazığ plants have legal status, whereas the plant in Edirne is structured as a branch.
The company performs production activities at the İzmir plant using two rotary kilns. Clinker production at the Edirne Plant is conducted using one kiln with calciner. Clinker production is performed using one kiln with pre-heat at the Kars Plant and one kiln with calciner at the Elazığ Plant.
The cement grinding capacity of the plants is higher than the clinker production capacity. The clinker production capacity is as follows:

Plant name	Annual clinker production capacity (tons)
Çimentaş İzmir	1.801.848
Çimentaş Trakya	990.000
Elazığ Çimento A.Ş	1.000.000
Kars Çimento A.Ş	435.000

2. Investments

While making investment plans for 2022, the focus has been on contributing to the optimization of the current process, increasing the use of alternative fuels and alternative raw materials, increasing the amount of reserves in the mine sites, improving environmental conditions, and improving occupational health and safety. During the investment processes, economic conditions were taken into account, delays in delivery times and issues that could increase investment costs were taken into account in all planning processes.
With the integration of the approval and cost control procedure of internal investments, projects were classified in order to define the best optimization projects according to facility needs and group requirements, improvement projects based on legislation and regulations were determined and prioritized and implementation-based plans were made.

Within the scope of this planning, 386.414.168 TL investments were made in cement factories and aggregate and concrete facilities in 2023. The breakdown of investments by company is as follows:

Company Name	Total Investment (TL)
Çimentaş	236.855.211
Elazığ Çimento	29.163.990
Kars Çimento	10.672.632
Trakya Çimento	52.276.749
Çimbeton	57.445.586
Total	**386.414.168**

Information on the investments completed in 2023 is given below.

- In the Izmir factory; Annual revision activities in clinker production lines no. 1 and 3 and cement mills were completed in the first half of the year. During the revision periods, investment activities based on increasing the efficiency of existing equipment and improving operating conditions were completed. To increase the reliability of rotary kiln no. 1, the kiln mantle replacement investment was completed within the scope of revision activities. In the 154 kV/34.5 kV switchgear facility and energy transmission line installation project, the contract of which was signed in April 2023, the facility installation has been largely completed and the performance test processes are continuing. Completion of performance tests and commissioning of the facility is planned for the first quarter of 2024. With the completion of the project, it is aimed to reduce electrical energy costs. Within the scope of environmental investments, improvements based on dust emission values have continued with the regulations in dust collection systems. Aiming to increase factory operating performance and reduce production losses, the supply processes of critical spare materials for the equipment budgeted for 2023 have been completed. A critically important main drive system gearbox spare for Cement Mill No. 6 was provided. To increase the alternative raw material feeding capacity for cement mills, the installation of an additional storage silo has been completed and the commissioning process has been completed. The scope of investments within the scope of digitalization, which will serve the scope of industry 4.0 in the units, has been completed in 2023.
- In the Edirne factory; Annual revision activities of clinker and cement production lines have been completed. During the revision periods, investment activities based on increasing the efficiency of existing equipment and improving operating conditions were completed. The investment for the renewal of the existing recuperator system, which will meet the heating and hot water needs of the factory by producing hot water from the furnace hot gas line, has been completed and put into operation. Improvements based on regulations in dust collection systems and dust emission values have continued. The scope of investments within the scope of digitalization, which will serve the scope of industry 4.0 in the units, has been completed in 2023. Aiming to increase factory operating performance and reduce production losses, the supply processes of critical spare materials for the equipment budgeted for 2023 have been completed.
- In the Elazığ factory; Annual revision activities in the clinker production line and cement mills were completed in the first half of the year. Improvements based on dust emission values continued with the arrangements in dust collection systems during maintenance works. Aiming to increase factory operating performance and reduce production losses, the supply processes of critical spare materials for the equipment budgeted for 2023 have been completed. Investments continue within the scope of factory site rehabilitation and environmental regulations are ongoing.
- In the Kars factory; Annual revision works in cement mills were completed in the first quarter of the year, and clinker production line revision activities were completed in the 3rd quarter of the year. Aiming to increase factory operating performance and reduce production losses, the supply processes of critical spare materials for the equipment budgeted for 2023 have been completed.
- In Çimbeton ready-mixed concrete group; The purchasing process of 2 new truck mixers to include in its fleet has been completed. Depending on the growth targets, the installation of 2 new mobile ready-mixed concrete plants in Malatya has been completed and put into operation. Facility renovation efforts have continued to improve the working conditions of our employees in all RMC facilities and RMC operations, and activities are being carried out to minimize the risk of contamination. Within the scope of Industry 4.0, the digital logistics management system installation project has been completed.

In addition, we focused on investments that will contribute to increasing efficiency in Izmir and Edirne factories, as well as investments in environmental improvements of all our facilities, especially in Izmir and Elazığ factories. Investments continue in all facilities to improve processes and eliminate risks in occupational safety. Within the scope of the Cementir 4.0 project supported by Cementir Holding N.V ("Cementir Holding"), projects for the installation of smart process control systems continue in the Izmir Factory.
In 2024; Projects that will contribute to improving the current factory performance, reducing production costs through energy use and efficiency improvements, and providing rapid results will continue.

3. Internal control and independent audit

The Internal Audit Function at Cementir Holding conducts the company's internal control and audit processes. There is a Budget Planning & Controlling department at the company where the company's activities and transactions are audited to verify whether they are in compliance with the law. Procedures and activity results are also checked to verify whether they are in compliance with the budget and/or plans.
Both departments have been operating efficiently and actively. They duly inform the related departments on time. By doing so, they demonstrate great performance by taking precautionary measures, implementing and enhancing additional operations.
Our company was audited by the independent auditing company. BDO Denet Bağımsız Denetim ve Danışmanlık A.Ş. during this fiscal year and received an unmodified audit report.
The information about the lawsuits filed against the Company is given in the "Important Lawsuits" section under the heading "Provisions, Contingent Assets and Liabilities" in the disclosures section of the Financial Statements and the case disclosures related to CMB are also given below.
Pursuant to the ruling No. 44649743-663.09-286-8709 dated 2 September 2014 ("Ruling") published on the weekly bulletin of the Capital Markets Board (CMB) on 29 August 2014 and served to the Group on 5 September 2014 as a result of an investigation by the CMB, it was determined that the sales price was set lower than the equivalents and the proceedings were secretly transferred to Cementir Holding when the shares of Alfacem S.r.L. were re-sold to the parent company at the same price in accordance with the board of directors resolution dated 20 March 2009 after the shares were acquired in 2005 for a cost of €85.000.000 from a subsidiary of the parent company Cementir Holding to which Çimentaş is associated in terms of management, audit and capital. Accordingly, it was ruled to notify Çimentaş to take the necessary measures to return to the Group within three months at the latest the 101.811.908 Turkish lira financing cost that Çimentaş bore on the sales date on 20 March 2009.
Upon the notice, the Group applied to the CMB for rescission of the decision in accordance with article 11 of the Administrative Jurisdiction Procedures Law. As said application was not responded to in the legal period of 60 days, it was considered rejected and the rejection response of CMB was notified to the Group after the completion of 60-day period.
A lawsuit was filed against the CMB on 30 December 2014 for reversal of the decision with the file No. 2014/2266 E. of the 7th Administrative Court of Ankara, and the court stayed the execution. Upon objection by the CMB, the Administrative Court of Ankara granted a motion for stay of execution and the file was submitted to the commission of experts. The Experts' Report was submitted to the court and statements were made in opposition to the report. By means of ruling number 2014/2266 E – 2018/1858 K. of Ankara Administrative Court No 7, the part of the CMB's ruling No. 286-8709 dated 02.09.2014 concerning the taking of the necessary

measures for the returning to the company within three months at the latest of the 101.811.908 Turkish lira financing cost the company was alleged to have borne was annulled. Timely application for appeal was made against the adverse portions of the ruling. Our appeal request has been rejected and an appeal has been filed with the Council of State against this decision. The appeal process is ongoing.

There are no significant lawsuits that may affect the activities of the Company.

No administrative or judicial sanctions were applied against the company or the members of the Board of Directors on the basis of practices violating legislative provisions.

Objectives set by the company were achieved within the 2023 period and the resolutions of the General Assembly were carried out.

4. Donations and remittance

The consolidated total amount of donations and benefits belonging to the companies of the Çimentaş Group for the period 2023 is 19.592.896 TL(*. The total amount of donations made on behalf of the Company in 2023 was 15.915.092 TL, consisting of 15.828.642 TL in cash and 86.450 TL as commodities.

The donation amounts are within the limits of the donation power received at the 2022 Ordinary General Assembly.

(*) In the financial report of the Group the amounts are expressed in Turkish Lira ("thousand TL") in terms of the purchasing power of the TL on 31 December 2023.

5. Information on production and sales

Although there are seasonal and market-related differences according to the regions in which the Group operates in 2023, the total domestic cement sales amount on a group basis increased by 16.37% and the foreign sales amount increased by 16.98% compared to the previous year, and the total cement sales amount is % It increased by 16.44 percent. Çimbeton's total concrete sales amount in 2023 increased by 6.76% compared to the previous year.

6. Main factors affecting the performance of the sector and the business

Energy, including fuel and electricity, constitutes more than 50% of the costs of all businesses in the sector and our company on a regional basis. For this reason, energy management and cost are sensitive for the sector, and upward changes in coal and petcoke prices and/or exchange rates, which are mostly imported inputs, and increases in electricity prices negatively affect the capacity utilization and competitiveness of the sector. Although an increase in coal and petcoke prices is not expected in US Dollar terms, the exchange rate effect is expected to have negative effects.

While a growth in domestic demand is observed in the Turkish cement sector in 2023, a decrease is recorded in Turkey's cement and clinker exports. According to the sector data published by TURKÇİMENTO, a total production of 73 million tons was recorded with a 1% increase in clinker production in the January-December period of 2023. In the same period, there was a 10% increase in cement production compared to last year and approximately 81 million tons of cement was produced. In the January-December period of 2023, domestic sales increased by 19% compared to the previous year, reaching a total of 65 million tons. Approximately 18.7% of the cement produced in 2023 was exported. In the January-December period of 2023, cement exports decreased by 17.6% compared to the same period of 2022 and reached 15 million tons. In the same period, clinker exports were recorded as 3.9 million tons in total, with a decrease of 53.36%.

In order to increase the use of alternative fuels in the sector, incentives for waste management must be improved and made more attractive.

One of the most sensitive issues in the sector is the licensing and sustainability of raw material resources. Both legal and practical developments on these issues are followed carefully.

7- Result section of the commitment report

IT, management consultancy, administrative support and trademark usage services, which are listed in the report provided by the parent company, are in compliance with market practices. In this regard, no damage has been sustained by the company and no harmful act has been done/committed by the management of the parent company.

E- FINANCIAL POSITION

- Basic ratios

There is no value not recorded in the financial statements as per the Capital Market Legislation and Accounting Standard. Our company has not experienced technical bankruptcy or is overly in debt. The ratios compared with the previous year are as below:

Ratio	2023/12	2022/12
Current Ratio	1,90	1,20
Liquidity Ratio	1,45	0,80
Liabilities/Assets	0,25	0,30
Liabilities/Equity	0,33	0,43
Equity/Assets	0,75	0,70
Profitability by sales	0,20	0,08

When the consolidated financial statements of Çimentaş Group as of 31 December 2023 are examined, it is seen that the Group performance has improved compared to the previous year. The gross sales profit, which was 700,222 thousand TL in 2022, was 2,114,542 thousand TL in 2023, and the gross profit margin increased from 8% to 20%. In addition, while the consolidated main operating loss in 2022 was 247,475 thousand TL, the profit before tax was 429,138 thousand TL and the net period profit was 427,732 thousand TL, a profit was made in all the mentioned items in 2023 and the main operating profit.

The profit before tax was 891,610 thousand TL, the profit before tax was 1,169,204 thousand TL, and the net profit for the period was 714,351 thousand TL.The improvement in the Company's performance is expected to continue in 2024.

- Profit and investment policies applied by the company in order to strengthen the performance of the company

The key point for strengthening the company's performance is a financial policy mainly based on equity capital. Our main shareholder, Cementir Holding N.V., recognizes this policy and supports the company's application of it aimed at using equity capital for cost-decreasing investments. This approach is effective for achieving the sustainability of the profit margin. Our company, by distributing profit over the market conditions via ready money or free stock certificates, creates a higher premium performance for its partners with the increase in the share value.

By the decision of the General Assembly dated 14 April 2023, the decision was taken not to distribute profit, since there is a loss for the financial period in the Company's legal records.

- Financial resources and risk management policies

The financing of investments and the company's needs are mainly met with equity capital. If the need arises, the company uses short-term Turkish Lira loans or foreign-currency loans.

The risks that can be faced by the company are audited by specialized groups in accordance with the main shareholder's policies.

As of 31 December 2023, Çimentaş shares with a nominal value of TL 2.152.727,83 is traded on Borsa Istanbul under the name of CMENT on the "Pre-Market Trading Platform".

F- EVALUATION OF RISKS

Risk Management, which is also a management function, has become legally necessary following the enactment of the new Capital Market Law and Turkish Commercial Code. Article 378 of the Turkish Commercial Code sets forth that the "Board of Directors in publicly held companies is responsible for: pre-determination of the reasons that could endanger the continuance and development of the company, implementation of necessary solutions in order to prevent the risks, formation of a committee and making such systems function and improve".

In order to develop the current risk management skills and align with article 378 of Turkish Commercial Code, "Risk Committee" was formed within Çimentaş in November 2012. The committee members are Mr Mehmet Cemali Dinçer, Mr Marco Maria Bianconi and Mr Salih Tural for 2023. Risk Committee meetings are held periodically, and a report is submitted to the Board of Directors.

In this regard, a "Risk Management Project" was implemented in 2013. Within the scope of this project, risk inventories have been prepared; risks have been prioritised and evaluated by using the appropriate risk methodology in compliance with the internationally recognised "COSO Corporate Governance". As a result of such evaluations, risk maps have been created; roles and responsibilities including the steps of monitoring and reporting have been defined and documented. The Risk Committee works based on this methodology.

- Explanations on private and public audits conducted during the accounting period

Our Subsidiaries have been notified that the Competition Board has decided to open an investigation against certain undertakings, including our Company's Subsidiaries Recydia Atık Yönetimi Yenilenebilir Enerji Üretimi Nakliye ve Lojistik Hizmetleri Sanayi ve Ticaret A.Ş. and Çimbeton Hazır Beton ve Prefabrik Yapı Elemanları Sanayi ve Ticaret A.Ş., in order to determine whether they have violated Article 4 of the Law No. 4054 on the Protection of Competition in accordance with Article 41 of the same Law. During the investigation process, İzmir Çimento Fabrikası Türk A.Ş. was included in the investigation in 2024 and the investigation process is ongoing. As it is known, the opening of an investigation by the Competition Authority cannot be interpreted as that the companies subject to the investigation have violated Law No. 4054 and that they have faced or will face any criminal sanctions under the Law.

G- RELATED PARTY TRANSACTIONS

The details of major goods and service sales to related parties as of 31 December 2023 are as follows ;

- Cement and clinker sales to Spartan Hive SpA is amounting to 666.766 thousand TL
- Ready-mixed concrete sales amounting to 21.458 thousand TL and fuel oil sales amounting to 279 TL were realized to Yapıtek Yapı Teknolojisi Sanayi ve Ticaret A.Ş.

The details of major goods and service purchases from related parties as of 31 December 2023 are as follows;

- Raw material and spare part purchases from Spartan Hive SpA is amounting to 451.424 thousand TL.
- Royalty fee charge from Cementir Holding N.V is amounting to 89.545 thousand TL.
- Consultancy services from Aalborg Portland Holding A/S is amounting to 45.067 thousand TL.
- Goods purchases and consultancy services taken from Aalborg Portland A/S is amounting to 5.424 thousand TL.

A more detailed explanation of the transactions with related parties was made in the Disclosure No. 4 "Related Party Disclosures" of the Financial Report dated 31 December 2023.

REPORT ON THE APPLICATIONS OF CORPORATE GOVERNANCE PRINCIPLES

SECTION I- DECLARATION OF COMPLIANCE WITH CORPORATE GOVERNANCE PRINCIPLES

Our Company implements all the necessary corporate governance principles contained in the annex of the provisions communiqué related to the determination and the implementation of Corporate Governance Principles II-17.1 of the Capital Markets Board, during the year 2022. There are non-compulsory principles, some of which are contained in the Turkish Commercial Code and some are waived based on the structure of the sector and the management structure of the company. Remarks on the subject are provided below.

You can reach the "Corporate Governance Compliance Report" and "Corporate Governance Information Form" which were prepared in accordance with Corporate Governance Principles II-17.1 of Capital Markets Board by visiting the Company's profile at https://www.kap.org.tr/tr/sirket-bilgileri/ozet/907-cimentas-izmir-cimento-fabrikasi-t-a-s.

SECTION II- SHAREHOLDERS

2.1 Investor Relations Department

The "Legal Affairs and Investor Relations Department" conducts relations with shareholders in coordination with the "Finance Directorate".

The primary activities of this department have been focused on conducting relations with either shareholders or the Capital Markets Board ("CMB") and the Istanbul Stock Exchange ("ISE"). Accordingly, monitoring the company's stock certificates, transactions related to shareholders' rights, disclosure of special events to the public and arrangement of General Assembly meetings of the company are handled by this department.

The authorized person is Onur Eraydın who has a Capital Market Activities Level 3 and Corporate Governance Rating License numbered 909667. This department can be reached via onureraydin@cimentas.com email or 0.232.472 10 50 phone number.

More than 67 applications have been received from individual and institutional investors as well as intermediary entities and replied to, and the requirements of the relevant parties have been met within the period.

2.2 Shareholders' rights regarding acquisition of information

Requests for information received by the company from shareholders, as well as investors and intermediary entities, have been especially intense in terms of requests for the report on operations as well as the 2022 General Assembly meeting and the performance of the company with regards profit distribution issues. These requests have been met by providing the necessary explanations and documents.

Studies related to publishing the developments concerning the utilization of rights by shareholders through electronic media are still in progress. Updates related to the subject are made available on the company's website. Such developments are announced within the framework of legal regulations which are presently in force.

The appointment of a private auditor was not regulated as an individual right within the scope of the Articles of Association, and no request for the appointment of a private auditor was received within the period. Çimentaş is periodically audited by an independent external audit firm within the context of Capital Market Law. On the other hand, systematic auditing of the group is periodically conducted by the Internal Audit Function within the framework of a specific programme. A regulation on the subject is also available in the new Turkish Commercial Code article 438.

2.3 General Assembly meetings

During the period, the Ordinary General Assembly meeting for the year 2022 was held on 14 April 2023 and 98% participation was recorded at the Ordinary General Assembly for the year 2022. Before the General Assembly meeting, the agenda, information about company activities and the financial statements were communicated to the shareholders on the company's website. Shareholders used their questioning rights during the meeting. Information about donations made during the period was given to the shareholders as part of a separate agenda item. The Articles of Association do not contain a particular provision related to the quorum, so the relevant provisions of Turkish Commercial Code (TCC) were applied.

Invitations to the General Assembly meeting are published as required by the provisions of the Turkish Commercial Code and Capital Markets Law and are also published on the company's website three weeks prior to the meeting. Registration proceedings for shareholders to participate in the General Assembly are conducted under the provisions of the TCC and Capital Markets Law.

Information related to the Ordinary and Extraordinary General Assembly meetings is made available for shareholders to review at the company headquarters pursuant to the Turkish Commercial Code.

In order to facilitate the participation of shareholders in the General Assembly, in addition to announcements and publications, due diligence is exercised to ensure access to information on the issues constituting the agenda of the General Assembly and requirements of legal regulations are complied with.

Media operators are also invited to the General Assembly Meeting, and they attend.

Minutes and documents related to the General Assembly meetings are made permanently available for shareholders to review at the company headquarters.

2.4 Oy Voting rights and minority rights

Company shares do not provide voting privileges and each share gives only one voting right to its holder.

To resolve issues regarding voting by companies which have a mutual participation relation, the rules of "disfranchisement" stated in the Turkish Commercial Code are applied.

Since the number of minority shares in the company is low (around 3%), they are not represented in the management.

The Articles of Association of the company do not contain a provision for the method of cumulative voting in the election of the Board of Directors and statutory auditors.

2.5 Profit distribution policy and profit distribution timing

A written company profit distribution policy has been drafted and approved by the Board of Directors and the issue has been regulated explicitly in detail in the Articles of Association. With regard to the share of the company's profit, founder certificate holders have privileged rights, so, after deduction of taxes and legal liabilities, as well as losses of past years, from net profit and after allocation of 5% legal reserve as per article 519 of the Turkish Commercial Code and 50% for the first dividend under Articles of Association, 10% of the remaining dividend amount is distributed to the founder certificate holders.

Although the communiqué published by the Capital Markets Board gives a rate of 20% for first dividend, the rate is set at 50% in the Articles of Association of the company as specified above. This circumstance is the result of the policy aimed at maximizing the profit share rights of the shareholders. This policy is applied under consideration of the economic conditions of the country and the present situation of the company. Legal periods in profit distribution are strictly followed.

The Board of Directors' profit distribution proposal is submitted to the shareholders as information via special event disclosures prior to the General Assembly meeting and are also stated in the activity report. In cases of non-distribution, information regarding the reason and usage of the non-distributed profit is given in the General Assembly.

2.6 Assignment of shares

Since all company shares were converted into bearer shares upon modification of the Articles of Association as resolved in the Ordinary General Assembly meeting for the year 2005. A particular provision restricting assignment of shares does not exist.

SECTION III- PUBLIC DISCLOSURE AND TRANSPARENCY

3.1 Company website

A website named www.cimentas.com, established in the name of our company, was activated during the year 2009.

The content of the website has reached the level established by the Principles of Corporate Governance thanks to improvements made since early 2012. Information on the website is updated continuously. The company's press documents are provided on the website. Information on the website is also available in English as necessary, taking into consideration the needs of international investors.

3.2 Annual report

Information on the corporate governance principles are featured in the annual report.

SECTION IV- STAKEHOLDERS

4.1 Information on the company policy relevant to the stakeholders

Relations between stakeholders and the company are entirely based on written agreements, while relations and operations between the parties are governed within the framework defined by the agreements. In cases where agreements do not exist, the parties' interests are preserved within the framework of legislation and goodwill rules and the company's options.

Stakeholders are informed about subjects pertaining to them by the company, with meetings organized by the company and through e-mails.

4.2 Support for stakeholder participation in management

Information on the company and its activities is given during the meetings held both with personnel and other stakeholders from time to time. In addition, although no model regarding participation of the personnel in management and disclosures has been established, expectations, complaints and suggestions from the personnel and the customers are collected through surveys and enquiries conducted with the personnel and the customers. Corrective and regulative actions are taken based on the findings which are evaluated and prioritized by top management.

4.3 Human resources policy

Çimentaş Group seeks to build a competent community of managers and employees through the improvement of organizational efficiency and individual skills in the workplace, in order to create a unique difference and competitive advantage.

The basic guidelines of Company HR policy may be summarized under the headings below.

(i) Recruiting and employment;	To ensure that the competent people who will carry our organization to the future are acquired by correctly identifying the skills and competencies needed by the organization. To use the right tools during the election period and to ensure that decisions are taken without discrimination in accordance with our equal opportunity principle.
(ii) Training;	Organization of training and development activities for the purpose the technical skills and leadership competencies of the existing human resource to support

our sustainable growth. Development of special and structured programs for the development and retention of potential employees in the organization.

(iii) Remuneration; Following a policy that encourages a culture of performance in line with our corporate values and allows us to attract/retain talent.. Our policy is shaped by respecting the characteristics of labor markets and inflationary dynamics.

(iv) Activities increasing motivation and communication; Creating a working environment where our employees will feel safe and motivated; prioritizing transparent communication and increasing dec-departmental cooperation.

The recruitment and placement process is carried out with the same standards in all Çimentaş Group companies and equal opportunities are offered to all candidates who want to apply for a job. Job applications are collected through our website and online sites that everyone can easily access. Job-specific job descriptions and identified as located in the pre-selection criteria is applied to all applications in the same way, and the ten candidates that meet the criteria predefined standardized tests and their results are considered by applying selection tools.

Trainings aimed at increasing the knowledge, skills and manners of employees are planned every New Year and are implemented fairly and evenly in accordance with the approved budget. Training needs are planned and implemented individually in accordance with the results of performance evaluation for managerial positions. In addition, planned collective trainings are carried out in accordance with the functions and team needs.

Every year the backup work for key positions in the organization is reviewed. Development activities are organized for potential employees who will be promoted to top positions.

A Collective Labour Agreement of the Cement Industry Employers' Union is applied in the Çimentaş Group companies. In accordance with the law, an Employers' Union Workplace Representative is elected from among the workers working in the establishments covered by the Collective Labour Agreement of the Cement Industry Employers' Union.

The duties of Union Representatives are as follows;

i. To ensure the settlement of disputes and complaints arising from the application of the Collective Labour Agreement, which are transferred to them by both the employee and the employer, by consulting with the employees and employers,

ii. Ensuring the observance of the rights of employees recognized to the employer in accordance with the provisions of this agreement and legislation, ensuring the protection of the rights and law of employees,

iii. In order to increase the knowledge and skills of employees, to assist the employer in educational work to be carried out by the employer at work and outside, and to ensure the participation of employees,

iv. To ensure the continuation of working peace with cooperation and working harmony between the worker and the employer in the workplace.

Job rating systematics and market conditions are considered in determining wages and other benefits for white-collar personnel. The job valuation, job groups and job titles determined by the Cement Industry Employers' Union are applied for the blue-collar personnel and the provisions of the collective bargaining agreement are followed.

The wages and fringe benefits of our employees who are outside the scope of the collective bargaining agreement are managed in a total cash perspective. In our company, all employees work on gross salary, and there are fringe benefits such as short-term incentive system, company vehicle, private pension with contribution, private health insurance to be applied at different levels.

The wages and fringe benefits of the employees, subject to the collective bargaining agreement, are reviewed at each contract renewal period.

Decisions taken at our workplaces and developments within our companies are communicated to our employees via union representatives, notice boards, group and in-house websites (Cementir Holding Cnergy, Çimentaş Group Intracim) and e-mails. Information sharing between the managerial positions is carried out at the Management Communication Meetings held quarterly, attended by all Çimentaş Group Managers.

Suggestions and improvements from the OHS sub-committees are discussed at the OHS board meetings held regularly every month. The workplace representative conveys the OHS board decisions to the workers and conveys the requests and suggestions from the workers to the board.

There is no discrimination based on race, religion, language, or gender among employees in Çimentaş Group companies. The channels through which our employees can report violations of ethical rules are regulated by procedures, and regular trainings and reminders are made regarding this issue.

4.4 Codes of Conduct and social responsibility

There is a Code of Conduct that has been accepted and approved by the Board of Directors and implemented by our main shareholder Cementir Holding. This regulation has been published on the company's website.

With regards social responsibility culture and understanding, the company has sustained its support especially in the fields of training, health and sports over the years through the ÇESVAK Foundation.

SECTION V- BOARD OF DIRECTORS

5.1 Structure of the Board of Directors

Members of the Board of Directors

Taha Aksoy	Chairman
Marco Maria Bianconi	Vice Chairman
Mevlüt Cenker Mirzaoğlu	CEO
Pasquale Vetrano	Member
Michele Di Marino	Member
İlhan Feyzi Gürel	Member
Bahri Hüseyin Zühal	Independent Member
Mehmet Cemali Dinçer	Independent Member

All members of the Board of Directors meet the qualifications determined by the CMB Corporate Governance Principles. There is no special provision regarding the qualifications of the members of the Board of Directors in the Articles of Association.

Most of the members of the Board of Directors are non-executive members. Independent members will take part in the 2022 Ordinary General Assembly meeting as per the Capital Markets Board Regulations and Corporate Governance Principles.

Brief CVs of the BoD members

Taha Aksoy, graduated from the Department of Civil Engineering of the Middle East Technical University, and subsequently completed her master's degree at the same university. He started her career as an assistant at METU and then continued this duty at Munich Technical University. He worked as the General Manager of Betonsan A.Ş, Çimentaş Gazbeton Enterprises and Beşer Balatacılık.

Taha Aksoy, who was a Member of Parliament between 2007 and 2011, most recently served as the General Coordinator of the 17th Mediterranean Games, Mersin 2013. Taha Aksoy has a very good command of English and a good command of German.

