ANNUAL REPORT 2022

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CEMENTIR HOLDING

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SUMMARY

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1 INTRODUCTION

INTRODUCTION

This report is for presentation to General Assembly Meeting of Shareholders in the Company Çimentaş İzmir Çimento Fabrikası Türk A.Ş. that is to be convened at the Company's headquarters at the address of Egemenlik Mahallesi Eski Kemalpaşa Caddesi No.4B Işıkkent Bornova-İZMİR on 15 April 2022 at 11.30 to examine and approve the Company's operating results for the period 1 January 2021 to 31 December 2021.

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 2021 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 2021,
6. Deliberation and decision about the 2021 profit/loss,
7. Deliberation and resolution about approval of the Independent External Audit Firm assigned by the Board for the year 2022 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 to 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 2021,
12. Information and deliberation concerning the donations and charities will make in the year 2022,
13. Information about guarantees given on behalf of 3rd parties,
14. Wishes, Closing.

CHAIRMAN'S SPEECH

Dear Shareholders

The effects of the Covid 19 pandemic, which affected the whole world a year ago, on human health have considerably decreased in 2022. However, some developments triggered by the pandemic continue to negatively affect the economy and social life. For example, the fact that the supply chain still cannot be restored to its pre-pandemic state continues to negatively affect global trade. The fact that energy and commodity prices first increased at a level that could not be considered normal and then fluctuated in an unusual way left industrialists in a difficult situation. Geopolitical tensions in some parts of the world and around our country, as well as the ongoing Ukraine-Russia war, have dragged not only companies but also national governments into increasingly intense uncertainties. As a result of all these, 2022 was a year in which the economies of almost all countries experienced negative developments.

The ease of access to information, technology, alternative fuels, financing and overseas customers provided by being a member of Cementir Holding, which operates on a global scale, has production in 18 countries and commercial activities in more than 70 countries, provided Çimentaş Group with significant competitive advantages in this challenging period. The strategic planning and implementation skills of the Çimentaş Group management team, the use of data-based decision-making mechanisms, and the ability of the organizational structure to rapidly adapt to changing conditions were the cornerstones of our success. The improvements we have realized in our infrastructure within the scope of our ongoing digitalization projects enable us to monitor our operations more closely and help us increase our efficiency.

Despite the global and national downturns, we continue to move forward by exceeding our budget targets. Our 2022 turnover increased 161% year-on-year to TL 4.75 billion, while EBITDA increased 205% to TL 1.12 billion. In order to sustain our success, we want to maintain Çimentaş's unique position in the market through product segmentation and business diversification. We strive to continuously create value through our agile organization that is capable of sustainable growth, respects the environment and encourages integration with local communities. We are committed to making our facilities an indispensable part of the environments in which they operate.

In order to reduce our carbon footprint, we participate in and support research and development activities coordinated by Cementir Holding. In order to create a more livable environment, we develop and implement projects that will reduce our energy and water consumption, protect the biodiversity in our environment, and ensure the utilization of domestic and industrial wastes.

We present these activities, which I have tried to summarize, and their detailed results in the 2022 Annual Report.

On behalf of the Board of Directors, I would like to extend my gratitude to our employees and all our stakeholders who strive to make each day better than the last.

Taha Aksoy
Chairman of the Board of Directors

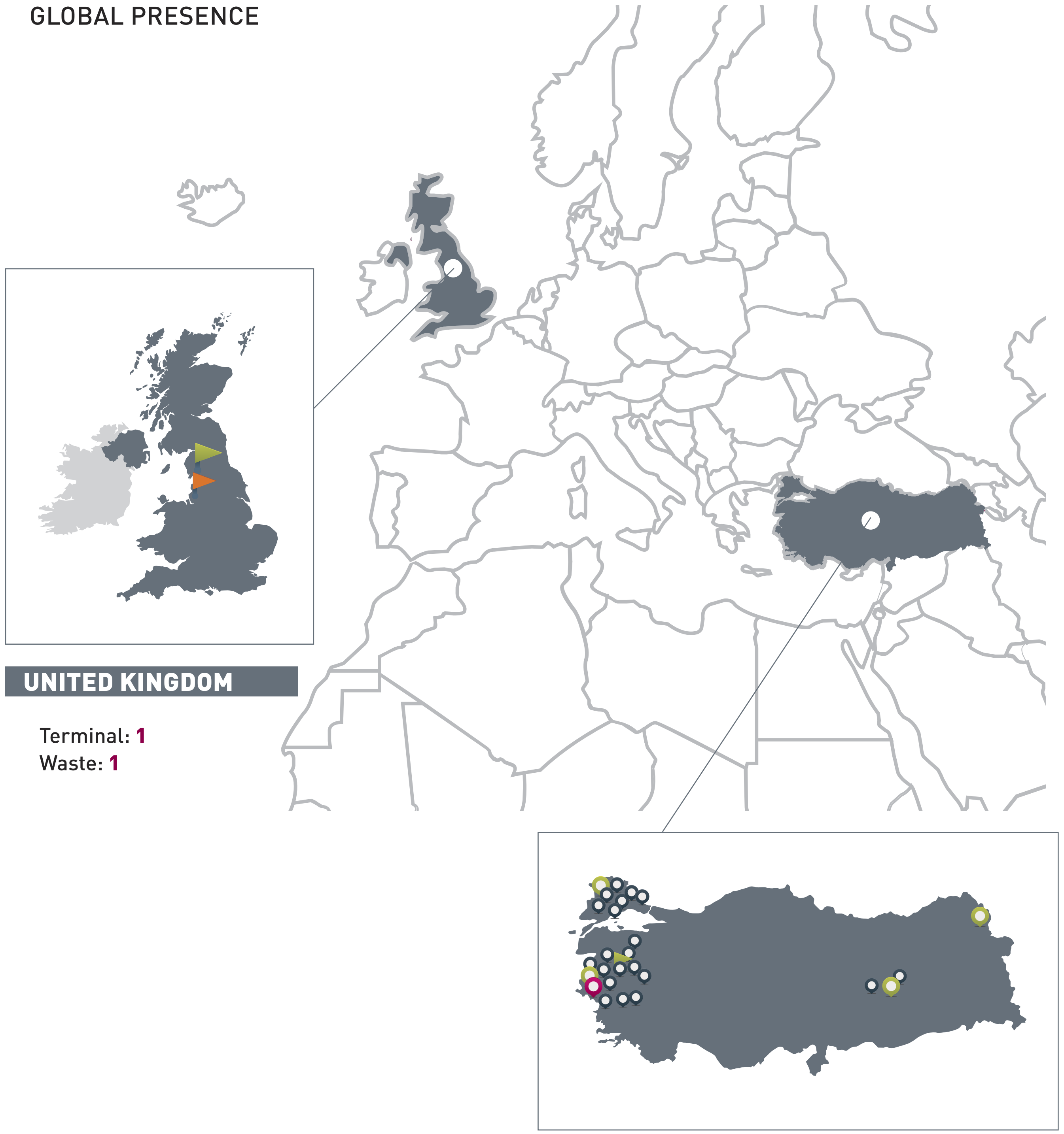
ÇİMENTAŞ GROUP

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: **1**

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.

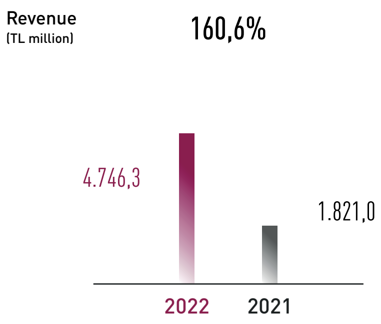
VALUE OF PEOPLE

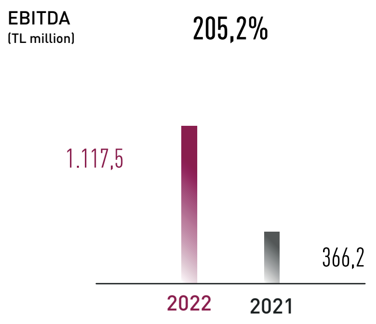
We build long-term relationships with our employees and stakeholders. We have a responsibility to ensuring a healthy and safe working environment and to recognise the merits and skills of each individual.

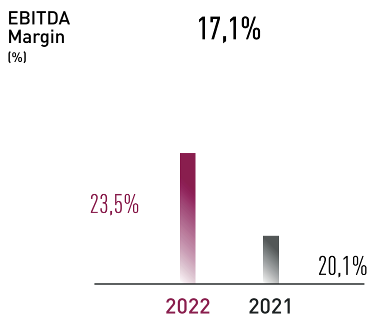
DIVERSITY AND INCLUSION

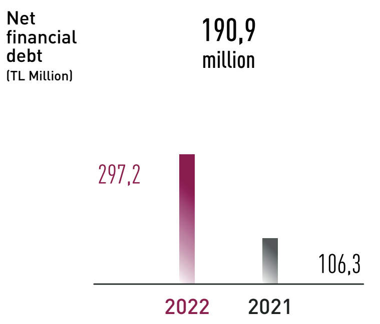
We consider diversity and inclusion a great resource. We work every day in a multicultural workplace and we value diversity at all levels of the organisation.

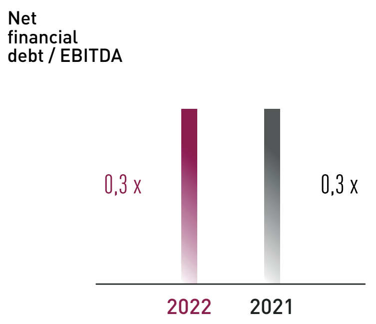
PERFORMANCE, FINANCIAL AND EQUITY HIGHLIGHTS

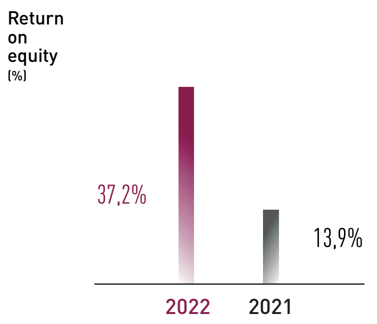












Performance highlights

('000 TL)	2022	2021	2020	2019	2018	2017
Revenue	4.746.274	1.820.999	1.141.875	813.275	970.249	868.945
EBITDA	1.117.485	366.207	37.421	(46.143)	60.041	98.235
EBITDA Margin %	23,5%	20,1%	3,3%	-5,7%	6,2%	11,3%
EBIT	997.767	284.848	(37.015)	(109.898)	3.481	38.600
EBIT Margin %	21,0%	15,6%	-3,2%	-13,5%	0,4%	4,4%
Financial income / (expense)	(119.218)	(72.232)	(24.418)	(2.186)	(21.392)	2.353
Profit before taxes	878.549	212.616	(61.433)	(112.084)	(17.911)	40.953
Income taxes	45.833	(15.272)	5.023	8.240	(29)	(33.960)
Profit / (loss) for the year	924.382	197.344	(56.410)	(103.844)	(17.940)	6.993
Profit / (loss) for the period margin %	19,5%	10,8%	-4,9%	-12,8%	-1,8%	0,8%
Group net profit/ (loss)	884.324	162.885	(35.250)	(82.756)	(5.522)	31.640
Group net profit/ (loss) margin %	*18,6%*	*8,9%*	*-3,1%*	*-10,2%*	*-0,6%*	*3,6%*

Financial and equity highlights

('000 TL)	2022	2021	2020	2019	2018	2017
Net capital employed (a)	1.319.340	991.865	837.007	870.109	930.709	912.719
Total assets	4.388.121	2.536.626	1.790.158	1.700.594	1.740.935	1.567.200
Total equity	2.487.486	1.422.915	1.144.460	1.202.613	1.234.200	1.175.934
Group shareholders' equity	2.082.687	1.152.970	904.228	940.828	1.018.495	1.021.404
Net financial debt	297.156	106.267	28.102	9.904	773	20.855

(a) Intangible assets + tangible assets + working capital

Profit and equity ratios

	2022	2021	2020	2019	2018	2017
Return on equity (a)	37,2%	13,9%	-4,9%	-8,6%	-1,5%	0,6%
Return on capital employed (ROCE) (b)	75,6%	28,7%	-4,4%	-12,6%	0,4%	4,2%
Equity ratio (c)	56,7%	56,1%	63,9%	70,7%	70,9%	75,0%
Net gearing ratio (d)	11,9%	7,5%	2,5%	0,8%	0,1%	1,8%
Net financial debt / EBITDA	0,3x	0,3x	0,8x	0,2x	0,0x	0,2x

(a) Net profit / Total equity
(b) EBIT / Net capital employed
(c) Total equity / Total assets
(d) Net financial debt / Total equity

Cash flows

('000 TL)	2022	2021	2020	2019	2018	2017
Cash flows from operating activities (CFFO)	286.322	120.576	35.242	(45.046)	(78.062)	13.844
Cash flows from investing activities (CFFI)	(110.281)	(126.608)	(13.753)	(24.518)	3.567	(28.185)
Cash flows from financing activities (CFFF)	13.676	37.793	(28.154)	77.034	112.192	(384)
Free cash flow (FCF)	189.717	31.761	(6.665)	7.470	37.697	(14.725)

Employees

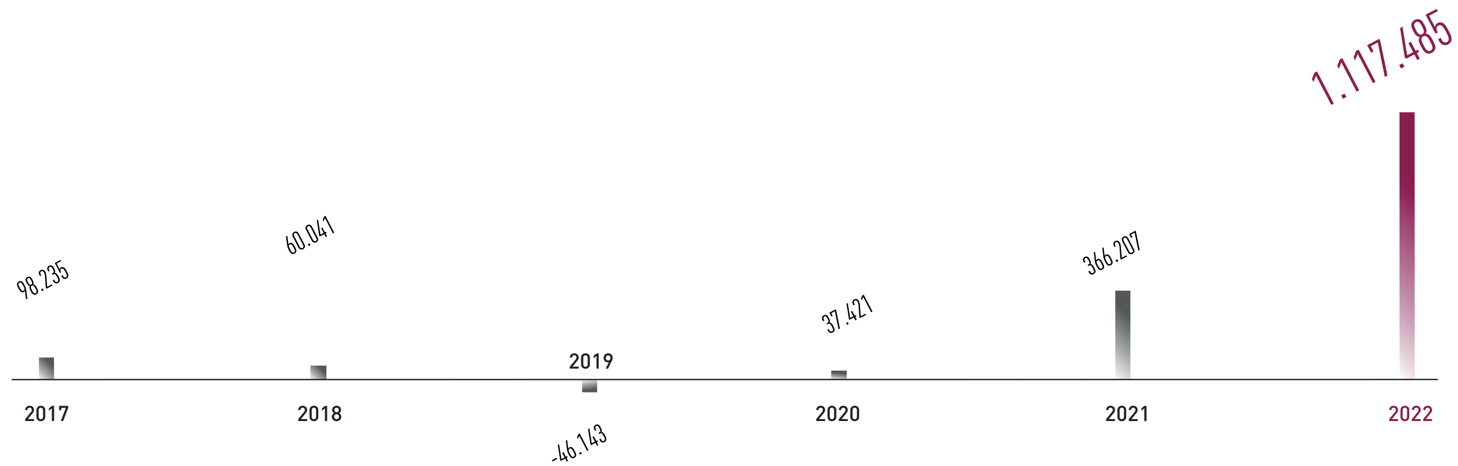
	2022	2021	2020	2019	2018	2017
Number of employees (at 31 Dec.)	774	773	748	769	819	885
Acquisitions (000 TL)	0	55.047	0	0,0	0,0	0,0
Investments (000 TL)	189.364	93.832	32.955	30.247	46.235	38.342

Sales volumes

	2022	2021	2020	2019	2018	2017
Grey cement (tonnes)	3.746.961	4.219.590	3.867.233	2.852.162	3.567.132	4.239.403
Ready-mixed concrete (m^3)	1.717.568	1.892.832	1.469.596	1.003.233	1.703.759	1.562.814

EBITDA performance

(thousand TL)



2 ANNUAL REPORT

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 – 31 December 2022..

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 – 31 December 2022 in our audit report dated 9 March 2023.

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.

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,
9 March 2023

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. 2022 ANNUAL REPORT

A- GENERAL INFORMATION

1. Accounting period

1st January 2022 - 31st December 2022

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.tr
Head office	: Işıklar Mah. Eski Kemalpaşa Cad. No: 4B Bornova İzmir Tel: +90 (0) 232 472 1050 Fax: +90 (0) 232 472 1055
Branch	: Sinanköy Mevkii Lalapaşa Edirne Tel: +90 (0) 284 1104 Fax: +90 (0) 284 323 1240
Branch	: Karakuyu Mah. 7655 sk. No: 120/1 Menderes/İzmir (*)

3. Shareholding structure and capital:

Shareholder	Shares (TL)	%
Aalborg Portland Espana SL	84.439.389,11	96.93
Other/BIST	2.673.074,09	3.07
TOTAL	**87.112.463,20**	**100**

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

First Name-Surname	Title	Term
Taha Aksoy	Chairman	15th April 2022 - 15th April 2023
Marco Maria Bianconi	Vice Chairman	15th April 2022 - 15th April 2023
Mevlüt Cenker Mirzaoğlu	Member and CEO	15th April 2022 - 15th April 2023
Pasquale Vetrano	Member	15th April 2022 - 15th April 2023
Michele Di Marino (*)	Member	19th July 2022 - 15th April 2023
İlhan F. Gürel	Member	15th April 2022 - 15th April 2023
Bahri Hüseyin Zühal	Independent Board Member	15th April 2022 - 15th April 2023
Mehmet Cemali Dinçer	Independent Board Member	15th April 2022 - 15th April 2023

(*) As of 19th July 2022, Michele Di Marino was appointed to the Board of Directors to the position vacated by Paolo Regoli's resignation.

(*) Çimentaş Izmir Çimento Fabrikası Türk A.Ş. has merged with this company by taking over Ege Kırmataş Madencilik İnşaat Lojistik Sanayi ve Ticaret A.Ş. After the merger with Ege Kırmataş Madencilik İnşaat Lojistik Sanayi ve Ticaret A.Ş., a new branch named İzmir Çimento Fabrikası Türk Anonim Şirketi Çimentaş Menderes Aggregate Branch was established at the headquarters address of the discontinued company.

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
Ercan Karaismailoğlu (*)	CFO
Enrico Friz	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 retirement of Supply Chain Director Selçuk Kuntalp, Fevzi Savrun has been appointed as the Supply Chain Director.

(**) Due to the retirement of Commercial Director Ahmet Saryal, Abdullah Doğukan Demir has been appointed as the Commercial Director.

6. Corporate Governance Committee

Bahri Hüseyin Zühal	President
Marco Maria Bianconi	Member
Onur Eraydın (*)	Member

(*) Due to the resignation of Didem Hürcan, Member of the Corporate Governance Committee, Onur Eraydın has been appointed as a Member of the Corporate Governance Committee.

7. Audit Committee

Bahri Hüseyin Zühal	President
Mehmet Cemali Dinçer	Member

8. Risk Committee

Mehmet Cemali Dinçer	President
Marco Maria Bianconi	Member
Ercan Karaismailoğlu	Member

9. Personnel

755 employees, including executives, were working in Çimentaş Group Companies as at 31st December 2022. If we include Neales Waste Management Holdings Ltd. located in the UK and controlled by Recydia A.Ş, which employs 19 staff, our total number of staff members is 774.

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	Shares (TL)	%
Kars Çimento A.Ş.	213.194.408,92	41.55
Çimbeton A.Ş.	890.042,00	50,28
Recydia A.Ş.	180.160.293,00	23.72
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 4.000 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 Çimentas group is 27.916.836 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 2022 was 21.515.778 TL.

C- R&D ACTIVITIES

R&D activities have been carried out at Çimentaş 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 the optimum usage rate was determined. By increasing the use of synthetic gypsum, natural gypsum resources will be protected, and a 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 the textile sector can substitute raw materials used in clinker production processes. The aim is to reduce the use of clay by replacing it with bottom ash. In this way, the bottom ashes that are formed are not only brought into the economy but the bottom ashes are also prevented from being stored in nature, causing environmental pollution. Low Alkaline
Product Development	İzmir	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. In particular, this is preferred for projects which will be exposed to sea water and/or groundwater.

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Scope	Plant	R&D activity
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. Increasing the Use of
Environmental Protection, Cost Reduction	Çimentaş Group	Alternative Fuels and Alternative Raw Materials: The aim is to increase the use of alternative fuels and alternative raw materials, as this will reduce production costs and have positive effects on the environment.
Product Development, Cost Reduction	Çimentaş Group	Optimising Cr+6 Reduction: The aim is to produce low Cr+6 content clinker, sulphate consumption in bag cements. For this purpose alternative raw material sources were investigated to determine their heavy metal contents. Raw mix designs were created with alternative raw materials. Different clinker and cement production scenarios were studied separately for each plant and an optimal Cr+6 reduction plan was determined.

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 considered, 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 to define the best optimization projects according to facility needs and group requirements. Improvement projects based on legislation and regulations were determined and prioritised and implementation-based plans were made. Within the scope of this planning phase, investments totaling 179.415.355 TL were made in cement factories and aggregate and concrete facilities in 2022. The breakdown of investments by company is as follows:

Company Name	Total Investment (TL)
Çimentaş	74.531.538
Elazığ Çimento	19.617.299
Kars Çimento	13.244.897
Trakya Çimento	28.362.696
Çimbeton	43.658.925
Total	**179.415.355**

Information on the investments completed in 2022 is given below.

- At the İzmir Plant; Annual revision activities in clinker production lines 1 and 3 and cement mills have been completed. During the revision periods, planned investment activities were completed as a basis for increasing the efficiency of existing equipment and improving operating conditions. With the expert control system investment for clinker production line no. 3, the aim is to reduce the production costs of the existing system, to operate continuously at optimum production capacity, and to increase its reliability at the same time. In addition, investments that will serve the scope of industry 4.0 in auxiliary units and investments within the scope of digitalization have been made. In addition, frequency control systems and control systems of clinker production lines no. 1 and 3 were modernised. Within the scope of environmental investments, improvements based on dust emission values continued in accordance with regulations on dust collection systems. In order to increase the alternative raw material feeding capacity for cement mills, an additional storage silo investment was initiated, and the aim is for this to be completed in the first quarter of 2023. A new stock area has been built for the alternative fuel supply system, and the reliability of the system has been increased with the investments made in the supply system. In addition, within the scope of renovation works at the plant site, approximately 3000 m^2 of roof of the warehouse was renewed. The aim is to reduce the risk level that may arise during system operation by supplying strategic spare materials for the equipment at the plant site. In addition, necessary investments were made in the quarry sites in the aggregate unit. SAP system integration of the facility has been completed. The installation of the new weighing system has been completed.
- At the Edirne Plant; Annual revision activities of clinker and cement production lines have been completed. In addition, the fly ash feeding system, which is based on increasing the variety of cement products and using waste raw materials, has been commissioned. Improvements based on dust emission values continued with the arrangements in dust collection systems. In addition, investments that will serve the scope of industry 4.0 in auxiliary units and investments within the scope of digitalization have been made. The aim is to reduce the risk level that may arise during system operation by supplying strategic spare materials for the equipment at the plant site.
- At the Elazig Plant; The main investments were made to reduce energy consumption in raw material grinding units. Annual maintenance activities on the clinker production line were completed in order to maintain the current factory conditions, and during these maintenance works, improvements based on dust emission values were continued in accordance with the regulations on dust collection systems. Investments have been made within the scope of factory site renovation and environmental arrangements have been continued. At the same time, improvements were made to the mechanical system of the overhead crane unit used in the clinker and raw material stock halls. The aim is to reduce the risk level that may arise during system operation by supplying strategic spare materials for the equipment at the plant site.
- At the Kars Plant; Annual revision activities in clinker and cement production lines have been completed in order to maintain the current factory conditions. Mechanical and automation improvements have been completed in the mobile crane unit used in the clinker and raw material stock areas. The aim is to reduce the risk level that may arise during system operation by supplying strategic spare materials for the equipment at the plant site.
- At the Çimbeton division; Three new truck mixers were purchased to be included in the site's fleet. Based on the growth targets, a new ready-mixed concrete facility was purchased in Aliağa. The capacity-increasing project at the Urla facility continues. Facility renovation works were continued to improve the working conditions of all our employees at all RMC facilities and RMC operations, and activities to minimise the risk of contamination were carried out.

In addition, investments that will contribute to decreasing energy consumption and increasing efficiency at the İzmir and Edirne factories, and investments in environmental improvements at all our facilities, especially at the İzmir and Elazığ factories, were focused on. To improve follow-up and action processes in occupational health and safety, a new piece of OHS software has been integrated into the system, covering four factories and ready-mixed concrete facilities. To increase the site safety of the plants, including the ready-mixed concrete facilities of four factories, the investment in the entrance control system to the factories was integrated into the existing system.

As part of the Cementir 4.0 project supported by Cementir Holding N.V ("Cementir Holding"), the installation of expert process control systems continues at the İzmir Plant.

In 2023; Projects that will contribute to the reduction of production costs through the improvement of current factory performance, energy use and efficiency and which will yield rapid results, will be continued.

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 as well as 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 a positive report.

Information about lawsuits filed against the Company is provided 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 ruling No. 44649743-663.09-286-8709 dated 2nd September 2014 ("Ruling") published on the weekly bulletin of the Capital Markets Board (CMB) on 29th August 2014 and served to the Group on 5th 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 20th 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 20th March 2009.

Upon receipt of 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 within the legal period of 60 days, it was considered rejected and the Group was informed of the CMB's rejection response after the completion of the 60 day period.

A lawsuit was filed against the CMB on 30th December 2014 for reversal of the decision with 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 2nd September 2014, concerning the taking of the necessary measures to return to the company within three months at the latest 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 2022 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 2022 is 3,784,882 TL. The total amount of donations made on behalf of the Company in 2022 was 1,312,906 TL, consisting of 1,307,339 TL in cash and 5567 TL as commodities.
The donation amounts are within the limits of the donation power received at the 2021 Ordinary General Assembly.

5. Information on production and sales

Although there are seasonal and market differences in terms of the regions in which the Group operates, in 2022, the total domestic cement sales amount decreased by 10% and the foreign sales amount decreased by 19.62% compared to the previous year, and the total cement sales amount decreased by 11.20 %.
Within this context, total group sales decreased by 9.26% compared to the same period of the previous year.

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

More than 50% of the costs of all enterprises in the sector and our company on a regional basis constitute energy, including fuel and electricity. Therefore, energy management and its cost are sensitive to the sector, and the upward changes in coal and petroleum coke prices and/or exchange rates and the increases in electricity prices adversely affect the capacity utilization and competitiveness of the sector. Although an increase in coal and petroleum coke prices is not expected in USD terms, the exchange rate effect is expected to have negative effects.
The surface area of the buildings, for which construction permits were granted by the municipalities in 2021, increased by 24.1% compared to 2020. In 2022, compared to the same period a year ago, there was a 7.1% decrease in the area of buildings for which construction permits were granted by the municipalities.
Besides the effects of the unexpected and temporary Covid-19 epidemic; 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 for the sector is the licensing and sustainability of raw material sources. Both legal and practical developments in these matters are followed carefully.
Urban transformation projects to be realised within the framework of the enacted "Law on Transformation of Areas Under Disaster Risk" are seen as one of the most important potential directions ahead of the sector.

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 follows:

Ratio	2022/12	2021/12
Current Ratio	1.12	0.93
Liquidity Ratio	0.80	0.64
Liabilities/Assets	0.43	0.44
Liabilities/Equity	0.76	0.78
Equity/Assets	0.57	0.56
Profitability by sales	0.17	0.18

When the consolidated financial statements of Çimentaş Group as of 31st December 2022 are analysed, it is seen that the Group's performance has improved compared to the previous year. The gross sales profit, which was 320.040.862 TL in 2021, was realised as 786.121.912 TL in 2022. In addition, while the consolidated operating profit was 37.966.694 TL, profit before tax was 212.615.690 TL and net profit for the period was 197.343.939 TL in 2021, profit was obtained in all items mentioned in 2022, and the operating profit is 294.960.568 TL, profit before tax is 878.549.000 TL and net profit for the period is 924.382.000 TL.
This improvement in the Company's performance is expected to continue in 2023.

- 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., recognises this policy and supports the company's application of it with the aim of using equity capital for cost-decreasing investments. This approach is effective in making the profit margin sustainable. Our company, by distributing profit across the market conditions via ready money or free stock certificates, creates a higher premium performance for its partners by increasing the share value.
As per the decision of the General Assembly dated 15th April 2022, 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 specialised groups in accordance with the main shareholder's policies.
As of 31st December 2022, Çimentaş shares with a nominal value of TL 2,152,727.83 are 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 existing risk management skills and align with article 378 of Turkish Commercial Code, a "Risk Committee" was formed within Çimentaş in November 2012. The committee members are Mr Mehmet Cemali Dinçer, Mr Marco Maria Bianconi and Mr Ercan Karaismailoğlu for 2022. 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.

G- RELATED PARTY TRANSACTIONS

Details of major goods and service sales to related parties as of 31st December 2022 are as follows ;

- Cement and clinker sales to Spartan Hive SpA amount to 532,520,437 TL.
- Land sales amounting to 43,735,000 TL, ready-mixed concrete sales amounting to 800,518 TL and fuel oil sales amounting to 184,440 TL were realised to Yapıtek Yapı Teknolojisi Sanayi ve Ticaret A.Ş.

Details of major goods and service purchases from related parties as of 31st December 2022 are as follows:

- Raw material and spare part purchases from Spartan Hive SpA amount to 30,708,114 TL.
- The royalty fee charge from Cementir Holding N.V amounts to 39,877,407 TL.
- Consultancy services from Aalborg Portland Holding A/S amount to 18,115,622 TL.
- Goods purchases and consultancy services taken from Aalborg Portland A/S amount to 9,128,554 TL.

A more detailed explanation of transactions with related parties can be found in the Disclosure Note 4 "Related Party Disclosures" of the Financial Report dated 31st December 2022.

REPORT ON THE APPLICATIONS OF CORPORATE GOVERNANCE PRINCIPLES

SECTION I- DECLARATION OF COMPLIANCE WITH CORPORATE GOVERNANCE PRINCIPLES

During the year 2022, our Company has implemented all the necessary corporate governance principles contained in the annex of the provisions communiqué related to the determination and implementation of Corporate Governance Principles II-17.1 of the Capital Markets Board. There are non-compulsory principles, some of which are contained in the Turkish Commercial Code and some which 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 the 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 authorised person is Onur Eraydın who has a Capital Market Activities Level 3 License numbered 909667. This department can be reached via email under onureraydin@cimentas.com or by phone under +90 (0) 232 472 10 50.

More than 70 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 developments concerning the utilisation 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 as per 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 2021 was held on 15th April 2022 and 98% participation was recorded at the Ordinary General Assembly for the year 2021. Before the General Assembly meeting, the agenda, information about company activities and 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 the 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 the 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 General Assembly meetings are made permanently available for shareholders to review at the company headquarters.

2.4 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. Therefore, after deduction of taxes and legal liabilities, as well as losses of past years, from the net profit and after the allocation of 5% legal reserve as per article 519 of the Turkish Commercial Code and 50% for the first dividend under the 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 the 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 is featured in the annual report.

SECTION IV- STAKEHOLDERS

4.1 Information on 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 personnel in management and disclosures has been established, expectations, complaints and suggestions from personnel and customers are collected through surveys and enquiries conducted with personnel and 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 into the future re acquired by correctly identifying the skills skills and competencies needed by the organisation. To use the right tools during the selection period and to ensure that decisions are taken without discrimination in accordance with our equal opportunity principle.
(ii) Training;	Organisation of training and development activities for the purpose of developing the technical skills and leadership competencies of existing human resources to support our sustainable growth. Development of special and structured programs for the development and retention of potential employees in the organisation.
(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 labour markets and inflationary dynamics.
(iv) Activities which increase motivation and communication	Creating a working environment where our employees will feel safe and motivated; prioritising 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 wish to apply for a job. Job applications are collected through our website and online sites that are easily accessible to everyone. Job-specific pre-selection criteria specified in job descriptions are applied to all applications in the same way and candidates who meet the pre-selection criteria are subjected to predefined standardized tests and selection tools and their results are taken into consideration.

Translated with www.DeepL.com/Translator (free version)Training courses aimed to increase 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 processes for managerial positions. In addition, planned collective training courses are carried out in accordance with the functions and team needs.

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

A Collective Labour Agreement of the Cement Industry Employers' Union is applied across 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 recognised by the employer in accordance with the provisions of this agreement and legislation, ensuring the protection of the rights and legal position of employees,

iii. 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 systems 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 to 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 a gross salary, and there are fringe benefits such as short-term incentive systems, company vehicle, private pension with contribution and 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 emails. 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 training courses and reminders are offered 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 F. 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 are included in accordance with 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 his master's degree at the same university. He started his 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, graduated with an MBA from the New York University Stern School of Business, class 1996, Finance major. He graduated with honours in Economics and Commerce from LUISS University in Rome in 1988 and has been a Chartered Accountant since 1989 and Certified Public Accountant since 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 has been Head of M&A and IR. He is Chairman of the BoD of China, Malaysia and the US subsidiaries and member of the BoD of various operating companies.

Previous work experiences include eight 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 the 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 on the whole of sales and marketing responsibility in Çimentaş Group.

In 2015, he became General Manager of Çimko Cement&RMC Company and after two years he was appointed as CEO and Board Member. He was responsible for the transformation of the company. Currently, he is the CEO and a Board Member of Çimentas Group in Turkey.

Pasquale Vetrano, graduated in Electrical Engineering from the Federico II University of Naples with an 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 this period, he held a wide range of 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 in 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 (Turkey) and CCB (Belgium) as Designated Board Member of Cementir Holding.

Michele Di Marino, graduated in Business Administration from 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 joined 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, he joined Aalborg Portland in Copenhagen as Commercial and Business Development Director in the Nordic & Baltic Region.
In 2017, he moved to Cementir Holding in Rome as Group Chief Sales, Marketing & Commercial Development Officer where he coordinates 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 works 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 included establishing offices and companies abroad, analysing and preparing pre-marketing research, and developing related business strategies.
Bahri Hüseyin Zühal, who continued his 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-Turkey, 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 an MSc degree in Industrial Engineering and then an 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 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 to 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 in office.
Dr. Dinçer has received many awards, including by Stanford University, as well as published numerous scientific articles and books in international and national journals.
Since the Candidate Presentation Committee has not been formed, Mr. Bahri Hüseyin Zühal and Mr. Mehmet Cemali Dinçer, who have been identified by the 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 8th March 2023 and were approved at the Board of Directors Meeting on 9th March 2023. Independent members presented their independency statements in accordance with relevant legislation, and they have preserved their independence criteria.
The provision of the status of members of the Board of Directors and company managers to individuals outside the company is regulated by the corporate Code of Ethics.
Since Members of the Board of Directors have no duty outside the group organisation, 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, the 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 the 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 Ercan Karaismailoğlu 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 with regard to Sustainability Principles	Compliance Status					Description
	Yes	Partially	No	Exempted	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 guide the Group's business and therefore also Çimentaş business, over the next decade. The targets are related to the Group's efforts to adopt 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 local communities and business partners.
ESIM Policy has been created in compliance with priority issues, risks and opportunities defined by the 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 Labour Ethics are available.
A Board resolution has been taken for ESIM policies and disclosed to the public.			X			
A partnership strategy has been defined in compliance with ESIM policies, risks and opportunities.			X			
Short- and long-term aims in compliance with the partnership strategy and ESIM policies have been identified and disclosed to the public.			X			

Notice of Compliance with regard to Sustainability Principles	Compliance Status					Description
	Yes	Partially	No	Exempted	Irrelevant	
A. GENERAL PRINCIPLES						
A2. APPLICATION/MONITORING						
Committees and/or units responsible for governing ESIM policies have been defined and disclosed to the 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, globally and locally, 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 reports related to the activities they have developed within the scope of ESIM policies.		X				
Reports have been submitted to the Board of Directors at least once a year, within a maximum period of time, which has been determined for disclosing annual activity reports to the public.			X			
Application and action plans have been created in line with the short- and long-term aims defined and disclosed to the public.			X			
ESIM Key Performance Indicators (KPG) have been determined and indicators have been comparatively disclosed on the basis of years.	X					This aspect is managed at Group level. On a quarterly basis, the main sustainability KPIs (CO_2 emissions, energy consumption, water consumption, safety KPIs, training hours) are collected and monitored. On a yearly basis, the consolidated sustainability KPIs are published in the Cementir Group Sustainability Report.
In the event that verifiable qualified data are available, KPGs have been presented together with local and international sector comparisons.	X					This aspect is 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 aforementioned target covering greenhouse gas emissions from company operations (Scopes 1 and 2) is 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 have individual goals for each subsidiary, including for Çimentas.
Innovation activities that reform sustainability performance, realise business processes or products and services have been disclosed.	X					This aspect is managed at Group level. The Group developed FUTURCEMTM. 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 high- performance cement with an up to 30% lower carbon footprint compared to ordinary Portland cement. And the low carbon benefits of FUTURECEM™ are achieved while preserving the strengths and quality of cement. In 2021, Cementir started the distribution of FUTURCEM in Northern Europe.