Marco Maria Bianconi, MBA at the New York University Stern School of Business, class 1996, Finance major. Graduated with honors in Economics and Commerce at LUISS University in Rome in 1988, Chartered

Accountant since 1989 and Certified Public Accountant until 2016. In 2003 he joined Caltagirone SpA as Finance Director and then moved to Cementir in 2008 as Chief Planning, Budget and Control. Since 2012 he is Head of M&A and IR. Chairman of the BoD of China, Malaysia and the US subsidiaries and member of the BoD of various operating companies.
Previous work experiences include 8 years at Fidelity Investments UK as Analyst and Portfolio Manager, Merrill Lynch and CSFB in New York. He has served as a non-executive director of ACEA, Banca Antonveneta, Montepaschi Leasing & Factoring, Fabrica Immobiliare SGR.

Mevlüt Cenker Mirzaoğlu, graduated in Metallurgical and Materials Engineering from İstanbul Technical University, Cenker Mirzaoğlu has a deep knowledge of Turkish business and economy, with more than 20 years of professional experience, gained in cement, RMC and construction industries, initially with Sabancı Group, Betonsa, Akçansa and Çimsa companies. He joined Çimentaş Group in 2011, taking the lead of Çimbeton in RMC company of Çimentaş Group and then taking whole sales and marketing responsibility in Cimentaş Group. In 2015, he became General Manager of Çimko Cement&RMC Company and after 2 years he was appointed as CEO and Board Member. He was responsible for the transformation of the company. Currently he is the CEO and Board Member of Cimentas Group in Türkiye

Pasquale Vetrano, graduated in Electrical Engineering from the Federico II University of Naples with Executive MBA from the IMD Business School in Lausanne, Switzerland
Pasquale Vetrano is an executive with many years of experience in multinational companies having worked in the ABB Group for almost 25 years. During the period, he held different and different managerial positions from Operations to Supply Chain in Italy and then in Switzerland with headquarters in Zurich as Division Supply Chain Manager, Group Vice President. He spent a significant part of his working period abroad in countries such as China, India, the Middle East, North-Central Europe and North Africa.
In 2011 Pasquale joined Cementir Holding with the role of Group Chief Strategic Sourcing and in 2017 he became Group Chief Global Procurement Officer.Since April 2017 he has been Executive Board Member of Spartan Hive, the trading company of the Cementir Group. From June 2018 he joined the Board of Çimentaş and Recydia (Türkiye) and CCB (Belgium) as Designated Board Member of Cementir Holding.

Michele Di Marino, Graduated in Business Administration at Bocconi University, Milan, with a term at McGill University – Montreal, he has 20 years of international experience in strategy, sales, marketing and business development.
He started in private equity, then moved to management consulting. He joins the HVAC industry, first in Corporate Strategic Planning in Ariston Thermo Group, staff to the CEO, then in Ferroli Group in Export Sales, with a responsibility over Sales & Marketing covering Scandinavia, Eastern Europe, CIS and the US.
In 2010 joins Aalborg Portland in Copenhagen as Commercial and Business Development Director in the Nordic & Baltic Region.
In 2017 he moves to Cementir Holding in Rome as Group Chief Sales, Marketing & Commercial Development Officer where he is coordinating the Group global commercial strategy with a direct focus on white cement leadership. He is pursuing the Group Innovation agenda and its strategic development.

İlhan Feyzi Gürel, still working as Sunel T.T.A.Ş. He continues his duty as the Chairman of the Board of Directors of Kütaş Tarım Ürünleri Dış Ticaret ve Sanayi A.Ş., Kütaş Group Companies and Gürel Gayrimenkul A.Ş.
İlhan Feyzi Gürel graduated from Newcastle University as a Mechanical Engineer and earned an MA from Durham University.

Bahri Hüseyin Zühal, started his career in Yaşar Holding. During his tenure at Yaşar Holding, he gained international experience in the production and marketing of Group products, mainly metal packaging, paint and textile chemicals. His responsibilities include establishing offices and companies abroad, analyzing and preparing pre-marketing research, and developing related business strategies.
Bahri Hüseyin Zühal, who continued hİS career at Çimentaş Group from 1998 to the end of 2011, held senior management positions in cement marketing and ready mixed concrete. Lastly, he served as Ready-Mixed Concrete Director at Çimbeton. Bahri Hüseyin Zühal is a graduate of Ege University, Department of Chemistry. He is fluent in English and French.

Mehmet Cemali Dinçer, Prof. Dr. Cemali Dinçer is a graduate of METU (Middle East Technical University), Ankara-Türkiye, from the Department of Industrial Engineering in the Faculty of Engineering. He subsequently completed his graduate education in the USA, studying on a NATO scholarship at Stanford University first a MSc degree in Industrial Engineering and, a MSc degree in Statistics, followed by a PhD in Industrial Engineering and Engineering Management. He was then invited to take part in establishing the Department of Industrial Engineering at Bilkent University, the first "Foundation University" of Türkiye started education in Ankara at the time. In 1986 he was appointed as one of the first academic staff members at Bilkent University. In 1998 Dr. Dinçer transferred to the private sector and worked as General Manager of Yeni Asır Daily (a newspaper belonging Sabah Group of Media Company) in Izmir. Later he moved back to academia and joined Izmir University of Economics (IUE).
In 2006 Dinçer served as the General Manager of IzAIR (Izmir Airlines), an airline company operating in İzmir. In 2011 he worked at Istanbul Bilgi University as the Dean of the Faculty of Engineering and then as the Vice Rector, responsible for Academic Affairs.
Following these posts, he started work at Yaşar University in Izmir starting in September 2014. Dr. Dinçer has been reappointed as the Rector of Yaşar University by the Higher Education Council of Türkiye in August 2019 for the second term of office.
Dr. Dinçer has received many awards, including by Stanford University, as well as he has published numerous scientific articles and books in international and national journals.
Since Candidate Presentation Committee has not been formed, Mr. Bahri Hüseyin Zühal and Mr. Mehmet Cemali Dinçer, who have been determined by Corporate Governance Committee and approved in terms of independency, have been presented as independent member candidates to the Board of Directors with a report dated 08.03.2023 and approved at the Board of Directors Meeting on 09.03.2023. Independent members presented their independency statements in accordance with relevant legislation, and they have preserved their independence criteria.
To get duties outside the company the status of members of the Board of Directors and company managers is regulated by the corporate Code of Ethics.
Since Members of Board of Directors has no duty outside the group organization, there is no need to determine a rule for such duties.

5.2 Activity principles of the Board of Directors

As some of the members of the Board of Directors are located abroad, meetings of the Board of Directors are usually performed without being convened in person, but by video-conference.
There were 24 meetings of the Board of Directors in the period.
There were no questions or opposing opinions from members of the Board of Directors. Since there was no unfavourable vote, there was no dissenting opinion in the minutes of the meeting.
The date of the Board of Directors meeting, agenda and annotations related to the agenda together with information documents were delivered to the members of the Board of Directors prior to the meeting as per the "Corporate Actions Management" procedure.

Each member has only one voting right. There is no cumulative vote or negative veto right in the Board of Directors.
During the meetings of the Board of Directors, all subjects are resolved through detailed and clear discussion. The provisions of TCC are applied regarding the quorum.
Prohibition of activities in competition with the company is not applied to the members of the Board of Directors based on the permission of the General Assembly within the period. Moreover, these persons have not entered deals that would treat the company unfairly or performed any activity which required entering into competition with the company.
Related party transactions have been submitted for approval to the independent board members but there are no significant transactions.

5.3 Committees established within the company

The "Audit Committee", "Corporate Governance Committee" and "Risk Committee" were established by the members of the Board of Directors.
The Audit Committee is composed of two members and independent board members Hüseyin Bahri Zühal and Mehmet Cemali Dinçer were elected by the BoD as members.
Independent board member Hüseyin Bahri Zühal was elected as the chairman of the Corporate Governance Committee and board member Marco Maria Bianconi and Company Finance and Treasury Manager Onur Eraydın were elected as the members.
Independent board member Mehmet Cemali Dinçer was elected as the chairman of the Risk Committee and board member Marco Maria Bianconi and Chief Financial Officer Salih Tural were elected as members.
The working principles of the committees established by the members of the Board of Directors are determined and disclosed to the public by the BoD.

5.4 Risk management and internal control mechanisms

The "Risk Committee" was established by the Board of Directors and has been operating regularly, providing the Board of Directors with quarterly Risk Management Reports and follow-up on Management actions to mitigate the mapped risks.
There is an internal audit function within the group and there are mechanisms related to internal control and audit.

5.5 Strategic purposes of the company

The mission, vision and purposes of the company are established by the BoD. These purposes are established as part of five-year plans and reviewed each year.

5.6 Financial rights provided to the Board of Directors and top management

In addition to the attendance fee for the Board of Directors (BoD) members and the salary paid to the Chairman and Managing Directors, there is no other fee paid to the BoD members, or a reward system based upon the performance. The Board of Directors determines the amount of salary paid to the Chairman and Managing Director.
Remuneration principles are disclosed to the public via the company website, annual report and public disclosure platform. These disclosures are made based on information from the BoD.
In principle, the company does not provide credit to members of the Board of Directors and managerial personnel. However, the Managing Director may provide limited credit to managers in extraordinary cases.

SUSTAINABILITY

Notice of Compliance to Sustainability Principles	Compliance Status					Descriptions
	Yes	Partially	No	Exemped	Irrelevant	
A. GENERAL PRINCIPLES						
A1. STRATEGY, POLICIES AND AIMS						
Board of Directors (BOD) has defined its priority issues, risks and opportunities on the basis of Environmental, Social and Institutional Management (ESIM).		X				Please note, that Çimentaş is part of Cementir Group. Starting from 2019, Cementir set 26 Sustainability Targets, aligned with the United Nation's Sustainability Goals (SDGs), that will lead the Group business and therefore also for Çimentaş business, in the next decade. The targets are related to the effort of Group for adopting all necessary measures and the most innovative technological solutions to minimise the impact of our business on the environment; creating a healthy, safe and inclusive work environment; respecting human rights and creating a constructive and transparent relationship with the local communities and business partners.
ESIM Policy has been created in compliance to priority issues, risks and opportunities defined by BOD.		X				Board of Directors continues its studies on this matter
In-House documents such as regulations, work procedures etc., have been created for the sake of effectively practicing ESIM policies		X				In house directives and procedures related to Institutional Management, Human Resources and Labor Ethic are available
Board resolution has been taken for ESIM policies and disclosed to public.			X			
Partnership strategy has been defined in compliance to ESIM policies, risks and opportunities.			X			
Aims with short and long term in compliance to Partnership strategy and ESIM policies and disclosed to public.			X			

Notice of Compliance to Sustainability Principles	Compliance Status: Yes	Partially	No	Exempted Irrelevant	Descriptions
A. GENERAL PRINCIPLES					
A2. APPLICATION/MONITOR					
Committees and/or units responsible of governing ESIM policies have been defined and disclosed to public.		X			The parent Company, Cementir Holding, established a Group Sustainability Committee in 2019. The Group Sustainability Committee examines, evaluates and makes recommendations to the Cementir Holding Board regarding the sustainability objectives for the incentivisation of management at Group, Region and BU level, acts as delegated by the Cementir Holding Board in matters of sustainability global and local, including as regards the definition, monitoring, evaluation and reporting of policies and practices, management standards, strategy, performance and governance, at global and local level.
Such defined Committees and/or units have prepared report related to their activities they have developed in scope of ESIM policies.		X			
Reports have been submitted to Board of Directors at least once a year, within maximum period of time, which have been determined for disclosing of annual activity reports to public.			X		
Application and action plans have been created in line with the aims defined with short and long term and disclosed to public.			X		
ESIM Key Performance Indicators (KPG) have been determined and indicators have been comparatively disclosed on the basis of years.	X				Aspect managed at group levels. On a quarterly basis the main sustainability KPIs (CO_2 emission, energy consumptions, water consumptions, safety KPIs, training hours) are collected and monitored. On a yearly basis, the consolidated sustainability KPIs are published in the Cementir Group Sustainability Report.

Notice of Compliance to Sustainability Principles	Compliance Status: Yes	Partially	No	Exempted Irrelevant	Descriptions
A. GENERAL PRINCIPLES					
A2. APPLICATION/MONITOR					
In the event of verifiable qualified data are available KPG's have been presented together with local and international sector comparisons.	X				Aspect managed at group level. Cementir is committed to reducing Scope 1 and Scope 2 GHG emissions by 25% per ton of cement-based products by 2030, using 2020 as the base year. The mentioned target covering greenhouse gas emissions from company operations (Scopes 1 and 2) are consistent with reductions required to keep warming to Well-below 2°C and have been validated by the Science Based Targets initiative (SBTi). The Group targets has individual goals for each subsidiary, so also for Cimentas.
Innovation activities that reform sustainability performance, realized regarding business process or products and services have been disclosed.	X				Aspect managed at group level. The Group developed FUTURECEMTM. FUTURECEM™ is an innovative, validated, and patented technology which allows more than 35% of clinker in cement to be substituted with limestone and calcined clay. Leveraging on their unique synergy, the material combination in FUTURECEM™ has resulted in a more sustainable and performing cement with up to 30% lower carbon footprint compared to ordinary Portland cement. And the low carbon benefits of FUTURECEM™ are achieved while preserving strengths and quality of cement. In 2021 Cementir started the distribution of FUTURCEM in North Europe.
A3. REPORTING					
Sustainability performance, aims and actions have been reported at least once a year and disclosed to public.	X				Aspects managed at group level. Every year, Cementir Group publishes a Group Sustainability Report. The Report consolidates the information on the entire Cementir Group and therefore also Çimentaş is included.
Information concerning sustainability activities have been disclosed in scope of activity report.	X				
Important information regarding to understanding of position, performance, and development of partnership by shareholders have been directly shared with a concise speech (further posting detailed information and data at corporate web site or preparation of different reports directly meeting needs of different shareholders etc.).	X				

Notice of Compliance to Sustainability Principles	Compliance Status					Descriptions
	Yes	Partially	No	Exempted	Irrelevant	
A. GENERAL PRINCIPLES						
A3. REPORTING						
Maximum care has been given to transparency and reliability in reports and descriptions.	X					
All development concerning priority issues in statements and reporting have been disclosed objectively in scope of balanced approach.	X					
Information was given on which of activities conducted are involved in which of United Nations (UN) 2030 Sustainable Development Purposes.		X				Starting from 2019, Cementir set 26 Sustainability Targets, aligned with the United Nation's Sustainability Goals (SDGs), that will lead the Group business and therefore also for Çimentaş business, in the next decade. Every year, Cementir Group publishes a Group Sustainability Report with the status of each target.
Statement concerning lawsuits filed and/or finalized adversely on Environmental, social and institutional management matters, was released.		X				Statements related to administrative and judicial proceedings that may affect value, price or investment decisions of capital market instrument are being released
A4. VERIFICATION						
Sustainability performance measurements verified by independent third parties (independent sustainability assurance providers) have been disclosed to public.	X					Aspects managed at group level. Every year, Cementir Group publishes a Group Sustainability Report. The report is supported by independent assurance by external auditors (PwC). The Report consolidates the information on the entire Cementir Group and there also Çimentaş is included.
Effort was made regarding to increasing aforesaid verification transactions.	X					This matter is being assessed by Board of Directors.
B. ENVIRONMENTAL PRINCIPLES						
Policies and practices, action plans, environmental management systems (ISO 14001) and programs in the field of environment management have been disclosed.	X					Cement group of us holds ISO 14001 certificate. Information concerning policies and practices in the field of environment management are included in consolidated reports prepared by group on global basis.
Laws related to environment and other relevant regulations have been harmonized and this situation has been disclosed.	X					
Limit, reporting period, reporting date of environmental report prepared in scope of sustainability principles, data collection process and restrictions related to reporting conditions are contained in the report prepared in scope of sustainability principles.	X					Aforesaid information is included in consolidated reports prepared by group on global basis.

Notice of Compliance to Sustainability Principles	Compliance Status					Descriptions
	Yes	Partially	No	Exempted	Irrelevant	
B. ENVIRONMENTAL PRINCIPLES						
Top level responsible related to the matter of environment and climate change in partnership, relevant committees and responsibilities have been disclosed.		X				Although the Company does not have a Sustainability Committee, it is involved in environmental and climate change studies carried out by the ultimate shareholder Cementir Holding.
Incentives presented for management of environmental matters including realization of aims have been disclosed.	X					The sustainability roadmap has been determined and management approval has been obtained.
The fact that how environmental issues are integrated with business aims and strategies has been disclosed.	X					
Sustainability performances regarding to business process or products and services and activities improving such performances have been disclosed.	X					
Not only with respect to direct operations, but also along with partnership value chain, the fact that how environmental matters are managed and how suppliers and customers are integrated with strategies have been disclosed.		X				
We have been involved in policy creation process in environmental matters (sectoral, regional, national and international).	X					Participation in Comities that are related with "Türk Çimento".
Cooperation with duties obtained from, and operations supported of associations, relevant institutions to whom having been member in environmental matter, and STKs have been disclosed.		X				Cooperation is realized in the matter of environment with various STKs, which is not disclosed.
Information related to environmental effects in light of environmental indicators consisting of the effects of greenhouse gas emissions, energy management, water and waste water management, waste management, biodiversity (directly) scope-1, (through energy) scope-2, (through other means) scope-3 have been reported in comparably and periodically.	X					Aforesaid information is included in consolidated reports prepared by group on global basis.
Standard, protocol, methodology and basis year details used to collect and calculate data have been disclosed.	X					
Situation of environmental indicators for report year have been disclosed comparably with former years as to indicate increases and decreases.		X				
Aims with short and long term on scientific basis as suggested by United Nations Climate Change Parties Conference have been determined in order to decrease environmental effects and such aims have been disclosed.	X					

Notice of Compliance to Sustainability Principles	Compliance Status					Descriptions
	Yes	Partially	No	Exempted	Irrelevant	
B. ENVIRONMENTAL PRINCIPLES						
Information was given in connection with proceedings realized in report year in accordance with the aims (if any) defined previously in order to decrease environmental effects.	X					
Strategy and actions of combatting climate crisis have been disclosed.	X					
Program or procedures to prevent or to minimize potential adverse effects of products and/or services presented, have been disclosed.		X				
Actions, third parties have taken to provide reduction in amount of greenhouse gas emissions, have been disclosed.		X				Aspect managed at group level. Cementir is committed to reducing Scope 1 and Scope 2 GHG emissions by 25% per ton of cement-based products by 2030, using 2020 as the base year. The mentioned target covering greenhouse gas emissions from company operations (Scopes 1 and 2) are consistent with reductions required to keep warming to Well-below 2°C and have been validated by the Science Based Targets initiative (SBTi). The Group targets has individual goals for each subsidiary, so also for Cimentas.
Total number of actions taken, projects conducted and attempts regarding to reducing environmental effects, and environmental benefit/gain and cost savings these have provided for, have been disclosed.		X				
Total energy consumption data except raw material have been reported and energy consumptions have been disclosed as Scope-1 and Scope-2.	X					
Information about electricity, heat and cooling produced and consumed in reporting year was provided for.	X					
Studies have been conducted on the matters of increasing use of renewable energy, transition to electricity with zero or lower carbon and these studies have been disclosed.			X			
Data for production and utilization of renewable energy have been disclosed.			X			Production or consumption of renewable energy are not available.
Projects of energy productivity have been done and reduction in energy consumption and amount of emission thanks to these studies have been disclosed.	X					

Notice of Compliance to Sustainability Principles	Compliance Status					Descriptions
	Yes	Partially	No	Exempted	Irrelevant	
B. ENVIRONMENTAL PRINCIPLES						
Amount of waters pulled from underground and from surface, used, recycled and discharged, resources and procedures thereof including water pulling by resource, water resources affected by water pulling, percentage and total volume of water recycled and reused have been reported.	X					
Whether operations or activities conducted are included in any carbon pricing system such as Emission Trade System, Cap & Trade or Carbon Tax have been disclosed.	X					
Information on carbon credit accumulated or purchased in reporting period have been disclosed.			X			Accumulated or purchased carbon credit are not available.
If carbon pricing is applied within partnership, details of application have been disclosed.	X					Aspect managed at group level. To foster the transition of the Group to a low carbon economy, decisions on investments are driven by an internal carbon price.
All mandatory and volunteer platforms, where environmental information are published have been disclosed.		X				
C. SOCIAL PRINCIPLES						
C1. HUMAN RIGHTS AND LABOR RIGHTS						
Corporate Human Rights and Labor Rights Policy has been created, where Institutional Human Rights and Labor Rights Policy has been created, where full compliance to Universal Declaration of Human Rights, ILO Conventions approved by Turkey and legal frame and legislation regulating human rights and labor life has been committed.	X					
Aforesaid policy and roles and responsibilities related to practicing such policy have been disclosed to public.		X				We have Human Resources Policy but relevant roles and responsibilities have not been disclosed.
Opportunity Equality has been provided for in process of recruiting.	X					
Inclusion issues, such as fair labor force, improvement of labor standards, woman employment, where distinctions such as sex, religious belief, race, ethnicity, age, disability, refugee are not made, and supply and value chain effects are also observed have been included in present policies.	X					
Measures taken along with value chain on the matter of observing rights of groups (low income, women etc.) sensitive to certain economic, environmental, social factors or minority rights/equal opportunity have been disclosed.		X				Measures regarding to observing and protecting equal opportunity in human resources management are taken and any statement related to this matter was not released.

Notice of Compliance to Sustainability Principles	Compliance Status					Descriptions
	Yes	Partially	No	Exempted	Irrelevant	
C. SOCIAL PRINCIPLES						
C1. HUMAN RIGHTS AND LABOR RIGHTS						
Developments related to preventing and correcting discrimination, inequality, human rights violations, enforced employment have been reported.	X					Such reports are submitted to group. Starting from 2020, the Group Internal Audit Department has verified the effective compliance of each company in the following areas: child labour, forced labour, non-discrimination, conditions of employment, security, and supply chain management.
Regulations regarding to not employing child labor have been disclosed		X				Regulations regarding to not employing child labor are available and any statement related to this matter was not released.
Employees have been informed of training and development investments made and policies thereof, policies in connection with indemnifications, side benefits recognized, right of unionization, work/life balance solutions and competency management.		X				Policies in question are available and any statement related to this matter was not released.
Mechanisms related to workers' complaints and settlement of disputes have been created settlement process of disputes have been determined.	X					
Activities conducted regarding to ensuring worker's satisfaction have been regularly disclosed		X				Studies related to worker's satisfaction are ongoing and such activities are shared within company
Labor health and security policies have been created and disclosed to public.	X					
Measures taken against labor incidents and for the purpose of protection of health and incident statistics have been disclosed.		X				Measures against labor incidents and regarding protection of labor health are taken and any statement related to this matter was not released.
Policies for protection of personal data and data security have been created and disclosed to public.	X					
Ethic policy, in which work, working ethics, compliance process, advertisement and marketing ethics, clearly informing etc. are included, have been created and disclosed to public.	X					Aspect managed at group level The group published a Code of ethics. In order to monitor the continued compliance with the Code of Ethics by those employed by Group a Group Ethics Committee composed of the Group General Counsel and the Group Chief Internal Audit Officer has been established. The Ethics Committee is addressed the periodic information report on whistleblowing. Employees or third parties (suppliers, customers or other stakeholders) can send, with the maximum guarantee of confidentiality, reports of illegal or undesirable behaviour by filling in the form in the Group website, by sending ordinary mail, email or using other dedicated channels.

Notice of Compliance to Sustainability Principles	Compliance Status					Descriptions
	Yes	Partially	No	Exempted	Irrelevant	
C. SOCIAL PRINCIPLES						
C1. HUMAN RIGHTS AND LABOR RIGHTS						
Studies in scope of social investment, social responsibility, financial comprehensiveness and access to finance have been disclosed.		X				This Company holds social responsibility projects underway, and any statement was not released on this matter.
Informing meetings and training programs have been arranged for employees on the matters of ESIM policies and applications.			X			
C2. PARTNERS, INTERNATIONAL STANDARDS AND INITIATIVES						
Activities in the field of sustainability have been conducted upon considering needs and priorities of all partners (such as workers, customers, suppliers and service providers, public institutions, shareholders, society and civil society institutions etc.).	X					
Customer satisfaction policy in connection with management and solution of customer complaints has been developed and disclosed to public.		X				This Company holds customer satisfaction policy, and any statement was not released on this matter.
Partner communication was conducted continuously and in a transparent manner.	X					
The fact that which partner, for what purpose and on what matter and how frequently is contacted, and developments achieved in sustainability activities have been disclosed.		X				Partners are contacted in scope of sustainability and any statement was not released on this matter.
International reporting standards adopted such as Carbon Transparency Project (CDP), Global Reporting Initiation (GRI), International Integrative Reporting Council (IIRC), Sustainability Accounting Standards Board (SASB), Task Force for Climate related Financial Descriptions (TCFD) etc., have been disclosed to public.	X					Aspects managed at group level CDP In 2021, the parent Company, Cementir Holding Cementir received a score of 'A-' rating for the management of climate change issues, and a 'B' rating for the management of water consumptions. Cementir disclosed to CDP the data of the overall group, so also the data related to Cimentas were disclosed. GRI Every year, Cementir group publishes a Group Sustainability Report according to GRI Standards. TCFD The Cementir Group is committed to developing a business model aligned with the TCFD recommendations.
International establishment or principles such as Equator Principles, United Nations Environment Program Finance Initiation (UNEP-FI), United Nations Global Causes (UNGC), United Nations Principles of Responsible Investment (UNPRI) to which being executor or member; international principles adopted such as International Capital Markets Associations (ICMA), Green/Sustainable Bill Principles have been disclosed to public.				X		Any international establishment/cause/principle to which being executor or member is not available in scope of ESIM.
Concrete effort was attempted to take place in international sustainability indexes such as Stock Market İstanbul Sustainability Index and Dow Jones Sustainability Index, FTSE4Good, MSCI ESIM Indexes.		X				This matter is assessed by Board of Directors

Notice of Compliance to Sustainability Principles	Compliance Status					Descriptions
	Yes	Partially	No	Exempted	Irrelevant	
D. CORPORATE MANAGEMENT PRINCIPLES						
Concrete effort was attempted to comply with all Corporate Management Principles beside those Corporate Management Principles to which compliance is mandatory in scope of Capital Market Board Corporate Management Notification nr. II-17.1	X					
Sustainability issue, environmental effects of activities conducted and principles on this matter have been taken in account while determining management strategy.	X					
Measures necessary to comply with principles related to benefit owners and to empower communication with benefit owners as specified in Corporate Management Principles have been taken.	X					
Comments of benefit owners have been taken in determination of measures and strategies in the field of sustainability.	X					
Studies on the matter of increasing awareness on the matter of sustainability and importance thereof have been conducted by means of social responsibility projects, awareness activities and training.		X				Studies are conducted in the body of Foundation and in view of local managements
Effort attempted to be member of international standards and initiative on sustainability matter and to make contribution into studies.		X				This matter is assessed by Board of Directors
Policies and programs regarding to combat against bribery and corruption and honesty principle in taxation respect have been developed and disclosed.		X				

3 CONSOLIDATED FINANCIAL STATEMENTS 2023

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BDO Denet Bağımsız Denetim ve Danışmanlık A.Ş.
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CONVENIENCE TRANSLATION INTO ENGLISH OF INDEPENDENT AUDITOR'S REPORT ORIGINALLY ISSUED IN TURKISH

To the General Assembly of
Çimentaş İzmir Çimento Fabrikası Türk Anonim Şirketi

A. Audit of the Consolidated Financial Statements

1. Opinion

We have audited the accompanying consolidated financial statements of Çimentaş İzmir Çimento Fabrikası Türk Anonim Şirketi ("the Parent-the Company") and its subsidiaries ("the Group") which comprise the consolidated statement of financial position as at 31 December 2023, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended and a summary of significant accounting policies and consolidated financial statement notes.

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

2. Basis For Opinion

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

3. Key Audit Matters

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

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Garantisi ile sınırlı bir Birleşik Krallık şirketi olan BDO International Limited'in üyesi ve bir Türk anonim şirketi olan BDO Denet Bağımsız Denetim ve Danışmanlık Anonim Şirketi, bağımsız üye kuruluşlardan oluşan BDO ağının bir parçasını teşkil etmektedir.