Notice of Compliance with regard to Sustainability Principles	Compliance Status					Description
	Yes	Partially	No	Exempted	Irrelevant	
A. GENERAL PRINCIPLES						
A3. REPORTING						
Sustainability performance, aims and actions have been reported at least once a year and disclosed to the 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 Çimentaş is also included.
Information concerning sustainability activities has been disclosed within the scope of the activity report.	X					
Important information regarding understanding of the position, performance, and development of partnerships with shareholders have been shared directly in a concise format (further detailed information and data is posted on the corporate website and different reports which directly meet the needs of different shareholders are prepared, etc.).	X					
Maximum care has been taken to maintain transparency and reliability in reports and descriptions.	X					
All developments concerning priority issues in statements and reporting have been disclosed objectively within the scope of keeping a balanced approach.	X					
Information was provided regarding which of the activities conducted are involved in which of the United Nations (UN) 2030 Sustainable Development Goals.		X				As of 2019, Cementir set 26 Sustainability Targets, aligned with the United Nation's Sustainability Goals (SDGs), that will guide the Group's business and therefore also Çimentaş' business, over the next decade. Every year, Cementir Group publishes a Group Sustainability Report which contains a status report for each target.
Statement concerning lawsuits filed and/or finalised 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 instruments are being released.
A4. VERIFICATION						
Sustainability performance measurements have been verified by independent third parties (independent sustainability assurance providers) and have been disclosed to the public.	X					Aspects managed at Group level. Every year, Cementir Group publishes a Group Sustainability Report. The report is supported by the independent assurance of external auditors (PwC). The report consolidates the information on the entire Cementir Group and Çimentaş is also included.
An effort was made regarding increasing the aforementioned verification transactions.						This matter is being assessed by the Board of Directors.

Notice of Compliance with regard to Sustainability Principles	Compliance Status					Description
	Yes	Partially	No	Exempted	Irrelevant	
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					The Cementir Group holds an ISO 14001 certificate. Information concerning policies and practices in the field of environment management are included in consolidated reports prepared by the Group on a global basis.
Laws related to the environment and other relevant regulations have been harmonised and this situation has been disclosed.	X					
Limit, reporting period, reporting date of the environmental report prepared within the scope of our sustainability principles, data collection process and restrictions related to reporting conditions are contained in the report prepared within the scope of our sustainability principles.	X					The aforementioned information is included in consolidated reports prepared by the Group on a global basis.
Top level responsibilities related to environmental matters and climate change in partnerships, 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 to management with regards environmental matters, including the realisation of aims, have been disclosed.	X					The sustainability roadmap has been determined and management approval has been obtained.
How environmental issues are integrated with business aims and strategies has been disclosed.	X					
Sustainability performance regarding business processes or products and services and activities which improve such performance have been disclosed.	X					
Not only with respect to direct operations, but also considering the partnership value chain, how environmental matters are managed and how suppliers and customers are integrated with strategies has been disclosed.		X				
We have been involved in the policy creation process in environmental matters (sectoral, regional, national and international).	X					Participation in Committees that are related with "Türk Çimento".
Cooperation with duties obtained from, and operations supported by, associations, relevant institutions who have been members in environmental matters, and STKs have been disclosed.		X				Cooperation is realised in environmental matters with various STKs, which are 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) and scope-3 have been reported comparably and periodically.	X					The aforementioned information is included in consolidated reports prepared by the Group on a global basis.

Notice of Compliance with regard to Sustainability Principles	Compliance Status					Description
	Yes	Partially	No	Exempted	Irrelevant	
B. ENVIRONMENTAL PRINCIPLES						
The standards, protocols, methods and starting year details used to collect and calculate data have been disclosed.	X					
The situation of environmental indicators for the report year have been disclosed together with former years for comparison in order to demonstrate increases and decreases.		X				
Short- and long-term aims with a scientific basis, as suggested by the United Nations Climate Change Parties Conference, have been determined in order to decrease environmental effects and such aims have been disclosed.	X					
Information was provided in connection with the proceedings realised during the report year in accordance with the aims (if any) defined previously in order to decrease environmental effects.	X					
Strategy and actions intended to combat the climate crisis have been disclosed.	X					
Programs or procedures to prevent or minimize potentially adverse effects of products and/or services presented, have been disclosed.		X				
Actions third parties have taken to reduce 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 aforementioned target covering greenhouse gas emissions from company operations (Scopes 1 and 2) is 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 have individual goals for each subsidiary, including for Çimentas.
Total number of actions taken, projects conducted and attempts to reduce environmental effects, and the environmental benefits/gains and cost savings these have provided for have been disclosed.		X				
Total energy consumption data. except raw material consumption. have been reported and energy consumption has been disclosed as Scope-1 and Scope-2.	X					
Information about electricity, heat and cooling produced and consumed in the reporting year was provided.	X					
Studies have been conducted on matters of increasing the use of renewable energy, transition to electricity with zero or lower carbon emissions and these studies have been disclosed.			X			

Notice of Compliance with regard to Sustainability Principles	Compliance Status					Description
	Yes	Partially	No	Exempted	Irrelevant	
B. ENVIRONMENTAL PRINCIPLES						
Data on the production and utilisation of renewable energy have been disclosed.			X			Production or consumption of renewable energy is not available.
Energy productivity projects have been implemented and the reduction in energy consumption and emissions these studies have achieved has been disclosed.	X					
The amount of groundwater and surface water extracted , used, recycled and discharged, as well as resources and procedures used, including water extraction by resource, water resources affected by water extraction, and the percentage and total volume of water recycled and reused, has been reported.	X					
Whether operations or activities conducted are included in any carbon pricing system, such as the Emission Trade System, Cap & Trade or Carbon Tax, has been disclosed.	X					
Information on any carbon credit accumulated or purchased during the reporting period has been disclosed.			X			Accumulated or purchased carbon credit is not available.
If carbon pricing is applied within a partnership, details of the 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 is published have been disclosed.		X				
C. SOCIAL PRINCIPLES						
C1. HUMAN RIGHTS AND LABOUR RIGHTS						
Corporate Human Rights and Labour Rights Policy has been created, where full compliance to the Universal Declaration of Human Rights, ILO Conventions approved by Türkiye and legal frameworks and legislation regulating human rights and working life has been committed to.	X					
The aforementioned policy and roles and responsibilities related to practicing such a policy have been disclosed to public.		X				We have a Human Resources Policy but relevant roles and responsibilities have not been disclosed.
Opportunity Equality has been provided for in the recruiting process.	X					
Inclusion issues, such as fair labour force, improvement of labour standards, woman employment, where distinctions based on sex, religious belief, race, ethnicity, age, disability, refugee status are not made, and supply and value chain effects are also observed, have been included in present policies.	X					
Measures taken regards the value chain on the matter of observing the rights of disadvantaged groups (low income, women, etc.) sensitive to certain economic, environmental, social factors or minority rights/equal opportunity, have been disclosed.		X				Measures regarding the observation and protection of equal opportunities in human resources management are taken and any statement related to this matter was not released.

Notice of Compliance with regard to Sustainability Principles	Compliance Status					Description
	Yes	Partially	No	Exempted	Irrelevant	
C. SOCIAL PRINCIPLES						
C1. HUMAN RIGHTS AND LABOUR RIGHTS						
Developments related to preventing and correcting discrimination, inequality, human rights violations, enforced employment have been reported.	X					Such reports are submitted to the Group. As of 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 the obligation not to employ child labour have been disclosed.		X				Regulations regarding the obligation not to employ child labour are available and any statement related to this matter was not released.
Employees have been informed of investments made in training and development and related policies in connection with indemnifications, side benefits recognition, right of unionization, work/life balance solutions and competency management.		X				The policies in question are available and any statement related to this matter was not released.
Mechanisms related to workers' complaints and the settlement of disputes have been created.	X					
Activities conducted regarding ensuring workers' satisfaction have been regularly disclosed.		X				Studies related to workers' satisfaction are ongoing and such activities are shared within company
Occupational health and security policies have been created and disclosed to public.	X					
Measures taken to prevent labour accidents and incident statistics have been disclosed for the purpose of protecting the health and safety of workers.		X				Measures to prevent labour accidents and protect workers' occupational health are taken and any statement related to this matter was not released.
Policies for the protection of personal data and data security have been created and disclosed to public.	X					
An ethics policy, in which work, working ethics, compliance processes, advertisement and marketing ethics, right to be informed etc. are included, have been created and disclosed to public.	X					This aspect is 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 the Group, a Group Ethics Committee composed of the Group General Counsel and the Group Chief Internal Audit Officer has been established. The Ethics Committee issue a 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 on the Group website, by sending a letter, an email or by using other dedicated channels.
Studies within the scope of social investment, social responsibility, financial comprehensiveness and access to finance have been disclosed.		X				This Company supports social responsibility projects which are currently underway, and any statement was not released on this matter.
Information meetings and training programs have been arranged for employees on the matters of ESIM policies and applications.		X				

Notice of Compliance with regard to Sustainability Principles	Compliance Status					Description
	Yes	Partially	No	Exempted	Irrelevant	
C2. PARTNERS, INTERNATIONAL STANDARDS AND INITIATIVES						
Activities in the field of sustainability have been conducted upon considering the 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 resolving customer complaints, has been developed and disclosed to the public.		X				This Company holds a customer satisfaction policy, and any statement was not released on this matter.
Partner communication was conducted continuously and in a transparent manner.	X					
Which partners were contacted, for what purpose, on what matter and how frequently, and developments achieved in sustainability activities, have been disclosed.		X				Partners are contacted within the 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 the public.	X					Aspects managed at Group level. **CDP:** In 2021, the parent Company, Cementir Holding received an 'A-' rating for the management of climate change issues, and a 'B' rating for the management of water consumption. Cementir disclosed to the CDP the data of the overall Group, thus the data related to Çimentas was also 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 **TCFD:** recommendations.
International establishments or principles such as the Equator Principles, United Nations Environment Program Finance Initiation (UNEP-FI), United Nations Global Causes (UNGC), United Nations Principles of Responsible Investment (UNPRI) which we are an executor or member of and international principles adopted such as the International Capital Markets Association (ICMA), Green/Sustainable Bill Principles have been disclosed to the public.					X	Any international establishment/cause/principle which we are an executor or member of is not available within the scope of ESIM.
A concrete effort was made to take part in international sustainability indexes such as the Stock Market İstanbul Sustainability Index and Dow Jones Sustainability Index, FTSE4Good, MSCI ESIM Indexes.		X				This matter is assessed by the Board of Directors

Notice of Compliance with regard to Sustainability Principles	Compliance Status					Description
	Yes	Partially	No	Exempted	Irrelevant	
D. CORPORATE MANAGEMENT PRINCIPLES						
A concrete effort was made to comply with all Corporate Management Principles beside those Corporate Management Principles to which compliance is mandatory within the scope of Capital Market Board Corporate Management Notification no. II-17.1	X					
Sustainability issues, environmental effects of activities conducted and principles on this matter have been taken into 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 the Corporate Management Principles, have been taken.	X					
Comments of benefit owners have been taken into consideration with regards measures and strategies in the field of sustainability.	X					
Studies on the matter of increasing awareness about sustainability and its importance have been conducted by means of social responsibility projects, awareness activities and training.		X				Studies are conducted by the foundation body and in view of local management systems.
An effort was made to become a member of international standards and initiatives on sustainability matters and to make a contribution to studies.		X				This matter is assessed by the Board of Directors.
Policies and programs regarding combatting bribery and corruption and honesty principles in respect to taxation have been developed and disclosed.		X				The matters in question are contained in the Work Ethics Policy of the Company and were not disclosed to the public.

3 CONSOLIDATED FINANCIAL STATEMENTS 2022

**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 2022, 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 2022, 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.

Key Audit Matter	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 1.376.715 thousand at their fair values in accordance with the relevant provisions of the "TAS 40 Investment Properties" standard. As of 31 December 2022, the value of the said assets increased by TL 742.610 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 2022, 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.	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.

Key Audit Matter	How The Matter Was Handled During The Audit
Impairment tests for goodwill	
Carrying value of goodwill accounted under intangible assets is TL 174.543 thousand as of 31 December 2022. 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.	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.

4. Other Matter

The consolidated financial statements of the Group for the accounting period ending on 31 December 2021 were audited by another independent auditor, and an unqualified opinion was given on these consolidated financial statements on 4 March 2022.

5. 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.

6. 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.

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 2022 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 9 March 2023.

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

Istanbul,
9 March 2023

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 2022 AND 2021

The amounts are expressed in Turkish Lira ("thousand TL") unless otherwise stated.

			Audited
ASSETS	Note	31 December 2022	31 December 2021
Current Assets		**1.751.302**	**876.894**
Cash and Cash Equivalents	5	264.757	89.907
Trade Receivables		901.870	473.325
- Due From Related Parties	*4.1*	*607*	*319*
- Due From Third Parties	*7.1*	*901.263*	*473.006*
Other Receivables		9.582	5.686
- Due From Related Parties	*4.2*	*143*	*175*
- Due from Third Parties	*8.1*	*9.439*	*5.511*
Inventories	9	494.352	273.740
Derivative Instruments		8.513	--
Prepaid Expenses	10.1	42.364	16.755
Current Income Tax Assets	27	4.737	14
Other Current Assets	19.1	25.127	17.467
Non-Current Assets		**2.636.819**	**1.659.732**
Other Receivables		899	911
- Due from Third Parties	*8.2*	*899*	*911*
Investment Properties	11	1.376.715	690.830
Tangible Assets	12	720.287	556.081
Right of Use Assets	13	50.854	31.684
Intangible Assets		238.757	288.530
- Goodwill	*15*	*174.543*	*222.910*
- Other Intangible Assets	*14*	*64.214*	*65.620*
Prepaid Expenses	10.2	253	1.205
Deferred Tax Assets	27	207.806	56.672
Other Non-Current Assets	19.2	41.248	33.819
TOTAL ASSETS		**4.388.121**	**2.536.626**

			Audited
LIABILITIES	Note	31 December 2022	31 December 2021
Short-Term Liabilities		**1.567.844**	**946.075**
Short-Term Borrowings	6	241.403	72.700
- Short-Term Borrowing from Non-Related Parties		*241.403*	*72.700*
Short-Term Portions of Long-Term Borrowing	6	45.115	18.588
- Short-Term Portions of Long-Term Borrowing from Non-Related Parties		*45.115*	*18.588*
- Leasing Payables		*45.115*	*18.588*
Trade Payables		1.035.926	599.811
- Due to Related Parties	*4.3*	*75.721*	*76.512*
- Due to Third Parties	*7.2*	*960.205*	*523.299*
Debts Related to Employee Benefits	18.1	18.062	8.147
Other Payables		3.524	158.042
- Other Payables to Related Parties	*4.4*	*--*	*155.032*
- Other Due to Third Parties	*8.3*	*3.524*	*3.010*
Deferred Income (Apart from Obligations Arising under Customer Contracts)	10.3	79.787	24.550
Current Income Tax Liability	27	1.061	2.673
Short-Terms Provisions		127.312	40.359
- Short-term Provisions for Employee Benefits	*18.2*	*23.240*	*10.471*
- Other Short-term Provisions	*16.3*	*104.072*	*29.888*
Other Short-Term Liabilities	19.3	15.654	21.205
Long-Term Liabilities		**332.791**	**167.636**
Long-Term Borrowings	7	10.638	14.979
- Long-Term Borrowing from Non-Related Parties		*10.638*	*14.979*
- Leasing Payables		*10.638*	*14.979*
Deferred Income (Apart from Obligations Arising under Customer Contracts		671	480
Long-term Provisions		171.665	85.892
- Long-term Provisions for Employee Benefits	*18.3*	*81.745*	*28.012*
- Other Long-term Provisions	*16.3*	*89.920*	*57.880*
Deferred Tax Liability	27	149.817	66.285
TOTAL LIABILITIES		**1.900.635**	**1.113.711**
EQUITY		**2.487.486**	**1.422.915**
Equity of Parent Company		**2.082.687**	**1.152.970**
Paid-in Capital	20	87.112	87.112
Capital Adjustment Differences	20	20.069	20.069
Additional Capital Contributions of Shareholders	20	186.010	92.792
Cross Shareholding Capital Adjustment	20	(3.381)	(3.381)
Share Premiums / Discounts	20	161.554	161.554
Other Accumulated Comprehensive Income / Expenses that will not be Reclassified through Profit or Loss		43.284	76.214
Revaluation and Remeasurement Gains	*20*	*43.284*	*76.214*
- Tangible Fixed Assets Revaluation Fund Increases	*20*	*96.555*	*98.097*
- Re-measurement Loss on Defined Benefit Plans	*20*	*(52.694)*	*(21.306)*
- Other Loss on Revaluation and Measurement	*20*	*(577)*	*(577)*
Other Accumulated Comprehensive Income / Expenses that will be Reclassified through Profit or Loss		8.731	4.918
- Foreign Currency Translation Differences		*2.176*	*4.918*
- Cash Flow Hedge Gains / (Losses)		*6.555*	*--*
Reserves on Retained Earnings		28.052	37.338
Retained Earnings		686.642	513.469
Net Income / (Loss) for the Period		864.614	162.885
Non-Controlling Interests		**404.799**	**269.945**
TOTAL LIABILITIES		**4.388.121**	**2.536.626**

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 2022 AND 2021

The amounts are expressed in Turkish Lira ("thousand TL") unless otherwise stated.

PROFIT OR LOSS	Note	Audited 1 January - 31 December 2022	1 January - 31 December 2021
Revenue	21	4.746.274	1.820.999
Cost of Sales (-)	21	(3.960.152)	(1.500.958)
GROSS PROFIT/ (LOSS)	**21**	**786.122**	**320.041**
General Administrative Expenses (-)	22.1	(284.500)	(158.860)
Marketing Expenses (-)	22.2	(107.065)	(50.204)
Other Income from Real Operating Activities	24.1	51.380	46.228
Other Expenses from Real Operating Activities (-)	24.2	(150.976)	(119.238)
OPERATING PROFIT / (LOSS)		**294.961**	**37.967**
Income from Investing Activities	25.1	751.181	247.242
Expenses from Investing Activities (-)	25.2	(48.375)	(361)
OPERATING PROFIT / (LOSS) BEFORE FINANCIAL INCOME / (EXPENSE)		**997.767**	**284.848)**
Financial Income	26.1	24.173	14.307
Financial Expenses (-)	26.2	(143.391)	(86.539)
PROFIT / (LOSS) BEFORE TAX		**878.549**	**212.616**
Tax Income / (Expense)		**45.833**	**(15.272)**
Income Tax Expense	27	(10.909)	(11.377)
Deferred tax income / (expenses)	27	56.742	(3.895)
PERIOD PROFIT / (LOSS)		**924.382**	**197.344**
Distribution of Net Profit / (Loss)			
Non-Controlling Interests		59.768	34.459
Equity of Main Shareholders		864.614	162.885
Net Income / (Loss) for the Period		**924.382**	**197.344**
Gain / (Loss) per Share Attributable to Parent Company TL	28	**9.9849**	**1.8811**
OTHER COMPREHENSIVE INCOME / (EXPENSE):			
Income that will not be Reclassified through Profit or Loss		**(41.513)**	**(1.339)**
Remeasurement Losses on Defined Benefit Plans		(51.891)	(1.674)
Taxes on Other Comprehensive Expense that will not be Reclassified through Profit or Loss		10.378	335
- Deferred Tax Income		*10.378*	*335*
Income that will be Reclassified through Profit or Loss		**1.455**	**(9.457)**
Foreign Currency Translation Differences		(5.100)	(9.457)
Other Comprehensive Income (Expenses) Related to Cash Flow Hedging		6.555	-
- Cash Flow Hedge Gains / (Losses)		*6.555*	-
OTHER COMPREHENSIVE EXPENSE		**(40.058)**	**(10.796)**
OTHER COMPREHENSIVE INCOME / (EXPENSE)		**884.324**	**186.548**
Distribution of Total Comprehensive Income / (Expense)			
Non-Controlling Interests		47.285	29.739
Equity of Main Shareholders		837.039	156.809
Total comprehensive income / (expenses)		**884.324**	**186.548**

ÇİMENTAŞ İZMİR ÇİMENTO FABRİKASI TÜRK A.Ş. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS 1 JANUARY - 31 DECEMBER 2022 AND 2021

The amounts are expressed in Turkish Lira ("thousand TL") unless otherwise stated.

						Other Accumulated Comprehensive Income / Expenses that will not be Reclassified through Profit or Lossr			Other Accumulated Comprehensive Income/Expenses that will be Reclassified through Profit or Loss			Accumulated Profits				
						Revaluation and Remeasurement Gains										
Audited	Paid-in Capital	Capital Adjustment Differences	Additional Capital Contributions of Shareholders	Cross Shareholding Capital Adjustment	Share Premiums / Discounts	Revaluation Increases in Fixed Assets	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	Total Equity
PRIOR PERIOD																
Balances as of 1 January 2021	87.112	20.069	--	(3.381)	161.554	100.604	(20.167)	(577)	9.880	--	63.407	520.977	(35.250)	904.228	240.232	1.144.460
Transfers	--	--	--	--	--	(2.507)	(25)	--	--	--	(26.069)	(6.626)	35.250	23	(23)	--
Net loss for the period	--	--	--	--	--	--	--	--	--		--	--	162.885	162.885	34.459	197.344
Other comprehensive income / (expenses)	--	--	--	--	--	--	(1.114)	--	(4.962)	--	--	--	--	(6.076)	(4.720)	(10.796)
Total comprehensive income / (expenses)	--	--	--	--	--	--	(1.114)	--	(4.962)	--	--	--	162.885	156.809	29.739	186.548
Dividends	--	--	--	--	--	--	--	--	--	--	--	(882)	--	(882)	(3)	(885)
Shareholders' other contributions	--	--	92.792	--	--	--	--	--	--		--	--	--	92.792	--	92.792
Balances as of 31 December 2021	87.112	20.069	92.792	(3.381)	161.554	98.097	(21.306)	(577)	4.918	--	37.338	513.469	162.885	1.152.970	269.945	1.422.915
CURRENT PERIOD																
Balances as of 1 January 2022	87.112	20.069	92.792	(3.381)	161.554	98.097	(21.306)	(577)	4.918	--	37.338	513.469	162.885	1.152.970	269.945	1.422.915
Transfers	--	--	--	--	--	(1.542)	--	--	--	--	(9.286)	173.713	(162.885)	--	--	--
Net profit for the period	--	--	--	--	--	--	--	--	--	--	--	--	864.614	864.614	59.768	924.382
Other comprehensive income / (expenses)	--	--	--	--	--	--	(31.388)	--	(2.742)	6.555	--	--	--	(27.575)	(12.483)	(40.058)
Total comprehensive income / (expenses)	--	--	--	--	--	--	(31.388)	--	(2.742)	6.555	--	--	864.614	837.039	47.285	884.324
Liquidation effect	--	--	--	--	--	--	--	--	--	--	--	(74)	--	(74)	(74)	(148)
Dividends	--	--	--	--	--	--	--	--	--	--	--	(466)	--	(466)	--	(466))
Shareholders' other contributions	--	--	93.218	--	--	--	--	--	--	--	--	--	--	93.218	87.643	180.861
Balances as of 31 December 2022	87.112	20.069	186.010	(3.381)	161.554	96.555	(52.694)	(577)	2.176	6.555	28.052	686.642	864.614	2.082.687	404.799	2.487.486

ÇİMENTAŞ İZMİR ÇİMENTO FABRİKASI TÜRK A.Ş. AND SUBSIDIARIES CONSOLIDATED STATEMENTS OF CASH FLOW FOR THE YEARS 1 JANUARY - 31 DECEMBER 2022 AND 2021

The amounts are expressed in Turkish Lira ("thousand TL") unless otherwise stated.

			Audited
	Note	31 December 2022	31 December 2021
A. CASH FLOWS FROM OPERATING ACTIVITIES		286.322	120.576
Period Profit / (Loss)		**924.382**	**197.344**
Period Profit / (Loss) from Ongoing Operations		924.382	197.344
Adjustments for Period Net Profit / (Loss) Reconciliation		**(409.793)**	**(83.937)**
Adjustments for Depreciation and Amortization Expense	12.2, 23	119.718	81.359
Adjustments for Impairment		47.049	(2.474)
Adjustments for Impairment of Receivables	*7.1*	*(1.318)*	*(2.474)*
Adjustments for Impairment of Intangible Assets		48.367	--
Adjustments to Provisions		106.392	15.175
Adjustments for Provisions for Employee Benefits		*24.200*	*10.813*
Adjustments for Provisions for Lawsuits and Fines	*16.3*	*38.996*	*(3.498)*
Adjustments for Other Provisions		*43.196*	*7.860*
Adjustments for Interest Income and Expenses		113.629	10.499
Adjustments for Interest Income	*24.1, 26.1*	*(10.267)*	*(5.221)*
Adjustments for Interest Expenses	*24.2, 26.2*	*123.896*	*15.720*
Adjustments for Unrealized Foreign Currency Exchange Differences		9.086	43.065
Adjustments to Earnings on Fair Value		(742.610)	(246.205)
Adjustments for Fair Value Gains on Investment Property	*25.1*	*(742.610)*	*(246.205)*
Adjustments for Tax Expense / (Income)	27	(45.833)	15.272
Adjustments for Losses/Earnings through Sales of Fixed Assets	25.1, 25.2	(8.563)	(676)
Adjustments for Fair Value Loss (Gains) of Derivative Financial Instruments		(8.513)	--
Other Adjustments to Reconcile Period Net Profit /(Loss)		(148)	48
Changes in Operating Capital		**(191.763)**	**32.447**
Adjustments for Increase in Trade Receivables		(423.272)	(123.866)
(Increase) / Decrease in Trade Receivables from Related Parties		*(288)*	*13.449*
Increase in Trade Receivables from Non-Related Parties		*(422.984)*	*(137.315)*
Adjustments for Increase in Other Receivables Related to Operations		(3.916)	(573)
Adjustments for Increase in Other Receivables Related to Operations from Non-Related Parties		*(3.916)*	*(573)*
Adjustments for Inventory Decrease / (Increase)		(218.290)	(147.503)
Adjustments for Increase in Trade Payables		427.621	278.469
(Decrease)/Increase in Trade Payables to Related Parties		*(9.877)*	*10.919*
Increase in Trade Payables to Non-Related Parties		*437.498*	*267.550*
Adjustments for Increase / (Decrease) in Other Payables Related to Operations		514	(796)
Increase / (Decrease) in Other Payables due to Non-related Party Transactions		*514*	*(796)*
Increase / (Decrease) in Deferred Income (Apart from Obligations Arising under Customer Contracts)		55.428	15.314
Adjustments related to Other Increase / (Decrease) in Working Capital		(29.848)	11.402
Decrease / (Increase) in Other Assets Related to Operations		*(41.034)*	*(13.952)*
Increase / (Decrease) in Other Liabilities Related to Operations		*11.186*	*25.354*
Cash Flow Used in Activities		**322.826**	**145.854**
Payments Made Related to Provisions for Employee Benefits		(10.701)	(10.169)
Payments Related to Other Provisions		(9.030)	(5.428)
Tax Payments		(16.773)	(9.681)

ÇİMENTAŞ İZMİR ÇİMENTO FABRİKASI TÜRK A.Ş. AND SUBSIDIARIES CONSOLIDATED STATEMENTS OF CASH FLOW FOR THE YEARS 1 JANUARY - 31 DECEMBER 2022 AND 2021

The amounts are expressed in Turkish Lira ("thousand TL") unless otherwise stated.

			Audited
	Note	31 December 2022	31 December 2021
B. CASH FLOWS FROM INVESTMENT ACTIVITIES		**(110.281)**	**(126.608)**
Cash Outflows from Purchases for the Purpose of Acquiring Control of Subsidiaries	3	--	(53.544)
Cash Inflows from Proceeds from Sale of Tangible and Intangible Assets		21	648
Cash Outflows from Acquisition of Tangible and Intangible Assets		(188.412)	(94.745)
Cash Inflows from Proceeds of Sale of Investment Properties		65.195	20.895
Interest Received		4.370	561
Cash Inflows from Derivative Instruments		8.513	--
Other Cash Inflows / (Outflows)		32	(423)
C. CASH FLOWS FROM FINANCING ACTIVITIES		**13.676**	**37.793**
Cash Inflows from Loans and Borrowing		1.039.020	88.650
Cash Outflows from Repayment of Loans and Borrowings		(879.770)	(15.950)
Increase in Other Trade Payables Received from Related Parties		22.802	9.712
Decrease in Other Trade Payables Received from Related Parties		(15.190)	(5.843)
Cash Outflows from Payment of Payables Arising under Leases		(55.767)	(30.760)
Dividend Payment		(466)	(885)
Interest Paid		(96.953)	(7.131)
INCREASE / (DECREASE) IN CASH and CASH EQUIVALENTS BEFORE THE EFFECT OF FOREIGN CURRENCY TRANSLATION DIFFERENCES (A+B+C)		189.717	31.761
D. THE EFFECT OF FOREIGN CURRENCY TRANSLATION DIFFERENCES ON CASH AND CASH EQUIVALENTS		(14.867)	(22.096)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C+D)		174.850	9.665
E. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	5	89.907	80.242
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (A+B+C+D+E)	5	264.757	89.907

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 2022

The amounts are expressed in Turkish Lira ("thousand TL") unless otherwise stated.

1. ORGANIZATION OF THE GROUP AND NATURE OF BUSINESS

Çimentaş İzmir Çimento Fabrikası Türk A.Ş. ("Çimentaş" or "the Company"), 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 in the company as 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	Waaste management
• Neales Waste Management Holdings Limited ("NWM Holding")	England	Waste management
• Neales Waste Management Limited ("NWM")	England	Waste management
• Quercia Limited ("Quercia")	England	Waste management
• Clayton Hall Sand Company Limited ("CHS")	England	Waste management

On 23 November 2021, all registered shares of Ege Kırmataş Madencilik İnşaat Lojistik Sanayi ve Ticaret A.Ş. ("Ege Kırmataş") with a nominal value of TL 4.200 thousand were taken over with a purchase price of US$ 4.500 thousand. The merger in the facilitated procedure by taking over Ege Kırmataş, which is a 100% subsidiary of Çimentaş, was registered on 26 August 2022 in accordance with Turkish Commercial Code, Law No. 6102, and announced in Turkish Trade Registry Gazette 10650 of 31 August 2022.
Since the operations of İlion Çimento İnşaat San. ve Tic. Ltd. Şti. ("İlion Çimento"), a subsidiary of Çimentaş, is no longer needed, it has been decided to liquidate İlion Çimento at the General Assembly held on 10 December 2021 and it has been announced in the Turkish Trade Registry Gazette dated 8 June 2022 and numbered 10594 that the liquidation procedures of İlion Çimento have been completed and the Trade Registry Record has been abandoned in accordance with the Turkish Commercial Code.
Çimentaş and Çimbeton, its subsidiary, are publicly traded companies. The shares that equal 3,07% of Çimentaş's capital (31 December 2021: 3,07%) and 49,65% of Çimbeton's capital (31 December 2021: 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 2022, the number of employees in the Group is 774 (31 December 2021: 773).

2 BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

2.1 Basis of Preparation

2.1.1 Financial reporting standards applied

The attached consolidated financial statements have been prepared in accordance with the "Communiqué on Principles of Financial Reporting in the Capital Markets" Numbered Series II-14.1 promulgated in edition 28676 of the Official Gazette of 13 June 2013 and, on the basis of Article 5 of the Communiqué, they are based on the Turkish Financial Reporting Standards ("TFRS") and related annexes and interpretations placed into effect by the Public Oversight, Accounting and Auditing Standards Authority ("KGK"). TFRS are updated through communiqués to ensure compliance with changes that take place to International Financial Reporting Standards ("IFRS").
The Group applies the Turkish Accounting Standards / Turkish Financial Reporting Standards and their annexes and interpretations ("TAS/TFRS") published by the Public Oversight Accounting and Auditing Standards Authority ("KGK") in accordance with Article 5 of the Communiqué. The consolidated financial statements and footnotes are presented in accordance with the formats specified in the Financial Statement Examples and User Guide published by the CMB and in accordance with the TAS Taxonomy published by the KGK. The CMB adopted a resolution on 17 March 2005, and announced that publicly traded companies operating in Türkiye shall no longer be required to apply inflation accounting, effective 1 January 2005. Henceforth, the consolidated financial statements of the Group were prepared accordingly
The Public Oversight Authority made a statement on the Application of Financial Reporting in High Inflation Economies within the Scope of the TFRSs, and the Financial Reporting Standard for Large and Medium Sized Enterprises on 20 January 2022. According to that, it has been stated that businesses applying TFRS do not need to make any adjustments in their financial statements for 2021 within the scope of TAS 29 - Financial Reporting in High Inflation Economies (''TAS 29''). As of the preparation date of these financial statements, no new statement has been made by KGK within the scope of TAS 29, and no inflation adjustment has been made according to TAS 29 in the preparation of the financial statements dated 31 December 2022.
The CMB adopted a resolution on 17 March 2005, and announced that publicly traded companies operating in Türkiye shall no longer be required to apply inflation accounting, effective 1 January 2005. Henceforth, the consolidated financial statements of the Group were prepared accordingly.
In maintaining the accounting records and the preparation of its statutory financial statements, the Group and its subsidiaries registered in Türkiye comply with the principles and conditions stipulated by the CMB, the Turkish Commercial Code "TCC"), the tax legislation, and the requirements of the Uniform Chart of Accounts issued by the Ministry of Finance. The subsidiaries that operate in foreign countries have prepared their financial statements in accordance with the currency, law,s and regulations applicable in the countries where they operate. Consolidated financial statements have been measured and presented on a historical cost basis in the Company's functional currency of the Turkish Lira ("TL") except for investment properties and financial assets and liabilities, which are presented at fair value, and the necessary adjustments and classifications have been made so that correct measurement and presentation pursuant to TFRS is made in statutory records.
On 9 March 2023, the board of directors approved the Group's financial statements for the 31 December 2022 year-end. The General Assembly is entitled to amend the financial statements in question after their legal publication and the regulatory bodies concerned are entitled to request they be amended.

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 2022 and 2021:

	Directly and indirectly controlled shares of Çimentaş and its subsidiaries (%)		Directly and indirectly controlled shares of Çimentaş and its subsidiaries (%)	
	2022	2021	2022	2021
Destek	99,99	99,99	99,99	99,99
Recydia	51,72	51,72	79,26	79,26
NWM Holding	51,72	51,72	79,26	79,26
NWM	51,72	51,72	79,26	79,26
Quercia	51,72	51,72	79,26	79,26
CHS	51,72	51,72	79,26	79,26
Süreko	51,72	51,72	79,26	79,26
Kars Çimento	41,55	41,55	58,70	58,70
Çimbeton	50,31	50,31	92,81	92,81
Ege Kırmataş (*)	--	100,00	--	100,00
Ilion Çimento (**)	--	50,28	--	92,80

(*) The facilitated merger of Çimentaş through the acquisition of Ege Kırmataş, a 100% subsidiary, was registered on 26 August 2022 and announced in Turkish Trade Registry Gazette 10650 of 31 August 2022.