Key audit matters	How the matter was handled during the audit
Impairment tests for goodwill	
Carrying value of goodwill accounted under intangible assets is TL 2.543.270 thousand as of 31 December 2023. In accordance with TFRS, these goodwill must be subjected to annual impairment tests. Impairment of goodwill has been determined as a key audit matter by us, since the carrying values of the goodwill that are subject to impairment assessment are significant, and the use of estimations and assumptions that are highly sensitive to expected future market conditions such as discount and growth rates, profit before interest, taxes and depreciation. Information regarding the Group's accounting policies and amounts regarding the recognition of impairment of goodwill is presented in Note 2.7 and Note 15.	In our audit works, the following procedures have been carried out regarding the impairment of goodwill: - The assumptions and estimates used in the budgets prepared by the Group management, the interviews with the Group management, analyzes, the future plans and explanations of the Group management and macroeconomic data have been evaluated. - The cash flow estimates prepared for each cash-generating unit have been compared with their past financial performances and future expectations to assess whether they are appropriate. - The compliance of the assumptions used in the cash flow projections evaluated in the impairment test with the IAS 36 "Impairment of Assets" standard has been evaluated. - Our expert has been included in our audit work in accordance with the provisions of the "IAS 620 Using the work of an expert" standard to evaluate the assumptions and methods used by the group management in the impairment testing model. The setup and mathematical accuracy of the discounted cash flow calculation model used in the evaluation of the significant estimates and assumptions in the management's impairment model were checked. The discount rate was evaluated together with our expert, and the appropriateness of the calculation of this discount rate and its components was checked. - In addition, the compliance and adequacy of the disclosures in the footnote of the consolidated financial statements regarding the impairment tests of the said assets were examined. As a result of these audit works we have carried out regarding the impairment tests of goodwill, we did not find any significant findings.

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Key audit matters	How the matter was handled during the audit
Fair value recognition of investment properties	
In its consolidated financial statements, the Group carries its investment properties amounting to TL 2.296.000 thousand at their fair values in accordance with the relevant provisions of the "TAS 40 Investment Properties" standard. As of 31 December 2023, the value of the said assets increased by TL 250.402 thousand as a result of the valuations made by an independent professional valuation firm. The said value increase is accounted for in the income from investment activities in the consolidated statement of profit or loss and other comprehensive income, and the deferred tax effect is accounted for in the tax account. As the total value of investment properties has a significant share in the Group's assets as of 31 December 2023, the value increase in the current period is significant and the valuation techniques applied include important estimations and assumptions, the fair value determination of the said assets has been determined by us as a key audit matter. Information regarding the accounting policies and amounts regarding the accounting of the Group's investment properties at fair value is presented in Note 2.7 and Note 11.	During our audit, the following audit procedures regarding the fair value of these investment properties were applied: - The competence, adequacy and independence of the independent professional valuation firm appointed by the Group management have been evaluated in accordance with the relevant auditing standards. - The completeness of data such as m2, location of the real estate, zoning status used by the independent professional valuation firm appointed by the Group management was checked with the Group's records and a matching activity based on sampling. - For the evaluation of the assumptions and methods used by the Group management and the independent valuation body, an external expert has been included to review the valuation reports, in accordance with the provisions of the "IAS 620 Using the work of an expert " standard. - The appropriateness and adequacy of the explanations in the notes of the consolidated financial statements regarding the fair value determination of investment properties in accordance with the relevant financial reporting standards have been evaluated. As a result of these audit works on the fair value of investment properties, we did not find any significant findings.

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Key audit matters	How the matter was handled during the audit
Application of TAS 29-Financial reporting in hyperinflationary economies	
The Group's functional currency, Turkish Lira, is considered to be the currency of a hyperinflationary economy as of 31 December 2023, the Group, has adopted TAS 29 "Financial Reporting in Hyperinflationary Economies" ("TAS 29") in preparing its financial statements. In accordance with the guidance in TAS 29, the Group utilised the Turkey Consumer Price Indexes to prepare inflation adjusted consolidated financial statements. The principles applied for inflation adjustment is expained in Note 2.1. The implementation of TAS 29 has included a pervasive and material effects on the consolidated financial statements, and the impact of TAS 29 is reliant upon a number of key judgements of the Group management. The preparation of consolidated financial statements using a current purchasing power approach requires a complex series of procedures and reconciliations to ensure accurate results. We considered the application of TAS 29 to be a key audit matter due to the existence of judgements applied in the restatement, high degree of complexity in calculations and the existence of the risk of the data used in the restatement being incomplete or inaccurate.	We performed the following procedures in relation to the audit of the implementation of TAS 29 "Financial reporting in hyperinflationary economies": - We discussed the Group's current processes and accounting policies with the management, and we gained an understanding and evaluated the relevant controls principles, designed and implemented by management resulting from implementation of TAS 29. - We checked whether or not the monetary and non-monetary items were correctly identified. - We verifyed the general price index rates used in calculations correspond with the coefficients in the Consumer Price Index in Turkey published by the Turkish Statistical Institute, and tested the mathematical accuracy of the restatement non-monetary items, income statement, and cash flow statement to reflect the impact of inflation. - We tested the mathematical accuracy of the calculations for the effects of inflation in the restatement of the statement of financial position, statement of profit or loss and other comprehensive income and statement of cash flows. - We assessed the appropriateness and adequacy of disclosures in the notes to the consolidated financial statements related to the implementation of TAS 29 in accordance with TFRS. We had no material findings related to the application of TAS 29 "Financial Reporting in Hyperinflationary Economies" as a result of these procedures.

4. Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

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

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

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

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5. Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

As part of an independent audit conducted in accordance with independent auditing standards issued by Capital Markets Board and IAS, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

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

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

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

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

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

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

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

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

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

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B. Other Responsibilities Arising From Regulatory Requirements

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

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

3) In accordance with subparagraph 4 of Article 398 of the TCC, the auditor's report on the early risk identification system and committee was submitted to the Company's Board of Directors on 18 April 2024.

The name of the engagement partner who supervised and concluded this audit is Selçuk Şahin.

Istanbul,
18 April 2024

BDO Denet Bağımsız Denetim
ve Danışmanlık A.Ş.
Member, BDO International Network

Selçuk Şahin, SMMM
Partner in charge

ÇİMENTAŞ İZMİR ÇİMENTO FABRİKASI TÜRK A.Ş. AND SUBSIDIARIES CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS OF 31 DECEMBER 2023 AND 2022

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

			Audited
ASSETS	Note	31 December 2023	31 December 2022
Current Assets		**4.437.781**	**3.111.187**
Cash and Cash Equivalents	5	1.476.326	436.248
Trade Receivables		1.736.924	1.486.037
- Due from Related Parties	*4.1*	*70.270*	*1.000*
- Due from Third Parties	*7.1*	*1.666.654*	*1.485.037*
Other Receivables		19.710	15.838
- Due from Related Parties	*4.2*	*849*	*286*
- Due from Third Parties	*8.1*	*18.861*	*15.552*
Inventories	9	1.055.756	1.040.023
Derivative Instruments		--	14.028
Prepaid Expenses	10.1	127.428	69.805
Current Income Tax Assets	27	2.791	7.805
Other Current Assets	19.1	18.846	41.403
Non-Current Assets		**9.112.475**	**9.131.859**
Other Receivables		668	1.482
- Due from Third Parties	*8.2*	*668*	*1.482*
Investment Properties	11	2.296.000	2.268.453
Tangible Assets	12	3.765.613	3.879.894
Right of Use Assets	13	112.563	128.472
Intangible Assets		2.765.786	2.773.463
- Goodwill	*15*	*2.543.270*	*2.543.270*
- Other Intangible Assets	*14*	*222.516*	*230.193*
Prepaid Expenses	10.2	--	413
Deferred Tax Assets	27	171.736	11.716
Other Non-Current Assets	19.2	109	67.966
TOTAL ASSETS		**13.550.256**	**12.243.046**

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

			Audited
LIABILITIES	Note	31 December 2023	31 December 2022
Short-Term Liabilities		**2.333.452**	**2.582.452**
Short-Term Borrowings	6	--	397.766
- Short-Term Borrowing from Non-Related Parties		*--*	*397.766*
Short-Term Portions of Long-Term Borrowing	6	55.146	74.337
- Short-Term Portions of Long-Term Borrowing from Non-Related Parties		*55.146*	*74.337*
- Leasing Payables		*55.146*	*74.337*
Trade Payables		1.666.656	1.706.917
- Due to Related Parties	*4.3*	*2.643*	*124.759*
- Due to Third Parties	*7.2*	*1.664.013*	*1.582.158*
Debts Related to Employee Benefits	18.1	43.218	29.761
Other Payables		3.942	5.807
- Other Due to Third Parties	*8.3*	*3.942*	*5.807*
Deferred Income (Apart from Obligations Arising under Customer Contracts)	10.3	148.853	131.467
Current Income Tax Liability	27	130.206	1.748
Short-Term Provisions		226.975	209.776
- Short-term Provisions for Employee Benefits	*18.2*	*48.458*	*38.293*
- Other Short-term Provisions	*16.3*	*178.517*	*171.483*
Other Short-Term Liabilities	19.3	58.456	24.873
Long-Term Liabilities		**1.064.916**	**1.116.260**
Long-Term Borrowings	6	30.161	17.528
- Long-Term Borrowing from Non-Related Parties		*30.161*	*17.528*
- Leasing Payables		*30.161*	*17.528*
Deferred Income (Apart from Obligations Arising under Customer Contracts)	10.4	361	1.105
Long-term Provisions		91.376	282.858
- Long-term Provisions for Employee Benefits	*18.3*	*25.996*	*134.693*
- Other Long-term Provisions	*16.3*	*65.380*	*148.165*
Deferred Tax Liability	27	943.018	814.769
TOTAL LIABILITIES		**3.398.368**	**3.698.712**
EQUITY		**10.151.888**	**8.544.334**
Equity of Parent Company		**7.594.850**	**6.969.679**
Paid-in Capital	20	87.112	87.112
Capital Adjustment Differences	20	1.421.025	1.421.025
Additional Capital Contributions of Shareholders	20	331.557	404.759
Cross Shareholding Capital Adjustment	20	(43.040)	(43.040)
Share Premiums / Discounts	20	2.101.277	2.101.277
Effects of business combinations under common control		(111.963)	--
Other Accumulated Comprehensive Income / Expenses that will not be Reclassified through Profit or Loss		(54.131)	(51.719)
- Revaluation and Remeasurement Gains	*20*	*(54.131)*	*(51.719)*
- Re-measurement Loss on Defined Benefit Plans	*20*	*(54.131)*	*(51.719)*
Other Accumulated Comprehensive Income / Expenses that will be Reclassified through Profit or Loss		--	(84.406)
- Foreign Currency Translation Differences		*--*	*(95.207)*
- Cash Flow Hedge Gains / (Losses)		*--*	*10.801*
Reserves on Retained Earnings		731.552	754.944
Retained Earnings		2.249.921	1.840.564
Net profit for the period		881.540	539.163
Non-Controlling Interests		**2.557.038**	**1.574.655**
TOTAL LIABILITIES		**13.550.256**	**12.243.046**

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

ÇİMENTAŞ İZMİR ÇİMENTO FABRİKASI TÜRK A.Ş. AND SUBSIDIARIES CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEARS 1 JANUARY - 31 DECEMBER 2023 AND 2022

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

PROFIT OR LOSS	Note	1 January- 31 December 2023	Audited 1 January- 31 December 2022
Revenue	21	10.741.973	9.051.225
Cost of Sales (-)	21	(8.627.431)	(8.351.003)
GROSS PROFIT		**2.114.542**	**700.222**
General Administrative Expenses (-)	22.1	(741.262)	(556.403)
Marketing Expenses (-)	22.2	(202.464)	(214.370)
Other Income from Real Operating Activities	24.1	148.480	105.307
Other Expenses from Real Operating Activities (-)	24.2	(427.686)	(282.231)
OPERATING PROFIT / (LOSS)		**891.610**	**(247.475)**
Income from Investing Activities	25.1	333.444	539.983
Expenses from Investing Activities (-)	25.2	(18.035)	(93.707)
OPERATING PROFIT BEFORE FINANCIAL INCOME / (EXPENSE)		**1.207.019**	**198.801**
Financial Income	26.1	188.903	46.285
Financial Expenses (-)	26.2	(135.820)	(275.637)
Monetary Gain /(Loss)		(90.898)	459.689
PROFIT		**1.169.204**	**429.138**
Tax Income / (Expense)			
Income Tax Expense	27	(487.589)	(24.377)
Deferred tax income / (expenses)	27	32.736	22.971
PROFIT FOR THE PERIOD		**714.351**	**427.732**
Distribution of Profit for the Period			
Non-Controlling Interests		(167.189)	(111.431)
Equity of Main Shareholders		881.540	539.163
Net profit for the period		**714.351**	**427.732**
Gain / (Loss) per Share Attributable to Parent Company TL	28	**10,1804**	**6,2265**
OTHER COMPREHENSIVE INCOME / (EXPENSE):			
Income that will not be Reclassified through Profit or Loss		**1.173**	**(68.403)**
Remeasurement Losses on Defined Benefit Plans		1.564	(85.503)
Taxes on Other Comprehensive Expense that will not be Reclassified through Profit or Loss		(391)	17.100
- Deferred Tax (Expenses)/ (Income		*(391)*	*17.100*
Income that will be Reclassified through Profit or Loss		**(5.602)**	**49.857**
Foreign Currency Translation Differences		5.198	39.057
Other Comprehensive Income (Expenses) Related to Cash Flow Hedging		(10.800)	10.800
- Cash Flow Hedge Gains / (Losses)		*(10.800)*	*10.800*
OTHER COMPREHENSIVE EXPENSE		**(4.429)**	**(18.546)**
OTHER COMPREHENSIVE INCOME / (EXPENSE)		**709.922**	**409.186**
Distribution of Total Comprehensive Income / (Expense)			
Non-Controlling Interests		(163.055)	(109.257)
Equity of Main Shareholders		872.977	518.443
Total comprehensive income / (expenses)		**709.922**	**409.186**

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

ÇİMENTAŞ İZMİR ÇİMENTO FABRİKASI TÜRK A.Ş. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS 1 JANUARY - 31 DECEMBER 2023 AND 2022

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

						Other Accumulated Comprehensive Income / Expenses that will not be Reclassified through Profit or Loss		Other Accumulated Comprehensive Income/Expenses that will be Reclassified through Profit or Loss							
						Revaluation and Remeasurement Gains					Accumulated Profits				
Audited	Paid-in Capital	Capital Adjustment Differences	Additional Capital Contributions of Shareholders	Cross Shareholding Capital Adjustment	Share Premiums / Discounts	Remeasurement Losses on Defined Benefit Plans	Other Revaluation and Measurement Losses	Foreign Currency Translation Differences	Cash Flow Hedge Gains / (Losses)	Reserves on Retained Earnings	Retained Earnings	Net Income / (Loss) for the Period	Equity of Parent Company	Non-Controlling Interests	Equity
PRIOR PERIOD															
Balances as of 1 January 2022	**87.112**	**1.421.025**	**251.162**	**(43.040)**	**2.101.277**	**--**	**--**	**(115.405)**	**--**	**753.469**	**1.845.591**	**--**	**6.301.191**	**1.537.477**	**7.838.668**
Transfers	--	--	--	--	--	--	--	--	--	1.475	(3.498)	--	(2.023)	2.023	--
Net profit / (loss) for the period	--	--	--	--	--	--	--	--	--	--	--	539.163	539.163	(111.431)	427.732
Other comprehensive income / (expenses)	--	--	--	--	--	(51.719)	--	20.198	10.801	--	--	--	(20.720)	2.174	(18.546)
Total comprehensive income / (expenses)	**--**	**--**	**--**	**--**	**--**	**(51.719)**	**--**	**20.198**	**10.801**	**--**	**--**	**539.163**	**518.443**	**(109.257)**	**409.186**
Liquidation effect	--	--	--	--	--	--	--	--	--	--	(568)	--	(568)		(568)
Dividends	--	--	--	--	--	--	--	--	--	--	(961)	--	(961)	--	(961)
Shareholders' other contributions	--	--	153.597	--	--	--	--	--	--	--	--	--	153.597	144.412	298.009
Balances as of 31 December 2022	**87.112**	**1.421.025**	**404.759**	**(43.040)**	**2.101.277**	**(51.719)**	**--**	**(95.207)**	**10.801**	**754.944**	**1.840.564**	**539.163**	**6.969.679**	**1.574.655**	**8.544.334**

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

						Other Accumulated Comprehensive Income / Expenses hat will not be Reclassified through Profit or Loss — Revaluation and Remeasurement Gains			Other Accumulated Comprehensive Income/Expenses that will be Reclassified through Profit or Loss			Accumulated Profits				
	Paid-in Capital	Capital Adjustment Differences	Additional Capital Contributions of Shareholders	Cross Shareholding Capital Adjustment	Share Premiums/ Discounts	Effects of business combinations under common control	Remeasurement Losses on Defined Benefit Plans	Other Revaluation and Measurement Losses	Foreign Currency Translation Differences	Cash Flow Hedge Gains / (Losses)	Reserves on Retained Earnings	Retained Earnings	Net Income / (Loss) for the Period	Equity of Parent Company	Non-Controlling Interests	Equity
Audited																
CURRENT PERIOD																
Balances as of 1 January 2023	87.112	1.421.025	404.759	(43.040)	2.101.277	--	(51.719)	--	(95.207)	10.801	754.944	1.840.564	539.163	6.969.679	1.574.655	8.544.334
Transfers	--	--	--	--	--	--	--	--	--	--	10.048	514.975	(539.163)	(14.140)	14.140	--
Net profit / (loss) for the period	--	--	--	--	--	--	--	--	--	--	--	--	881.540	881.540	(167.189)	714.351
Other comprehensive income / (expenses)	--	--	--	--	--	--	1.005	--	1.233	(10.801)	--	--	--	(8.563)	4.134	(4.429)
Total comprehensive income / (expenses)	**--**	**--**	**--**	**--**	**--**	**--**	**1.005**	**--**	**1.233**	**(10.801)**	**--**	**--**	**881.540**	**872.977**	**(163.055)**	**709.922**
Transactions with non-controlling shareholders	--	--	(73.202)	--	--	(111.963)	(3.417)	--	51.005	--	(33.440)	(103.005)	--	(274.022)	444.308	170.286
Dividends	--	--	--	--	--	--	--	--	--	--	--	(2.613)	--	(2.613)	--	(2.613)
Shareholders' other contributions	--	--	--	--	--	--	--	--	--	--	--	--	--	--	549.974	549.974
Sale of subsidiary	--	--	--	--	--	--	--	--	42.969	--	--	--	--	42.969	137.016	179.985
Balances as of 31 December 2023	**87.112**	**1.421.025**	**331.557**	**(43.040)**	**2.101.277**	**(111.963)**	**(54.131)**	**--**	**--**	**--**	**731.552**	**2.249.921**	**881.540**	**7.594.850**	**2.557.038**	**10.151.888**

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

ÇİMENTAŞ İZMİR ÇİMENTO FABRİKASI TÜRK A.Ş. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOW FOR THE YEARS
1 JANUARY - 31 DECEMBER 2023 AND 2022

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

	Notes	Independently Audited 31 December 2023	31 December 2022
A. CASH FLOWS FROM OPERATING ACTIVITIES		**1.005.097**	**303.839**
Profit for the period		**714.351**	**427.732**
Adjustments for Period Net Profit Reconciliation		**1.152.177**	**27.621**
Adjustments for Depreciation and Amortization Expense	12.2, 23	581.116	532.580
Adjustments for Impairment		(517)	76.876
Adjustments for Impairment Value in Receivables	*7.1*	*(517)*	*(2.819)*
Adjustments for Impairment of Intangible Assets		--	79.695
Adjustments to Provisions		165.706	157.606
Adjustments for Provisions Related with Employee Benefits		*107.165*	*40.239*
Adjustments for Provisions for Lawsuits and Fines	*16.3*	*37.718*	*67.465*
Adjustments for Other Provisions		*20.823*	*49.902*
Adjustments for Interest Income and Expenses		(60.532)	219.037
Adjustments for Interest Income	*24.1, 26.1*	*(146.361)*	*(19.538)*
Adjustments for Interest Expenses	*24.2, 26.2*	*85.829*	*238.575*
Adjustments for Unrealized Foreign Currency Exchange Differences		179.985	6.964
Adjustments to Earnings on Fair Value		(250.402)	(535.673)
Adjustments for Fair Value Gains on Investment Property	*25.1*	*(250.402)*	*(535.673)*
Adjustments for Tax Expense / (Income)	27	454.853	1.406
Adjustments for Losses/Earnings through Sale of Long-Term Assets	25.1, 25.2	(82.947)	9.702
Adjustments for Other Items Resulting in Cash Flows from Investing or Financing Activities		9.169	--
Monetary (Gain)/Loss		155.746	(440.877)
Changes in Operating Capital		**(469.636)**	**(103.767)**
Adjustments for Increase in Trade Receivables		(1.155.497)	(830.459)
(Increase) / Decrease in Trade Receivables from Related Parties		*(101.948)*	*(2.866)*
Increase in Trade Receivables from Non-Related Parties		*(1.053.549)*	*(827.593)*
Adjustments for Increase in Other Receivables Related to Operations		(16.592)	(11.525)
Increase in Other Related-Party Receivables Related to Activities		*(791)*	*84*
Decrease / (Increase) in Other Receivables due from Non-Related Party Transactions		*(15.801)*	*(11.609)*
Adjustments for Inventory Decrease / (Increase)		(20.214)	(93.561)
Adjustments for Increase in Trade Payables		706.786	817.828
(Decrease)/Increase in Trade Payables to Related Parties		*(106.059)*	*(29.744)*
Increase in Trade Payables to Non-Related Parties		*812.845*	*847.572*
Adjustments for Increase / (Decrease) in Other Payables Related to Operations		447	1.015
Increase / (Decrease) in Other Payables due to Non-related Party Transactions		*447*	*1.015*
Increase / (Decrease) in Deferred Income (Apart from Obligations Arising under Customer Contracts)		16.642	57.887
Adjustments related to Other Increase / (Decrease) in Working Capital		(1.208)	(44.952)
Decrease / (Increase) in Other Assets Related to Operations		*(49.054)*	*(27.963)*
Increase / (Decrease) in Other Liabilities Related to Operations		*47.846*	*(16.989)*
Cash Flow Used in Activities		**1.396.892**	**351.586**
Payments Made Related to Provisions for Employee Benefits		(116.457)	(17.632)
Payments Related to Other Provisions		(5.329)	(2.478)
Tax Payments		(270.009)	(27.637)

ÇİMENTAŞ İZMİR ÇİMENTO FABRİKASI TÜRK A.Ş. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOW FOR THE YEARS
1 JANUARY - 31 DECEMBER 2023 AND 2022

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

	Notes	31 December 20223	31 December 2022
B. CASH FLOWS FROM INVESTMENT ACTIVITIES		**(1.118)**	**(239.905)**
Cash Inflows Related to Sales Resulting in Loss of Control of Subsidiaries		73.094	--
Cash Inflows from Proceeds from Sale of Tangible and Intangible Assets		4.666	394
Cash Outflows from Acquisition of Tangible and Intangible Assets		(420.856)	(355.283)
Cash Inflows from Proceeds of Sale of Investment Properties		242.895	107.424
Interest Received		99.083	7.560
C. CASH FLOWS FROM FINANCING ACTIVITIES		**291.857**	**201.911**
Cash Inflows from Loans and Borrowing		465.232	1.961.834
Cash Outflows from Repayment of Loans and Borrowings		(760.653)	(1.449.623)
Cash Outflows from Payment of Payables Arising under Leases		(159.076)	(91.889)
Cash Inflows Resulting from Changes in Shares not Resulting in Loss of Control of Subsidiaries		799.335	--
Dividend Payment		(2.613)	(961)
Interest Paid		(50.368)	(217.450)
INCREASE / (DECREASE) IN CASH and CASH EQUIVALENTS BEFORE THE EFFECT OF FOREIGN CURRENCY TRANSLATION DIFFERENCES (A+B+C)		**1.295.836**	**265.845**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	**5**	**436.248**	**243.354**
Effect of foreign currency exchange rate differences on cash and cash equivalents		**--**	**2.122**
Effect of monetary loss/gain on cash and cash equivalents		**(255.758)**	**(75.073)**
NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS		**1.040.078**	**192.894**
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**5**	**1.476.326**	**436.248**

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

4 NOTES TO THE FINANCIAL STATEMENTS

ÇİMENTAŞ İZMİR ÇİMENTO FABRİKASI TÜRK A.Ş. AND SUBSIDIARIES NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED 31 DECEMBER 2023

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

1. ORGANIZATION OF THE GROUP AND NATURE OF BUSINESS

Çimentaş İzmir Pimento Fabrikası Türk A.Ş. ("Çimentaş" or "the Company"), the parent company, was established on 7 August 1950. The Company operates in the production, trade, sale, and transportation of bulk and bagged cement. The company's parent company is Spanish-domiciled Aalborg Portland Espana SL ("Aalborg Portland Espana") and Çimentaş's former parent company, Italian-domiciled Cementir Holding S.p.A ("Cementir Holding"), maintains its controlling share as the ultimate parent company.
Subsidiaries ("Subsidiaries") of Çimentaş operate in the following main areas:

Subsidiaries	Operating Country	Nature of Business
• Çimbeton Hazır Beton ve Prefabrik Yapı Elemanları San. Ve Tic. A.Ş. ("Çimbeton")	Türkiye	Ready-mixed concrete and cement production
• Kars Çimento Sanayi ve Tic. A.Ş. ("Kars Çimento")	Türkiye	Cement production
• Destek Organizasyon Temizlik, Akaryakıt, Tabldot Servis San. Ve Tic. A.Ş. ("Destek")	Türkiye	Fuel sales
• Recydia Atık Yönetimi Yenilenebilir Enerji Üretimi ve Lojistik Hizmetleri San. Ve Tic. A.Ş. ("Recydia")	Türkiye	Cement production and waste management
• Süreko Atık Yönetimi Nakliye Lojistik Sanayi ve Ticaret A.Ş. ("Süreko")	Türkiye	Waste management

On 8 November 2023, the Group sold its subsidiary Neales Waste Management Holdings Limited (NWM Holding) and its subsidiaries Neales Waste Management Limited, Quercia Limited and Clayton Hall Sand Company Limited for GBP 2.092 thousand.
Çimentaş and Çimbeton, its subsidiary, are publicly traded companies. The shares that equal 3,31 percent of Çimentaş's capital (31 December 2022: 3,07%) and 49,65 percent of Çimbeton's capital (31 December 2022: 49,65%) are traded in the Borsa İstanbul A.Ş. ("BIST") under the names CMENT and CMBTN, respectively.
The company's registered address is Işıklar Mah. Eski Kemalpaşa Cad. No: 4B Bornova – Izmir.
For the Company and its subsidiaries, the term "The Group" will be used throughout the report.
As of 31 December 2023, the number of employees in the Group is 763 (31 December 2022: 774).

2 BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

2.1 Basis of Preparation

Declaration of Compliance with Turkish Financial Reporting Standards ("TFRS") The attached consolidated financial statements have been prepared based on the provisions of the "Communiqué on Principles of Financial Reporting in the Capital Markets" (II-14.1) published in Official Gazette No. 28676 dated 13 June 2013 by the Capital Markets Board ("CMB") and are based on the Turkish Financial Reporting Standards ("TFRS") and their annexes and interpretation put into effect by the Public Oversights, Accounting and Auditing Standards Authority (KGK) relying on Article 5 of this Communiqué. The TFRSs comprise the Standards and Interpretations published by the KGK known as Turkish Accounting Standards ("TAS"), Turkish Financial Reporting Standards, TAS Interpretations and TFRS Interpretations.

The consolidated financial statements have also been presented in accordance with the "Announcement on TAS Taxonomy" issued by the CMB on 4 October 2022 and the formats specified in the Consolidated Financial Statement Examples and the Usage Manual issued by the CMB.
On 18 April 2024, the board of directors approved the Group's financial statements for the 31 December 2023 year-end. The General Assembly is entitled to amend financial statements after their publication and the regulatory bodies concerned are entitled to request, they be amended.