(**) As explained in Note 1, it was decided to liquidate İlion Çimento, a subsidiary of Çimentaş, at the General Assembly held on 10 December 2021 and the liquidation procedures were completed on 8 June 2022.

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 generally 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 precombination 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 reasonably 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 as a result 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 2022	31 December 2021
Turkish Lira/Sterling	0,0445	0,0557

Average:

	1 January - 31 December 2022	1 January – 31 December 2021
Turkish Lira/Sterling	0,0492	0,0824

2.2 Changes in the Turkish Financial Reporting Standards

New and revised standards and interpretations

The accounting policies used in the preparation of the consolidated financial statements for the accounting period ending as of 31 December 2022 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 TAS/TFRS interpretations valid as of 1 January 2022 summarised below. The effects of these standards and interpretations on the Group's financial position and performance are explained in the relevant paragraphs.

TFRS 16 'Leases' - Amendments to the extension of COVID 19 lease concessions facilitating practice (effective as of 1 April 2021)

Due to the COVID-19 outbreak, some concessions have been provided to tenants in rent payments. In May 2020, with the amendment published in the IFRS 16 Leases standard, IASC introduced an optional facilitating practice for lessees not to evaluate whether concessions granted due to COVID-19 in lease payments are a change in the lease. On 31 March 2021, the IASC published an additional amendment to extend the date of the facilitating scheme from 30 June 2021 to 30 June 2022. Lessees may choose to account for such lease concessions in accordance with the terms that would apply in the absence of a lease modification. This ease of application often causes the lease concession to be accounted for as a variable lease payment during periods when the event or condition that triggers the reduction in lease payments occurs.
The implementation of the amendment did not have a material impact on the Group's consolidated financial statements.

Changes in TFRS 7, TFRS 4 and TFRS 16 - Indicator interest rate reform Phase 2 (effective as of 1 January 2021)

These Phase 2 amendments address issues arising from the implementation of reforms, including replacing a benchmark interest rate with an alternative. Phase 2 amendments provide temporary additional ease in applying certain TAS 39 and TFRS 9 hedge accounting requirements to hedging relationships directly affected by the IBOR reform.
The implementation of the amendment did not have a material impact on the Group's consolidated financial statements.

Narrow-scope amendments to TFRS 3, TAS 16, TAS 37 and some annual improvements to TFRS 1, TFRS 9, TAS 41 and TFRS 16 (effective for annual reporting periods beginning on or after 1 January 2022)

Amendments to TFRS 3 'Business Combinations'

This amendment updates a reference to the Conceptual Framework for Financial Reporting in TFRS 3 without changing the accounting requirements for business combinations.
The implementation of the amendment did not have a material impact on the Group's consolidated financial statements.

Amendments to TAS 16 'Tangible Assets'

They prohibit a company from deducting from the amount of material fixed assets amounts received from selling items produced while the company is preparing the asset for use. Instead, a company will reflect such sales proceeds and related cost in profit or loss.
The implementation of the amendment did not have a material impact on the Group's consolidated financial statements.

Amendments to TAS 37, 'Provisions, Contingent Liabilities and Contingent Assets'

This amendment specifies what costs the company will include when deciding whether to incur a loss on a contract.
The implementation of the amendment did not have a material impact on the Group's consolidated financial statements.

Standards and amendments published but not yet effective as of 31 December 2022:

Amendment of TAS 1, "Presentation of Financial Statements" standard regarding classification of liabilities

The effective date has been deferred to annual reporting periods beginning on or after 1 January 2024. These narrow-scope amendments to TAS 1, "Presentation of Financial Statements", explain that liabilities are classified as current or non-current, depending on the rights available at the end of the reporting period. The classification is not affected by events after the reporting date or by the entity's expectations (for example, obtaining a concession or breach of contract). The amendment also clarifies what "payment" of an obligation means in TAS 1.

Long-Term Liabilities Containing Terms of Loan Agreements Amendments to TAS 1

The International Accounting Standards Board (IASB) published the Long-Term Liabilities Containing Loan Agreement Terms in September 2022 in order to enable businesses to provide more useful information about their long-term obligations that include loan agreement terms, taking into account the impact of loan agreements on the presentation of payables. For a liability to be classified as long-term in accordance with TAS 1 Presentation of Financial Statements (TAS 1), an entity must have the right to defer payment of a liability for at least twelve months after the reporting period, and that right must exist by the end of the reporting period. However, some conditions such as meeting certain ratios in financial ratios or increasing criteria for financial performance may be stipulated in the loan agreement in order to exercise the right of deferral. In this regard, with the amendment made in TAS 1, businesses are obliged to disclose conditions of the loan agreement, and the circumstances and conditions that indicate that the business may have difficulties in complying with the terms of the loan agreement in the footnote of the financial statements. Amendments to TAS 1 will be effective for annual reporting periods beginning on or after 1 January 2024.

Amendments to TFRS 16 Lease Liability in a Sale and Leaseback

In TFRS 16 Leases (TFRS 16), provisions regarding how sale and leaseback transactions will be accounted for on the date of the transaction are regulated, but there is no regulation on how the next measurement of lease liability arising from this transaction will be made. For this reason, the International Accounting Standards Board (IASB) made a narrow-scope amendment to International Financial Reporting Standard 16 in September 2022, requiring that changes in lease liabilities arising from sales and leaseback transactions are measured in a way that [a seller-lessee] does not recognise any amount of the gain or loss that relates to the right of use it retains. Lease Liability in a Sale and Leaseback Transaction will be effective for reporting periods beginning on or after 1 January 2024.

Narrow-scope amendments to TMS 1, Application Statement 2, and TAS 8

Effective for annual reporting periods beginning on or after 1 January 2023. These amendments are intended to improve accounting policy disclosures and help financial statement users distinguish between changes in accounting estimates and changes in accounting policies.

TAS 12, Amendment to deferred tax on assets and liabilities arising from a single transaction

Effective for annual reporting periods beginning on or after 1 January 2023. These amendments require deferred tax accounting on transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.

Annual improvements

Minor amendments to TFRS 1 'First-time adoption of Turkish Financial Reporting Standards', TFRS 9 'Financial Instruments', TAS 41 'Agricultural Activities' and the illustrative examples in TFRS 16.

TFRS 1- First-time adoption of Turkish Financial Reporting Standards

This amendment facilitates implementation of TFRS 1 in the event that a subsidiary partner starts to apply the TFRS after its parent. For example: In the event that a subsidiary partner starts to apply the TFRSs after its parent, it may, exercising the concession in paragraph D16(a) of TFRS 1, select to measure cumulative foreign currency translation differences using the amounts included on its parent's consolidated financial statements, based on the dates of the parent's transition to the TFRSs. This amendment will facilitate transition to TFRSs when this concession is voluntarily applied for subsidiary partners because it will i) reduce unnecessary costs, and ii) remove the need for similar simultaneous record keeping.

TFRS 9, "Financial Instruments":

This amendment, for the purpose of performing the "10% test" for derecognition of financial liabilities, clarifies that in determining the fees received on the net amount by deducting the fees paid for these transactions, the fees to be considered are only the debtors' and lenders', as well as fees paid or received between them or reciprocally on their behalf.

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 2022, 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 2022 has been prepared in comparison with the consolidated statement of financial position as of 31 December 2021; 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 2022, 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 2021.

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 product sales

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.

2.7.7 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 2021, 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.

2.7.8 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.

2.7.9 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"s). 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.

2.7.10 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.

2.7.11 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.

2.7.12 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.

2.7.13 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 27). 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 asses 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 judgment 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 judgment 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 27). 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.

2.7.14 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 is 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.

2.7.15 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.

2.7.16 Dividends

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

2.7.17 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.

2.7.18 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 test 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.

2.7.19 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.

2.7.20 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.

2.7.21 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.

2.7.22 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.

2.7.23 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 2022 (Note 15).

2.8.2 Fair value measurements of investment property

As of 31 December 2022, 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. (Note 11)

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. (Note 7)

2.9 Statement of compliance with the TFRS and the principles published by the POA

Group management is responsible for the preparation and fair presentation of the financial statements in accordance with TFRS issued by the POA and using the principles of the POA. As the Group management, we declare that the financial statements of the current and previous years and the summary of the significant accounting policies and the Notes are prepared in accordance with TFRS.

3. 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 fuel oil sale service and fly ash production under the other group, which do not meet the reportable unit criteria.

1 January - 31 December 2022	Cement	Aggregate	Ready-mixed Concrete	Waste management	Other	Elimination	Total
Revenue							
External Revenue	3.114.937	55.784	1.207.002	149.605	218.946	--	4.746.274
Intersegment revenue	460.465	70.177	527	17.707	132.107	(680.983)	--
Net sales	**3.575.402**	**125.961**	**1.207.529**	**167.312**	**351.053**	**(680.983)**	**4.746.274**
Cost of Sales	**(2.879.983)**	**(108.282)**	**(1.123.249)**	**(169.367)**	**(343.842)**	**664.571**	**(3.960.152)**
Gross profit	**695.419**	**17.679**	**84.280**	**(2.055)**	**7.211**	**(16.412)**	**786.122**
Interest income	30.007	--	3	610	21	(17.951)	12.690
Interest expense	(105.544)	--	(15.054)	(21.055)	(89)	18.905	(122.837)
Depreciation and amortization expenses	44.339	202	48.319	25.384	339	1.135	119.718
Investment property value appreciation	721.130	--	21.480	--	--	--	742.610
Profit/ (loss) on sale of fixed assets	8.522	--	1	--	40	--	8.563
Goodwill impairment	--	--	--	(48.367)	--	--	(48.367)
Tax income / (expense)	43.289	(7)	(6.116)	8.929	(699)	437	45.833
Net profit / (loss) for the period	993.824	134	28.453	(98.392)	3.560	(3.197)	924.382
Segments assets	4.609.560	31.233	544.501	463.595	48.638	(1.309.406)	4.388.121
Acquisitions of tangible and intangible assets	136.711	--	43.659	8.057	937	--	189.364
Segment liabilities	1.489.288	25.871	486.027	317.142	44.958	(462.651)	1.900.635

1 January - 31 December 2021	Cement	Aggregate	Ready-mixed Concrete	Waste management	Other	Elimination	Total
Revenue							
External Revenue	1.154.396	3.786	454.521	124.916	83.380	--	1.820.999
Intersegment revenue	167.793	16.465	22	3.380	39.640	(227.300)	--
Net sales	**1.322.189**	**20.251**	**454.543**	**128.296**	**123.020**	**(227.300)**	**1.820.999**
Cost of Sales	**(1.045.371)**	**(12.731)**	**(416.564)**	**(109.855)**	**(120.490)**	**204.053**	**(1.500.958)**
Gross profit	**276.818**	**7.520**	**37.979**	**18.441**	**2.530**	**(23.247)**	**320.041**
Interest income	8.045	--	111	17	5	(7.330)	848
Interest expense	(8.079)	--	(6.170)	(9.155)	(68)	7.762	(15.710)
Depreciation and amortization expenses	37.761	19	26.001	18.281	144	(847)	81.359
Investment property value appreciation	244.030	—	2.175	—	—	—	246.205
Profit/ (loss) on sale of fixed assets	439	--	7	230	--	--	676
Tax income / (expense)	(14.906)	325	(658)	(291)	(285)	543	(15.272)
Net profit / (loss) for the period	213.919	(975)	2.381	(14.779)	700	(3.902)	197.344
Segments assets	2.966.099	10.357	255.388	406.033	24.132	(1.125.383)	2.536.626
Acquisitions of tangible and intangible assets	77.409	--	9.508	6.170	745	(263)	93.569
Segment liabilities	755.218	4.348	222.639	378.037	22.165	(268.696)	1.113.711

4. RELATED PARTY DISCLOSURES

4.1 Short-term Trade Receivables from Related Parties

Short-term trade receivables from related parties as of 31 December 2022 and 2021 are as follows:

	31 December 2022	31 December 2021
Yapıtek Yapı Teknolojisi Sanayi ve Ticaret A.Ş. ("Yapıtek")	598	315
Çimentaş Education and Health Foundation ("Çimentaş Foundation")	9	4
Spartan Hive S.P.A. ("Spartan Hive")	--	--
	607	**319**

As of 31 December 2022, the average maturity of trade receivables from related parties is one month (31 December 2021: 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 2022 and 31 December 2021.

4.2 Other Short-Term Receivables from Related Parties

Short-term other receivables from related parties as of 31 December 2022 and 2021 are as follows:

	31 December 2022	31 December 2021
Aalborg Portland Espana	143	175
Yapıtek	--	--
	143	**175**

4.3 Short-Term Trade Payables Due to Related Parties

Short-term trade payables due to related parties as of 31 December 2022 and 2021 are as follows:

	31 December 2022	31 December 2021
Cementir Holding (*)	25.767	55.093
Aalborg Portland A/S ("Aalborg") (**)	1.321	9.966
Spartan Hive (***)	17.141	8.886
Alborg Portland Digital S.R.L ("Aalborg Digital") (****)	9.780	1.225
Aalborg Portland Holding (*****)	21.075	963
Çimentaş Foundation	637	379
	75.721	**76.512**

(*) As of 31 December 2022 and 2021, the Group's debt to Cementir Holding consists of royalty and consultancy service fees.
(**) As of 31 December 2022 and 2021, the Group's debt to Aalborg consists of the purchase of goods and consultancy service fees.
(***) As of 31 December 2022 and 2021, the Group's debt to Spartan Hive consists of raw material purchases.
(****) As of 31 December 2022 and 2021, the Group's debt to Aalborg Digital consists of IT consultancy service fees.
(*****) As of 31 December 2022 and 2021, 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 2021: 2 months). As of 31 December 2022 and 31 December 2021, 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 2021: TL 155.032)

4.5 Goods and Service Sales to Related Parties

As of 31 December 2022 and 2021, goods and service sales to related parties are as follows:

	1 January- 31 December 2022	1 January- 31 December 2021
Spartan Hive (*)	532.521	200.407
Yapıtek (**)	44.720	14.607
Çimentaş Foundation	103	28
	577.344	**215.042**

(*) All of the related amount is due to cement and clinker sales made to Spartan Hive.
(**) A TL 43.735 thousand portion of the sales of goods and services made to Yapıtek consists of sales of building plots and the remaining TL 985 thousand portion of ready-mixed concrete and fuel sales.

4.6 Goods and Service Purchases from Related Parties

As of 31 December 2022 and 2021, goods and service purchases from related parties are as follows:

	1 January- 31 December 2022	1 January- 31 December 2021
Spartan Hive (*)	30.708	26.809
Cementir Holding (**)	39.876	21.353
Aalborg Portland Holding (***)	18.116	10.217
Aalborg (****)	9.129	8.340
Aalborg Digital (*****)	10.613	7.133
Çimentaş Foundation	3.444	1.100
	111.886	**74.952**

(*) 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 2022 on the basis of the service contract signed with Aalborg Portland Holding valid as of 1 January 2020.
(****) Of this amount, TL 4.667 thousand derives from the consultancy services for 2022 with regard to the service contract signed with Aalborg to enter into effect on 1 January 2013, and the rest comes from purchases of goods. As of 31 December 2022, 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 2022 and 2021 are as follows:

	1 January- 31 December 2022	1 January- 31 December 2021
Aalborg Portland Holding	1.082	1.318
Aalborg Portland Espana	95	173
Alfacem	--	1.851
	1.177	**3.342**

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 2022 and 2021:

	1 January - 31 December 2022	1 January - 31 December 2021
Short-term benefits for employees	27.917	17.627
	27.917	**17.627**

5. CASH AND CASH EQUIVALENTS

As of 31 December 2022 and 2021, cash and cash equivalents are detailed as follows:

	31 December 2022	31 December 2021
Cash on hand	146	82
Cash at banks	244.134	83.805
Demand deposits	80.982	59.778
Turkish Lira	*51.356*	*11.309*
Foreign currency	*29.626*	*48.469*
Time deposits	163.152	24.027
Turkish Lira	*163.152*	*24.027*
Foreign currency	--	--
Other liquid assets (*)	20.477	6.020
Cash and Cash Equivalents	**264.757**	**89.907**

(*) As of 31 December 2022 and 2021, the original maturity of other liquidty 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 2022, foreign currency deposits are USD 816 thousand, EUR 59 thousand and GBP 587 thousand (31 December 2021: USD 3.030 thousand, EUR 530 thousand and GBP 5 thousand).

As of 31 December 2022 and 2021, the weighted average yearly effective interest rates of the time deposits of the related currencies are as follows:

	31 December 2022	31 December 2021
TL time deposits	%17,00	%26,17

As of 31 December 2022, the Group did not have any compensating deposit balance (31 December 2021: 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 2022 and 2021:

	31 December 2022	31 December 2021
Short term bank borrowings		
Short-term unsecured bank loans (*)	241.403	72.700
Short-term portion of long-term borrowings from lease transactions	45.115	18.588
Total short term financial borrowings	**286.518**	**91.288**
Long term financial borrowings:		
Long-term portion of liabilities from lease transactions	10.638	14.979
Total long term financial borrowings	**10.638**	**14.979**
Total financial debt	**297.156**	**106.267**

(*) As of 31 December 2022, all of the Group's short-term bank loans are denominated entirely in Turkish lira and the weighted average of the interest on the said loans is 18,25%.

The maturity breakdown of financial borrowings is as follows:

	31 December 2022	31 December 2021
Less than 3 months to maturity	189.037	77.298
3-12 months to maturity	97.481	13.990
1 - 2 years to maturity	8.681	9.955
2 - 5 years to maturity	1.957	5.024
	297.156	**106.267**

The weighted average of the alternative borrowing rates applied to the Group's lease obligations is 23,67% for those denominated in Turkish lira and 1,55% for those denominated in pound sterling as of 31 December 2022. (31 December 2021: TL: 22,60%, GBP: 2,10%).

7 TRADE RECEIVABLES AND PAYABLES

7.1 Short-Term Trade Receivables

As of 31 December 2022 and 2021, short-term trade receivables are as follows:

	31 December 2022	31 December 2021
Accounts receivable	641.975	331.397
Notes and cheques receivables	270.031	153.514
	912.006	**484.911**
Less: Provision for doubtful trade receivables	(10.743)	(11.905)
	901.263	**473.006**

The trade receivables collection period, while varying according to product type and contracts made with customers, averages 44 days (31 December 2021: 70 days).

Maturities for short-term trade receivables from non-related parties as of 31 December 2022 and 2021 are as follows:

	31 December 2022	31 December 2021
Overdue receivables	42.060	26.862
0 - 30 day maturity	462.229	113.036
31 - 60 day maturity	281.525	185.155
61 - 90 day maturity	107.635	106.279
91 days and over	7.814	41.674
Total	**901.263**	**473.006**

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 2022	31 December 2021
Beginning of the period	**11.905**	**14.147**
Doubtful receivables for the period	556	1.012
Doubtful receivables received for the period (Note 24.1)	(1.463)	(1.778)
Doubtful receivables written-off for the period	(255)	(1.490)
Translation difference	--	14
End of the period	**10.743**	**11.905**

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 2022, short-term trade payables to non-related parties is TL 960.205 thousand (31 December 2021: TL 523.299 thousand) due to various suppliers.

The average payment period of short-term trade payables is 63 days (31 December 2021: 90 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 2022 and 2021, other long-term receivables from third parties are as follows:

	31 December 2022	31 December 2021
Receivables from public institutions	4.491	1.846
Deposits and guarantees given	92	108
Other	4.856	3.557
	9.439	**5.511**

8.2 Other Long-Term Receivables from Third Parties

As of 31 December 2022 and 2021, other long-term receivables from third parties are as follows:

	31 December 2022	31 December 2021
Deposits and guarantees given	899	911
	899	**911**

8.3 Other Short-Term Payables to Third Parties

As of 31 December 2022 and 2021, other short-term payables to third parties are as follows:

	31 December 2022	31 December 2022
Deposits and guarantees received(*)	3.442	2.922
Other	82	88
	3.524	**3.010**

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

9. INVENTORIES

As of 31 December 2022 and 2021, details of inventories are as follows:

	31 December 2022	31 December 2021
Raw materials	253.757	173.623
- Spare parts and operating supplies	*128.378*	*75.308*
- Fuel	*75.940*	*65.985*
- Packaging materials	*5.326*	*3.113*
- Other	*44.113*	*29.217*
Work in process	206.560	84.554
Finished goods	26.513	10.531
Trade goods	2.762	2.319
Goods in transit	4.760	2.713
	494.352	**273.740**

As of 31 December 2022, total of raw material, semi-finished products and finished goods, which were recognized as an expense during the period and included in the cost of sales is TL 1.995.753 thousand (31 December 2021: TL 724.689 thousand) (Note 23).
As of 31 December 2022, there is no impairment on the inventories (31 December 2021: None).
As of 31 December 2022, there is no mortgage/pledge on the inventories (31 December 2021: None).

10. PREPAID EXPENSES AND DEFERRED INCOME

10.1 Short-Term Prepaid Expenses

As of 31 December 2022 and 2021, short-term prepaid expenses are as follows:

	31 December 2022	31 December 2021
Job advances given	26.271	8.432
Prepaid Expenses	8.452	8.010
Other	7.641	313
	42.364	**16.755**

Prepaid expenses comprised prepaid insurance and rent expenses.

10.2 Long Term Prepaid Expenses

As of 31 December 2022, the long-term pre-paid expenses are TL 253 thousand (31 December 2021: TL 1.205 thousand).

10.3 Short Term Deferred Income

As of 31 December 2022 and 31 December 2021, short-term deferred income is as follows:

	31 December 2022	31 December 2021
Advance payments for orders received	79.472	24.214
Other	315	336
	79.787	**24.550**

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

11. INVESTMENT PROPERTIES

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

	2022	2021
1 January	**690.830**	**458.035**
Changes in fair value (Note 25.1)	742.610	246.205
Real estate sold	(56.725)	(13.410)
31 December	**1.376.715**	**690.830**

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 2022 and 2021, fair values of the investment properties are as follows:

	31 December 2022	31 December 2021
Land	1.315.420	658.020
Buildings	61.295	32.810
	1.376.715	**690.830**

As of 31 December 2022, there are no mortgages on the investment properties (31 December 2021: None).

Fair value hierarchy

On 31 December 2022, 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 1.376.715 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 2022	31 December 2021
Quarry assets	100.531	70.378
Other non-current assets	619.756	485.703
	720.287	**556.081**

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 2022 and 2021 are as follows:

	1 January 2022	Additions	Transfer	Foreign Currency Translation Differences	31 December 2022
Cost of rehabilitation of mining areas	236.795	23.762	--	53.821	314.378
Accumulated depreciation	(166.417)	(9.578)	--	(37.852)	(213.847)
Net book value	**70.378**	**14.184**	**--**	**15.969**	**100.531**

	1 January 2022	Additions	Transfer	Foreign Currency Translation Differences	31 December 2022
Cost of rehabilitation of mining areas	134.908	7.300	--	94.587	236.795
Accumulated depreciation	(93.470)	(7.637)	--	(65.310)	(166.417)
Net book value	**41.438**	**(337)**	**--**	**29.277**	**70.378**

12.2 Other non-current assets

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

	1 January 2022	Additions	Disposals	Transfers(*)	Foreign currency exchange differences	31 December 2022
Cost						
Land	84.810	26.026	--	952	--	111.788
Land improvements	85.263	306	(12)	8.241	--	93.798
Buildings	183.586	166	--	5.336	4.308	193.396
Machinery, installations, and devices	1.240.785	4.951	(2)	114.505	35.502	1.395.741
Motor vehicles	20.509	--	(35)	11.826	77	32.377
Furniture and fixtures	46.291	6.513	(70)	1.637	2.230	56.601
Other intangible assets	3.393	--	--	--	--	3.393
Leasehold improvements	12.914	795	--	1.799	--	15.508
Construction in progress	16.209	150.607	--	(145.999)	--	20.817
Total Cost	**1.693.760**	**189.364**	**(119)**	**(1.703)**	**42.117**	**1.923.419**
Accumulated depreciation						
Land improvements	(65.065)	(2.302)	4	--	--	(67.363)
Buildings	(109.576)	(3.488)	--	--	(4.198)	(117.262)
Machinery, installations, and devices	(965.831)	(50.868)	2	--	(26.571)	(1.043.268)
Motor vehicles	(14.085)	(2.241)	35	--	(68)	(16.359)
Furniture and fixtures	(41.114)	(2.688)	57	--	(2.116)	(45.861)
Other intangible assets	(3.393)	--	--	--	--	(3.393)
Leasehold improvements	(8.993)	(1.164)	--	--	--	(10.157)
Total accumulated depreciation	**(1.208.057)**	**(62.751)**	**98**	**--**	**(32.953)**	**(1.303.663)**
Net book value	**485.703**					**619.756**

(*) Investments in progress amounting to TL 1.703 thousand are classified under intangible fixed assets as of 31 December 2022.

As of 31 December 2022, there are no charges such as mortgages or pledges on fixed tangible assets (31 December 2021: None).

Movements in property, plant and equipment for the year ended 31 December 2021 are as follows:

		1 January 2022	Additions	Disposals	Transfers(*)	Foreign currency exchange differences	31 December 2022
Cost							
Land	84.810	--	--	--	--	--	84.810
Land improvements	82.524	--		2.739	--	--	85.263
Buildings	172.626	--	--	3.318	--	7.642	183.586
Machinery, installations, and devices	1.115.841	1.158	(2.767)	63.289	360	62.904	1.240.785
Motor vehicles	15.629	--	(271)	5.007	--	144	20.509
Furniture and fixtures	40.638	1.740	(424)	388	94	3.855	46.291
Other intangible assets	3.393	--	--	--	--	--	3.393
Leasehold improvements	7.574	732	--	638	3.970	--	12.914
Construction in progress	2.656	89.939	--	(76.901)	515	--	16.209
Total Cost	**1.525.691**	**93.569**	**(3.462)**	**(1.522)**	**4.939**	**74.545**	**1.693.760**
Accumulated depreciation							
Land improvements	(63.082)	(1.983)	--	--	--	--	(65.065)
Buildings	(98.797)	(3.343)	--	--	--	(7.436)	(109.576)
Machinery, installations, and devices	(883.314)	(41.063)	2.764	--	(243)	(43.975)	(965.831)
Motor vehicles	(13.359)	(874)	271	--	--	(123)	(14.085)
Furniture and fixtures	(35.494)	(1.941)	55	--	(65)	(3.669)	(41.114)
Other intangible assets	(3.393)	--	--	--	--	--	(3.393)
Leasehold improvements	(5.710)	(534)	--	--	(2.749)	--	(8.993)
Total accumulated depreciation	**(1.103.149)**	**(49.738)**	**3.090**	**--**	**(3.057)**	**(55.203)**	**(1.208.057)**
Net book value	**422.542**						**485.703**

(*) Investments in progress amounting to TL 1.522 thousand are classified under intangible fixed assets as of 31 December 2021.

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 2022	1 January-31 December 2021
Cost of sales (Note 21)	113.320	75.253
General administrative expenses (Note 22.1)	5.294	5.095
Marketing expenses (Note 22.2)	1.104	1.011
Inventories	2.322	2.130
Total	**122.040**	**83.489**

13. RIGHT OF USE ASSETS

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	577	60	--	--	637
Buildings	4.780	--	--	1.203	5.983
Machinery, installations, and devices	3.784	7.640	(2.031)	21	9.414
Vehicles	40.645	74.392	(32.131)	138	83.044
Total Cost	**49.786**	**82.092**	**(34.162)**	**1.362**	**99.078**
Accumulated depreciation					
Land	(324)	(155)	--	--	(479)
Buildings	(2.649)	(1.266)	--	(802)	(4.717)
Machinery, installations, and devices	(1.371)	(5.377)	2.031	(6)	(4.723)
Vehicles	(13.758)	(39.803)	15.333	(77)	(38.305)
Total accumulated depreciation	**(18.102)**	**(46.601)**	**17.364**	**(885)**	**(48.224)**
Net book value	**31.684**				**50.854**

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 2021 is as follows:

	1 January 2021	Additions	Disposals	Foreign Currency Translation Differences	31 December 2021
Cost					
Land	692	54	(169)	--	577
Buildings	2.579	539	(458)	2.120	4.780
Machinery, installations, and devices	4.037	1.095	(1.480)	132	3.784
Vehicles	37.379	32.379	(29.321)	208	40.645
Total Cost	**44.687**	**34.067**	**(31.428)**	**2.460**	**49.786**
Accumulated depreciationr					
Land	(318)	(175)	169	--	(324)
Buildings	(1.218)	(761)	458	(1.128)	(2.649)
Machinery, installations, and devices	(950)	(1.564)	1.203	(60)	(1.371)
Vehicles	(15.822)	(22.970)	25.115	(81)	(13.758)
Total accumulated depreciation	**(18.308)**	**(25.470)**	**26.945**	**(1.269)**	**(18.102)**
Net book value	**26.379**				**31.684**

14 INTANGIBLE ASSETS

For the year ended on 31 December 2022, changes in the intangible assets are as follows:

	1 January 2022	Additions	Disposals	Transfers(*)	Foreign currency translation differences	31 December 2022
Cost						
Rights	7.405	--	--	--	--	7.405
Other intangible assets	113.832	--	--	1.703	10.081	125.616
Total Cost	**121.237**	**--**	**--**	**1.703**	**10.081**	**133.021**
Accumulated amortization						
Rights	(2.854)	(50)	--	--	--	(2.904)
Other intangible assets	(52.763)	(3.059)	--	--	(10.081)	(65.903)
Total accumulated amortization	**(55.617)**	**(3.109)**	**--**	**--**	**(10.081)**	**(68.807)**
Net book value	**65.620**					**64.214**

(*) Intangible fixed assets amounting to TL 1.703 thousand are classified as investments in progress as of 31 December 2022..

For the year ended on 31 December 2021, changes in the intangible assets are as follows:

	1 January 2021	Additions	Disposals	Transfers(*)	Effect of Acquired Subsidiary	Foreign currency translation differences	31 December 2021
Cost							
Rights	7.354	--	--	--	51	--	7.405
Other intangible assets	35.201	--	--	1.522	59.226	17.883	113.832
Total Cost	**42.555**	**--**	**--**	**1.522**	**59.277**	**17.883**	**121.237**
Accumulated amortization							
Rights	(2.757)	(56)	--	--	(41)	--	(2.854)
Other intangible assets	(34.292)	(588)	--	--	--	(17.883)	(52.763)
Total accumulated amortization	**(37.049)**	**(644)**	**--**	**--**	**(41)**	**(17.883)**	**(55.617)**
Net book value	**5.506**						**65.620**

(*) Intangible fixed assets amounting to TL 1.522 thousand are classified as investments in progress as of 31 December 2021.

15. GOODWILL

As of 31 December 2022 and 2021, goodwill comprises the follows:

	31 December 2022	31 December 2021
Goodwill from acquisition of Lalapaşa	138.665	138.665
Goodwill from acquisition of NWM Holding	--	48.367
Goodwill from acquisition of Sureko	21.691	21.691
Goodwill from acquisition of Elazığ Çimento	13.506	13.506
Goodwill from acquisition of Ege Kırmataş	681	681
	174.543	**222.910**

(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 223.510 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 2022.

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 17% and 20% range (2021: 18% to 21%) and in the Weighted Average Cost of Capital value, accepted as 19,50% (2021: 17,20%).

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 2022, the estimated recoverable amount of the CGU exceeds its carrying amount by TL 1.263.633 thousand. For the forecast recoverable amount to equal the carrying amount, if the discount rate from among the assumptions employed is increased by 43,6% 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 fas as 12% 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 13.506 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.

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 4% and 8% range (2021: 9% to 12%) and in the Weighted Average Cost of Capital value, accepted as 19,50% (2021: 17,20%).

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 2022, the estimated recoverable amount of the CGU exceeds its carrying amount by TL 112.597 thousand. When a 7,5% increase is applied as discount rate on the values used in assumptions by keeping the other variables constant for the estimated recoverable amount to be equal to the carrying amount, 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 fas as 1,5% 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 21.691 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 2022.

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 6% and 18% range (2021: 10% to 24%) and in the Weighted Average Cost of Capital value, accepted as 16,70% (2021: 14,70%).

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 2022, the estimated recoverable amount of the CGU exceeds its carrying amount by TL 7.093 thousand. For the forecast recoverable amount to equal the carrying amount, if the discount rate from among the assumptions employed is increased by 0,6% 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 fas as 0,5% from the values used in assumptions with the other variables kept constant.

(iv) Acquisition of NWM Holding

Recydia, a subsidiary of the Group acquired 100% of the net assets of NWM Holding amounting to GBP 8.600 thousand which is equivalent to TL 24.170 thousand, on 4 July 2012. The acquisition was treated pursuant to the provisions of TFRS 3 "Business Combinations" and goodwill relating to NWM Holding was incorporated into consolidated financial statements.

In accordance with the principles of TAS 36, goodwill from the acquisition of NWM Holding is subject to an impairment test by Group management, using the method of discounted cash flow. As of 31 December 2022, an impairment of TL 48.367 thousand was determined as a result of the test performed by considering the current conditions and using generally accepted valuation techniques (Note 25.1). 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 31% and 4% range (2021: 5% to 7%) and in the Weighted Average Cost of Capital value, accepted as 5,80% (2021: 5,20%).

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.

For the forecast recoverable amount to equal the carrying amount, if the discount rate from among the assumptions employed is decreased by 1,6% 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 increased as fas as 1% from the values used in assumptions with the other variables kept constant.

(v) 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 681 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 2022.

16. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

16.1 Commitments and contingent liabilities

a) Guarantees Given

As of 31 December 2022 and 2021, details of the guarantees given are as follows:

	31 December 2022	31 December 2021
Letters of guarantee	117.837	99.715
Guarantees given through the direct debit system ("DBS") (*)	4.457	63.133
	122.294	**162.848**

(*) The total limit as of 31 December 2022 of guarantees the Group gives vendors through the DBS is TL 113.805 thousand and the balance in question in the statement constitutes the amount outstanding to suppliers as of the current period (31 December 2021: TL 78.139 thousand).

The Group's position related to letters of guarantee given, pledges and mortgages ("GPM") as of 31 December 2022 and 2021, is as follows:

	31 December 2022				31 December 2021			
	TL Equivalent	TL	USD	GBP	TL Equivalent	TL	USD	GBP
A The total amount of GPMs issued on its own corporate behalf	121.758	85.046	300	1.383	162.179	116.947	1.529	1.383
B The total number of GPMs issued in favour of fully consolidated partners included in full consolidation scope amount	536	536	--	--	669	669	--	--
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 3rd parties that do not fall under item C	--	--	--	--	--	--	--	--
	122.294	**85.582**	**300**	**1.383**	**162.848**	**117.616**	**1.529**	**1.383**

The ratio of other GPMs issued to the total equity of the Group as of 31 December 2022 is 0,0% (31 December 2021: %0,0).

b) Bails Received

As of 31 December 2022 and 2021, the details of the bails received are as follows:

	31 December 2022	31 December 2021
Bails Received	20.380	20.380
	20.380	**20.380**

c) Bails Given

None (31 December 2021: None).

d) Guarantees Received

As of 31 December 2022 and 2021, details of guarantees received are as follows:

	31 December 2022	31 December 2021
Letters of guarantee	826.440	403.507
Collateral received through inventory financing	197.915	55.343
Mortgages	29.379	28.744
Bails	20.380	20.380
Pledges	19.359	5.710
Guarantee notes	19.227	16.970
Collateral cheques	288	288
Letters of credit	126	126
	1.113.114	**531.068**

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.

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 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. 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.

- 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.