Redrafting of the consolidated financial statements in the period of high inflation
With the announcement made by the Public Oversight Accounting and Auditing Standards Authority (KGK) on 23 November 2023 and in accordance with Decision 81/1820 of the Capital Markets Board (CMB) dated 28 December 2023, it has been decided that issuers and capital market institutions will prepare their financial statements as of 31 December 2023 by applying the provisions of TAS 29 "Financial Reporting in Hyperinflationary Economies".
The Group's consolidated financial statements dated 31 December 2023 have been redrafted according to changes in the general purchasing power of the functional currency in accordance with TAS 29 - Financial Reporting in Hyperinflationary Economies ("TAS 29").TAS 29 requires that consolidated financial statements prepared in the currency of a hyperinflationary economy be drafted in terms of the measuring unit current at the date of the consolidated financial statements and that the consolidated financial statements for the previous period be restated in the same way.
For this reason, the Group's consolidated financial statements dated 31 December 2022 have been redrafted and presented on the basis of purchasing power as of 31 December 2023.
One of the features that necessitates the application of TAS 29 is the cumulative three-year inflation rate approaching or exceeding 100%.Based on the Türkiye-wide Consumer Price Index ("CPI") announced by the Turkish Statistical Institute ("TÜİK"), the cumulative three-year inflation rate in Türkiye reached 268,3% as of 31 December 2023.However, TAS 29 does not determine the 100% rate as the absolute rate at which high inflation occurs, and it is a matter of judgement whether the consolidated financial statements should be restated in accordance with TAS 29.Moreover, high inflation is also determined by the characteristics of a country's economic environment.
The table below shows the development of the CPI over the last three years and as of 31 December 2023:

	2023	2022	2021
Annual Index	1.859,38	1.128,45	686,95
Annual Inflation	%64,77	%64,3	%36,1
Cumulative Inflation (since 2021)	%268	%156,2	%55,9
Conversion Factor	1,0000	1,64773	2,70672

During an inflationary period, a business whose monetary assets exceed its monetary liabilities loses purchasing power, while a business whose monetary liabilities exceed its monetary assets gains purchasing power to the extent that its assets and liabilities are not tied to a price level.A gain or loss on the net monetary position is accounted for as a monetary gain (loss) item in the statement of profit or loss.
The Group has restated all non-monetary items to reflect the effect of inflation adjustment reporting in terms of the current measuring unit as of 31 December 2023. Monetary items have not been restated as they are expressed in measuring units current as of 31 December 2023

2.1.2 Functional and reporting currency
The financial statements are presented in the reporting currency Turkish lira ("TL"), the currency of the primary economic environment in which the Company operates. The information related to the currencies other than TL is specified fully unless otherwise stated.

2.1.3 Basis of Consolidation

The consolidated financial statements include the accounts of parent company Çimentaş and its subsidiaries in line with the principles explained below. Financial statements of the companies included in the consolidation have been prepared by applying uniform accounting policies in accordance with the TFRS and providing the same presentations as of the dates when the financial statements are issued. When necessary, the subsidiaries' accounting policies were redrawn to be consistent with those of the Group.

i. Non-controlling interests

Non-controlling interests have been classified separately as "non-controlling interests" in the statement of the subsidiary's share of net assets and consolidated profit and loss and other comprehensive income and expense in the reporting period, the consolidated statement of profit or loss and other comprehensive income and expense and the consolidated statement of changes in equity.

ii. Subsidiaries

All businesses controlled by the Group are subsidiaries of the Group. The Group is said to be in control of the entity if it is exposed to variable returns due to its relationship with the business or if it is entitled to the returns, while at the same time, having the convenience of influencing it using its hold on the business. When the control on the subsidiary is taken over by the Group, then the subsidiary is included in the consolidation. When the control on the subsidiary ends, then the subsidiary concerned is excluded from the consolidation.

The statements of financial position and profit or loss and other comprehensive income of the companies included in the consolidation are consolidated employing the full consolidation method and all significant debit/credit balances and purchase and sale transactions between are mutually netted. The shareholding amounts and the shareholders' equity of the companies participated in are eliminated mutually. Under assets, while recognized profits and losses arising from intra-group transactions are mutually netted, unrealized losses are written off in cases where the transaction is not indicative of impairment of the exchanged asset. Changes have been made to subsidiaries' accounting policies where necessary in the interests of consistency with accounting policies adopted by the Group.

The following table shows the Company's subsidiaries along with the size of its direct and indirect shareholdings and its degree of control as of 31 December 2023 and 2022:

	Directly and indirectly controlled shares of Çimentaş and its subsidiaries (%)		Directly and indirectly controlled shares of Çimentaş and its subsidiaries (%)	
	2023	2022	2023	2022
Destek	99,99	99,99	99,99	99,99
Recydia(*)	23,72	51,72	56,91	79,26
Kars Çimento	41,55	41,55	58,70	58,70
Çimbeton	50,31	50,31	92,81	92,81
Süreko (*)	23,72	51,72	56,91	79,26
NWM Holding(**)	--	51,72	--	79,26
NWM (**)	--	51,72	--	79,26
Quercia (**)	--	51,72	--	79,26
CHS (**)	--	51,72	--	79,26

(*) Kars Çimento, one of the Group subsidiaries, transferred all the shares it held in Recydia, another Group subsidiary, 511.854.611 shares in total, comprising 13.141.112 units from Group C, 440.713.499 from Group D and 58.000.000 from Group E, each with a nominal value of 1,00.-TL, corresponding to capital of 511.854.611,00 TL, to Aalborg Portland Holding A/S for 8.300.000 Euros on 1 February 2023.As a result of the share transfer, the Group's direct and indirect shareholdings in Recydia decreased from 51,72% to 23,72%, and direct and indirect control shares from 79,26% to 56,91%.

(**) On 8 November 2023, the Group sold its subsidiary Neales Waste Management Holdings Limited (NWM Holding) and its subsidiaries Neales Waste Management Limited, Quercia Limited and Clayton Hall Sand Company Limited for GBP 2.092 thousand.

iii. Loss of control

The Group de-recognizes the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary if it loses control over the subsidiary. Any surplus or deficit arising on the loss of control is recognized in profit or loss. The shares remaining in the previous subsidiary are measured at their fair value on the day the control is lost.

iv. Changes in stakes in subsidiaries that do not lead to loss or acquisition of control

Transactions conducted in shares not conferring control that do not lead to the loss or acquisition of control are treated as transactions among shareholders in non-controlling shares. Profit or loss arising from the purchase or sale of non-controlling shares that do not lead to the loss or acquisition of control are recognized under assets.

v. Transactions eliminated on consolidation

Intragroup balances and transactions, and any unrealized income and expenses arising from intragroup transactions are eliminated when preparing the condensed consolidated financial statements. Profits and losses arising from transactions conducted between a subsidiary and the parent company or the parent company's subsidiaries subject to consolidation have been netted. Unrealized losses are eliminated in the same way as unrealized gains unless there is evidence of impairment.

vi. Business combinations

The Group recognizes business combinations using the acquisition method at the time control passes to the Group when the acquired set of activities and assets meets the definition of a business. In determining whether a particular set of activities and assets constitutes a business, the Group assesses whether the set of activities and assets possesses the two basic elements of inputs and processes applied to those inputs. However, to be considered a business, the set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output.

The Group has the option of performing a voluntary "concentration test" that permits assessment to be made in a simplified manner of whether the acquired set of activities and assets is a business. The concentration test is met if substantially all the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

The amount transferred on acquisition is generally recognized at fair value as such under acquired net identifiable assets. The ensuing goodwill is tested for impairment annually. Profit or loss arising from bargain purchases is immediately recognized in profit or loss. Transactional costs the Group incurs in connection with the business combination apart from expenses entailed by the issue of debt notes or equity instruments are booked to expenses as they are incurred.

The cost of acquisition does not include amounts entailed in the closure of existing relationships. Such amounts are recognized in profit or loss.

Any contingent consideration is recognized at fair value on the combination date. If contingent consideration that meets the definition of a financial instrument is classified as a component of equity it is not remeasured and is recognized in equity. Conversely, subsequent changes to the fair value of the contingent consideration are recognized in profit or loss.

In the event that share-based payment rights (vested rights) held by employees of the acquired business in respect of past employment are replaced with new share-based payment rights (replacement rights), all or a portion of the market-based measurement of the replacement rights is included in the acquisition consideration as part of the business combination. This amount is determined as the portion of the replacement rights attributable to recombination service and by comparing the market-based measurement of the replacement rights and the market-based measurement of the vested rights.

2.1.4 Foreign currency transactions

i) Transactions and balances

Foreign currency transactions are exchanged to the functional currency based on the foreign exchange rate on the day of the transaction. Foreign exchange gains or losses that arise from these transactions and from exchanging the foreign currency monetary assets and liabilities based on the year-end exchange rates are regarded as maintaining the cash flow and net investment. As such, they are included in the statement of consolidated profit or loss and other comprehensive income, and not in the items under the shareholders' equity.

ii) Conversion of the financial statements belonging to subsidiaries abroad

Financial statements of the subsidiaries registered in foreign countries are prepared according to the standards, laws, and regulations of the country they are located in and conformed to TFRS to ensure accurate presentation and content. Assets and liabilities of the subsidiaries operating abroad are exchanged to Turkish lira based on the exchange rates at the time of the statement of financial position (balance sheet). These subsidiaries' statement of statement of profit or loss items are exchanged to Turkish lira based on the average exchange rates (if the average rates do not reflect the currency fluctuations at the time of transaction, the transactions will be based on the rate at the time of the transaction). Exchange rate differences that arise because of using the closing and average exchange rates are recognized under the "foreign exchange differences" in the shareholders' equity.

Following rates were used for the currency exchanges:

Year-end:

	31 December 2023	31 December 2022
Turkish Lira/Sterling	0,0267	0,0445

Average:

	1 January - 31 December 2023	1 January - 31 December 2022
Turkish Lira/Sterling	0,0339	0,0492

2.2 Changes in the Turkish Financial Reporting Standards

New and revised standards and interpretations

The accounting policies taken into account in the preparation of the financial statements for the accounting period ending 31 December 2023 have been applied consistently with those used in the previous year, except for the new and amended Turkish Accounting Standards ("TAS")/ Turkish Financial Reporting Standards ("TFRS") and the TAS/TFRS interpretations valid as of 1 January 2023, summarised below. The effects of these standards and interpretation on the Company's financial situation and performance have been explained in the relevant paragraphs.

a. New Standards, Amendments, and Interpretations Effective 1 January 2023

- The narrow-scope amendments to TAS 1, Practice Statement 2 and TAS 8 are effective for annual reporting periods beginning on or after 1 January 2023.These amendments are intended to improve accounting policy disclosures and help users of financial statements distinguish between changes in accounting forecasts and changes in accounting policies.

- TAS 12, the amendment regarding deferred tax on assets and liabilities arising from a single transaction is effective for annual reporting periods starting on or after 1 January 2023.These amendments require companies to account for deferred tax on transactions in which both taxable and deductible temporary differences arise on initial recognition resulting in equal amounts.

- The amendment to TAS 12, International tax reform The temporary exception is effective for year-end December 2023, with disclosure requirements applicable to accounting periods beginning 1 January 2023, with early application permitted. These amendments and the Minimum Tax Implementation Handbook provide companies with temporary relief in accounting for deferred taxes resulting from the international tax reform. The amendments also include disclosure requirements for effected companies.

b. Standards Published but Not Entered into Force and Early Implementation as of 31 December 2023

- The TAS 1 Amendment regarding long-term liabilities with covenants is effective for annual reporting periods starting on or after 1 January 2024These changes clarify how the conditions an entity must comply with within the twelve months after the reporting period affect the classification of a liability. The changes also aim to improve the information the entity provides regarding liabilities subject to these conditions.

- TFRS 16, Sale and leaseback transactions, is effective for annual reporting periods starting on or after 1 January 2024.These amendments include the sale and leaseback provisions in TFRS 16, which explain how an entity accounts for a sale and leaseback transaction after the transaction date. Sale and leaseback transactions where some or all of the lease payments consist of variable lease payments that are not tied to an index or rate are likely to be affected.

- The amendments regarding supplier finance agreements in TAS 7 and TFRS 7 are effective for annual reporting periods starting on or after 1 January 2024.These amendments require disclosure to increase transparency around supplier financing agreements and their impact on businesses' liabilities, cash flows and liquidity risks. The disclosure requirements are the International Accounting Standards Board (IASB) response to investors' concerns that some companies' supplier finance agreements are not sufficiently clear and impede investors' analysis.

- TAS 21 Lack of Exchangeability, is effective for annual reporting periods starting on or after 1 January 2025.An entity is affected by these amendments when it has a transaction or activity in a foreign currency that is not convertible into another currency at a specific measurement date for a specific purpose. A currency may be exchanged when the opportunity to obtain another currency becomes available (with normal administrative delay) and the transaction occurs through a market or exchange mechanism that creates enforceable rights and obligations.

- TSRS 1, "General Provisions Concerning the Disclosure of Financial Information Related to Sustainability", is effective for annual reporting periods starting on or after 1 January 2024.This standard contains the basic framework for disclosing all significant sustainability-related risks and opportunities to which a company is exposed within its value chain.

- TSRS 2, "Climate-related disclosures", is effective for annual reporting periods starting on or after 1 January 2024.This standard is the first to establish disclosure requirements for companies about climate-related risks and opportunities.

2.3 Changes in Accounting Policies

The applied valuation principles and accounting policies have been set out consistently in all the information presented. The Group recognizes, measures, and presents transactions, other events, and situations of similar nature on a consistent basis in the financial statements. Material changes in accounting policies or material accounting errors are applied retrospectively by restating the consolidated financial statements of the prior period. As of 31 December 2023, the Group has no changes in accounting policies.

2.4 Changes in Accounting Estimates and Errors

Changes in accounting policies arising from the first-time adoption of a new standard are applied retroactively and prospectively in compliance with transitional provisions, if any. Changes in which no transitional provision is included are adopted with the retroactive application of major voluntary changes made to accounting policies or major accounting errors that are detected, and financial statements for previous periods are revised. The changes in accounting estimates affecting only one period are applied in the current period where the changes have been made, and the changes in accounting estimates affecting the periods are applied in the current period and future periods prospectively.

2.5 Comparative information

To enable the determination of the financial position and performance trends, the Group's consolidated statement of financial position as of 31 December 2023 has been prepared in comparison with the consolidated statement of financial position as of 31 December 2022; and the consolidated statement of profit and loss and other comprehensive income for the period and other comprehensive income, the consolidated statement of changes in shareholders' equity and the consolidated statement of cash flow for the accounting period ended 31 December 2023, have been prepared in comparison with the consolidated statement of profit and loss and other comprehensive income for the period and other comprehensive income, the consolidated statement of changes in shareholders' equity and the consolidated statement of cash flow for the accounting period ended 31 December 2022.

2.6 Offsetting

All items with significant amounts and nature, even with similar characteristics, are presented separately in the financial statements. Insignificant amounts are grouped and presented by means of items having similar basics and function. When the nature of transactions and events necessitate offsetting, presentation of these transactions and events based on their net amounts or recognition of the assets after deducting the related impairment are not considered as a violation of the rule of non-offsetting.

2.7 Summary of Significant Accounting Policies

The significant accounting policies and valuation principles used in the preparation of the consolidated financial statements are summarized below.

2.7.1 Revenue

The Group records revenue in financial statements when or as a contracted good or service is transferred to its customer and the performance obligation is satisfied. When (or as) control of an asset passes to the customer, the asset is transferred.

The Group records revenue in financial statements in accordance with the principles listed below:

a) Identification of contracts with customers,
b) Identification of the performance obligations in the contract,
c) Determination of the transaction price in the contract,
d) Allocation of the transaction price to the performance obligations in the contract,
e) Recognition of revenue when (or as) each performance obligation is satisfied.

According to this model, first the goods or services promised under each contract made with customers are assessed and each promise relating to the transfer of the said goods or services is identified as being a separate performance obligation. The performance obligation is then identified as either being satisfied over time or at a point in time. If the Group passes control of a good or service over time and thus satisfies the performance obligation in respect of the sales in question over time, it measures progress towards complete satisfaction of the performance obligation in question and recognizes revenue in financial statements over time. Revenue in respect of obligations for performance having the nature of a promise to transfer goods or services is recognized when control of the goods or services passes to the customer.

The group recognizes a contract made with a customer as revenue if the following conditions are fully satisfied:

a) The parties have approved the contract (in writing, orally or in conformity with other commercial practices) and have promised to render their own performances,
b) The Group can identify each party's rights in relation to the goods or services to be transferred,
c) The Group can identify the payment terms for the goods or services to be transferred,
d) The contract has commercial substance,
e) The Group will probably collect the consideration for the goods or services. In assessing the likelihood that consideration will be collected, attention is given purely to the customer's ability to pay this consideration on time and its intentions in this regard.

Revenue originating from sales of services

The Group chiefly obtains revenue from the sale of ready-mixed concrete and bulk and bagged cement. Revenue is recognized once control of products passes to the customer.

In determining whether the control of goods and services sold has passed to the customer, the Group takes note of the criteria of,

• having a right to payment for the good
• the customer's having legal title to the good
• transfer of physical possession of the good
• possession of the significant risks and rewards related to the ownership of the good
• the customer's having accepted the good.

Revenue originating from sales of services

The Group obtains revenue from waste management service. Revenue is recognized on completion of the service. Waste management service revenue is recognized the moment waste is disposed of or taken into the sanitary storage section. Apart from the above-mentioned performance obligations, the Group has no additional performance obligation to its customers.

In assessing whether the control of goods and services sold has passed to the customer, the Group takes note of the criteria of:

• having a right to payment for the good or service
• the customer's having legal title to the good or service
• transfer of physical possession of the good
• possession of the significant risks and rewards related to the ownership of the good
• the customer's having accepted the good or service.

For each performance obligation, the Group identifies whether the performance obligation was satisfied on time at the outset of the contract or the performance obligation was satisfied at a certain point in time. The Group recognizes revenue originating from product sales in its financial statements following the passing of control to the customer.

The Group, on becoming entitled to collect consideration from its customers directly corresponding to the value for the customer of the completed performance, recognizes revenue up to amount it is entitled to invoice for in its financial statements.

If the Group expects to refund the customer with a portion or all of the proceeds collected from the customer, it records an obligation to refund in financial statements. The obligation to refund is calculated as the portion of the proceeds that the entity has collected (or will collect) to which it does not expect to be entitled. The obligation to refund is updated at the end of each reporting period to take account of changed circumstances.

2.7.2 Financial assets

Classification and measurement

The Group recognizes financial assets as financial assets recognized at amortized cost, assets whose fair value difference is recognized in other comprehensive income and financial assets whose fair value difference is recognized in profit or loss. Classification is made on the basis of the business model objective for financial assets and expected cash flows. Management makes classification of financial assets on their acquisition date.

Financial assets recognized at amortized cost

Management classifies as financial assets recognized at amortized cost financial assets where the business model adopted is to hold the financial asset to collect the contractual cash flows and the contractual terms give rise on specified dates solely to payments of principal and interest on the principal amount outstanding and which are not traded on an active market and are not derivatives. Assets that have less than twelve months to maturity as of the balance sheet date are classified as current assets, while those having more than twelve months to maturity are classified as non-current assets. Assets recognized at amortized cost are included within "trade receivables," "cash and cash equivalents" and "other receivables" on the balance sheet.

Impairment

Since trade receivables recognized at amortized cost included in financial statements have no material financial component, the Group has elected to employ the simplified procedure for calculating impairment and employs the provision approach. By means of this approach, where trade receivables have not for various reasons become impaired, the Group measures the expected credit loss allowance at an amount equal to lifetime expected credit losses. In calculating the expected credit loss, as well as past credit loss experiences, the Group's future-orientated forecasts are taken into account.

2.7.3 Lease transactions

At the start of a contract, the Group assesses whether the contract constitutes a lease or contains a leasing transaction. If the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration, this contract constitutes or contains a lease. In order to assess whether a contract conveys the right to control an identified asset, the Group uses the definition of lease in TFRS 16.

(i) As lessee

On the date the lease actively commences or the contract containing the lease component is amended, the Group shares each lease into components taking as a basis the proportional price of each rental component and the total price each of components that are not lease components in nature.

The group has chosen not to separate the components that are not lease components in nature from the lease components, but instead to account for each lease component and their related non-lease components as single lease components.

The Group recognizes a right of use asset and a lease liability in its financial statements on the date the lease effectively commences. The initial measurement of the right-of-use asset and liability consists of the amount obtained by deducting all lease incentives received from all lease payments made on or before the actual commencement of the lease, all initial direct costs and all estimated future costs with regard to stripping and removal of the asset, restoration of the area in which it is placed, or restoration to bring the underlying asset into the condition required by the terms and conditions of the lease.

If the cost of the lease transaction, or the cost of assigning ownership of the underlying asset to the lessee at the end of the lease period or the cost of the right of use asset indicates that the lessee will exercise a purchase option, it will be subject to depreciation from the date the right of use asset lease actually commences to the end of the useful life of the underlying asset. Otherwise, the right of use asset will be subject to depreciation starting as of the date the lease effectively commences until the end of the useful life of the asset in question or the lease, whichever is the shorter. In addition, the value of the right-of-use asset is periodically reduced by deducting any impairment losses, if any, and adjusted in line with the remeasurement of the lease liability.

At the actual start of the lease, the lease obligation is measured at the present value of the lease payments not paid at that time. If the interest rate implied on the lease can easily be determined, lease payments are discounted using this rate. If the implicit interest rate cannot easily be determined, using the Group's incremental borrowing rate.

The Group determines the alternative borrowing interest rate by taking into account the interest rates it will pay for its borrowings from various external financing sources and makes some adjustments to reflect the lease terms and the type of asset leased.

Lease payments included in the measure of lease liability comprise the following:

- Fixed payments (including fixed payments in essence).
- Variable lease payments based on an index or rate, whose initial measurement is made using an index or rate at the time the lease actually commences, or
- Sums expected to be paid by the lessee within the scope of residual value guarantees.
- In case of reasonable certainty that the purchase option will be used, if the exercise price and the lease term of this option indicate that the Group will use an option to terminate the lease, penalty payments regarding the termination of the lease.

In the comparative period, the Group classified leases to which all risks and benefits arising from owning an asset as a lessee are transferred, as financial leases. In this case, at the beginning of the lease contract of the leased asset, it accounts for the lower of the fair value or the present value of the minimum lease payments. Minimum lease payments are payments which must be made throughout the duration of the lease period, excluding conditional leases. After initial accounting, assets will be accounted for in accordance with the accounting policy applying to the asset concerned.

Leases where the risk and benefits in full arising from taking ownership of an asset are not transferred will be classified as operating leases and will not be accounted for on the financial statement. Lease payments made within the scope of operating lease are accounted for as expenses in the statement of profit or loss linearly throughout the lease term. Lease incentives received are recognized as an integral part of the total lease expense during the lease term.

(ii) As lessor

When in the position of lessor, the Group will decide at the commencement of the lease period whether the lease is an operating lease or a financial lease.

In order to classify each lease, the Group will make a general assessment as to whether or not all risks and benefits associated with ownership of the asset forming the basis of the lease are transferred. If the risk and returns are assigned, the lease is a financial lease; if not, it is an operational lease. As a part of this assessment, the Group will consider factors such as whether an asset being leased for a short term comprises a large part of its economic life.

2.7.4 Capital

Ordinary shares are classified as capital. Dividends distributed on ordinary shares are recorded by being deducted from accumulated profits during the period in which they are declared. Dividends received are recorded as income on the date the right to receive payment arises.

2.7.5 Tangible Assets

Tangible assets have been reflected in financial statements at acquisition cost, with accumulated depreciation and, if applicable, impairment until the balance sheet date deducted. Cost includes the expenditures that are directly undertaken during the acquisition of the asset and attributable to the acquisition. Gains or losses on disposals of tangible assets are included in the relevant income and expense accounts and the cost and accumulated depreciation of tangible assets is written off from the relevant accounts as appropriate. When parts of tangible assets have different useful lives, they are accounted for as separate items of the tangible assets.

Subsequent costs

Maintenance and repair costs are charged to the profit or loss and other comprehensive income for the period in which they are incurred. The Company derives its carrying values from the statement of financial position regardless of whether or not parts that are changed in the direction of the respective revisions are depreciated independently of the other parts. Major renewals are subject to depreciation based on the remaining life of the related tangible asset or the economic life of the renewal itself, whichever is shorter.

Expenditures after capitalization are added to the cost of the asset if it is highly probable that future economic benefits will be realized, and the cost of the related expenditure is reliably measured or reflected on the financial statements as a separate asset. Under conditions indicating that their carried values may be higher than their recoverable values, tangible assets are checked for impairment. To determine impairment, assets are grouped at the lowest level, which are the cash-generating units (cash-generating unit). If the carrying value of an item of property, plant or equipment is greater than its estimated realizable value, a provision is set aside, and the book value is reduced to its realizable value. The realizable value is the higher of the value in use of the tangible asset or the net selling price after deducting the costs to sell the asset.

Depreciation

Depreciation on tangible assets is performed on a straight-line basis according to their useful lives from the date of recognition or assembly of the related assets. Leasehold improvements are subject to depreciation on a straight-line basis according to the shortest between their lease period and their useful lives. Land and plots are not subject to depreciation.

Estimated useful lives of property, plant and equipment are as follows:

Buildings and land improvements	5-50 years
Machinery, installations, and devices	4-25 years
Motor vehicles	2-10 years
Furniture and fixtures	3-20 years
Other intangible assets	2-10 years
Leasehold improvements	5-20 years

The depreciation method, useful lives and depreciated costs of the tangible assets are reviewed at every reporting period.

2.7.6 Intangible Assets

Intangible fixed assets are presented in financial statements at cost value, with accumulated amortization and impairment deducted. In case of impairment, the book value of intangible assets is reduced to its recoverable value.

Amortization

Amortization is calculated on a straight-line basis over the estimated useful lives of the items and is generally recognized in profit or loss after deducting the residual value of intangible asset items from their costs. Goodwill is not subject to amortization.

Estimated useful lives of intangible assets are as follows:

Rights	4-20 years
Other intangible assets	3-20 years

The amortization method, useful lives and residual values of intangible assets are reviewed at each reporting date.

i. Investment properties

If not being used for the production of goods or services or for administrative purposes, or for the purpose of obtaining rent, or for the purpose of value gain, or both, or not being sold during the normal course of operations, the property is classified as investment property. As of 31 December 2023, investment properties are valued by the independent professional valuation company Vakıf Gayrimenkul Değerleme A.Ş. and the fair value determined in the valuation studies carried out by the Company has been reflected in the financial statements. Gains or losses arising from changes in fair value are recognized in the consolidated profit or loss and other comprehensive income.

ii. Inventories

The values of the inventories are based on the cost or net realizable value, whichever is lower. The inventories are based on the weighted average cost basis. The cost of the inventories includes incurred in acquiring the inventories, conversion costs and other costs incurred in bringing them to their existing location and condition. Cost of finished goods includes overhead costs to a reasonable extent in accordance with normal production capacity. Net realizable value is the amount acquired by deducting the sum of the estimated completion cost, necessary to realize the sales from the estimated sales price in the course of business.

2.7.7 Impairment of assets

Non-financial assets

In each reporting period the Group reviews the carrying values of non-financial assets (excluding investment properties, stocks, contractual assets, and deferred tax assets) to determine whether there are any signs of impairment. If any such indication exists, then the recoverable amount of the asset is estimated. Goodwill shall be subject to an annual impairment test.

For the impairment test, assets are grouped according to the smallest asset group creating cash inflow, independent of continuous use, the cash inflows of other assets or cash-generating units ("CGU"). Goodwill arising from a business combination is allocated to CGUs or CGU groups that are expected to benefit from the synergy of the combination.

The recoverable amount of an asset or CGU is the higher of its fair value less costs to sell and its value in use. Its value in use depends on estimated future cash flows reduced to present values using the pre-tax discount rate that reflects the time value of money and current market values of risks peculiar to the asset or CGU.

If an asset or CGU's recoverable amount is lower than its carrying amount, the carrying amount of the asset or CGU in question comes down to the recoverable amount.

Impairment losses will be accounted for in profit or loss. First the carrying amount of any goodwill apportioned to the CGU will be reduced, then a reduction transaction will be carried out at the carrying amount rate of other assets in the CGU.

2.7.8 Employee benefits

(i) Short-term benefits for employees

Short-term benefits for employees are recognized as expenses as long as the relevant service is rendered.

A liability is recognized for the amounts that arise from the Group's legal and constructive obligation at the end of previous services of its employees and which it is obliged to pay, and which are anticipated to be paid in cases where this liability can reliably be estimated.