16.3 Other provisions

i) Other Short-Term Provisions

Other short-term provisions as of 31 December 2022 and 2021 are as follows:

	31 December 2022	31 December 2021
Provisions for litigation, claims and penalties	60.876	22.028
State limestone usage fee	8.516	5.923
Other	34.680	1.937
	104.072	**29.888**

As of 31 December 2022 and 2021, changes of the provision for lawsuits and fines are as follows:

	2022	2021
1 January	**22.028**	**26.441**
Provisions for the current year	38.996	3.202
Payment for litigation, claims and penalties	(1.504)	(3.322)
Amount of provisions reversed in the period (Note 24.1)	--	(6.700)
Foreign currency translation difference	1.356	2.407
31 December	**60.876**	**22.028**

ii) Other long-term provisions

As of 31 December 2022 and 2021, long term provisions are as follows:

	31 December 2022	31 December 2021
Provision for environmental rehabilitation, improvement and closure of the mine sites	89.920	57.880
	89.920	**57.880**

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

	2022	2021
Beginning of the period	**57.880**	**37.852**
Increase throughout the period	9.129	1.999
Unwinding of discount effect of discount recognized as expense (Note 26.2)	421	1.918
Effect of translation differences	22.490	16.111
End of the period	**89.920**	**57.880**

17. COMMITMENTS

a) Purchase commitments

As of 31 December 2022, the Group had commitments for the purchase it will make of 79 thousand tonnes of fuel amounting to 68.348 thousand TL and 10.200 thousand US Dollars (31 December 2021: 13 thousand tonnes, USD 2.411 thousand).

b) Sales commitments

As of 31 December 2022, the Group has a sales commitment of EUR 6.780 thousand as consideration for 113 thousand tonnes of cement (31 December 2021: the Group had sales commitments for 240 thousand tonnes of clinker and 440 thousand tonnes of cement amounting to USD 10.848 thousand and USD 19.256 thousand respectively.

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 2022 and 2021 are as follows:

	31 December 2022	31 December 2021
Payables for social security and tax withholdings	14.582	5.544
Salary payables	3.194	1.800
Other	288	803
	18.062	**8.147**

18.2 Short-Term Provisions Related to Employee Benefits

Short-term provisions related to employee benefits as of 31 December 2022 and 2021 are as follows:

	31 December 2022	31 December 2021
Personnel premium provisions	17.877	7.064
Unused vacation provision	5.363	3.407
	23.240	**10.471**

18.3 Long-Term Provisions Related to Employee Benefits

Long-term provisions related to employee benefits as of 31 December 2022 and 2021, are as follows:

	31 December 2022	31 December 2021
Provision for severance payment	81.745	28.012
	81.745	**28.012**

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 15.371,40 per year as of 31 December 2022 (31 December 2021: 8.284,51 TL/yr).

The liability of payment is not subject to any funding in the 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 2022	31 December 2021
Discount rate	(%2,30)	%3,97
Probability of turnover without receiving severance	%5,67	%5,20

The changes of employee severance as of 31 December 2022 and 2021 are as follows:

	31 December 2022	31 December 2021
Beginning of the period	**28.012**	**26.932**
Interest cost (Note 26.2)	1.112	1.063
Service cost (Notes 22.1 and 23)	5.572	3.335
Payments made during the period	(4.842)	(5.052)
Actuarial loss	51.891	1.734
End of the period	**81.745**	**28.012**

The interest expense, service expense and actuarial difference amounted to TL 58.575 thousand (2021: TL 6.132 thousand). The interest expense of TL 1.112 thousand is included in financial expenses (31 December 2021: TL 1.063 thousand) and the service cost of TL 5.572 thousand is included in general administrative expenses (31 December 2021: TL 3.335 thousand). As of 31 December 2022, the actuarial difference amounting to TL 51.891 thousand (31 December 2021: TL 1.734 thousand) is reported under other comprehensive expense.

19. OTHER ASSETS AND LIABILITIES

19.1 Other Current Assets

As of 31 December 2022 and 2021, other current assets are as follows:

	31 December 2022	31 December 2021
Value Added Tax ("VAT") Receivables	24.423	16.763
Other	704	704
	25.127	**17.467**

19.2 Other Non-Current Assets

As of 31 December 2022 and 2021, other non-current assets are as follows:

	31 December 2022	31 December 2021
VAT receivables	40.915	33.486
Other	333	333
	41.248	**33.819**

19.3 Other Short-Term Liabilities

Other short-term liabilities as of 31 December 2022 and 2021 are as follows:

	31 December 2022	31 December 2021
Taxes and funds payable	15.471	21.020
Other	183	185
	15.654	**21.205**

20. CAPITAL, RESERVES AND OTHER EQUITY ITEMS

Paid-up capital and differences of capital adjustmentı

As of 31 December 2022, 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 2021: 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 2022		31 December 2021	
	Share Percentage (%)	Amount Of Share Thousand TL	Share Percentage (%)	Amount Of Share TL
Aalborg Portland Espana	96,93	84.439	97,10	84.586
Other/Public share	3,07	2.673	3,07	2.673
Paid-in capital	**100**	**87.112**	**100**	**87.112**
Cross shareholding capital adjustment		(3.381)		(3.381)
		83.731		**83.731**
Capital adjustment differences (*)		20.069		20.069
Total adjusted capital		**103.800**		**103.800**

(*) Capital adjustment differences represent the indexation effect of the cash or equivalent capital increases with the purchasing power on 31 December 2004.

Additional Capital Contributions of Shareholders

Alfacem, a subsidiary of Cementir Holding, has waived its receivable arising from the loan in the amount of TL 92.792 thousand equivalent to 6.300 thousand euro 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 has 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 of Official Gazette 30578 of 27 October 2018.

Cross shareholding capital adjustment

The capital adjustments due to cross-ownership of TL 3.381 thousand (31 December 2021: TL 3.381 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 2022, the total number of the shares is 520.256 (31 December 2021: 520.256).

Share Premiums / Discounts

The share premium of TL 161.554 thousand (31 December 2021: TL 161.554 thousand) represents the difference between the shares' first issue price and the nominal value.

Gain / Loss on revaluation and measurement

As of 31 December 2022, revaluation and re-measurement gains/losses no longer represent the profits or losses. Their purpose and usage of recognizing them as other comprehensive income have been change, and now they consist of first time revaluation increases in tangible long-term assets transferred to investment properties, revaluation measurement losses from defined benefit plans, and other revaluation and measurement losses related to the sale of subsidiary shares. As of 31 December 2022, the Group posted TL 96.555 thousand (31 December 2021: TL 98.097 thousand) of tangible fixed asset revaluation increase, TL 52.694 thousand (31 December 2021: TL 21.306 thousand) of revaluation measurement losses from defined benefit plans, and TL 577 thousand (31 December 2021: TL 577 thousand) of other revaluation and measurement losses.

Foreign currency translation differences

Foreign currency translation differences comprise all foreign currency differences arising from the translation of the financial statements of foreign operations.

Reserves on Retained Earnings

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. 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 50%. As the following transactions took place before the regulation had taken effect, the Group reclassified in 2011 as a restricted reserve on retained earnings the TL 1.314 thousand being 75% of the profit it made from the sale of shares in subsidiaries that it sold in 2010, likewise in 2012 the TL 14.310 thousand being 75% of the profit it made from the sale of shares in subsidiaries that it sold in 2011, in 2014 the TL 2.812 thousand being 75% of the profit it made from sale of the building plot it sold in 2013, in 2015 the TL 11.175 thousand being 75% of the profit it made from sale of the building plot it sold in 2014 and in 2017 the TL 15.858 thousand being 75% of the profit it made from sale of the building plot it sold in 2016.

As the period of five years for holding the total amount of TL 15.858 thousand, which was classified to the restricted reserves allocated from profit in 2017, in the restricted reserves account for 5 years has expired, the said amount has been transferred from the account for restricted reserves allocated from profit in 2022 to the "Previous Years' Profits" account.. The total amount of restricted reserves separate from profits for the Group as of 31 December 2022 is TL 28.052 thousand (31 December 2021: TL 37.338 thousand).

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 15 April 2022, it was decided not to distribute profits, since the Company has financial period losses in its legal records.

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 2022 and 2021 are as follows:

	1 January- 31 December 2022	1 January- 31 December 2021
Domestic sales	4.171.828	1.598.337
Export sales	613.669	237.123
Gross sales	**4.785.497**	**1.835.460**
Less: discountsr	(39.223)	(14.461)
Net sales	**4.746.274**	**1.820.999**
Cost of Sales	(3.960.152)	(1.500.958)
Gross profit	**786.122**	**320.041**

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22. GENERAL ADMINISTRATIVE EXPENSES AND MARKETING EXPENSES

22.1 General Administrative Expenses

General administrative expenses for the years ending on 31 December 2022 and 31 December 2021 are as follows:

	1 January- 31 December 2022	1 January- 31 December 2021
Personnel expenses	87.884	53.130
Consultancy expenses	79.255	42.060
Outsourced benefits and services	39.273	19.836
Taxes, levies and charges	16.640	11.507
Amortization and depreciation	5.294	5.095
Insurance expenses	6.867	4.361
Severance payment expenses	5.572	3.335
Lightening and water expenses	8.953	3.019
Travel expenses	2.679	525
Other	32.083	15.992
	284.500	**158.860**

22.2 Marketing Expenses

Financing expenses for the years ending on 31 December 2022 and 2021 are as follows:

	1 January- 31 December 2022	1 January- 31 December 2021
Loading and freight expenses	76.523	36.288
Marketing service expenses	13.935	4.855
Personnel expenses	13.101	7.031
Amortization and depreciation	1.104	1.011
Other	2.402	1.019
	107.065	**50.204**

23. EXPENSES BY NATURE

For the years ending on 31 December 2022 and 2021, distribution of expenses by nature is as follows:

	1 January- 31 December 2022	1 January- 31 December 2021
Raw material, work in process and finished goods costs	1.995.753	724.689
Electricity and water expenses	1.164.777	367.512
Personnel expenses	268.781	154.779
Outsourced benefits and services	350.410	150.833
Loading and freight expenses	188.374	90.838
Amortization and depreciation	119.718	81.359
Consultancy expenses	79.255	42.060
Maintenance and repair costs	48.620	27.925
Taxes, levies and charges	38.898	23.820
Severance payment expenses	5.572	3.335
Other	91.559	42.872
	4.351.717	**1.710.022**

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 2022 and 31 December 2021 is as follows:

	1 January- 31 December 2022	1 January- 31 December 2021
Foreign exchange gain from operating activities	25.093	22.347
Gain on sale of scrap materials	6.133	5.633
Late payment interest	5.331	4.373
Rental income	--	6.700
Reversed provisions for doubtful receivables	1.505	673
Insurance income	1.463	1.778
Lawsuit provisions no longer required	161	358
Other	11.694	4.366
	51.380	**46.228**

24.2 Other Expenses from Operating Activities

Other expenses from operating activities for the years ending on 31 December 2022 and 31st December 2021 are as follows:

	1 January-31 December 2022	1 January-31 December 2021
Foreign exchange losses from operating activities	91.820	109.942
Expenses for penalty, compensation and legal proceedings	40.116	3.833
Provision for doubtful receivable expenses	400	794
Impairment of advances paid	--	440
Excavation expense	1.304	160
Late payment expense	1.059	60
Other	16.277	4.009
	150.976	**119.238**

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 2022	1 January-31 December 2021
Investment property revaluation gain	742.610	246.205
Gain on sale of fixed assets	8.571	1.037
	751.181	**247.2426**

25.2 Expenses from Investing Activities

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

	1 January-31 December 2022	1 January-31 December 2021
Loss on sale of fixed assets	8	361
Goodwill impairment	48.367	-
	48.375	**361**

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 2022	1 January-31 December 2021
Foreign exchange gains	11.483	13.459
Financing income from derivative transactions	7.754	--
Interest income	4.936	848
	24.173	**14.307**

26.2 Financial Expenses

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

	1 January-31 December 2022	1 January-31 December 2021
Bank loans interest expenses	105.163	3.855
Bank commission expenses	16.128	1.995
Interest expense on leasing transactions	14.964	5.532
Foreign exchange expense	3.888	67.882
Interest expenses from related entities	1.177	3.342
Actuarial interest expense	1.112	1.063
Effect of discount from reclamation of mine sites and provision for closure of mine sites	421	1.918
Other	538	952
	143.391	**86.539**

27 INCOME TAXES (DEFERRED TAX ASSETS AND LIABILITIES INCLUDED)

Prepaid corporate tax and corporation tax provision as of 31 December 2022 and 2021 are as follows:

	1 January-31 December 2022	1 January-31 December 2021
Current period corporation tax provision	10.909	11.377
Deduction: Prepaid corporation tax	(14.585)	(8.718)
Tax provision for the current period - net	**(3.676)**	**2.659**

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 2022	1 January-31 December 2021
Current income tax liability	1.061	2.673
Prepaid income tax	(4.737)	(14)
	(3.676)	**2.659**

Tax income / (expenses) reported in the income statement for the years ending on 31 December 2022 and 2021 are as follows:

	1 January-31 December 2022	1 January-31 December 2021
Current period corporation tax	(10.909)	(11.377)
Deferred tax income / (expenses)	56.742	(3.895)
Total tax income / (expenses)	**45.833**	**(15.272)**

Under the "Law on the Amending of the Law on the Procedure for the Collection of Public Receivables and Certain Laws" Number 7316 that took effect with its promulgation in the Official Gazette dated 22 April 2021, the corporate tax rate has been increased from 20% to 25% for 2021 and to 23% for 2022. In accordance with this new law that has become effective, deferred tax assets and liabilities have been calculated at the period tax rate for such periods in which the assets will be realized or the liabilities fulfilled. For 2023 and the following periods, cancellations of temporary differences will be calculated at 20%.

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

	2022	2021
Pre-tax profit / (loss)	**878.549**	**212.616**
Tax computed at the parent company's tax rate on profit / (loss) before tax	(202.066)	(53.154)
Non-deductible expenses	(6.147)	(4.084)
Tax exempt income	6.578	1.157
Tax effect of fair value gain	96.539	36.931
Effect of financial losses for which deferred tax assets had not previously been recognized	11.403	27.366
Losses not recognized as deferred tax	(20.738)	(9)
Revaluation tax effect(*)	176.444	--
Effect of change in tax rate	--	1.050)
Permanent differences	(11.124)	(23.198)
Other	(5.056)	(1.331)
Total tax income / (expenses)	**45.833**	**(15.272)**

(*) The Company has revalued its immovables and their depreciation as of 31 December 2022 within the scope of the General Communiqué on the Tax Procedure Law published by the Ministry of Treasury and Finance. It continues its accounting using the cost method in TFRS financial statements. The deferred tax asset/liability, which is currently calculated on the temporary difference between the TPL and TFRS financial statements, has been calculated on the current TPL values that will occur with the effect of revaluation, and it has accounted for the deferred tax income that will arise due to this application, to the extent that the recovery of the said tax advantage is deemed possible, in a single income. table. In case of applying inflation accounting in TFRS financial statements, this deferred tax asset recorded may be expensed.

Breakdown of the tax assets and liabilities as of 31 December 2022 and 2021 calculated based on the current tax rates:

	Deferred Tax Assets		Deferred Tax Liabilities	
	2022	2021	2022	2021
Deductible financial losses	31.026	68.981	--	--
Debt provisions	23.927	11.233	--	--
Provision for severance payment	16.349	5.602	--	--
Provision for rehabilitation and closure of the mine sites	8.101	4.139	--	--
Provision for advances paid and doubtful receivables	393	629	--	--
Tangible and intangible assets	141.832	--	--	(5.608)
Goodwill amortization in statutory books	--	--	(27.488)	(27.488)
Investment properties	--	--	(136.321)	(67.277)
Derivative assets	--	--	(1.958)	--
Other assets and liabilities	2.128	176	--	--
Total deferred tax asset / (liability)	223.756	90.760	(165.767)	(100.373)
Offset amount	(15.950)	(34.088)	15.950	34.088
Total deferred tax asset / (liability)	**207.806**	**56.672**	**(149.817)**	**(66.285)**

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.

Since 1 January 2021, corporate tax in Türkiye has been applied at the rate of 20% to the statutory tax base arrived at by adding expenses that are non-deductible pursuant to tax laws to entities' commercial earnings and deducting the exemptions included in tax laws. However, under Article 11 of the Law on the Amending of the Law on the Procedure for the Collection of Public Receivables and Certain Laws Number 7316 that took effect with its promulgation in edition 31462 of the Official Gazette dated 22 April 2021 and Temporary Article 13 that was appended to the Corporate Tax Law number 5520, provision has been made for application of the corporate tax rate of 25% to 2021 taxation period corporate earnings and 23% to 2022 taxation period corporate earnings. This amendment applied to the taxation of corporate earnings from periods starting on 1 January 2021 so as to commence with returns that required to be submitted from 1 July 2021 onwards. Since the tax rate change took effect from 22 April 2021, the tax rate of 23% has been used to calculate period tax in the 31 December 2022 consolidated financial statements.

In view of the said amendment, deferred tax assets and liabilities have been calculated in the 31 December 2022 consolidated financial statements for the portions of the temporary differences that will have a tax effect in 2023 and subsequent periods at the rate 20%.

The applicable rate of tax in the UK as of 31 December 2022 is 19% and the Group has used this rate in calculating tax assets in financial statements pertaining to its subsidiaries trading in the UK.

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.

Companies' dividend earnings from the participations due to the contributions to the capital of another corporation with full taxation liability (except dividends which are gained from notes of accession of investment funds and from stocks of investment partnership) are exempt from the corporation tax. Furthermore, a 75% portion of profits arising from the sale of shares in subsidiaries that have been included among corporations' assets for at least two full years and of immovables, founders' shares, dividend right certificates and pre-emptive rights that they have possessed for the same duration has been exempt from corporate tax since 31 December 2017. However, in the case of immovables this portion was reduced from 75% to 50% under an amendment made by Law number 7061 and the portion of 50% is applied in tax returns compiled from 2018 onwards.