(ii) Long-term benefits for employees

Provision for severance pay represents the present value of the Company's estimated total future obligations arising from the retirement of the employees in accordance with Turkish Labour Law. In accordance with the applicable social legislation and Turkish Labour Law in Türkiye; The Company is obliged to pay severance pay collectively to all employees who have completed at least one year of service upon termination or retirement, except for voluntary termination or dismissal due to improper conduct or who leave for retirement. The defined benefit obligation is reduced to net present value according to actuarial assumptions and reflected in the financial statements. Actuarial gains and losses arising from changes in the actuarial assumptions used in the measurement of the provision are reflected in the financial statements by being associated with the profit or loss and other comprehensive income.

2.7.9 Provisions, contingent liabilities, and contingent assets

The Group recognizes a provision equivalent to the liability in the accompanying financial statements where the Group has a legal and constructive obligation resulting from previous events, an outflow of the resources including economic benefits from the entity is probable, and the liability can be estimated reliably.

Contingent liabilities are continuously reviewed to determine whether there is a possibility for the outflow of resources including economic benefits from the entity will be required to settle the obligation. Such contingent liabilities are disclosed to the financial statements, except for the situations where the potential for the outflow of resources and economic benefits from the entity is remote.

If an economic benefit to the entity is available, explanations are included in the notes to the financial statements about the contingent asset. If an economic benefit is certain, the asset and its related income changes are included in the financial statements at the time when they have occurred.

Environmental liabilities comprising environmental rehabilitation, quarry site rehabilitation and infilling and landfill site disposal have been estimated by the Company in line with plans formulated in view of statutory regulations, technological possibilities, and management's best estimates. Estimated environmental liabilities are sensitive to changes in applicable interest rates as well as changes in environmental rehabilitation plans and costs that may ensue from deviations in estimated proven and probable reserves from the projected production plan or in disposal obligations from manners of use and physical conditions. It is estimated that the Company's liabilities in respect of environmental rehabilitation, quarry site rehabilitation and infilling and landfill site disposal will arise on expiry of quarry site operating licences and also in the case of landfill site disposal when stipulated capacities are reached or statutory regulations so require.

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2.7.10 Financial income and expenses

Financial income consists of interest income on time deposits and exchange differences arising from financing activities. Financial expenses consist for the most part of interest expenses on loans, exchange difference and bank commission expenses.

2.7.11 Taxes estimated on company profit

Income tax expense consists of the sum of the period tax and deferred tax. Income tax is recognized in profit or loss other than those attributable to business combinations or directly to shareholders' equity or other comprehensive income.

(i) Current period tax

Tax expense for the period includes the current period tax expense and the deferred tax expense (Note 28). Tax for the period and the deferred tax are recognized as income or expense in the statement of consolidated comprehensive income for the period, provided that the tax is not related to a transaction that is recognized directly under shareholders' equity (in this case, it will be recognized in the shareholders' equity).

Adjustment records related to tax liabilities in prior years are accounted for under the other operating expenses item. The current period tax expense is calculated in accordance with the tax laws that are in effect or highly likely to be in effect in the countries where subsidiaries operate. If the current tax law is open to interpretation, the management will periodically assess the tax statement, and when it deems necessary, set aside a provision for the debts to be paid to the tax authorities.

(ii) Deferred Tax

Deferred tax is calculated by using the liability method based on the temporary differences between what is stated in the subsidiaries' financial statements and in the relevant legal tax assessment account for the assets and liabilities. However, in the case that assets and liabilities with no effect on the commerce or on the profits or loss are entered in the financial statements for the first time, except for company mergers, the deferred tax assets or liabilities will not be entered in the financial statements. Deferred tax assets and liabilities are calculated based on the tax rates expected to be applied on the period when the tax assets or liability will be realized, by taking into consideration the tax rates and the tax legislation that were in effect or had entered into effect as of the date of statement of financial position.

Deferred tax liability is calculated for all taxable temporary differences, whereas deferred tax asset is entered in the consolidated financial statements, provided that it is highly possible to take advantage of the deductible temporary differences to earn taxable profits in the future.

Deferred tax liability that is calculated based on the temporary differences arising from the subsidiaries is shown in the consolidated financial statements, except for when the Group controls the timing of the cancellation of that temporary difference and the temporary difference cannot be cancelled in the foreseeable future. Deferred tax asset and liability with regard to income tax is tracked by the same tax authority; as such, deferred tax asset and liability for each company is mutually offset. As a result, the deferred tax position of the parent company and each subsidiary is offset in the consolidated financial statement.

(iii) Tax Exposures

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

Many related transactions and calculations, the effects of which on the final tax amount cannot be determined, are made during the normal course of business and such cases require the use of significant judgement in determining the provision for income tax. The Group records estimated additional tax liabilities as a consequence of tax related events. The Group recorded a part of the deferred tax receivables that arose from the transferred financial losses, which belong to certain subsidiaries and may be of use in the coming periods, due to the strong probability that such assets may be utilized in the future (Note 28). Where the ultimate tax consequences arising from these items differ from those initially recorded, these differences could affect income tax provision and deferred tax liabilities in the periods in which they were set.

2.7.12 Earnings / (loss) per share

Earnings/ (losses) per share disclosed in the consolidated statement of profit or loss and other comprehensive income are determined by dividing net period profit/(loss) by the weighted average number of shares that have been outstanding during the related period concerned.

In Türkiye, companies can increase their share capital by making a pro-rata distribution of shares ("bonus shares") to their current shareholders from retained profits. Distribution of such kind of bonus shares are taken into consideration in the computation of earnings per share as issued share certificates. Accordingly, the weighted average number of shares used in these computations is determined considering the retrospective effects of the share certificate issues.

2.7.13 Subsequent events

Subsequent events represent the events that occur against or on behalf of the Group between the reporting date when the financial statements are prepared and the date when the consolidated statement of financial position was authorized for the issue. The Group corrects its financial statements in accordance with situations if new evidence indicates that during the end of the period when the financial statements were prepared that these events were already present or in the event that such events arose after this date and that they require correction of the financial statements. If such events do not require restating the financial statements, the Group shall disclose such events in the related notes.

2.7.14 Dividends

Dividends distributed on the ordinary shares are offset and recognized with retained earnings in the period in which they are declared.

2.7.15 Statement of cash flows

In the cash flow statement, cash flows are classified and reported as operating, investing, and financing activities. Cash flows result in cash flows resulting from the Group's operations. The Group presents operating cash flows in accordance with the defined method of defining cash flows, income expense accruals or deferrals related to previous transactions.

Cash flows from investing activities represent the cash flows used in / provided from investing activities by the Group (tangible and intangible asset investments) and the cash flows acquired from these activities.
Cash flows from financing activities represent the funds used in financing activities by the Group and repayment of these funds.

2.7.16 Goodwill

A company merger involves joining two separate businesses or business operations to form a distinct reporting unit. Mergers between entities which are not under common control are accounted using the purchase method within the scope of IFRS 3 "Business Combinations".
The excess of the consideration transferred on the purchasing cost undertaken, the fair value of the identifiable assets, liabilities and contingent liabilities acquired by the acquirers at the time of the purchase is reported as goodwill.
In business combinations, tangible assets, intangible assets and / or contingent liabilities which are not included in the financial statements of the purchased company, but which qualify for separate recognition from goodwill are recognized in the financial statements at fair value as long as their fair value can be measured reliably. Goodwill amounts which are recognized in the financial statements of the purchased company cannot be measured as an identifiable asset. Goodwill is allocated to the smallest cash generating units, which can be followed for management's internal reporting purposes for impairment testing.
Goodwill impairment tests are performed every year on the same date and if any indication related to impairment of goodwill is detected, then impairment tests are repeated more frequently. An impairment loss for goodwill is not reversed. Bargain purchase effect is recognized directly in profit or loss.

2.7.17 Borrowing costs and loans received

Bank borrowings are initially recognized with their amount at the date received, less any transaction cost. Subsequently, bank borrowings are reflected at their discounted cost using the effective interest method. The difference, between the amount from which the transaction costs are deducted and the discounted cost amount, is recognized as financial expense in the consolidated statement of comprehensive income during the loan period. The financial expense that occurs resulting from the received loans is reported in the consolidated statement of profit or loss and other comprehensive income. If the maturity of the loans is less than 12 months as of balance sheet date, it is shown in the short-term liabilities; if the maturity of the loans is more than 12 months as of balance sheet date, it is shown in the long-term liabilities.

2.7.18 Related parties

a) A person or a close member of that person's family is related to a reporting entity if:
That person
i) Has control or joint control over the reporting entity,
ii) Has important influence over the reporting entity,
iii) Is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.
b) If any of the following conditions apply, the entity is deemed related to the Group:
i) The entity and the reporting entity are members of the same group,
ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member),
iii) Both entities are joint ventures of the same third party,
iv) One of the entities is a joint venture of a third entity and the other entity is an associate of the third entity,
v) The entity has benefit plans available upon termination of employment for the employees of the Group or of a business with connection to the Group (If the Group itself has such a plan, then sponsoring employers are connected to the Group as well),
vi) Controlled or jointly controlled by a person described in article (a) of the entity,
vii) A person described in article (a)(i) has important influence on the entity or is a key executive of the entity (or of the parent company of the entity).
Related-party transactions and related-party balances have been presented in Note 5.

2.7.19 Reciprocal shareholding share purchase

Reciprocal shareholdings have been recorded and shown in consolidated financial statements deducted from paid-in capital. The number of weighted average treasury stocks is deducted from the number of current shares in calculation of the earning / (loss) per share.

2.7.20 Financial Instruments

(i) Accounting and initial measurement

The company records trade receivables and debt instruments on the date of occurrence. The Company recognizes all other financial assets and liabilities only on the date of transaction when the relevant financial instrument is a party to the contractual conditions.
In the initial measurement of financial assets (other than trade receivables that do not have a significant financing component) and financial liabilities other than those whose fair value changes are reflected in profit or loss, transaction costs that can be directly associated with their acquisition or issue are also measured by being added to the fair value. Trade receivables that do not have a significant financing component are measured at initial accounting on the transaction price.

(ii) Classification and subsequent measurement

When first included in the financial statements, a financial instrument is classified in the specified way: those measured at amortized cost; those measured at fair value through other comprehensive income - investments in debt instruments, those measured at fair value through other comprehensive income - investments in equity instruments or those measured at fair value through profit or loss.
After the financial instruments are recognized for the first time, they are not reclassified unless the Company changes the operating model used for the management of financial assets.
Financial assets are not reclassified after initial recognition unless the Company changes its operating model to manage financial assets. In this case, all affected financial assets are reclassified on the first day of the first reporting period following the change in operating model.
A financial asset is measured at amortized cost if both of the following conditions are met, and it is not classified as measured at fair value through profit or loss:
- The financial asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.
- The financial asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets that are not measured at amortized cost specified above or at fair value through other comprehensive income are measured at fair value through profit or loss. These include all derivative financial assets. When financial assets are included in the financial statements for the first time, the change in fair value of a financial asset is irreversibly recognisable as profit or loss, provided that it eliminates or significantly reduces any accounting inconsistency arising from the measurement of financial assets in a different way, and the related gains or losses are included in the financial statements differently.

Financial assets– Profit or loss arising from subsequent measurement

Financial instruments measured at fair value through profit and loss	These assets are measured at their fair value at subsequent measurements. Net gains and losses, including any interest or dividend income, are accounted for in profit or loss.
Financial assets measured at amortized cost	These assets are measured at amortized cost using the interest method in effect at their subsequent measurements. Amortized costs are reduced by the amount of impairment losses, if any. Interest income, foreign currency gains and losses and impairments are accounted for in profit or loss. Gains or losses arising from these being omitted from statements of financial position are accounted for as profit or loss.
Equity instruments at fair value through other comprehensive income	These assets are measured at their fair value in subsequent periods. Dividends are recognized in profit or loss unless expressly recovering part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are not reclassified to profit or loss.

Financial liabilities– Classification, subsequent measuring and profit and loss

Financial liabilities are classified as measured at amortized cost and at fair value through profit or loss.
A financial liability is classified as at fair value through profit or loss if it meets the definition of held for trading. A financial liability is classified as a financial liability held for trading if it is a derivative instrument or if it is defined in this way at the time of first registration. Financial liabilities at fair value reflected in profit or loss are measured at their fair value and net gains and losses, including interest expenses, are recognized in profit or loss. Other financial liabilities are measured by deducting impairment from the amortized cost values of future principal and interest cash flows at effective interest rates, following their initial recording. Interest expenses and exchange differences are recognized in profit or loss. Gains or losses arising from the derecognition of these liabilities are recognized in profit or loss.

(iii) Derecognition

Financial assets

When the contractual rights to cash flows related to financial assets expire or when the Group substantially transfers the ownership of all risks and returns arising from the ownership of this financial asset, or when the company has neither significantly transferred nor retains substantially all risks and benefits arising from the ownership of this financial asset, it derecognizes the financial asset in question if it does not continue to have control over the financial asset.
In the event that the Group continues to substantially retain all risks and benefits arising from the ownership of a financial asset, it continues to record the relevant financial asset in the statement of financial position.

Financial liabilities

The Group excludes a financial liability from the statement of financial position only when the liability for the relevant liability is removed or cancelled. In addition, in the event of a significant change in the conditions or cash flows of an existing financial liability, the Group deducts a financial liability from the statement of financial position. Instead, it requires a new financial liability to be recognized at fair value based on the modified terms. In derecognizing a financial liability, the difference between the book value and the amount paid for this liability (including any non-cash assets transferred or any liability assumed) is recognized as profit or loss in the financial statements.

(iv) Offsetting financial assets and liabilities

The Group offsets its financial assets and liabilities and reports the net amount in the financial statements purely and simply when it has a legal right to offset the amounts and intends either to conduct the transaction on a net basis or to realize the asset and settle the liability simultaneously.

2.7.21 Going concern

The Group has prepared its consolidated financial statements based on the going concern principle.

2.8 Significant Accounting Evaluations, Estimates and Assumptions

The preparation of consolidated financial statements requires the use of estimates and assumptions that could affect the amounts of assets and liabilities reported at the date of statement of financial position, the explanations of contingent assets and liabilities and the amounts of income and expenses reported during the accounting period. Although these estimates and assumptions are based on the Group management's best knowledge of current events and transactions, actual results may differ from these assumptions. The Group's important accounting projections and forecasts:

2.8.1 Goodwill impairment test

Within the scope of provisions under the "Impairment of Assets" standard ("TAS 36") published by the Public Oversight Board, the Group is conducting impairment tests into the estimates and assumptions used to a significant extent with regard to the amounts of goodwill ensuing from the acquisitions of Lalapaşa and Elazığ Çimento, Süreko and NWM Holding. The Group completed the impairment tests regarding the goodwill on 31 December 2023 (Note 15).

2.8.2 Fair value measurements of investment property

As of 31 December 2023, investment properties are valued by the independent professional valuation company Vakıf Gayrimenkul Değerleme A.Ş. and the fair values determined in the valuation studies carried out by the Company has been reflected in the financial statements. The peer comparison model is used in fair value determinations for land and plots and buildings and details of the method and assumptions involved are as follows:

- An assessment of the most effective and efficient use was made in fair value calculations.
- In the benchmarking method, the existing market information was utilized, similar real estate that recently came on the market were taken into account, sales discounts were applied in relation to the criteria that could affect the market value and a price adjustment has been made to establish an average square metre price. The similar identified real estates were compared with respect to criteria such as location, visibility, size, infrastructure facilities, construction styles, construction permits and features, physical characteristics, discussions were held with real estate brokers for a current evaluation of the real estate market, going rates in the construction market were looked at and information was shared with independent professional valuation firms. The valuation technique used in measuring the fair value of investment properties is the market value approach based on similar property sales in the neighbourhoods of the specified property.
- In the project development method, the fair value of the immovable property was appraised with reference to per square metre construction costs in conjunction with per square metre sales values arrived at on a flat for land or build and sell basis of peers located in the vicinity.

The values that may materialize during the realization of the purchase / sale transactions may differ from these values.

2.8.3 Trade receivables and impairment

In assessing the recoverability of the trade receivables in question, Group management considers collateral obtained from customers, past collection performance, maturity analyses and disputes or lawsuits over the receivables. Once these assessments result in the identification of doubtful receivables, the method for determining the amounts of provision set aside for such receivables also involves assumptions and estimates.

4. SEGMENT REPORTING

There are three reportable operation areas that contain the information that is used to assess the Group administration's performance and decide on resource allocation. These strategic reportable segments are reviewed periodically by the Group's decision-making authority in accordance with their performances and resource allocations since they are affected by different economic conditions and different geographical positions.

The Group's main segments are cement, aggregate, ready-mixed concrete, and waste management. There is a fuel sales service under the other group, and it does not meet the reportable segment criteria.

1 January - 31 December 2023	Cement	Aggregate	Ready-mixed Concrete	Waste management	Other	Elimination	Total
Revenue							
External Revenue	7.046.091	90.130	3.011.821	173.872	420.059	--	10.741.973
Intersegment revenue	1.253.805	173.719	1.035	35.026	220.539	(1.684.124)	--
Net sales	**8.299.896**	**263.849**	**3.012.856**	**208.898**	**640.598**	**(1.684.124)**	**10.741.973**
Cost of Sales	**(6.214.034)**	**(187.875)**	**(2.911.645)**	**(193.461)**	**(622.342)**	**1.501.926**	**(8.627.431)**
Gross profit	**2.085.862**	**75.974**	**101.211**	**15.437**	**18.256**	**(182.198)**	**2.114.542**
Interest income	102.292	--	--	92.146	184	(89.639)	104.983
Interest expense	(236.005)	--	(26.909)	(4.576)	(200)	182.302	(85.388)
Tax income / (expense)	(400.962)	2.018	15.166	(55.523)	(2.617)	(12.935)	(454.853)
Net profit / (loss) for the period	969.161	53.792	67.087	(361.670)	6.242	(20.261)	714.351
Segments assets	13.993.146	143.581	1.226.345	1.481.811	78.689	(3.373.316)	13.550.256
Acquisitions of tangible and intangible assets	329.255	--	57.446	33.218	937	--	420.856
Segment liabilities	2.364.070	79.147	890.718	387.462	68.967	(391.996)	3.398.368

1 January - 31 December 2022	Cement	Aggregate	Ready-mixed Concrete	Waste management	Other	Elimination	Total
Revenue							
External Revenue	5.944.855	146.590	2.311.324	256.499	391.957	--	9.051.225
Intersegment revenue	1.094.799	99.516	1.172	42.040	290.361	(1.527.888)	--
Net sales	**7.039.654**	**246.106**	**2.312.496**	**298.539**	**682.318**	**(1.527.888)**	**9.051.225**
Cost of Sales	**(6.276.364)**	**(175.739)**	**(2.211.463)**	**(298.448)**	**(669.893)**	**1.280.904**	**(8.351.003)**
Gross profit	**763.290**	**70.367**	**101.033**	**91**	**12.425**	**(246.984)**	**700.222**
Interest income	18.172	--	7	422	40	5.405	24.046
Interest expense	(160.593)	--	(29.994)	(38.613)	(178)	(6.541)	(235.919)
Tax income / (expense)	24.314	(124)	(25.154)	1.897	(3.059)	720	(1.406)
Net profit / (loss) for the period	472.475	(4.470)	65.403	(180.652)	3.157	71.819	427.732
Segments assets	15.857.308	53.368	1.074.278	1.572.258	81.231	(6.395.397)	12.243.045
Acquisitions of tangible and intangible assets	251.325	--	87.920	14.493	1.546	--	355.284
Segment liabilities	2.453.930	42.628	800.841	521.844	74.079	(194.607)	3.698.715

4. RELATED PARTY DISCLOSURES

4.1 Short-term trade receivables from related parties

Short-term trade receivables from related parties as of 31 December 2023 and 2022 are as follows:

	31 December 2023	31 December 2022
Spartan Hive S.P.A. ("Spartan Hive")	69.131	--
Yapıtek Yapı Teknolojisi Sanayi ve Ticaret A.Ş. ("Yapıtek")	1.118	985
Çimentaş Education and Health Foundation ("Çimentaş Foundation")	21	15
	70.270	**1.000**

As of 31 December 2023, the average maturity of trade receivables from related parties is one month (31 December 2022: one month). No security had been obtained from related parties in respect of trade receivables and no delay interest invoices had been raised by the Group relating to trade receivables from related parties as of 31 December 2023 and 31 December 2022.

4.2 Other Short-Term Receivables from Related Parties

Short-term other receivables from related parties as of 31 December 2023 and 2022 are as follows:

	31 December 2023	31 December 2022
Aalborg Portland Espana	849	286
	849	**286**

4.3 Short-Term Trade Payables Due to Related Parties

Short-term trade payables due to related parties as of 31 December 2023 and 2022 are as follows:

	31 December 2023	31 December 2022
Çimentaş Foundation	2.024	1.041
Spartan Hive (***)	619	28.244
Cementir Holding (*)	--	42.457
Aalborg Portland A/S ("Aalborg") (**)	--	2.177
Alborg Portland Digital S.R.L ("Aalborg Digital") (****)	--	16.115
Aalborg Portland Holding (*****)	--	34.725
	2.643	**124.759**

(*) As of 31 December 2022 and , the Group's debt to Cementir Holding consists of brand usage and consultancy service fees.
(**) As of 31 December 2022 the Group's debt to Aalborg consists of the purchase of goods and consultancy service fees.
(***) As of 31 December 2023 and 2022, the Group's debt to Spartan Hive consists of raw material purchases.
(****) As of 31 December 2022 the Group's debt to Aalborg Digital consists of IT consultancy service fees.
(*****) As of 31 December 2022 the Group's debt to Aalborg Portland Holding consists of consultancy service fees.

The average payment period of short-term trade payables to the related parties is 2 months (31 December 2022: 2 months). As of 31 December 2023, and 31 December 2022, there are no guarantees given to related parties for trade payables and there are no late payment invoices issued to the Group for trade payables to related parties.

4.4 Other Short-Term Trade Payables Due to Related Parties

None (31 December 2022: None).

4.5 Goods and Service Sales to Related Parties

As of 31 December 2023, and 2022, goods and service sales to related parties are as follows:

	1 January-31 December 2023	1 January-31 December 2022
Spartan Hive (*)	666.766	1.041.152
Yapıtek (**)	21.737	73.686
Çimentaş Foundation	208	170
	688.711	**1.115.008**

(*) All of the related amount is due to cement and clinker sales made to Spartan Hive.
(**) Goods and service sales to Yapıtek consist of ready-mixed concrete and fuel oil sales.

4.6 Goods and Service Purchases from Related Parties

As of 31 December 2023, and 2022, goods and service purchases from related parties are as follows:

	1 January-31 December 2023	1 January-31 December 2022
Spartan Hive (*)	451.424	59.163
Cementir Holding (**)	89.545	77.896
Aalborg Portland Holding (***)	45.067	36.011
Aalborg Digital (*****)	31.376	22.384
Çimentaş Foundation	6.783	5.676
Aalborg (****)	5.424	16.548
	629.619	**217.678**

(*) All of this amount derives from the raw material and spare parts purchases made from Spartan Hive.
(**) All of this amount derives from brand usage fees.
(***) All of this amount derives from consultancy service fees for 2023 on the basis of the service contract signed with Aalborg Portland Holding valid as of 1 January 2020.
(****) All of this amount derives from consultancy service fees for 2023 on the basis of the service contract signed with Aalborg Portland Holding valid as of 1 January 2013. As of 31 December 2023, the said consultancy services consist of technical assistance consultancy and investment relations, organization, management, and internal auditing services.
(*****) The amount in question consists entirely of IT consultancy service charges.

4.7 Financial expenses from related parties

Financing expenses from related parties as of 31 December 2023 and 2022 are as follows:

	1 January-31 December 2023	1 January-31 December 2022
Aalborg Portland Holding	--	1.783
Aalborg Portland Espana	--	157
	--	**1.940**

4.8 Senior manager benefits

Çimentaş Group's executives consist of directors and senior officers. The following benefits are provided to the executives between 31 December 2023 and 2022:

	1 January-31 December 2023	1 January-31 December 2022
Short-term benefits for employees	46.911	58.879
	46.911	**58.879**

5. CASH AND CASH EQUIVALENTS

As of 31 December 2023, and 2022, cash and cash equivalents are detailed as follows:

	31 December 2023	31 December 2022
Cash on hand	382	241
Cash at banks	1.473.139	402.267
Demand deposits	160.109	133.437
Turkish Lira	*66.559*	*84.621*
Foreign currency	*93.550*	*48.816*
Time deposits	1.313.030	268.830
Turkish Lira	*1.018.418*	*268.830*
Foreign currency	294.612	--
Other liquid assets (*)	2.805	33.740
Cash and Cash Equivalents	**1.476.326**	**436.248**

(*) As of 31 December 2023, and 2022, original maturity of other ready assets consists of credit card receivables shorter than three months.

Maturity of time deposits is within one month (31 December 2022: Within one month). As of 31 December 2023, foreign currency deposits consist of 12.213 thousand USD and EUR 905 (December 31, 2022: USD 816 thousand, EUR 66 thousand and GBP 587 thousand).
As of 31 December 2023, and 2022, the weighted average yearly effective interest rates of the time deposits of the related currencies are as follows:

	31 December 2023	31 December 2022
TL vadeli mevduatlar	30,79%	17,00%
USD vadeli mevduatlar	4,75%	--

As of 31 December 2023, the Group did not have any compensating deposit balance (31 December 2022: None).
Credit risks of the banks that hold the Group's deposits are assessed based on independent data.
Interest rate risk, exchange rate risk and sensitivity analyses of the Group's financial assets and liabilities have been set out in Note 29.

6. FINANCIAL BORROWINGS

Financial liabilities as of 31 December 2023 and 2022:

	31 December 2023	31 December 2022
Short term bank borrowings		
Short-term unsecured bank loans	--	397.766
Short-term portion of long-term borrowings from lease transactions	55.146	74.337
Total short term financial borrowings	**55.146**	**472.103**
Long term financial borrowings:		
Long-term portion of liabilities from lease transactions	30.161	17.528
Total long term financial borrowings	**30.161**	**17.528**
Total financial debt	**85.307**	**489.631**

The maturity breakdown of financial borrowings is as follows:

	31 December 2023	31 December 2022
Less than 3 months to maturity	16.139	18.286
3-12 months to maturity	39.007	56.051
1 - 2 years to maturity	23.503	14.304
2 - 5 years to maturity	6.658	3.224
	85.307	**91.865**

The weighted average of alternative borrowing rates applied to lease obligations denominated in TL is 23,67% as of 31 December 2021 (31 December 2022: TL: 22,60%, GBP: 2,10%).

7 TRADE RECEIVABLES AND PAYABLES

7.1 Short-Term Trade Receivables

As of 31 December 2023, and 2022, short-term trade receivables are as follows:

	31 December 2023	31 December 2022
Accounts receivable	1.303.211	1.057.801
Notes and cheques receivables	373.717	444.938
	1.676.928	**1.502.739**
Less: Provision for doubtful trade receivables	(10.274)	(17.702)
	1.666.654	**1.485.037**

The trade receivables collection period, while varying according to product type and contracts made with customers, averages 46 days (31 December 2022: 44 days).

Maturities for short-term trade receivables from non-related parties as of 31 December 2023 and 2022 are as follows:

	31 December 2023	31 December 2022
Overdue receivables	63.779	69.303
0 - 30 day maturity	883.608	761.628
31 - 60 day maturity	554.912	463.877
61 - 90 day maturity	138.466	177.353
91 days and over	25.889	12.876
	1.666.654	**1.485.037**

Considering past experience and the current economic situation, the Group management assesses and where necessary allocates an appropriate proportion of the provision for doubtful receivables. The current year changes in the provision for doubtful receivables are as follows:

	31 December 2023	31 December 2022
Beginning of the period	**17.702**	**32.223**
Doubtful receivables for the period (Note 24.2)	93	699
Doubtful receivables received for the period (Note 25.1)	(598)	(2.828)
Doubtful receivables written-off for the period	(12)	(690)
Monetary gain/loss	(6.911)	(11.702)
End of the period	**10.274**	**17.702**

Details of the credit and market risk, exchange rate risk and impairment of the Group's short-term trade receivables are set out in Note 29.

7.2 Short-Term Trade Payables

As of 31 December 2023, short-term trade payables to non-related parties are TL 1.664.013 thousand (31 December 2022: TL 1.582.158 thousand) due to various suppliers.

The average payment period of short-term trade payables is 60 days (31 December 2022: 63 days).

Comments on the exchange rate and liquidity risk to which the Group is exposed are set out in Note 29.

8. OTHER RECEIVABLES AND PAYABLES

8.1 Other Short-Term Receivables from Third Parties

As of 31 December 2023, and 2022, other long-term receivables from third parties are as follows:

	31 December 2023	31 December 2022
Receivables from public institutions	10.862	7.400
Deposits and guarantees given	242	152
Other	7.757	8.000
	18.861	**15.552**

8.2 Other Long-Term Receivables from Third Parties

As of 31 December 2023, and 2022, other long-term receivables from third parties are as follows:

	31 December 2023	31 December 2022
Deposits and guarantees given	668	1.482
	668	**1.482**

8.3 Other Short-Term Payables to Third Parties

As of 31 December 2023, and 2022, other short-term payables to third parties are as follows:

	31 December 2023	31 December 2022
Deposits and guarantees received (*)	3.860	5.671
Other	82	136
	3.942	**5.807**

(*) All of the Deposits and guarantees consist of collateral received in cash from the Group's customers.

9. INVENTORIES

As of 31 December 2023, and 2022, details of inventories are as follows:

	31 December 2023	31 December 2022
Raw materials	741.567	617.636
- Spare parts and operating supplies	*377.849*	*404.924*
- Fuel	*223.828*	*130.359*
- Packaging materials	*9.129*	*8.895*
- Other	*130.761*	*73.458*
Work in process	263.434	363.805
Finished goods	45.138	46.185
Trade goods	5.110	4.554
Goods in transit	507	7.843
	1.055.756	**1.040.023**

As of 31 December 2023, total of raw material, semi-finished products, and finished goods, which were recognized as an expense during the period and included in cost of sales is TL 4.429.543 thousand (31 December 2022: TL 4.303.481 thousand) (Note 23).

As of 31 December 2023, there is no impairment on the inventories (31 December 2022: None).

As of 31 December 2023, there is no mortgage/pledge on the inventories (31 December 2022: None).

10. PREPAID EXPENSES AND DEFERRED INCOME

10.1 Short-Term Prepaid Expenses

As of 31 December 2023, and 2022, short-term prepaid expenses are as follows:

	31 December 2023	31 December 2022
Job advances given	98.321	43.287
Prepaid Expenses	19.655	13.927
Other	9.452	12.591
	127.428	**69.805**

Prepaid expenses comprised prepaid insurance and rent expenses.

10.2 Long Term Prepaid Expenses

There are no long-term prepaid expenses as of 31 December 2023. (31 December 2022: TL 413 thousand).

10.3 Short Term Deferred Income

As of 31 December 2023, and 2022, short-term deferred income is as follows:

	31 December 2023	31 December 2022
Advance payments for orders received	148.543	130.948
Other	310	519
	148.853	**131.467**

Received order advances consist of the payments the Group received from dealers and customers for the coming period orders.

10.4 Long Term Deferred Income

As of 31 December 2023, long term deferred income is 361 thousand TL. (31 December 2022: TL 1.104 thousand).

11. INVESTMENT PROPERTIES

For the years ending on 31 December, the change in investment properties is as follows:

	2023	2022
1 January	**2.268.453**	**1.869.882**
Changes in fair value (Note 25.1)	250.402	535.673
Real estate sold	(222.855)	(137.103)
31 December	**2.296.000**	**2.268.453**

Investment properties are the properties which the Group holds in hand and are intended to be appreciated in the future and not to be utilized in the production or supply of goods and services or administrative course of the business, in order to obtain value appreciation.
As of 31 December 2023, and 2022, fair values of the investment properties are as follows:

	31 December 2023	31 December 2022
Land	2.226.570	2.167.455
Buildings	69.430	100.998
	2.296.000	**2.268.453**

As of 31 December 2023, there are no mortgages on the investment properties (31 December 2022: None).

Fair value hierarchy

On 31 December 2023, the Group commissioned Vakıf Gayrimenkul Değerleme A.Ş. to survey the market prices of investment properties and reported the properties in fair value based on the appraisal reports.
The fair value of the investment property amounting to TL 2.296.000 thousand has been categorized as a Level 2 fair value based on the inputs to the valuation technique used.

12. TANGIBLE ASSETS

The Group's tangible assets comprise mine assets and other non-current assets and their carrying amounts are as follows:

	31 December 2023	31 December 2022
Quarry assets	52.386	187.455
Other non-current assets	3.713.227	3.692.439
	3.765.613	**3.879.894**

12.1 Quarry assets

Quarry assets are composed of the discounted costs of rehabilitation and closure of the mine sites. Changes of mine sites for the years ending on 31 December 2023 and 2022 are as follows:

	1 January 2023	Additions	Divestment	Foreign Currency Translation Differences	31 December 2023
Cost of rehabilitation of mining areas	573.630	25.334	(434.897)	(7.272)	156.795
Accumulated depreciation	(386.175)	(20.544)	309.798	(7.488)	(104.409)
	187.455	**4.790**	**(125.099)**	**(14.760)**	**52.386**

	1 January 2022	Additions	Foreign Currency Translation Differences	31 December 2022
Cost of rehabilitation of mining areas	663.104	33.905	(123.379)	573.630
Accumulated depreciation	(456.668)	(10.694)	81.187	(386.175)
	206.436	**23.211**	**(42.192)**	**187.455**

12.2 Other non-current assets

Movements in property, plant and equipment for the year ended 31 December 2023 are as follows:

	1 January 2023	Additions	Outflows	Transfers(*)	Divestment	Foreign currency exchange differences	31 December 2023
Cost							
Land	1.227.382	8.897	--	4.026	--	--	1.240.305
Land improvements	1.152.072	--	--	27.133	--	--	1.179.205
Buildings	2.273.011	471	--	5.461	(35.075)	(695)	2.243.173
Machinery, installations, and devices	13.664.501	658	(2)	137.158	(288.395)	(3.167)	13.510.753
Motor vehicles	206.596	--	(6.858)	15.865	(619)	(10)	214.974
Furniture and fixtures	481.643	11.389	(350)	2.610	(19.797)	82	475.577
Other intangible assets	55.181	--	--	--	--	--	55.181
Leasehold improvements	104.193	--	--	1.745	--	--	105.938
Construction in progress	41.045	399.441	--	(197.792)	--	--	242.694
Total Cost	**19.205.624**	**420.856**	**(7.210)**	**(3.794)**	**(343.886)**	**(3.790)**	**19.267.800**
Accumulated depreciation							
Land improvements	(1.003.058)	(23.816)	--	--	--	--	(1.026.874)
Buildings	(1.463.001)	(56.389)	--	--	34.149	829	(1.484.412)
Machinery, installations, and devices	(12.281.330)	(239.626)	1	--	244.983	(177)	(12.276.149)
Motor vehicles	(168.508)	(11.243)	5.538	--	603	1	(173.609)
Furniture and fixtures	(453.246)	(10.388)	311	--	17.830	195	(445.298)
Other intangible assets	(55.181)	--	--	--	--	--	(55.181)
Leasehold improvements	(88.860)	(4.190)	--	--	--	--	(93.050)
Total accumulated depreciation	**(15.513.184)**	**(345.652)**	**5.850**	**--**	**297.565**	**848**	**(15.554.573)**
Net book value	**3.692.439**						**3.713.227**

(*) Investments in progress amounting to TL 3.794 thousand are classified under intangible fixed assets as of 31 December 2023..

As of 31 December 2023, there are no charges such as mortgages or pledges on fixed tangible assets (31 December 2022: None).

As of 31 December 2023, there is no capitalized borrowing cost on the tangible assets (31 December 2022: None).

Movements in property, plant and equipment for the year ended 31 December 2022 are as follows:

	1 January 2022	Additions	Disposals	Transfers(*)	Foreign Currency Translation Differences	31 December 2022
Cost						
Land	1.171.321	53.484	--	2.577	--	1.227.382
Land improvements	1.135.691	629		15.752	--	1.152.072
Buildings	2.274.446	341	(82)	9.331	(11.025)	2.273.011
Machinery, installations, and devices	13.520.091	9.389	(20)	225.159	(90.118)	13.664.501
Motor vehicles	183.899	--	(404)	23.297	(196)	206.596
Furniture and fixtures	472.354	11.934	(405)	3.121	(5.362)	481.642
Other intangible assets	55.181	--	--	--	--	55.181
Leasehold improvements	98.859	1.579	--	3.755	--	104.193
Construction in progress	49.139	277.927	--	(286.021)	--	41.045
Total Cost	**18.960.981**	**355.283**	**(911)**	**(3.029)**	**(106.701)**	**19.205.623**
Accumulated depreciation						
Land improvements	(982.580)	(20.509)	31	--	--	(1.003.058)
Buildings	(1.432.419)	(41.310)	--	--	10.728	(1.463.001)
Machinery, installations, and devices	(12.047.250)	(296.522)	20	--	62.421	(12.281.331)
Motor vehicles	(162.352)	(6.724)	404	--	164	(168.508)
Furniture and fixtures	(448.238)	(10.563)	283	--	5.273	(453.245)
Other intangible assets	(55.181)	--	--	--	--	(55.181)
Leasehold improvements	(84.594)	(4.266)	--	--	--	(88.860)
Total accumulated depreciation	**(15.212.614)**	**(379.894)**	**738**	**--**	**78.586**	**(15.513.184)**
Net book value	**3.748.367**					**3.692.439**

(*) Investments in progress amounting to TL 3.029 thousand are classified under intangible fixed assets as of 31 December 2022.

The distribution of current period amortization and depreciation expenses of tangible and intangible assets and rights of use is as follows:

	1 January-31 December 2023	1 January-31 December 2022
Cost of sales	562.666	515.602
General administrative expenses (Note 22.1)	15.046	12.826
Marketing expenses (Note 22.2)	3.404	4.152
Total	**581.116**	**532.580**

13. RIGHT OF USE ASSETS

The right of use assets movement table for the year ending 31 December 2023 is as follows:

	1 January 2023	Additions	Disposals	Divestment	Foreign Currency Translation Differences	31 December 2023
Cost						
Land	2.852	389	(3.241)	--	--	--
Buildings	9.861	10.664	(7.858)	(10.079)	3.785	6.374
Machinery, installations, and devices	30.032	29.354	(9.288)	(170)	65	49.992
Vehicles	237.248	523.158	(572.622)	(644)	381	187.521
Total Cost	**279.993**	**563.565**	**(593.009)**	**(10.893)**	**4.231**	**243.887**
Accumulated depreciation						
Land	(2.351)	(243)	2.594	--	--	--
Buildings	(7.772)	(2.152)	7.421	336	(1.541)	(3.708)
Machinery, installations, and devices	(18.799)	(17.283)	8.813	127	(40)	(27.182)
Vehicles	(122.599)	(183.771)	205.789	391	(244)	(100.434)
Total accumulated depreciation	**(151.521)**	**(203.449)**	**224.617**	**854**	**(1.825)**	**(131.324)**
Net book value	**128.472**					**112.563**

The distribution of amortization expenses of right of use assets has been presented in Note 12.2.

The right of use assets movement table for the year ending 31 December 2022 is as follows:

	1 January 2022	Additions	Disposals	Foreign Currency Translation Differences	31 December 2022
Cost					
Land	2.585	267	--	--	2.852
Buildings	12.941	--	--	(3.080)	9.861
Machinery, installations, and devices	15.904	20.644	(6.462)	(54)	30.032
Vehicles	133.382	194.696	(90.584)	(246)	237.248
Total Cost	**164.812**	**215.607**	**(97.046)**	**(3.380)**	**279.993**
Accumulated depreciation					
Land	(1.781)	(570)	--	--	(2.351)
Buildings	(7.171)	(2.086)	--	1.485	(7.772)
Machinery, installations, and devices	(8.822)	(13.618)	3.638	3	(18.799)
Vehicles	(46.285)	(115.797)	39.412	71	(122.599))
Total accumulated depreciation	**(64.059)**	**(132.071)**	**43.050**	**1.559**	**(151.521)**
Net book value	**100.753**				**128.472**

14. INTANGIBLE ASSETS

For the year ending 31 December 2023 and 2022, changes in the intangible assets are as follows:

	1 January 2023	Additions	Disposals	Transfers(*)	Foreign currency translation differences	Divestment	31 December 2023
Cost							
Rights	131.014	--	--	--	--	--	131.014
Other intangible assets	327.124	--	--	3.794	(1.366)	(81.232)	248.320
Total Cost	**458.138**	**--**	**--**	**3.794**	**(1.366)**	**(81.232)**	**379.334**
Accumulated amortization							
Rights	(31.203)	(321)	--	--	--	--	(31.524)
Other intangible assets	(196.742)	(11.150)	--	--	1.366	81.232	(125.294)
Total accumulated amortization	**(227.945)**	**(11.471)**	**--**	**--**	**1.366**	**81.232**	**(156.818)**
Net book value	**230.193**						**222.516**

(*) Intangible fixed assets amounting to TL 3.794 thousand are classified as investments in progress as of 31 December 2023.

	1 January 2022	Additions	Disposals	Transfers(*)	Foreign currency translation differences	31 December 2022
Maliyet:						
Rights	131.014	--	--	--	--	131.014
Other intangible assets	349.895	--	--	3.029	(25.800)	327.124
Total Cost	**480.909**	**--**	**--**	**3.029**	**(25.800)**	**458.138**
Accumulated amortization						
Rights	(30.984)	(219)	--	--	--	(31.203)
Other intangible assets	(212.840)	(9.702)	--	--	25.800	(196.742)
Total accumulated amortization	**(243.824)**	**(9.921)**	**--**	**--**	**25.800**	**(227.945)**
Net book value	**237.085**					**230.193**

(*) Intangible fixed assets amounting to TL 3.029 thousand are classified as investments in progress as of 31 December 2022.

15. GOODWILL

As of 31 December 2023, and 2022, goodwill comprises the follows:

	31 December 2023	31 December 2022
Goodwill from acquisition of Lalapaşa	2.102.163	2.102.163
Goodwill from acquisition of Sureko	246.996	246.996
Goodwill from acquisition of Elazığ Çimento	191.979	191.979
Goodwill from acquisition of Ege Kırmataş	2.132	2.132
	2.543.270	**2.543.270**

(i) Acquisition of Lalapaşa

The Group participated in the auction for Lalapaşa arranged by the Saving Deposits Insurance Fund ("SDIF") on 10 October 2005 and acquired Lalapaşa for a purchase consideration of TL 2.102.163 thousand (USD 166.500.000). Following the approval of Competition Board and Fund Board, control of Lalapaşa was transferred to the Group on 28 December 2005 and the acquisition is recognized in accordance with TFRS 3.

The Group's management conducted an impairment test on the goodwill arising from the acquisition of Lalapaşa by using the reduced cash-flow method pursuant to the provisions of TAS 36. No impairment was found as a result of the test conducted by taking into consideration the current conditions and generally accepted appraisal techniques on 31 December 2023 (2022: there was no impairment).

In the valuation technique applied, the impairment test of the goodwill is based on the following assumptions:

a) These generally accepted appraisal techniques are highly sensitive to the changes in the EBITDA/Net Sales ratio between the 26% and 28% range (2022: 17% to 20%) and in the Weighted Average Cost of Capital value, accepted as 21,40% (2022: 19,50%).

b) The EBITDA/Net Sales ratio is compliant with the Company's budget for 2023 and beyond, whereas Weighted Average Cost of Capital ratio depends on macroeconomic and certain recycling industry variables.

As of 31 December 2023, the estimated recoverable amount of the CGU exceeds its carrying amount by TL 2.096.959 thousand. For the forecast recoverable amount to equal the carrying amount, if the discount rate from among the assumptions employed is increased by 11,6% and the other variables are kept constant, the CGU's recoverable amount is equal to its carrying amount. Likewise, the CGU's recoverable amount is equal to the carrying amount when the EBITDA / net sales ratio is reduced as far as 18% from the values used in assumptions with the other variables kept constant.

(ii) Acquisition of Elazığ Çimento

On 21 September 2006, the Group acquired 99,99% of net assets of Elazığ Çimento for a purchase consideration of USD 110.000.000, equivalent to TL 161.116 thousand. The acquisition was reported in accordance with the provisions of TFRS 3, "Business Combinations" and no other identifiable intangible assets have been detected in TAS 38 whose fair value can be measured reliably, and the related goodwill reflected on the consolidated financial statements amounts to TL 191.979 thousand.

The Group's management conducted an impairment test on the goodwill arising from the acquisition of Elazığ Çimento by using the reduced cash-flow method pursuant to the provisions of TAS 36. No impairment was found as a result of the test conducted by taking into consideration the current conditions and generally accepted appraisal techniques on 31 December 2022 (2022: there was no impairment).

In the valuation technique applied, the impairment test of the goodwill is based on the following assumptions:

a) These generally accepted appraisal techniques are highly sensitive to the changes in the EBITDA/Net Sales ratio between the 20% and 22% range (2022: 4% to 8%) and in the Weighted Average Cost of Capital value, accepted as 21,40% (2022: 19,50%).

b) The EBITDA/Net Sales ratio is compliant with the Company's budget for 2023 and beyond, whereas Weighted Average Cost of Capital ratio depends on macroeconomic and certain recycling industry variables.

As of 31 December 2023, the estimated recoverable amount of the CGU exceeds its carrying amount by TL 2.146.808 thousand. For the forecast recoverable amount to equal the carrying amount, if the discount rate from among the assumptions employed is increased by 32% and the other variables are kept constant, the CGU's recoverable amount is equal to its carrying amount. Likewise, the CGU's recoverable amount is equal to the carrying amount when the EBITDA / net sales ratio is reduced as far as 10% from the values used in assumptions with the other variables kept constant.

(iii) Acquisition of Süreko

On 1 September 2009, the Group acquired 69,9% of net assets of Süreko for a purchase consideration of USD 10.759 thousand, equivalent to TL 22.853 thousand. Acquisition is valued according to the principles of TFRS 3 "Business Combinations". Calculated after the acquisition, the goodwill amounting to TL 246.996 thousand is recognized in the consolidated financial statements.

In accordance with the principles of TAS 36, goodwill from the acquisition of Sureko is subject to an impairment test by the Group management, using the method of discounted cash flow. No impairment was found as a result of the test conducted by taking into consideration the current conditions and generally accepted appraisal techniques on 31 December 2023 (2022: there was no impairment).

In the valuation technique applied, the impairment test of the goodwill is based on the following assumptions:

a) These generally accepted appraisal techniques are highly sensitive to the changes in the EBITDA/Net Sales ratio between the 25% and 28% range (2022: 6% to 18%) and in the Weighted Average Cost of Capital value, accepted as 18,50% (2022: 16,70%).

b) While the EBITDA/net sales ratio complies with the budgets that the Company has prepared for 2023 and afterwards, the Weighted Average Cost of Capital is dependent on certain macroeconomic and waste sector-related variables.

As of 31 December 2023, the estimated recoverable amount of the CGU exceeds its carrying amount by TL 84.704 thousand. For the forecast recoverable amount to equal the carrying amount, if the discount rate from among the assumptions employed is increased by 2,6% and the other variables are kept constant, the CGU's recoverable amount is equal to its carrying amount. Likewise, the CGU's recoverable amount is equal to the carrying amount when the EBITDA / net sales ratio is reduced as far as 25% from the values used in assumptions with the other variables kept constant.

(iv) Acquisition of Ege Kırmataş

On 23 November 2021, the Group acquired 100% of the shares in Ege Kırmataş for the consideration of TL 50.270 thousand corresponding to USD 4.500 thousand. The acquisition was treated under the provisions of TFRS 3 "Business Combinations" and the goodwill amounting to TL 2.132 thousand calculated following the acquisition was incorporated into the consolidated financial statements. In accordance with the principles of TAS 36, goodwill from the acquisition of Ege Kırmataş is subject to an impairment test by Group management, using the method of discounted cash flow. No impairment was found as a result of the test conducted by taking into consideration the current conditions and generally accepted appraisal techniques on 31 December 2023 (2022: there was no impairment).

16. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

16.1 Commitments and contingent liabilities

a) Guarantees Given

As of 31 December 2023, and 2022, details of the guarantees given are as follows:

	31 December 2023	31 December 2022
Letters of guarantee	336.050	194.164
Guarantees given through the direct debit system ("DDS") (*)	46.863	7.343
	382.913	**201.507**

(*) The total limit as of 31 December 2023 of guarantees the Group gives vendors through the DDS is TL 137.590 thousand and the balance in question in the statement constitutes the amount outstanding to suppliers as of the current period (31 December 2022: TL 186.640 thousand).

The Group's position related to letters of guarantee given, pledges and mortgages ("GPM") as of 31 December 2023 and 2022, is as follows:

	31 December 2023				31 December 2022			
	TL Equivalent	TL	USD	GBP	TL Equivalent	TL	USD	GBP
A The total amount of GPMs issued on its own corporate behalf	370.224	359.920	350	--	200.624	140.133	494	2.279
B The total number of GPMs issued in favour of fully consolidated partners included in full consolidation scope amount	12.689	12.689	--	--	883	883	--	--
C The total amount of GPMs issued to secure other third-party debts for furtherance or ordinary commercial activities	--	--	--	--	--	--	--	--
D Total amount of Other GPM given	--	--	--	--	--	--	--	--
- Total amount of GPM given in favour of the parent company	--	--	--	--	--	--	--	--
- Total amount of GPMs issued in favour of other group companies that do not fall under items of B and C	--	--	--	--	--	--	--	--
- Total amount of GPMs issued in favour of third parties that do not fall under item C	--	--	--	--	--	--	--	--
	382.913	**372.609**	**350**	**--**	**201.507**	**141.016**	**494**	**2.279**

The ratio of other GPMs issued to the total equity of the Group as of 31 December 2023 is 0% (31 December 2022: 0%).

b) Bails Received

As of 31 December 2023, and 2022, the details of the bails received are as follows:

	31 December 2023	31 December 2022
Bails Received	60.380	33.581
	60.380	**33.581**

c) Sureties Given

None (31 December 2022: None).

d) Guarantees Received

As of 31 December 2023, and 2022, details of guarantees received are as follows:

	31 December 2023	31 December 2022
Letters of guarantee	1.868.955	1.361.749
Collateral received through inventory financing	438.279	326.110
Sureties	60.380	33.581
Mortgages	40.382	48.409
Guarantee notes	22.422	31.681
Pledges	13.582	31.898
Collateral cheques	288	475
Letters of credit	126	208
	2.444.414	**1.834.111**

16.2 Important Lawsuits

- Compensation for damages lawsuit against the Group for the mining activities

Batı Madencilik which has a mining license within the boundaries of Edirne/Keşan started proceedings against the Group amounting to TL 1.045 thousand stating that they had incurred losses because the Group extracts pozzolan from the ground, for compensation of said loss. An expert report prepared during the trial includes statements against the Group. Therefore, the Group prepared a detailed petition against the decision of the court expert, and additionally a scientific view supported by Dokuz Eylül University, Faculty of Law was submitted to the court regarding this lawsuit. The court sentenced the Group to pay for TL 800 thousand. The Group management filed an appeal against the decision. The Supreme Court accepted the appeal of the Group and then the plaintiff company demanded a review of the decision. The demand of the plaintiff company was rejected, and the case was sent back to local court. The Company's objection to the expert examination not conducted was accepted and the court ruled for formation of a new commission of experts. The same company filed an additional lawsuit for damages against the Group for the same reasons amounting to TL 3.141 thousand in December 2009. Both actions for damages were consolidated. At the end of the trial, the court ruled to the detriment of the Group. The reasoned decision was delivered, and it was appealed with a stay of execution request. The appeal request resulted in the favour of the company and the local court reversed the judgement. The plaintiff party applied for rectification of decision and the rectification of decision application has resulted in the Group's favour. The case has been remitted to the local court for a retrial to be held. The case was partially accepted by the Local Court, and after the reasoned decision was served, the appeal was filed. The plaintiff company started enforcement proceedings based on the decision of the Local Court, and the Stay of Execution decision was taken by additional security being put on the case in order to pause the enforcement proceedings during the appeal process. The case is in the appeal process.

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In addition, Batı Madencilik brought action for quarrying licence annulment against the Group. The demand for decertification was rejected as a result of the trial by Edirne Administrative Court and the lawsuit resulted in favour of the Group. Plaintiff appealed the ruling and in December 2011, the 8th Chamber of the Council of State reversed the ruling by the Edirne Administrative Court. The Council of State's reason for reversing the judgement of the local court was due to procedural errors rather than the gist of the action or the decision. The trial on the reverse decision resulted in favour of the Group. The plaintiff appealed the decision to the Council of State, and the Council of State gave a decision in favour of the Group. The Council of State reviewed the ruling upon the plaintiff's request for revision of the ruling by the Council of State. The process ended in favour of the Group and the court's ruling became final.

The investigation and lawsuits of the Competition Board

- The Investigation of the Competition Board regarding Elazığ and Kars Çimento

The Competition Board commenced a pre-investigation of business dealings of all cement companies operating in the East and South-East Anatolian Region on 27 October 2010. The preliminary Report was discussed at the meeting dated 16 December 2010 of the Competition Board and under resolution number 10-78/1618-M an investigation was launched pursuant to Article 41 of Law No 4054 on the Protection of Competition into ten entities including Elazığ Çimento and Kars Çimento to determine if they had violated Article 4 of the Law. At the outcome of the investigation, the Competition Ruled that the said companies had violated Article 4 of the Law on the Protection of Competition and imposed an administrative fine on the said companies under the same statute. According to this, the Turkish Competition Board issued an administrative fine of TL 1.121 and 2.903 thousand, respectively against Kars Çimento and Elazığ Çimento for a total amount of TL 4.024 thousand. The above-mentioned administrative fines were paid in the total amount of TL 3.018 thousand on 19 November 2012 with recourse to the 25% outright payment discount within the stipulated time limit under the Law of Misdemeanours. After the payment, both companies appealed to administrative court for the cancellation of the administrative fines mentioned above.

The cancellation lawsuit issued for the administrative fines for Kars Çimento was rejected by the administrative court and the decision was appealed to a higher court. The appeal request was rejected, and an application was made to the Council of State for a corrective decision overturning this. Our application for a corrective decision was dismissed. The lawsuit issued for Elazığ Çimento was accepted by the administrative court which cancelled the decision of the Competition Board based on the grounds that the penalty rate should be 2% of the revenue instead of 3%. After the cancellation, the amount of TL 2.177 thousand previously paid was refunded in 2014. The Competition Board has both appealed the decision of the Administrative Court and established a new decision complying with 2%, and the amount TL 1.451 thousand was paid by the Elazığ Çimento for this decision in 2014.

The application to appeal filed by the Competition Board against the Administrative Court decision regarding the reduction of the penalty from 3% to 2% has been accepted. Upon reversal, the local court re-examined the case and decided to reject the case. Although the decision was appealed by Elazığ Çimento, the appeal request was rejected. Elazig Çimento applied for correction of the decision on 06.09.2023 against the decision to reject the appeal request. Currently, the decision of the Council of State Administrative Case Chambers regarding the application for correction of the decision is awaited.

After the payment was made, an annulment lawsuit was filed against the decision made by the Competition Board in accordance with the 2% rate. The local court decided to reject the case, and Elazığ Çimento appealed the decision. Although our appeal request was accepted on the basis of the decision to overturn the reduction of the aforementioned penalty to 2%, the file was sent to the Administrative Court for a new ruling in light of the new situation created in the framework of Council of State decisions. An application was made for a corrective decision against the Council of State ruling. Our application for a corrective decision was dismissed. In the meantime, an application was made for the refund of the payment of TL 1.451 thousand previously made, and the Competition Board incurred an administrative fine of TL 2.903 thousand, based on the decision of the Council of State. The difference between the amounts of TL 1.451 thousand and TL 2.903 thousand was paid under reservation, but proceedings were instituted at the Administrative Court for annulment of the transaction. The cases so filed are pending. In the file sent by the Council of State to the Administrative Court for a new decision in the face of the new situation, the first instance court decided that "there is no need to make a decision on a case that is no longer in dispute", based on the Competition Board's decision to withdraw disputed decision numbered 14-07/138-M.An appeal was filed against the administrative court decision. The Council of State decided to reject the appeal request. Since the case was no longer relevant due to the revocation of the Competition Board's Decision, no recourse to law was sought for correction of the decision in this case.