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 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	68.981	(38.104)	149	31.026
Debt provisions	11.233	11.421	1.273	23.927
Provision for severance payment	5.602	369	10.378	16.349
Provision for rehabilitation and closure of the mine sites	4.139	3.962	--	8.101
Provision for advances paid and doubtful receivables	629	(236)	--	393
Tangible and intangible assets	(5.608)	146.430	1.010	141.832
Goodwill amortization in statutory books	(27.488)	--	--	(27.488)
Investment properties	(67.277)	(69.044)	--	(136.321)
Derivative assets	--	--	(1.958)	(1.958)
Other assets and liabilities	176	1.944	8	2.128
Deferred tax assets / (liabilities)	**(9.613)**	**56.742**	**10.860**	**57.989**

The movements in deferred tax income/(loss) for the year ended 31 December 2021 are as follows:

	1 January 2022	Portion recognized in profit or loss	The part recognized in comprehensive income	31 December 2021
Deductible financial losses	51.936	16.780	265	68.981
Debt provisions	7.858	1.117	2.258	11.233
Provision for severance payment	5.386	(131)	347	5.602
Provision for rehabilitation and closure of the mine sites	3.537	602	--	4.139
Provision for advances paid and doubtful receivables	700	(71)	--	629
Tangible and intangible assets	1.655	942	(8.205)	(5.608)
Goodwill amortization in statutory books	(27.488)	--	--	(27.488)
Investment properties	(43.998)	(23.279)	--	(67.277)
Other assets and liabilities	18	145	13	176
Deferred tax assets / (liabilities)	**(396)**	**(3.895)**	**(5.322)**	**(9.613)**

As of 31 December 2022, the Group calculated TL 31.026 thousand (31 December 2021: TL 68.981 thousand) of deferred taxes based on the financial losses of previous years in the amount of TL 155.128 thousand (31 December 2021: TL 333.168 thousand), which are highly likely to be offset from the profits in future years. The distribution of the tax losses carried forward on which deferred tax assets are calculated by their year of expiration is as shown below:

Expiration year	2022	2021
2022	--	31.989
2023	44.681	45.326
2024	46.207	141.346
2025	64.240	114.507
	155.128	**333.168**

Previous years' financial losses for which deferred tax assets have not been calculated due to the unlikelihood of sufficient taxable profit arising break down as follow as of 31 December 2022:

Year of financial loss	2022	2021
2017	--	27.964
2018	--	--
2019	--	3.100
2020	1.764	20.011
2021	--	38
2022	--	--
	1.764	**51.113**

(*) Losses carried forward are not included in the deferred tax asset calculation as of 31 December 2022 of the Group's subsidiaries operating in the UK, Quercia and NWM, in the amount of TL 218.340 thousand and TL 13.137 thousand respectively are not shown in the above table (2021: TL 136.725 thousand and TL 2.685 thousand).

28. EARNINGS / (LOSS) PER SHARE

Earnings / (loss) per share for the accounting periods ending on 31 December 2022 and 2021 are as follows:

	2022	2021
Net profit / (loss) of parent company	**864.614**	**162.885**
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)	**9,9849**	**1,8811)**

(*) 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 2022	Related Party	Other Party	Related Party	Other Party	Deposits at Banks	Derivate Instruments	Other Liquid Assets
Maximum credit risk to be exposed to as of the reporting date (A+B+C+D)	**607**	**901.263**	**143**	**10.338**	**244.134**	**8.513**	**20.477**
- Part of the maximum credit risk, secured by guarantee, etc.	--	708.726	--	--	--	--	--
A. Net carrying amounts of financial assets that are not overdue nor impaired	607	859.203	143	10.338	244.134	8.513	20.477
B. Net carrying amount of financial assets that are overdue but not impaired	--	42.060	--	--	--	--	--
C. Net carrying amount of the impaired assets	--	--	--	--	--	--	--
- Overdue (gross carrying amount)	--	10.743	--	--	--	--	--
- Impairment (-)	--	(10.743)	--	--	--	--	--
- 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	Derivate Instruments	Other Liquid Assets
Maximum credit risk to be exposed to as of the reporting date (A+B+C+D)	**319**	**473.006**	**175**	**6.422**	**83.805**	**--**	**6.020**
- Part of the maximum credit risk, secured by guarantee, etc.	--	326.507	--	--	--	--	--
A. Net carrying amounts of financial assets that are not overdue nor impaired	319	446.144	175	6.422	83.805	--	6.020
B. Net carrying amount of financial assets that are overdue but not impaired	--	26.862	--	--	--	--	--
C. Net carrying amount of the impaired assets	--	--	--	--	--	--	--
- Overdue (gross carrying amount)	--	11.905	--	--	--	--	--
- Impairment (-)	--	(11.905)	--	--	--	--	--
- 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:

Current Period 31 December 2022	Receivables: Trade Receivables	Receivables: Other Receivables	Deposits at Banks	Derivates Instruments	Other Liquid Assets
Past due 1-30 days	39.031	--	--	--	--
Past due 1-3 months	2.096	--	--	--	--
Past due 3-12 months	654	--	--	--	--
Past due 1-5 years	15	--	--	--	--
Past due more than 5 years	264	--	--	--	--
	42.060	**--**	**--**	**--**	**--**

Prior Period 31 December 2022	Receivables: Trade Receivables	Receivables: Other Receivables	Deposits at Banks	Derivates Instruments	Other Liquid Assets
Past due 1-30 days	23.231	--	--	--	--
Past due 1-3 months	1.845	--	--	--	--
Past due 3-12 months	291	--	--	--	--
Past due 1-5 years	1.231	--	--	--	--
Past due more than 5 years	264	--	--	--	--
	26.862	**--**	**--**	**--**	**--**

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 2022 and 2021 are as follows:

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	241.403	250.562	183.064	67.498	--	--
Payables form Leasing Transactions	55.753	66.684	14.339	39.689	12.656	--
Trade Payables	1.035.926	1.037.616	1.034.141	3.475	--	--
Other Payables(*)	82	82	82	--	--	--
Total	**1.333.164**	**1.354.944**	**1.231.625**	**110.662**	**12.656**	**--**

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

31 December 2021 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	72.700	72.862	72.862	--	--	--
Payables form Leasing Transactions	33.567	45.971	6.705	19.020	20.246	--
Trade Payables	599.811	601.859	597.230	4.629	--	--
Other Payables(*)	155.120	155.279	140.084	15.195	--	--
Total	**861.198**	**875.971**	**816.881**	**38.844**	**20.246**	**--**

(*) 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 2022					31 December 2021				
	TL Equivalent	USD	Euro	GBP*	Other	TL Equivalent	USD	Euro	GBP*	Other
1. Trade Receivables	19	1	--	--	--	58	1	3	--	--
2a. Monetary Financial Assets (Including Cash and Bank Accounts)	16.574	816	66	--	--	48.549	3.030	541	--	---
2b. Non-Monetary Financial Assets	--	--	--	--	--	--	--	--	--	--
3. Other	--	--	--	--	--	--	--	--	--	--
4. Current Assets (1+2+3)	**16.593**	**817**	**66**	**--**	**--**	**48.607**	**3.031**	**544**	**--**	**--**
5. Trade Receivables	--	--	--	--	--	--	--	--	--	--
6a. Monetary Financial Assets	--	--	--	--	--	--	--	--	--	--
6b. Non-Monetary Financial Assets	--	--	--	--	--	--	--	--	--	--
7. . Other	--	--	--	--	--	--	--	--	--	--
8. on-Current Assets (5+6+7)	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**--**
9. Total Assets (4+8)	**16.593**	**817**	**--**	**--**	**--**	**48.607**	**3.031**	**544**	**--**	**--**
10.Trade Payables	323.328	11.788	5.114	17	--	221.908	9.278	6.483	2	--
11. Financial Liabilities	--	--	--	--	--	15.179	--	1.004	--	--
12a. a. Other Monetary Liabilities	--	--	--	--	--	76	--	5	--	--
12b. Other Non-Monetary Liabilities	--	--	--	--	--	--	--	--	--	--
13. Short Term Liabilities (10+11+12)	**323.328**	**11.788**	**5.114**	**17**	**--**	**237.163**	**9.278**	**7.492**	**2**	**--**
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)	**323.328**	**11.788**	**5.114**	**17**	**--**	**237.163**	**9.278**	**7.492**	**2**	**--**
19. Net Asset/(Liability) Position of Off-Balance Sheet Derivative Instruments (19a-19b)	**8.513**	**455**	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**--**
19a. Off-Balance Sheet Foreign Currency Derivative Characterized as Assets	**8.513**	**455**	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**---**
19b. Off-Balance Sheet Foreign Currency Derivative Characterized as Liabilities	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**--**
20. Net Foreign Currency Asset / (Liability) Position (9-18+19)	**(298.222)**	**(10.516)**	**(5.048)**	**(17)**		**(188.556)**	**(6.247)**	**(6.948)**	**(2)**	**--**
21. Net Foreign Currency Asset / (Liability) Position of Monetary Items (TFRS 7.B23) (=1+2a+5+6a-10-11-12a-14-15-16a)	**(306.735)**	**(10.971)**	**(5.048)**	**(17)**	**--**	**(188.556)**	**(6.247)**	**(6.948)**	**(2)**	**--**
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 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	(20.554)	20.554	(20.554)	20.554
2- USD risk hedged (-)	--	--	851	(851)
3-USD net effect (1+2)	**(20.554)**	**20.554**	**(19.703)**	**19.703**
Assumption of devaluation/appreciation by 10% of EUR against TL				
4-Net asset / liability of EURO	(10.082)	10.082	(10.082)	10.082
5-EURO risk hedged (-)	--	--	--	--
6-Euro net effect (4+5)	**(10.082)**	**10.082**	**(10.082)**	**10.082**
Assumption of devaluation/appreciation by 10% of GBP against TL				
7-Net asset/liability of GBP	(38)	38	(38)	38
8- GBP risk hedged (-)	--	--	--	--
9- GBP net effect (7+8)	**(38)**	**38**	**(38)**	**38**
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)	**(30.674)**	**30.674**	**(29.823)**	**29.823**

31 December 2021 — 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	(8.349)	8.349	(8.349)	8.349
2- USD risk hedged (-)	--	--	--	--
3-USD net effect (1+2)	**(8.349)**	**8.349**	**(8.349)**	**8.349**
Assumption of devaluation/appreciation by 10% of EUR against TL				
4-Net asset / liability of EURO	(10.503)	10.503	(10.503)	10.503
5-EURO risk hedged (-)	--	--	--	--
6-Euro net effect (4+5)	**(10.503)**	**10.503**	**(10.503)**	**10.503**
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)	**(18.856)**	**18.856**	**(18.856)**	**18.856**

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.

	2022	2021
Financial instruments with fixed interest rate		
Financial assets	163.152	24.027
Financial liabilities	297.156	121.447
Financial instruments with floating interest rate		
Financial assets	--	--
Financial liabilities	--	139.776

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 2022	31 December 2021
Total financial debt	297.156	261.223
Less: Cash and Cash Equivalents (Note 5)	(264.757)	(89.907)
Net debt	32.399	171.316
Total equity	2.487.486	1.422.915
Debt / equity ratio	**1%**	**12%**

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. NON-CONTROLLING INTERESTS

As of 31 December 2022, information on the non-controlling interests in subsidiaries, including the Group's non-controlling interests at significant levels, is as follows:

as Thousand TL	Recydia	Kars Çimento	Çimbeton	Other individual immaterial subsidiaries
Percentage of non-controlling interests	**48,28%**	**58,45%**	**49,69%**	
Non-current assets	304.081	432.354	153.044	144.951
Current assets	282.548	326.554	391.457	119.491
Long-term liabilities	(22.533)	(23.455)	(12.414)	(59.504)
Short-term liabilities	(245.094)	(51.689)	(473.613)	(116.261)
Net assets	**319.002**	**683.764**	**58.474**	**88.677**
Carrying amount of non-controlling interests	**(23.911)**	**400.177**	**25.547**	**2.986**
Revenue	619.749	288.507	1.207.528	512.272
Profit / (Loss)	49.358	101.270	28.453	(28.933)
Other comprehensive income / (expenses)	(7.561)	(7.726)	(2.728)	(7.505)
Total comprehensive income / (expenses)	**41.797**	**93.544**	**25.725**	**(36.438)**
Profit / (loss) allocated to non-controlling interests	(1.020)	59.348	14.717	(13.277)
Other comprehensive income/(expenses) allocated to non-controlling interests	(3.651)	(4.516)	(1.356)	(2.961)

As of 31 December 2021, information on the non-controlling interests in subsidiaries, including the Group's non-controlling interests at significant levels, is as follows:

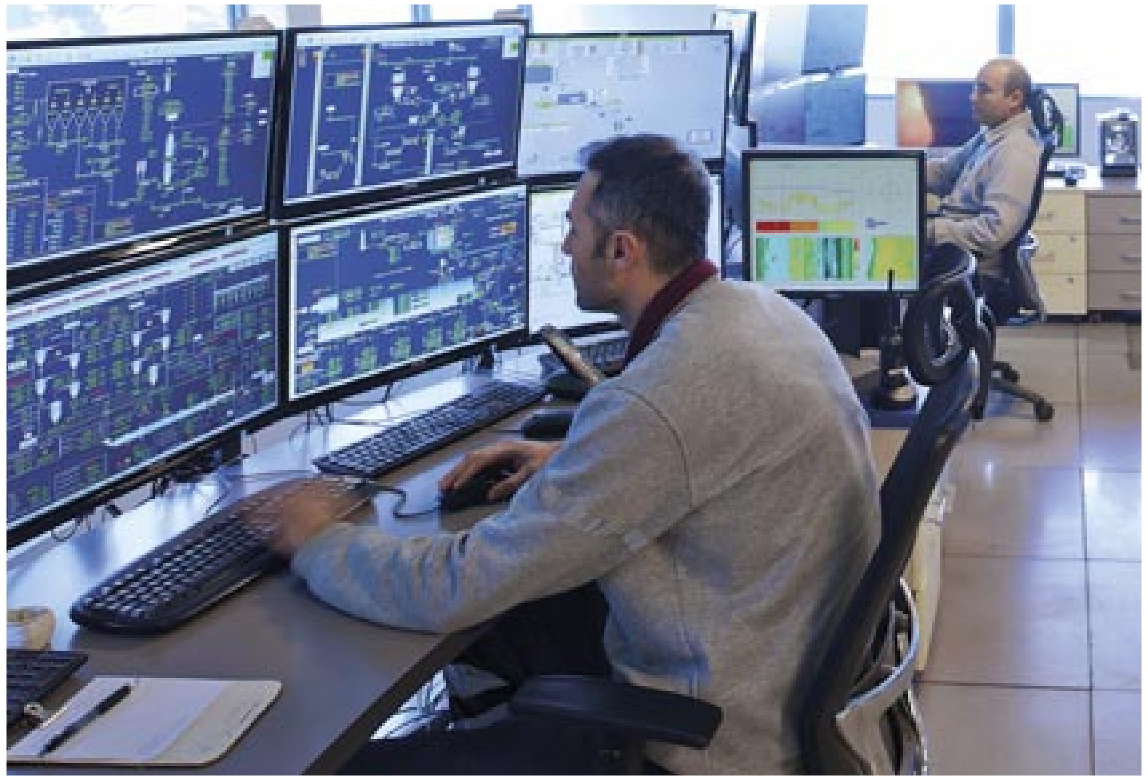
as Thousand TL	Recydia	Kars Çimento	Çimbeton	Other individual immaterial subsidiaries
Percentage of non-controlling interests	**%48,28**	**%58,45**	**%49,69**	
Non-current assets	287.634	366.471	77.804	126.106
Current assets	162.115	282.355	177.584	83.993
Long-term liabilities	(9.032)	(9.758)	(11.383)	(44.132)
Short-term liabilities	(163.511)	(48.848)	(211.256)	(214.589)
Net assets	**277.206**	**590.220**	**32.749**	**(48.622)**
Carrying amount of non-controlling interests	**(22.306)**	**345.356**	**12.999**	**(66.104)**
Revenue	293.802	129.313	454.543	249.504
Profit / (Loss)	38.816	32.448	2.381	(6.123)
Other comprehensive income / (expenses)	2	(72)	(248)	(9.756)
Total comprehensive income / (expenses)	**38.818**	**32.376**	**2.133**	**(15.879)**
Profit / (loss) allocated to non-controlling interests	16.388	19.021	1.674	(2.624)
Other comprehensive income/(expenses) allocated to non-controlling interests	1	(42)	(123)	(4.556)

32. 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:

33. SUBSEQUENT EVENTS

- Kars Çimento Sanayi Ticaret A.Ş, one of the subsidiaries of the Group, transferred all of its shares, a total of 511.854.611, comprising 13.141.112 from C group, 440.713.499 from D group and 58.000.000 in E group, at a nominal value of 1,00 TL each, corresponding to 511.854.611,00 TL of the capital of Recydia, another subsidiary of the Group, to Aalborg Portland Holding A/S for 8.300.000 Euros on 1 January 2023 in line with the approval of the General Directorate of Mining and Petroleum Affairs. 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%. The Group continues to consolidate Recydia as it still retains control after the share transfer.
- In the extraordinary general meeting of Recydia, one of the subsidiaries of the Group, held on 28 February 2023, it was unanimously decided that due to Recydia's losses, the amount corresponding to 63,98% of the total capital and legal capital reserves would not be met, and because there was a risk that 2/3 of the total capital and legal capital reserves would be unmet, as per Article 376 of the TCC, Çimentaş would pay the capital completion amount at a sum of 116.785 thousand TL, and Aalborg Portland Holding A/S the remaining 375.571 thousand TL. The aforementioned sums were paid to Recydia on the basis of this decision.
- After the earthquakes that took place in our country on 6 February, 2023, limited time has passed in order to evaluate the reflections of the disaster on Group operations with regard to the reporting period ending on 31 December 2022. As of the date the report was signed, our operations continue and it is observed that there is no significant impact on the consolidated financial statements. The Group management is closely monitoring developments in the region in order to manage effectively any effects that may occur on the consolidated financial statements and operations after the earthquake.
- Law No. 7438 on Social Security and General Health Insurance and Law No. 375 on the Amendment to Decree Law No. 375, which include the regulation of Those Affected by Retirement Age Restrictions (EYT), entered into force upon publication in Official Gazette 32121 of 3 March 2023. Although this issue is considered as a non-adjusting event after the reporting period within the scope of TAS 10 Events after the Reporting Period, work is ongoing to measure its impact on the Group's operations and consolidated financial position.



2022 PROFIT DISTRIBUTION PROPOSAL

In accordance with Capital Markets Board Communiqué dated January 23, 2014 and No: II-19.1, it has been resolved to make a suggestion to the General Assembly, not to distribute profits since there is not any amount that can be subject to distribution after deducting previous years' losses from the current period profit in the statutory records of the Company.

çimentaş
CEMENTIR HOLDING

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