- Case related to Capital Markets Board

Pursuant to the ruling No. 44649743-663.09-286-8709 dated 2 September 2014 ("Ruling") published on the weekly bulletin of the Capital Markets Board (CMB) on 29 August 2014 and served to the Group on 5 September 2014 as a result of an investigation by the CMB, it was determined that the sales price was set lower than the equivalents and the proceedings were secretly transferred to Cementir Holding when the shares of Alfacem S.r.L. were re-sold to the parent company at the same price in accordance with the board of directors resolution dated 20 March 2009 after the shares were acquired in 2005 for a cost of €85.000.000 from a subsidiary of the parent company Cementir Holding to which Çimentaş is associated in terms of management, audit and capital. Accordingly, it was ruled to notify Çimentaş to take the necessary measures to return to the Group within three months at the latest the 101.811.908 Turkish lira financing cost that Çimentaş bore on the sales date on 20 March 2009.

Upon the notification, the Group applied to the Capital Markets Board for the annulment of the decision within the framework of Article 11 of the Administrative Procedure Law. As said application was not responded to in the legal period of 60 days, it was considered rejected and the rejection response of CMB was notified to the Group after the completion of 60-day period.

In light of this, a lawsuit was filed against the CMB on 30 December 2014 at the 7th Administrative Court of Ankara under case number 2014/2266 E. seeking a stay of execution for the annulment of the aforementioned decision, and the court ruled to stay the execution. Upon objection by the CMB, the Administrative Court of Ankara granted a motion for stay of execution and the file was submitted to the commission of experts. The Experts' Report was submitted to the court and statements were made in opposition to the report. By means of ruling number 2014/2266 E– 2018/1858 K. of the 7th Administrative Court of Ankara, the part of the CMB's ruling 286-8709 of 02.09.2014 regarding taking the necessary measures to return within three months at the latest the 101.811.908 TL financing cost which was alleged to have been incurred by the company, has been annulled. Timely application for appeal was made against the adverse portions of the ruling. Our appeal request has been rejected and an appeal has been filed with the Council of State against this decision. The appeal process is ongoing.

- SCL Cases

A company named SCL initiated proceedings against Çimentaş for payment of damages of 11.259.915,70 TL, which were alleged to have occurred due to the fact that the Bulk and Bag Cement Transportation Contract dated 4 June 2008 was not properly executed, and after the case was suspended upon objection, a request for cancellation of the objection was made on 21 December 2023 and a claim for 11.259.915,70-TL was filed.

The company named SCL also filed a compensation claim against Çimentaş for excess/consequential damage. Both cases are ongoing.

16.3 Other provisions

i) Other Short-Term Provisions

Other short-term provisions as of 31 December 2023 and 2022 are as follows:

	31 December 2023	31 December 2022
Provisions for litigation, claims, and penalties	86.518	100.307
State limestone usage fee	29.395	14.032
Other	62.604	57.144
	178.517	**171.483**

As of 31 December 2023, and 2022, changes of the provision for lawsuits and fines are as follows:

	2023	2022
1 January	**100.307**	**59.624**
Provisions for the current year	46.068	67.465
Effect of sale of subsidiary	(11.001)	--
Payment for litigation, claims, and penalties	(5.329)	(2.478)
Amount of provisions reversed in the period (Note 24.1)	(8.350)	--
Foreign currency translation difference	(116)	(3.473)
Effect of adjustment for inflation	(35.061)	(20.831)
31 December	**86.518**	**100.307**

ii) Other long-term provisions

As of 31 December 2023, and 2022, long term provisions are as follows:

	31 December 2023	31 December 2022
Environmental rehabilitation, reclamation of mining sites and mine closure provision	65.380	148.165
	65.380	**148.165**

Changes of the provision for environmental rehabilitation, improvement and closure of mines are as follows:

	2023	2022
Beginning of the period	**148.165**	**156.665**
Increase throughout the period	25.825	43.876
Unwinding of discount effect of discount recognized as expense (Note 26.2)	1.725	854
Effect of translation differences	(1.149)	(52.221)
Divestment	(34.399)	--
Monetary gain/loss	(74.787)	(1.009)
End of the period	**65.380**	**148.165**

17. COMMITMENTS

a) Purchase commitments

As of 31 December 2023, the Group had commitments for the purchase it will make of 70 thousand tonnes of fuel amounting to TL 57.357 thousand and USD 7.351 thousand (31 December 2022: 79 thousand tonnes, TL 68.348 thousand and USD 10.200).

b) Sales commitments

As of 31 December 2023, the Group has a sales commitment of USD 8.927 thousand as consideration for 182 tonnes of clinker and 45 thousand tonnes of cement (31 December 2022: the Group has a sales commitment of 6.780 thousand Euros as consideration for 113 tonnes of cement).

18. EMPLOYEE BENEFITS

18.1 Short-Term Payables within the Scope of Employee Benefits

Short-term payables within the scope of employee benefits as of 31 December 2023 and 2022 are as follows:

	31 December 2023	31 December 2022
Payables for social security and tax withholdings	30.856	24.027
Salary payables	12.011	5.263
Other	351	471
	43.218	**29.761**

18.2 Short-Term Provisions Related to Employee Benefits

Short-term provisions related to employee benefits as of 31 December 2023 and 2022 are as follows:

	31 December 2023	31 December 2022
Personnel premium provisions	36.904	29.456
Unused vacation provision	11.554	8.837
	48.458	**38.293**

18.3 Long-Term Provisions Related to Employee Benefits

Long-term provisions related to employee benefits as of 31 December 2023 and 2022, are as follows:

	31 December 2023	31 December 2022
Provision for severance payment	25.996	134.693
	25.996	**134.693**

Provision for severance payment has been set as follows:

Under the Turkish Labour Law, the Group is required to make severance payment to each employee who has completed one year of service and whose employment is terminated or who is called up for military service, passes away or retires after completing 25 years of service (20 years for women) and reaches the age for retirement (58 for women and 60 for men). Since the legislative amendment on 23 May 2002, certain transitional provisions with respect to the length of service prior to retirement have been put into force.

The severance amount payable consists of one month's gross salary for each year of service and is limited to TL 23.489 per year as of 31 December 2023 (31 December 2022: TL 15.371 per year).

The liability of payment is not subject to any funding in legal terms and there is no clause for funding. The severance pay provision is calculated by estimating the present value of the future probable obligation arising from the retirement of the employees.

The basic assumption is that the ceiling provision settled for each year of service increases in proportion to inflation. In this way, the implemented discount rate reflects the real rate without the expected impacts of the inflation rate.

The accounting policies of the group require the Company to use various actuarial methods to predict the Group's severance payment liability. The severance payment provision has been calculated in accordance with the present value of future probable obligations arising from the retirement of all the employees and reported in the financial statements.

Accordingly, the following statistical assumptions are used in the calculation of the total liability:

	31 December 2023	31 December 2022
Discount rate	2,00%	(2,30%)
Probability of turnover without receiving severance	5,67%	5,67%

The changes of employee severance as of 31 December 2023 and 2022 are as follows:

	31 December 2023	31 December 2022
Beginning of the period	**134.693**	**75.821**
Interest cost (Note 26.2)	6.302	2.218
Service cost (Notes 22.1 and 23)	49.708	10.870
Payments made during the period	(91.928)	(7.978)
Actuarial loss	(1.564)	85.502
Effect of adjustment for inflation	(71.215)	(31.740)
End of the period	**25.996**	**134.693**

The interest expense, service expense and actuarial difference amounted to TL 54.446 thousand (2022: TL 98.590 thousand). The interest expense of TL 6.302 thousand is included in financial expenses (31 December 2022: TL 2.218 thousand) and the service cost of TL 49.708 thousand is included in general administrative expenses (31 December 2022: TL 10.870 thousand). As of 31 December 2023, the actuarial difference amounting to TL 1.564 thousand (31 December 2022: TL 85.502 thousand) is reported under other comprehensive expense.

19. OTHER ASSETS AND LIABILITIES

19.1 Other Current Assets

As of 31 December 2023, and 2022, other current assets are as follows:

	31 December 2023	31 December 2022
Value Added Tax ("VAT") Receivables	18.846	40.242
Other	--	1.161
	18.846	**41.403**

19.2 Other Non-Current Assets

As of 31 December 2023, and 2022, other non-current assets are as follows:

	31 December 2023	31 December 2022
VAT receivables	--	67.417
Other	109	549
	109	**67.966**

19.3 Other Short-Term Liabilities

Other short-term liabilities as of 31 December 2023 and 2022 are as follows:

	31 December 2023	31 December 2022
Taxes and funds payable	58.304	24.573
Other	156	300
	58.460	**24.873**

20. CAPITAL, RESERVES AND OTHER EQUITY ITEMS

Paid-up capital and differences of capital adjustment

As of 31 December 2023, the Company's issued capital is TL 87.112 thousand made up of 87.112.463 shares with a nominal value of 1 Turkish lira each (31 December 2022: Issued capital TL 87.112 thousand consisting of 87.112.463 shares with a nominal value per lot of TL 1).

The shareholding structure of the Group is as follows:

	31 December 2023		31 December 2022	
	Share Percentage (%)	Amount Of Share Thousand TL	Share Percentage (%)	Amount Of Share Thousand TL
Aalborg Portland Espana	96,69	84.231	96,93	84.439
Other/Public share	3,31	2.881	3,07	2.673
Paid-in capital	**100**	**87.112**	**100**	**87.112**
Cross shareholding capital adjustment		(43.040)		(43.040)
Subtotal		**44.072**		**44.072**
Capital adjustment differences		1.421.025		1.421.025
Total adjusted capital		**1.465.097**		**1.465.097**

Additional Capital Contributions of Shareholders

Alfacem, a subsidiary of Cementir Holding, has waived its receivable arising from the loan in the nominal amount of TL 251.162 thousand equivalent to EUR 6.300 thousand due on 30 November 2022 that it made to Çimentaş on 21 December 2021.

Aalborg Portland Holding, a subsidiary of Cementir Holding, announced on 10 May 2022 that it had waived its receivables arising from loans amounting to GBP 2.092.000 to NWM, one of the subsidiaries of Çimentaş, and loans of GBP 6.810 thousand to Quercia.

The amount in question has been presented in the item "Additional Capital Contributions of Shareholders" based on Article 4.68 of the Conceptual Framework Concerning Financial Reporting published in Official Gazette 30578 on 27 October 2018.

Cross shareholding capital adjustment

The capital adjustments due to cross-ownership of TL 43.040 thousand (31 December 2022: TL 43.040 thousand) consist of Çimentaş shares received from third parties, shown in the consolidated financial statements based on the cost value, and held by the Group. As of 31 December 2023, the total number of the shares is 520.256 (31 December 2022: 520.256).

Share Premiums / Discounts

The share premium amounting to 2.101.277 thousand TL (31 December 2022: 2.101.277 thousand TL) represents the difference between the initial issue sales price of the shares and their nominal value.

Legal reserves

According to the Turkish Commercial Code, legal reserves are divided into two primary and secondary legal reserves. According to Turkish Commercial Code, the primary legal reserves are allocated as 5% of the tax base found after deducting statutory retained losses in the statutory net period profit, until it reaches 20% of the Company's paid-in / issued capital. Secondary legal reserves are 1/10 of dividend distributions which excess 5% of the paid-in capital. On the other hand, if it is decided to distribute the entire net distributable profit for the period as dividends, and strictly limited to this situation, the secondary legal reserve is appropriated at a rate of 1/11 for the portion of the net distributable period profit that exceeds 5% of the paid-up/issued capital. Under the Turkish Commercial Code, the legal reserves can be used only to offset losses and are not available for any other usage unless they exceed 50% of paid-in capital. According to Law No. 5520 on Corporate Tax, 75% of the profits arising from the sale of the shares of subsidiaries, long-term assets, preferential rights, founders' shares, which have been included in the assets of entities for at least two years, are exempted from the corporate tax effective from 21 June 2006. In order to benefit from the exemption, the profit must be carried in a liability fund account and not withdrawn from the operation for 5 years. However, the exemption on capital gains the corporate taxpayers were entitled to from sales of real properties held for at least two years has been reduced from 75% to 50% by the regulation published in the Official Gazette dated 5 December 2018.

Previous years' profits

The Group's previous years' profits received as of 31 December 2023 and 31 December 31, 2022, are as follows:

	31.12.2023	31.12.2022
Last year's profits	2.249.921	1.840.564
Transferred from profit to restricted reserves		(3.498)
Liquidation effect		(568)
Dividends		(961)
Total	**2.249.921**	**1.835.537**

The impact on previous years' profits in the statement of financial position prepared in accordance with TAS/TFRS within the scope of the first transition of TAS 29 is 29.228.453 TL as of 1 January 2022, and the indexed amount of this as of 31 December 2023 is 79.113.183 TL.

31.12.2023	Inflation-adjusted amounts included in the financial statements prepared in accordance with Law No. 6762 and other legislation	Amounts adjusted for inflation in financial statements prepared in accordance with TAS/TFRS	Difference in previous year's profits
Capital adjustment differences	2.272.600	1.421.025	851.575
Restricted Reserves from Profit	1.125.664	731.552	394.112

Dividends

Publicly traded companies shall perform dividend distribution in accordance with the Communiqué on Dividends no. II-19.1 of the Capital Markets Board effective as of 1 February 2014. Companies will distribute their profits within the framework of the profit distribution policies to be determined by their general assemblies and in accordance with the provisions of the relevant regulation. Within the scope of this communiqué, no minimum distribution rate has been determined. Companies will pay dividends as set out in their articles of association or in their profit distribution policies. Additionally, dividends can be paid via equal or different amounts of instalments and cash dividend advances on profit contained in financial statements may be distributed.

With the decision of the General Assembly dated 14 April 2023, it was decided not to distribute profits, since the Company has financial period losses in its legal records.

Non-controlling interests

Non-controlling interests

Equity in a subsidiary that is not attributable, directly, or indirectly, to a parent is classified under the "non-controlling interests" in the consolidated financial statements.

21. REVENUE AND COST OF SALES

Revenue and cost of sales for the years ending on 31 December 2023 and 2022 are as follows:

	1 January-31 December 2023	1 January-31 December 2023
Domestic sales	9.990.596	7.920.468
Export sales	863.312	1.204.645
Gross sales	**10.853.908**	**9.125.113**
Less: discounts	(111.935)	(73.888)
Net sales	**10.741.973**	**9.051.225**
Cost of Sales	(8.627.431)	(8.351.003)
Gross profit	**2.114.542**	**700.222**

:

22. GENERAL ADMINISTRATIVE EXPENSES AND MARKETING EXPENSES

22.1 General Administrative Expenses

General administrative expenses for the years ending on 31 December 2023 and 2022 are as follows:

	1 January-31 December 2023	1 January-31 December 2022
Personnel expenses	208.868	169.642
Consultancy expenses	193.231	163.596
Outsourced benefits and services	116.526	76.020
Severance payment expenses	49.708	10.870
Taxes, levies, and charges	34.125	32.315
Amortization and depreciation	15.046	12.826
Lightening and water expenses	13.728	17.169
Insurance expenses	9.869	12.378
Travel expenses	6.507	5.007
Other	93.654	56.580
	741.262	**556.403**

22.2 Marketing Expenses

Financing expenses for the years ending on 31 December 2023 and 2022 are as follows:

	1 January-31 December 2023	1 January-31 December 2022
Loading and freight expenses	125.096	153.539
Personnel expenses	36.874	25.655
Marketing service expenses	30.357	27.046
Amortization and depreciation	3.404	4.152
Other	6.733	3.978
	202.464	**214.370**

23. EXPENSES BY NATURE

For the years ending on 31 December 2023 and 2022, distribution of expenses by nature is as follows:

	1 January-31 December 2023	1 January-31 December 2022
Raw material, work in process and finished goods costs	4.429.543	4.303.481
Electricity and water expenses	1.679.107	2.217.015
Outsourced benefits and services	937.815	673.457
Personnel expenses	681.335	518.512
Amortization and depreciation	581.116	532.580
Loading and freight expenses	543.991	370.202
Consultancy expenses	194.933	163.596
Maintenance and repair costs	159.564	97.084
Taxes, levies, and charges	93.822	74.889
Severance payment expenses	49.295	10.870
Other	220.636	160.090
	9.571.157	**9.121.776**

24. OTHER INCOME AND EXPENSES FROM OPERATING ACTIVITIES

24.1 Other Income from Operating Activities

Other income from operating activities for the years ending on 31 December 2023 and 2022 is as follows:

	1 January-31 December 2023	1 January-31 December 2022
Foreign exchange gain from operating activities	68.564	54.555
Late payment interest	26.195	11.381
Lawsuit provisions no longer required	8.948	--
Rental income	3.340	2.973
Insurance income	2.312	407
Gain on sale of scrap materials	1.296	12.121
Reversed provisions for doubtful receivables	598	2.828
Other	37.227	21.042
	148.480	**105.307**

24.2 Other Expenses from Operating Activities

Other expenses from operating activities for the years ending on 31 December 2023 and 2022 are as follows:

	1 January-31 December 2023	1 January-31 December 2022
Reclassification of accumulated exchange rate differences of the subsidiary sold	179.984	--
Foreign exchange losses from operating activities	142.623	177.854
Expenses for penalty, compensation, and legal proceedings	48.004	67.465
Provision for doubtful receivable expenses	93	699
Excavation expense	3.446	2.310
Late payment expense	441	2.656
Other	53.188	31.247
	427.686	**282.231**

25. INCOME AND EXPENSES FROM INVESTING ACTIVITIES

25.1 Income from Investing Activities

Income from investing activities for the years ending on 31 December is as follows:

	1 January-31 December 2023	1 January-31 December 2022
Fair value gain of investment properties	250.402	535.673
Gain on sale of non-current assets	83.042	4.310
	333.444	**539.983**

25.2 Expenses from Investing Activities

Expenses from investing activities for the years ending on 31 December are as follows:

	1 January-31 December 2023	1 January-31 December 2022
Loss on sale of non-current assets	95	14.012
Subsidiary sale loss	17.940	--
Goodwill impairment	--	79.695
	18.035	**93.707**

26. FINANCIAL INCOME AND EXPENSES

26.1 Financial Income

Financial income for the years ending on 31 December is as follows:

	1 January-31 December 2023	1 January-31 December 2022
Foreign exchange gains	83.920	22.239
Interest income	104.983	8.343
Financing income from derivative transactions	--	15.703
	188.903	**46.285**

26.2 Financial Expenses

Financial expenses for the years ending on 31 December are as follows:

	1 January-31 December 2023	1 January-31 December 2022
Foreign exchange expense	26.189	7.972
Interest expense on leasing transactions	25.912	30.043
Bank loan interest expenses	51.449	200.864
Interest expenses from related entities	--	1.940
Bank commission expenses	23.935	30.824
Effect of discount from reclamation of mine sites and provision for closure of mine sites	1.725	854
Actuarial interest expense	6.302	2.218
Other	308	922
	135.820	**275.637**

27. GELİINCOME TAXES (DEFERRED TAX ASSETS AND LIABILITIES INCLUDED)

Prepaid corporate tax and corporation tax provision as of 31 December 2023 and 2022 are as follows:

	31 December 2023	31 December 2022
Current period corporation tax provision	396.362	17.975
Deduction: Prepaid corporation tax	(268.947)	(24.032)
Tax provision for the current period - net	**127.415**	**(6.057)**

Turkish tax legislation does not permit a parent company and its subsidiary to file a consolidated tax return for their financial statements. Therefore, provisions for taxes, as reported in the consolidated financial statements at the end of the year, have been calculated on a separate-entity basis for the companies which are fully consolidated. According to this:

	1 January-31 December 2023	1 January-31 December 2022
Current income tax liability	130.206	1.748
Prepaid income tax	(2.791)	(7.805)
	127.415	**(6.057)**

Tax income / (expenses) reported in the income statement for the years ending on 31 December 2023 and 2022 are as follows:

	1 January-31 December 2023	1 January-31 December 2022
Current period corporation tax	(487.589)	(24.377)
Deferred tax income / (expenses)	32.736	22.971
Total tax income / (expenses)	**(454.853)**	**(1.406)**

With the "Law Establishing Additional Motor Vehicle Tax and Amending some Laws and Decree Law 375 to Recover the Economic Losses Incurred through Earthquakes that Occurred on 6 February 2023" published in the Official Gazette dated 15 July 2023, the corporate tax rate was increased from 20% to 25%. Accordingly, the calculated corporate tax provision and deferred tax calculations have been made taking into account the corporate tax rate valid in the relevant year.

The reconciliation of tax income / (expense) is as follows:

	2023	2022
Pre-tax profit / (loss)	**1.169.204**	**429.138**
Tax computed at the parent company's tax rate on profit / (loss) before tax	(292.301)	(98.702)
Non-deductible expenses	(71.641)	(10.129)
Tax exempt income	20.077	10.839
Tax effect of fair value gain	65.908	159.070
Effect of financial losses for which deferred		
Effect of financial losses for which deferred tax assets had not previously been recognized	11.285	18.789
Losses not recognized as deferred tax	--	(34.171)
Effect of inflation	47.715	(28.774)
Effect of change in tax rate	(235.896)	--
Permanent differences	--	(18.328)
Total tax income / (expenses)	**(454.853)**	**(1.406)**

(*) Also includes the effect of the adjustments made regarding inflation accounting within the scope of the Tax Procedure Law Communiqué No. 32415 dated December 30, 2023.

Breakdown of the tax assets and liabilities as of 31 December 2023 and 2022 calculated based on the current tax rates:

	Deferred Tax Assets		Deferred Tax Liabilities	
	2023	2022	2023	2022
Deductible financial losses	--	51.122	--	--
Debt provisions	45.084	39.427	--	--
Provision for severance payment	6.499	26.939	--	--
Provision for rehabilitation and closure of the mine sites	16.332	13.348	--	--
Provision for advances paid and doubtful receivables	391	648	--	--
Tangible and intangible assets	--	--	(327.271)	(603.723)
Goodwill amortization in statutory books	--	--	(34.388)	(45.293)
Investment properties	--	--	(430.212)	(224.620)
Inventories	--	--	(37.872)	(49.247)
Derivative assets	--	--	--	(3.226)
Other assets and liabilities	--	--	(9.845)	(8.428)
Total deferred tax asset / (liability)	68.306	131.484	(839.588)	(934.537)
Offset amount	103.430	(119.768)	(103.430)	119.768
Total deferred tax asset / (liability)	**171.736**	**11.716**	**(943.018)**	**(814.769)**

The Company and its subsidiaries domiciled in Türkiye are subject to the tax legislation and implementations applicable in Türkiye. Corporate tax is declared by the evening of the twenty-fifth day of the fourth month following the end of the accounting period to which it relates and is paid in a single instalment by the end of the month in question.

With the "Law Establishing Additional Motor Vehicle Tax and Amending some Laws and Decree Law 375 to Recover the Economic Losses Incurred through Earthquakes that Occurred on 6 February 2023" published in the Official Gazette dated 15 July 2023, the corporate tax rate was increased from 20% to 25%. Accordingly, the calculated corporate tax provision and deferred tax calculations have been made taking into account the corporate tax rate valid in the relevant year.

According to Law No. 5520 on Corporate Tax, 75% of the profits arising from the sale of the shares of subsidiaries, preferential rights, founders' shares, which have been included in the assets of entities for at least two years, are exempted from the corporate tax effective from 21 June 2006. In order to benefit from the exemption, the profit must be carried in a liability fund account and not withdrawn from the operation for 5 years. However, the exemption to be applied on capital gains obtained by corporate taxpayers from the sales of real estate and securities that they have held for at least two years was reduced from 75% to 50%, and with the "Law Establishing Additional Motor Vehicle Tax and Amending some Laws and Decree Law 375 to Recover the Economic Losses Incurred through Earthquakes that Occurred on 6 February 2023" published in the Official Gazette dated 15 July 2023, it was reduced from 50% to 25%.Accordingly, the corporate tax and deferred tax on profits from the sale of immovables will be calculated at the corporate tax rate applicable in the year in question to the remaining 25%.

Tax legislation in Türkiye does not permit the Company and its subsidiaries to complete consolidated tax returns. Consequently, the tax provision recognized in financial statements has been calculated separately on a company basis.

According to the Corporate Tax Law, financial losses shown on the return may be deducted from the period corporate tax base provided more than five years have not elapsed. Returns and underlying accounting records may be examined, and tax calculations revised by the tax office within five years.

Dividend payments made from joint-stock companies seated in Türkiye to natural persons domiciled or non-domiciled in Türkiye and to juristic persons non-domiciled in Türkiye are subject to 15% income tax apart from those made to persons who are not liable for corporate tax and income tax.

Dividend payments made from joint-stock companies seated in Türkiye to joint-stock companies that are also seated in Türkiye are not subject to income tax. Moreover, income tax is not calculated if profit is not distributed or is added to capital.

In order to benefit from the exemption, the profit must be carried in a liability fund account and not withdrawn from the operation for 5 years. The sales price has to be collected within two years following the sales date.

In Türkiye, there is no procedure for an agreement with the tax authority on tax payables. Corporate tax returns are submitted within four months following the month in which the accounting period closes. The authorities charged with examining taxes may examine tax returns and underlying accounting records for a period of five years following the accounting period and may impose further payments at the outcome.

Withheld income tax

A withholding obligation applies to dividend payments and this withholding obligation is applied in the period dividend payments are made. Dividend payments apart from those made to limited taxpayer corporations who derive their income through business premises or a permanent representative in Türkiye or to corporations seated in Türkiye were subject to a withholding of 15% until 22 December 2021. However, pursuant to Presidential Decree number 4936 that took effect with its promulgation in edition 31697 of the Official Gazette dated 22 December 2021, an amendment was made to the provisions concerning dividends of the Income Tax Law number 193 and Corporate Tax Law number 5520 and the withholding rate was reduced from 15% to 10%.

Further reference is made to the withholding rates included in the relevant Treaties for the Avoidance of Double Taxation as to withholding rates applied to profit distributions made to limited taxpayer corporations and natural persons. The addition of past years' profits to capital is not deemed to be profit distribution and is thus not subject to withholding tax.

Transfer pricing

Transfer pricing regulations in Türkiye have been provided for in Article 13 headed "Distribution of concealed earnings through transfer pricing" of the Corporate Tax Law. Implementational details concerning the distribution of concealed earnings through transfer pricing were fleshed out in the 18 November 2007 communiqué.

If the taxpayer has engaged in purchases or sales of goods or services contrary to the arm's length principle with related parties, the earnings are considered to have been fully or partly distributed in a concealed manner through transfer pricing. Such concealed earnings distributed through transfer pricing are treated by law as non-recognized expenses for corporate tax purposes.

The movements in deferred tax income/(loss) for the year ended 31 December 2023 are as follows:

	1 January 2023	Portion recognized in profit or loss	Divestment	The part recognized in comprehensive income	31 December 2023
Deductible financial losses	51.122	(51.122)		--	--
Debt provisions	39.427	5.657		--	45.084
Provision for severance payment	26.939	(20.049)		(391)	6.499
Provision for rehabilitation and closure of the mine sites	13.348	2.984			16.332
Provision for advances paid and doubtful receivables	648	(257)			391
Tangible and intangible assets	(603.723)	280.213	(3.813)	52	(327.271)
Goodwill amortization in statutory books	(45.293)	10.905	--	--	(34.388)
Investment properties	(224.620)	(205.592)	--	--	(430.212)
Inventories	(49.247)	11.375	--	-	(37.872)
Derivative assets	(3.226)	--	--	3.226	--
Other assets and liabilities	(8.428)	(1.378)	(39)	--	(9.845)
Deferred tax assets / (liabilities)	**(803.053)**	**32.736**	**(3.852)**	**2.887**	**(771.282)**

The movements in deferred tax income/(loss) for the year ended 31 December 2022 are as follows:

	1 January 2022	Portion recognized in profit or loss	The part recognized in comprehensive income	31 December 2022
Deductible financial losses	186.712	(135.568)	(22)	51.122
Debt provisions	30.404	9.524	(501)	39.427
Provision for severance payment	15.162	(5.323)	17.100	26.939
Provision for rehabilitation and closure of the mine sites	11.203	2.145	--	13.348
Provision for advances paid and doubtful receivables	1.702	(1.054)	--	648
Tangible and intangible assets	(770.947)	173.764	(6.540)	(603.723)
Goodwill amortization in statutory books	(74.402)	29.109	--	(45.293)
Investment properties	(182.100)	(42.520)	--	(224.620)
Inventories	(45.675)	(3.572)	--	(49.247)
Derivative assets	--	--	(3.226)	(3.226)
Other assets and liabilities	479	(3.534)	(5.373)	(8.428)
Deferred tax assets / (liabilities)	**(827.462)**	**22.971**	**1.438**	**(803.053)**

28. EARNINGS / (LOSS) PER SHARE

Earnings / (loss) per share for the accounting periods ending on 31 December 2023 and 2022 are as follows:

	2023	2022
Net profit for the period of parent company	**881.540**	**539.163**
Weighted average number of issued ordinary shares (lot value is TL 1*)	87.112.463	87.112.463
Weighted average number of issued treasury shares	(520.256)	(520.256)
	86.592.207	**86.592.207**
Profit / (loss) per share computed on net period gain / (loss) of parent company (TL)	**10,1804**	**6,2265**

(*) 1 lot is composed of 100 shares.

29. NATURE AND LEVEL OF RISK ARISING FROM FINANCIAL INSTRUMENTS

29.1 Financial risk management

The Group is exposed to market risk, capital risk, credit risk and liquidity risk, which are composed of foreign currency, cash flow and interest rate risks because of its operations. The Group's risk management policy is focused on unexpected changes in the financial markets.

The financial risk management policy is carried out by the top management and finance department of Çimentaş in accordance with the policies and strategies approved by the Board of Directors. The Board of Directors prepares policies and principles of a general nature to manage credit, liquidity, interest, and capital risks in particular and monitors the financial and operational risks in detail.

The aims that are determined by the Group to manage financial risks can be summarized as follows:

- Maintaining the sustainability of the cash flows provided from the Group's operations and main assets effectively by considering the currency and interest rate risks,
- Keeping sufficient sources of borrowings ready to be used effectively and efficiently, when necessary, in appropriate conditions of type and maturity,
- Keeping the risks from others at the minimum level and monitoring them effectively.

Risk management framework

The Board of Directors of the Company is responsible in general terms for determining and monitoring the risk management framework of the Group. The Board of Directors has established a Committee for Early Risk Detection responsible for improving and monitoring the risk management policies of the Group. The committee reports its activities to the Board periodically.

The risk management policies of the Group are determined with the purpose of detecting and analysing possible risks, determining appropriate risk limits and establishing their controls, and monitoring risks and making sure they remain within the limits. Risk management policies and systems are regularly reviewed to reflect changes in the Group's operations and market conditions. The Group aims to develop a disciplined and constructive control environment where all employees understand their roles and responsibilities through training and management standards and procedures.

The Group Auditing Committee, monitors management in terms of compliance with the risk management policy and procedures of the Group and provides support to fulfil the risk management framework. The internal audit department regularly evaluates risk management policies and procedures and reports the results to the Audit Committee.

29.1.1 Credit risk

Having financial assets also brings the risks that the counterparty may not obey the rules of the agreements. The Group administration manages these risks by limiting the average risk related to the other party (except for related parties) in the agreement getting guarantees when necessary. The Group manages these risks which can arise from customers, by updating the determined credit limits within specific periods. The Group uses credit limits, and the credit quality of customers is evaluated considering the customer's financial position, past experiences, market recognition and other factors.

	Receivables					
	Trade Receivables		Other Receivables			
Current Period 31 December 2023	**Related Party**	**Other Party**	**Related Party**	**Other Party**	**Deposits at Banks**	**Other Liquid Assets**
Maximum credit risk to be exposed to as of the reporting date (A+B+C+D)	**70.270**	**1.666.654**	**849**	**19.529**	**1.473.139**	**2.805**
- Part of the maximum credit risk, secured by guarantee, etc.	--	1.361.992	--	--	--	--
A. Net carrying amounts of financial assets that are not overdue nor impaired	70.270	1.602.875	849	19.529	1.473.139	2.805
B. Net carrying amount of financial assets that are overdue but not impaired	--	63.779	--	--	--	--
C. Net carrying amount of the impaired assets	--	--	--	--	--	--
- Overdue (gross carrying amount)	--	10.274	--	--	--	--
- Impairment (-)	--	(10.274)	--	--	--	--
- Part of the net value, secured by guarantee, etc.	--	--	--	--	--	--
- Not overdue (gross carrying amount)	--	--	--	--	--	--
- Impairment (-)	--	--	--	--	--	--
- Part of the net value, secured by guarantee, etc.	--	--	--	--	--	--
D. Off-balance sheet items with credit risk	--	--	--	--	--	--

	Receivables						
	Trade Receivables		Other Receivables				
Prior Period **31 December 2022**	**Related Party**	**Other Party**	**Related Party**	**Other Party**	**Deposits at Banks**	**Derivative Instruments**	**Other Liquid Assets**
Maximum credit risk to be exposed to as of the reporting date (A+B+C+D)	**1.000**	**1.485.037**	**286**	**17.034**	**402.267**	**14.028**	**33.740**
- Part of the maximum credit risk, secured by guarantee, etc.	--	1.167.789	--	--	--	--	--
A. Net carrying amounts of financial assets that are not overdue nor impaired	1.000	1.415.734	286	17.034	402.267	14.028	33.740
B. Net carrying amount of financial assets that are overdue but not impaired	--	--	--	--	--	--	--
C. Net carrying amount of the impaired assets	--	--	--	--	--	--	--
- Overdue (gross carrying amount)	--	17.702	--	--	--	--	--
- Impairment (-)	--	(17.702)	--	--	--	--	--
- Part of the net value, secured by guarantee, etc.	--	--	--	--	--	--	--
- Not overdue (gross carrying amount)	--	--	--	--	--	--	--
- Impairment (-)	--	--	--	--	--	--	--
- Part of the net value, secured by guarantee, etc.	--	--	--	--	--	--	--
D. Off-balance sheet items with credit risk	--	--	--	--	--	--	--

As a result of the Group administration's evaluation considering the past experiences and subsequent period collections, there is no collection risk for the trade receivables which are overdue but not impaired; while maturity of the financial instruments which are overdue but not impaired is as follows:

	Receivables				
Current Period 31 December 2023	**Trade Receivables**	**Other Receivables**	**Deposits at Banks**	**Derivative Instruments**	**Other Liquid Assets**
Past due 1-30 days	42.069	--	--	--	--
Past due 1-3 months	13.395	--	--	--	--
Past due 3-12 months	7.331	--	--	--	--
Past due 1-5 years	720	--	--	--	--
Past due more than 5 years	264	--	--	--	--
	63.779	**--**	**--**	**--**	**--**

	Receivables				
Prior Period **31 December 2022**	**Trade Receivables**	**Other Receivables**	**Deposits at Banks**	**Derivative Instruments**	**Other Liquid Assets**
Past due 1-30 days	64.313	--	--	--	--
Past due 1-3 months	3.454	--	--	--	--
Past due 3-12 months	1.078	--	--	--	--
Past due 1-5 years	25	--	--	--	--
Past due more than 5 years	433	--	--	--	--
	69.303	**--**	**--**	**--**	**--**

29.1.2 Liquidity Risk

Prudential liquidity risk management means keeping adequate cash and marketable securities, utilization of fund sources by means of adequate borrowing transactions and the power to close out the market positions. The liquidity risk for existing and prospective debt requirements is managed by sustaining adequate amount of accessibility to the Group's own lenders and to the funds created from the operations. The Group administration closely follows the collection from its customers in order to ensure uninterrupted liquidity, tries to prevent any financial burden on the Group in case of late payments and arranges available cash and non-cash credit limits through arrangements with banks when the Group is in need. In addition, the Group's liquidity management policy includes preparation of cash flow projections per cement production plants and monitoring and evaluation of the liquidity ratios by comparing them with budgeted ratios.

The Group's financial liabilities and contractual outflows from those liabilities in respect of their maturities as of 31 December 2023 and 2022 are as follows:

31 December 2023 Contractual maturities	Carrying Amount	Total contractual cash outflows (=I+II+III+IV)	Less than 3 months (I)	Between 3 - 12 months (II)	Between 1- 5 Years (III)	More than 5 Years (IV)
Non-derivative Financial Liabilities						
Payables form Leasing Transactions	85.307	87.293	28.203	41.125	17.965	--
Trade Payables	1.666.656	1.684.341	1.679.593	4.748	--	--
Other Payables(*)	82	82	82	--	--	--
Total	**1.752.045**	**1.771.716**	**1.707.878**	**45.873**	**17.965**	**--**

(*) Deposits and guarantees received are not included in other payables.

31 December 2022 Contractual maturities	Carrying Amount	Total contractual cash outflows (=I+II+III+IV)	Less than 3 months (I)	Between 3 - 12 months (II)	Between 1- 5 Years (III)	More than 5 Years (IV)
Non-derivative Financial Liabilities						
Bank loans	397.766	412.858	301.639	111.219	--	--
Payables form Leasing Transactions	91.865	109.877	23.627	65.397	20.853	--
Trade Payables	1.706.917	1.709.710	1.703.984	5.726	--	--
Other Payables(*)	136	136	136	--	--	--
Total	**2.196.684**	**2.232.581**	**2.029.386**	**182.342**	**20.853**	**--**

(*) Deposits and guarantees received are not included in other payables.

29.1.3 Market Risk

Foreign exchange risk

The Group is exposed to foreign exchange risk arising from exchange rate changes through translating asset and liability amounts in foreign currency to TL. The Group follows a policy for stabilizing its foreign exchange position in order to reduce the exchange rate risk. Existing risks are monitored, and the exchange rate position of the Group is followed up in the meetings regularly held by the Group's Auditing Committee and the Board of Directors.

	31 December 2023					31 December 2022				
	TL Equivalent	USD	Euro	GBP*	Other	TL Equivalent	USD	Euro	GBP*	Other
1. Trade Receivables	68.940	2.342	--	--	--	32	1	--	--	--
2a. Monetary Financial Assets (Including Cash and Bank Accounts)	389.009	12.213	905	--	--	27.309	816	66	--	--
2b. Non-Monetary Financial Assets	--	--	--	--	--	--	--	--	--	--
3. Other	--	--	--	--	--	--	--	--	--	--
4. Current Assets (1+2+3)	**457.949**	**14.555**	**905**	**--**	**--**	**27.341**	**817**	**66**	**--**	**--**
5. Trade Receivables	--	--	--	--	--	--	--	--	--	--
6a. Monetary Financial Assets	--	--	--	--	--	--	--	--	--	--
6b. Non-Monetary Financial Assets	--	--	--	--	--	--	--	--	--	--
7. Other	--	--	--	--	--	--	--	--	--	--
8. Non-Current Assets (5+6+7)	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**--**
9. Total Assets (4+8)	**457.949**	**14.555**	**905**	**--**	**--**	**27.341**	**817**	**66**	**--**	**--**
10. Trade Payables	422.738	11.133	2.892	1	--	532.757	11.788	5.114	17	--
11. Financial Liabilities	--	--	--	--	--	--	--	--	--	--
12a. Other Monetary Liabilities	--	--	--	--	--	--	--	--	--	--
12b. Other Non-Monetary Liabilities	--	--	--	--	--	--	--	--	--	--
13. Short Term Liabilities (10+11+12)	**422.738**	**11.133**	**2.892**	**1**	**--**	**532.757**	**11.788**	**5.114**	**17**	**--**
14. Trade Payables	--	--	--	--	--	--	--	--	--	--
15. Financial Liabilities	--	--	--	--	--				--	--
16a. Other Monetary Liabilities	--	--	--	--	--	--	--	--	--	--
16b. Other Non-Monetary Liabilities	--	--	--	--	--	--	--	--	--	--
17. Long Term Liabilities (14+15+16)	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**--**
18. Total Liabilities (13+17)	**422.738**	**11.133**	**2.892**	**1**	**--**	**532.757**	**11.788**	**5.114**	**17**	**--**
19. Net Asset/(Liability) Position of Off-Balance Sheet Derivative Instruments (19a-19b)	**--**	**--**	**--**	**--**	**--**	**14.028**	**455**	**--**	**--**	**--**
19a. Off-Balance Sheet Foreign Currency Derivative Characterized as Assets	**--**	**--**	**--**	**--**	**--**	**14.028**	**455**	**--**	**--**	**--**
19b. Off-Balance Sheet Foreign Currency Derivative Characterized as Liabilities	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**--**
20. Net Foreign Currency Asset / (Liability) Position (9-18+19)	**35.211**	**3.422**	**(1.987)**	**(1)**		**(491.388)**	**(10.516)**	**(5.048)**	**(17)**	**--**
21. Net Foreign Currency Asset / (Liability) Position of Monetary Items (TFRS 7.B23) (=1+2a+5+6a-10-11-12a-14-15-16a)	**35.211**	**3.422**	**(1.987)**	**(1)**	**--**	**(505.416)**	**(10.971)**	**(5.048)**	**(17)**	**--**
22. Fair Value of Financial Instruments Used in Foreign Currency Hedges	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**--**
23. Hedged Foreign Currency Assets	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**--**
24. Hedged Foreign Currency Liabilities	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**--**

(*) The British Sterling exchange risk for the subsidiaries whose current currency is not British Sterling is shown in the column.

31 December 2023

Foreign Exchange Risk Sensitivity Analysis

	Profit / (Loss)		Equity	
	Foreign currency appreciation	Foreign currency depreciation	Foreign currency appreciation	Foreign currency depreciation
Assumption of devaluation/appreciation by 10% of USD against TL				
1- Net asset / liability of USD	10.015	(10.015)	10.015	(10.015)
2- USD risk hedged (-)	--	--	--	--
3- USD net effect (1+2)	**10.015**	**(10.015)**	**10.015**	**(10.015)**
Assumption of devaluation/appreciation by 10% of EUR against TL				
4- Net asset / liability of EURO	(6.490)	6.490	(6.490)	6.490
5- EURO risk hedged (-)	--	--	--	--
6- Euro net effect (4+5)	**(6.490)**	**6.490**	**(6.490)**	**6.490**
Assumption of devaluation/appreciation by 10% of GBP against TL				
7- Net asset/liability of GBP	(4)	4	(4)	4
8- GBP risk hedged (-)	--	--	--	--
9- GBP net effect (7+8)	**(4)**	**4**	**(4)**	**4**
Assumption of devaluation/appreciation by 10% of other foreign currencies against TL				
10- Net asset / liability of other currency	--	--	--	--
11-The part protected from other currency risks (-)	--	--	--	--
12-Other currency net effect (10+11)	**--**	**--**	**--**	**--**
Total (3+6+9+12)	**3.521**	**(3.521)**	**3.521**	**(3.521)**

31 December 2022

Foreign Exchange Risk Sensitivity Analysis

	Profit / (Loss)		Equity	
	Foreign currency appreciation	Foreign currency depreciation	Foreign currency appreciation	Foreign currency depreciation
Assumption of devaluation/appreciation by 10% of USD against TL				
1- Net asset / liability of USD	(33.867)	33.867	(33.867)	33.867
2- USD risk hedged (-)	--	--	1.402	(1.402)
3- USD net effect (1+2)	**(33.867)**	**33.867**	**(32.465)**	**32.465**
Assumption of devaluation/appreciation by 10% of EUR against TL				
4-Net asset / liability of EURO	(16.612)	16.612	(16.612)	16.612
5-EURO risk hedged (-)	--	--	--	--
6-Euro net effect (4+5)	**(16.612)**	**16.612**	**(16.612)**	**16.612**
Assumption of devaluation/appreciation by 10% of GBP against TL				
7-Net asset/liability of GBP	(63)	63	(63)	63
8- GBP risk hedged (-)	--	--	--	--
9- GBP net effect (7+8)	**(63)**	**63**	**(63)**	**63**
Assumption of devaluation/appreciation by 10% of other foreign currencies against TL				
10-Net asset / liability of other currency	--	--	--	--
11-The part protected from other currency risks (-)	--	--	--	--
12-Other currency net effect (10+11)	**--**	**--**	**--**	**--**
Total (3+6+9+12)	**(50.542)**	**50.542**	**(49.140)**	**49.140**

Interest rate risk

The Group's financial assets and liabilities designated at fair value through profit and loss and the fair value hedge accounting model reported in the hedging derivative instruments (interest rate swaps) are not available. Hence, the change in interest rates will not affect profit or loss of the Group in the reporting period.

	2023	2022
Financial instruments with fixed interest rate		
Financial assets	1.313.030	268.830
Financial liabilities	85.307	489.631

Price risk

The Group's operational profitability and cash inflows generated by operations are affected in line with the competition in the cement and ready mixed concrete sector and changes in raw material prices, and the Group administration follows these price changes and takes remedial measures to reduce the pressure of costs on prices. Related risks are monitored through meetings held by the Early Detection of Risk Committee of the Group.

29.1.4 Capital Risk

While managing capital, the Group's aim is to keep sustainability of the Group's operations with the most appropriate capital structure to minimize the cost of capital and to provide earnings and benefit to its shareholders.

The Group can change the amount of the dividends to shareholders, return the capital to shareholders, issue new bonds and sell assets to reduce their debt rates in order to maintain the capital structure or to recapitalize. In parallel with other companies in the industry, the Group monitors the capital with reference to the debt/equity ratio. This ratio is calculated by dividing the net debt by equity. Net debt is calculated by deducting cash and cash equivalents from total debt (including other financing debt).

	31 December 2023	31 December 2022
Total financial debt	85.307	489.631
Less: Cash and Cash Equivalents (Note 5)	(1.476.326)	(436.248)
Net debt	(1.391.019)	53.383
Total equity	10.151.888	8.544.333
Debt / equity ratio	**(14%)**	**1%**

29.1.5 Fair value of financial instruments

The Group determines the fair values of financial instruments by using its current market data knowledge and appropriate valuation methods. However, since judgement may be required in determining fair value, fair values may not reflect the amounts that may appear in the existing market. Considering that the fair values of the financial assets and liabilities, including receivables from cash and banks, other financial assets and other short-term financial liabilities, which are measured at amortized cost using the effective interest method interest, are short-term in nature and the possible losses may be immaterial, the Group administration has assessed that they are close to their reported values.

30. FINANCIAL INSTRUMENTS (DISCLOSURES FOR FAIR VALUE AND HEDGE ACCOUNTING)

Classification of Financial Instruments

Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced sale or liquidation, and is best valued by a quoted market price, if one exists.

The methods and assumptions below are used for estimating the fair values of financial instruments whose fair values can be determined.

Financial assets

It is accepted that the fair values of foreign currency balances which are translated from the year end rates are close to the carrying amounts. Cash and cash equivalents are shown with their fair values. It is also assumed that the current market values of trade and related party receivables are close to the carrying amounts of their fair values as they are short dated.

Financial liabilities

Trade payables, due to related parties and other financial liabilities are estimated to be measured at amounts close to their fair values at amortized cost; and the fair value of foreign currency balances translated with year-end exchange rate is accepted as being close to their reported values.

31. FEES IN RESPECT OF SERVICES PROCURED FROM THE INDEPENDENT AUDITOR/INDEPENDENT AUDITING BODY

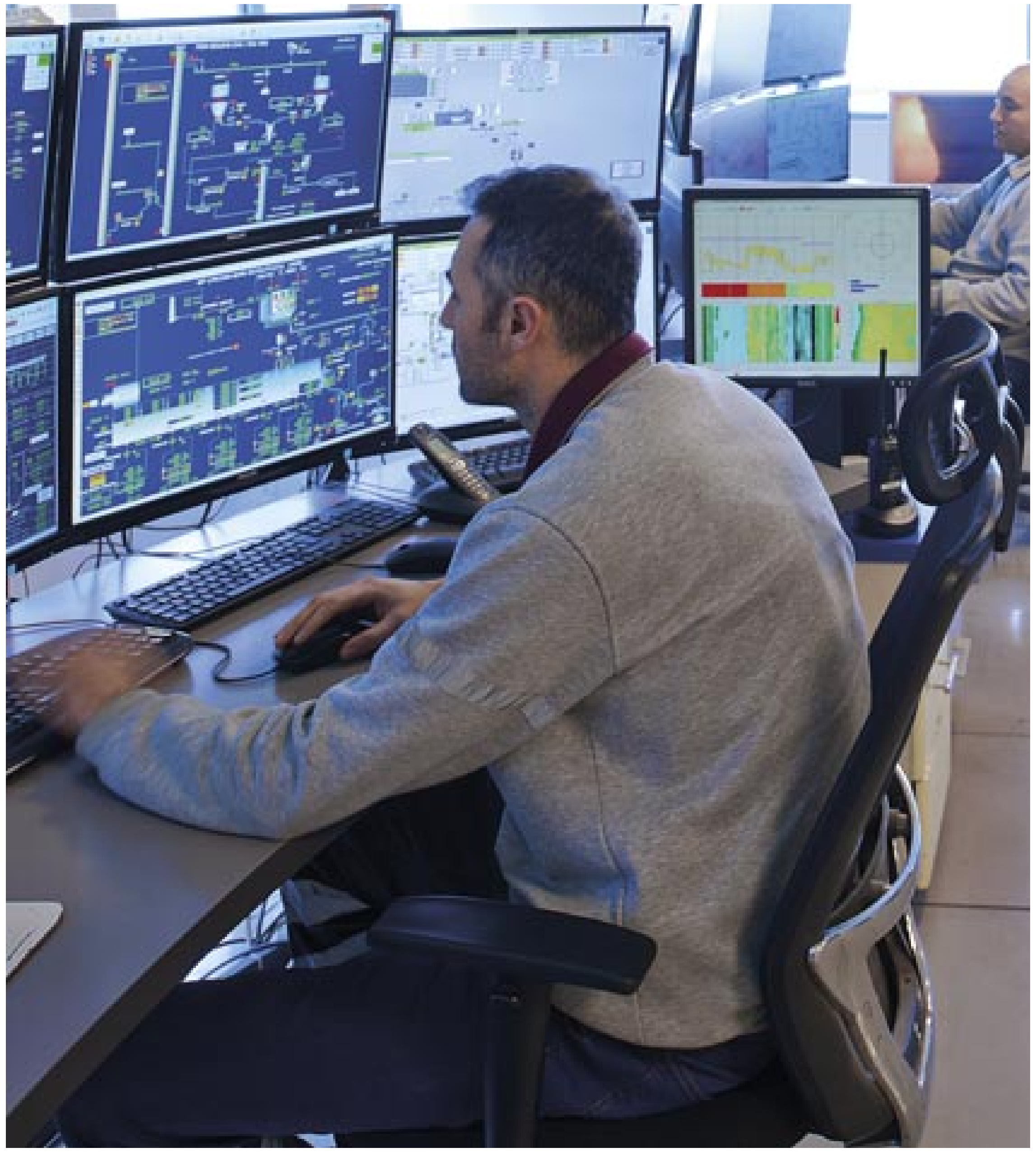
The Group's declaration concerning fees for services rendered by independent auditing bodies that it has prepared on the basis of the KGK's Board Resolution promulgated in the repeat edition of the Official Gazette dated 30 March 2021 and guided by the rules in the KGK's letter of 19 August 2021 is as follows:

	31 December 2023	31 December 2022
Independent audit fees for the reporting period	2.535	2.781
Other assurance services	522	114
	3.057	**2.895**

32. SUBSEQUENT EVENTS

Following the rejection of objections made during the suspension process against the 1/25000 scale Izmir Metropolitan Municipal Environmental Plan Amendment, which was approved by decision 2023/970 E of the Izmir Metropolitan Municipality dated 15 September 2023, a case was brought by Çimentaş on 6 February 2024 requesting that enforcement of decision 1300 of the Izmir Metropolitan Municipal Council of 15 December be stopped and annulled. The lawsuit is currently being heard in the administrative courts.

Following our disclosure of special circumstances entitled "Competition Authority Investigation About Our Subsidiary" on 3 November 2023, it was announced by the competition board on 25 March 2024 that İzmir Çimento Fabrikası Türk A.Ş was included in the ongoing investigation, and the investigation process continues. As is well known, the opening of an investigation by the Competition Authority cannot be interpreted as the companies subject to the investigation violating Law No. 4054 or facing, now or in future, any criminal sanctions within the scope of the law.



2023 PROFIT DISTRIBUTION PROPOSAL

With the Board of Directors dated 18 April 2024, the Board suggest not to distribute dividends and transfer the distributable amount to extraordinary reserves to utilize the amount for investments and strengthening the financial position of the Group.

ÇİMENTAŞ GROUP

Çimentaş İzmir Çimento Fabrikası Türk A.Ş. ("Çimentaş")

Having been established as the 1st cement factory of the region in 1950, Çimentaş produces clinker in 2 kilns and cement in 4 mills located in the İzmir plant. With its 70 years of history Çimentaş is one of the fundamental establishments of the sector and the region.

Çimentaş İzmir Çimento Fabrikası Türk A.Ş. Trakya Branch ("Trakya Çimento")

Trakya Çimento was acquired from the Savings Deposit Insurance Fund in the final days of 2005 through an Asset Sale transaction. It has been structured and organized as the Trakya Branch of Çimentaş İzmir Çimento Fabrikası Türk A.Ş. Thus, Çimentaş has entered the biggest cement market of the country and has created new opportunities in terms of exports to neighbouring countries.

Çimentaş İzmir Çimento Fabrikası Türk A.Ş. Menderes Agrega Şubesi ("Menderes Agrega")

Çimentaş İzmir Çimento Fabrikası Türk Anonim Şirketi merged with Ege Kırmataş Madencilik İnşaat Lojistik Sanayi ve Ticaret A.Ş. by taking over it. After the merger, Ege Kırmataş Madencilik İnşaat Lojistik Sanayi ve Ticaret A.Ş. It was dissolved and deleted from the trade registry, and a new branch titled İzmir Çimento Fabrikası Türk Anonim Şirketi Çimentaş Menderes Agrega Şubesi was established at the headquarters of the abandoned company.

Kars Çimento Sanayi ve Ticaret A.Ş. ("Kars Çimento")

Kars Çimento joined the group in 1996 by acquisition from the Privatization Administration in accordance with the concept of "corporate responsibility". It is a profitable and efficient establishment in the region in terms of its economic and social situation.

Çimbeton Hazırbeton ve Prefabrik Yapı Elemanları San. ve Tic. A.Ş. ("Çimbeton")

Founded in 1986, Çimbeton A.Ş. is the leading supplier in the region of the ready mixed concrete market. The company, which indicates the place, meaning and characteristics of the RMC in the construction sector, became the most important institution of the regional market. It is one of the profitable and productive companies of the sector.

Recydia Atık Yönetimi, Yenilenebilir Enerji Üretimi, Nakliye ve Lojistik Hizmetleri Sanayi ve Ticaret A.Ş. ("Recydia")

Recydia founded in 2009, with the aim of gaining various advantages from the supply and usage of alternative fuel in order to diversify and optimize the energy resources of the Group.

The Company merged with Elazığ Altınova Çimento Sanayi Ticaret A. Ş., Bakırçay Çimento Sanayi ve Ticaret A. Ş. and Hereko Istanbul 1 Atık Yönetimi Nakliye Lojistik Elektrik Üretim Sanayi ve Ticaret A. Ş. on 31.12.2014 in accordance with Turkish Commercial Code Article 136.

Recydia Atık Yönetimi, Yenilenebilir Enerji Üretimi, Nakliye ve Lojistik Hizmetleri Sanayi ve Ticaret A.Ş. Elazığ Çimento Branch ("Elazığ Çimento")

Elazığ Çimento was acquired under a OYAK-GAMA Joint Venture in September 2006. It is one the leading establishments in terms of economic and social development of its region. The Company merged with Recydia A.Ş. in 2014 and has continued its activities as Recydia A.Ş. Elazığ Çimento Branch.

Süreko Atık Yönetimi, Nakliye, Lojistik, Elektrik Üretim Sanayi ve Ticaret A.Ş. ("Süreko")

The company was acquired by our subsidiary Recydia A.Ş. in 2009, provides waste disposal services to industrial companies and private sector enterprises in line with the principle ¨Reliable Waste Management¨ with its plant in Manisa-Kula.

Destek Organizasyon Temizlik Akaryakıt Tabldot Servis San. ve Tic. A.Ş. ("Destek")

Destek operates gas service stations and the Company is a profitable and efficient organization that creates resources for Çimentaş Education and Health Foundation with its revenues.

Çimentaş Education and Health Foundation

Çimentaş Education and Health Foundation was founded in 1986 and received tax-exempt status in 1992. Establishing an education facility as a result of new policies it has produced, the Foundation continues to provide educational support to young people.

Çimentaş İzmir Çimento Fabrikası Türk A.Ş.

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